

ONE HUNDRED SEVENTEENTH DAY

St. Paul, Minnesota, Tuesday, May 8, 2012

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Senjem imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Phil Shaw.

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

The roll was called, and the following Senators answered to their names:

Bakk	Gazelka	Koch	Nelson	Sheran
Benson	Gerlach	Koenen	Newman	Sieben
Bonoff	Gimse	Kruse	Nienow	Skoe
Brown	Goodwin	Langseth	Olson	Sparks
Carlson	Hall	Latz	Ortman	Stumpf
Chamberlain	Hann	Lillie	Pappas	Thompson
Cohen	Harrington	Limmer	Parry	Tomassoni
Dahms	Hayden	Lourey	Pederson	Torres Ray
Daley	Higgins	Magnus	Reinert	Vandever
DeKruif	Hoffman	Marty	Rest	Wiger
Dibble	Howe	McGuire	Robling	Wolf
Dziedzic	Ingebrigtsen	Metzen	Rosen	
Eaton	Jungbauer	Michel	Saxhaug	
Fischbach	Kelash	Miller	Senjem	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Senator Senjem imposed a call of the Senate. The Sergeant at Arms was instructed to bring in

the absent members.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 7, 2012

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 506.

Sincerely,
Mark Dayton, Governor

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

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

Senate File No. 1856 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 7, 2012

Senator Rosen moved that the Senate do not concur in the amendments by the House to S.F. No. 1856, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1755, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1755: A bill for an act relating to state government; authorizing certain negotiations to avoid layoffs; amending Minnesota Statutes 2010, section 179A.22, by adding a subdivision.

Senate File No. 1755 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 7, 2012

MOTIONS AND RESOLUTIONS

Senator DeKruif moved that the names of Senators Rest, Chamberlain and Ortman be added as co-authors to S.F. No. 1983. The motion prevailed.

Senator Bakk introduced –

Senate Resolution No. 171: A Senate resolution congratulating Steve Anthony Vekich of Duluth on receiving the Minnesota State High School League's Distinguished Service Award.

Referred to the Committee on Rules and Administration.

Senator Wiger introduced –

Senate Resolution No. 172: A Senate resolution congratulating Brian Montz for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Wiger introduced –

Senate Resolution No. 173: A Senate resolution congratulating Seth Baetzold for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Wiger introduced –

Senate Resolution No. 174: A Senate resolution congratulating Jared Grill for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Senator Wiger introduced –

Senate Resolution No. 175: A Senate resolution congratulating Dana Schwartz for receiving the Girl Scout Gold Award.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated S.F. No. 2391 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2391: A bill for 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 and electronic linked bingo 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; 13.55, subdivision 1; 297A.66, by adding a subdivision; 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, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 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; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 297A; 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; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76.

Senator Rosen moved to amend S.F. No. 2391 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. 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. 2. 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. 3. 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;
- (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. 4. 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. 5. 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;

(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. 6. [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. 7. **[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; 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. 8. **[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 seven members.

(b) The chair and four members shall be appointed by the governor, two of whom must be from greater Minnesota. 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 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 five 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 six-sevenths vote of the authority is required for authority decisions related to 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. 9. **[473J.075] 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. 10. [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.

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.

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 legislature 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.

Sec. 11. [473J.10] LOCATION.

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

Sec. 12. [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.

(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 if in doing so, the tax-exempt status of the bonds is not affected. 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 if in doing so, the tax-exempt status of the bonds is not affected.

(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.

(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 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. 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;

(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.** 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 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.

Sec. 13. [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. The authority shall work with the commissioner to ensure that purchase of a brick is a tax deductible donation on the part of the

donating person or organization. Funds raised through this section shall be appropriated to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

Sec. 14. [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, 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 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. 15. [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, such as the stadium in Indianapolis, Indiana, currently known as Lucas Oil Field. 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 40 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, paragraph (a), 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.

(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.

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 shall be assumed by the state from 2016 through 2020, and repaid to the state by the state using funds in accordance with section 297A.994, subdivision 4, paragraph (a), 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.

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 16, and other NFL team-sponsored event expenses within the stadium and stadium plaza areas.

Subd. 6. **Cooperation with financing.** The authority will 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 financing. The lease, license, and other transaction documents shall include provisions customarily required by lenders in stadium financings.

Sec. 16. **[473J.14] STADIUM USER FEES.**

Subdivision 1. **Fees imposed.** The following fees are imposed at the stadium constructed under this chapter:

(1) a ten percent fee is on the sale or rental of suites for NFL team games and NFL team events at the stadium;

(2) a ten percent fee is on charges for parking within one-half mile of the stadium on days that the NFL team plays at the stadium and on the days of any NFL team event; and

(3) a 6.875 percent memorabilia fee on NFL team memorabilia sold at the stadium. For purposes of this section, "NFL team memorabilia" means items available for sale in the stadium to members of the public that are sold under a license granted by the NFL team or the NFL. NFL team memorabilia includes, but is not limited to, trading cards; photographs; one-of-a-kind items related to sports figures, teams, or events; clothing; sports event licensed items; and sports equipment.

Subd. 2. **Compensating use fee.** If the fee is not paid under subdivision 1, a compensating fee is imposed on the possession for the sale or use of the items. The rate of the fee equals the rate in subdivision 1 and must be paid by the possessor or beneficiary of the item.

Subd. 3. **Payment; annual return.** The NFL team, other vendors of products subject to a fee under subdivision 1, or possessors of items subject to a user fee under subdivision 2 must remit the fees to the state at the same time and in the same manner as provided for payment of tax under chapter 289A. Revenue from the fee imposed by this chapter must be remitted to the commissioner of revenue in a form and manner prescribed by the commissioner.

Subd. 4. **Administration.** The audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and collection provisions of chapters 297A and 270C apply to the fees imposed under this section.

Subd. 5. **Deposit of revenues.** The commissioner of revenue shall deposit the revenues from the fees under this section in the state treasury and credit them to a special stadium revenue account dedicated to making debt service payments for bonds issued under article 2.

Sec. 17. **[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 \$427,000,000.

(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 56 percent by the authority and 44 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 40-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. 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 40 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 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 40-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, except as provided by section 473J.14. 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. **Plaza naming rights.** The state shall retain naming rights to the stadium plaza. The amount of revenue generated through the naming rights of the stadium plaza must be deposited into an account in the special revenue fund. On January 15 of each year, the commissioner of management and budget must certify the amount in the account. The amount certified attributable to plaza naming rights is appropriated to the commissioner for a grant to the authority for amateur sports facilities under section 240A.12.

Subd. 6. **Notice of breach or default.** Until 40 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. 7. **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.

Subd. 8. **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. 9. **Public share on sale of NFL team.** 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 chapter, a portion of the sale price must be used to pay down the remaining debt service. If any portion remains after debt service is paid, that amount is paid to the authority and deposited in a reserve fund for improvements to the stadium or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 25 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners for the first ten years after commencement of stadium construction, declining to 15 percent for the next ten years, and further declining to ten percent for the next ten years. The agreement must provide exceptions for sales to members of the owners' family 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 amongst existing owners not exceeding 20 percent equity interest in the NFL team.

Subd. 10. **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. 11. **NFL team name retained.** The lease or use agreement must provide that the NFL team and NFL will transfer to the state of Minnesota 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.

Subd. 12. **Stadium design.** (a) 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) The stadium design must, to the extent feasible, follow sustainable building guidelines established under section 16B.325.

(c) The authority and the team must ensure that the stadium be constructed with steel made in the USA.

Subd. 13. **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. 14. **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. 15. **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. 16. **Major league soccer.** (a) 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 at no additional rent for five years after the first NFL team home game is played in the stadium, but including 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.

(b) Five years after the first NFL team home game is played in the stadium, the authority and the NFL team shall enter into an agreement providing for rental payments.

Subd. 17. **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. 18. [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 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 4, section 5, 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.

Sec. 19. [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. 20. [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.

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 this chapter, 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. 21. 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, including, without limitation, revenues deposited in the general fund as provided in articles 4 and 5, 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 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 \$548,000,000 net of costs of issuance, deposits for debt service reserve funds, and costs of credit enhancement for achieving the purposes authorized as provided under paragraph (a), and pay debt service, 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 \$650,000,000 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.

(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 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, 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 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 payment accounts 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.

Sec. 2. **APPROPRIATION.**

(a) \$6,000,000 plus an amount calculated in paragraph (c) is annually appropriated from the general fund for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for the operating costs of the stadium under Minnesota Statutes, chapter 473J.

(b) \$1,500,000 plus an amount calculated in paragraph (c) is annually appropriated from the general fund for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for capital costs of the stadium under Minnesota Statutes, chapter 473J.

(c) The appropriations in paragraphs (a) and (b) are subject to an annual adjustment specified in

Minnesota Statutes, section 473J.03, subdivision 2.

(d) If state appropriation bonds have not been issued under Minnesota Statutes, section 16A.965, amounts not to exceed the increased revenues estimated by the commissioner of management and budget under Minnesota Statutes, section 16A.965, subdivision 8, paragraph (a), are appropriated to the commissioner of management and budget to make grants to the Minnesota Sports Facilities Authority for stadium costs as defined under Minnesota Statutes, section 473J.03, subdivision 9.

(e) The amount deposited in the general fund by the commissioner of revenue under Minnesota Statutes, section 297A.994, subdivision 3, clause (3), is annually appropriated from the general fund for calendar years 2021 to 2056 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

(f) \$2,700,000 is annually appropriated from the general fund for fiscal years 2014 to 2034 to the commissioner of management and budget for a grant to the city of St. Paul for the operating or capital costs of existing or new sports facilities.

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 costs of collecting and administering the taxes, according to the applicable law and agreements between the commissioner and the city. For revenues from the general sales tax, the commissioner must deduct a proportionate share of the cost of collection, as 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 stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2056, 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 stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2056, 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 the city share of 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), and subdivision 4, paragraph (c), 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 stadium 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 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 credits and exclusions 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, until December 31, 2056. The tax may 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 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;~~

~~(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 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 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 shall be imposed until January 1, 2057. 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 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 article for the Target Center are not deemed an expenditure or other use of city resources within the meaning of any law or charter limitation. The city may exercise any of its powers under this article regarding the Target Center 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 or provision. Any tax exemption regarding the Target Center established under this article shall not be deemed an expenditure or other use of city resources within the meaning of any charter limitation.

Sec. 5. **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 clerical officer have 30 calendar days following final enactment of this act, to comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **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. 7. **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.

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

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

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

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

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

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

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

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

(b) The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a),

is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

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

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

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

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$500,000 <u>\$87,500</u>	zero <u>9.10 percent</u>
Over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>	1.7 <u>\$7,963</u> plus 18.20 percent of the amount over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>
Over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>	\$3,400 <u>\$14,333</u> plus 3.4 <u>27.30</u> percent of the amount over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>
Over \$900,000 <u>\$157,500</u>	\$10,200 <u>\$23,888</u> plus 5.1 <u>36.40</u> percent of the amount over \$900,000 <u>\$157,500</u>

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:

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. Definition of 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;

(v) the reduction in revenues resulting from the property tax exemptions under section 473J.19;

(vi) the reduction in revenues resulting from the sales tax exemptions under section 297A.71, subdivisions 43 and 44; and

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

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

(3) increased by the revenue deposited in the special revenue fund through revenue generated under section 473J.14.

Subd. 4. Appropriation; general reserve account. To the extent the commissioner determines that revenues are available under subdivision 4, clause (2), 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 chapter 297E, relative to the February 2012 forecast. 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 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 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:

(1) is used by a bingo player to:

(i) 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;

(ii) 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~~(iii) identify a winning bingo pattern- or game requirement; and

(iv) play against other bingo players;

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

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

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

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

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

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

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

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

Sec. 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 have the option to open all tabs of a ticket at the same time or open 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 symbols 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:

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

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

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

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

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

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

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

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

(9) no spinning symbols 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, subdivision 18, is amended to read:

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

(a) Disposable gambling equipment includes the following:

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

(2) paper and electronic pull-tabs;

(3) jar tickets, paddle wheels, paddle wheel tables;

(4) paddle tickets, and paddle ticket cards;

(5) tipboards, and tipboard tickets; and

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

(b) Permanent gambling equipment includes the following:

(1) devices for selecting bingo numbers;

(2) electronic bingo devices;

(3) electronic pull-tab devices;

(4) pull-tab dispensing devices;

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

(6) paddle wheels; and

(7) paddle wheel tables.

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

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

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

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

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

(4) a contribution to or expenditure on a public or private nonprofit educational institution

registered with or accredited by this state or any other state;

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) wildlife management projects that benefit the public at large;
 - (ii) grant-in-aid trail maintenance and grooming established under sections 84.83 and 84.927, and other trails open to public use, including purchase or lease of equipment for this purpose; and
 - (iii) supplies and materials for safety training and educational programs coordinated by the Department of Natural Resources, including the Enforcement Division;
- (14) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;
- (15) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;
- (16) an expenditure by a licensed fraternal organization or a licensed veterans organization for payment of water, fuel for heating, electricity, and sewer costs for:
- (i) up to 100 percent for a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veteran or fraternal organization; or
 - (ii) a proportional amount subject to approval by the director and based on the portion of a building used as the primary headquarters of the licensed veteran or fraternal organization;
- (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service. No more than \$5,000 can be expended in total per calendar year under this clause by all licensed veterans organizations sharing the same veterans post home;
- (18) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota;
- (19) a contribution or expenditure to honor an individual's humanitarian service as demonstrated through philanthropy or volunteerism to the United States, this state, or local community;
- (20) a contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);
- (21) an expenditure that is a contribution to a parent organization, if the parent organization:
- (i) has not provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value, and
 - (ii) has received prior board approval for the contribution that will be used for a program that meets one or more of the lawful purposes under subdivision 7a;
- (22) an expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carryforward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control. An expansion of a building or bar-related expenditures are not allowed under this provision.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 23. 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. 24. 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. 25. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to a linked bingo game prize and includes any portion of the prize pool that is carried over from one ~~occasion~~ game to another in a progressive linked bingo game.

Sec. 26. 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. 27. 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. 28. 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. 29. Minnesota Statutes 2010, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including, but not limited to, electronic bingo devices, electronic paddle wheels, and electronic pull-tab devices authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and

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

Sec. 30. 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. 31. 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. 32. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision to read:

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

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

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic

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

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

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

Sec. 33. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

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

- (1) has ever been convicted of a felony or a crime involving gambling;
- (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (3) is or has ever been connected with or engaged in an illegal business;
- (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;
- (5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- (6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

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

- (1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or
- (2) has ever been convicted of a crime involving gambling; ~~or~~
- ~~(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.~~

Sec. 34. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 35. 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. 36. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

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

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

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

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

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

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

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

(h) No distributor or distributor salesperson may purchase or lease gambling equipment for resale or lease to a person for use within the state from any person not licensed as a manufacturer under section 349.163, except for gambling equipment returned from an organization licensed under section 349.16, or exempt or excluded from licensing under section 349.166.

(i) No distributor or distributor salesperson may sell gambling equipment, except gambling equipment identified as a promotional ticket, to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(j) No distributor or distributor salesperson may sell or otherwise provide a 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. 37. 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 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. 38. 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. 39. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

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

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

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

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

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

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

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

- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and
- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

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

Sec. 40. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

Subd. 6. **Samples of gambling equipment.** (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment ~~the manufacturer manufactures~~ manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.

(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests.

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

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

Sec. 41. 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. 42. 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. 43. 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. 44. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

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

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

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

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

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

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

Sec. 45. 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. 46. 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. 47. 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,~~ including a progressive games game in which a portion of the prize is carried over from one ~~occasion~~ game to another until won by a player achieving a valid bingo within a predetermined amount of bingo numbers called based upon a predetermined and posted win determination.

(b) ~~Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed \$300. Linked bingo games may only be conducted by licensed organizations who have a valid agreement with the linked bingo game provider.~~

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

(d) The board may adopt rules to:

(1) specify the manner in which a linked bingo game must be played and how the linked bingo prizes must be awarded;

(2) specify the records to be maintained by a linked bingo game provider;

(3) require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;

(4) establish the qualifications required to be licensed as a linked bingo game provider; and

(5) any other matter involving the operation of a linked bingo game.

Sec. 48. 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) Until July 1, 2013, 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) After July 1, 2013, the Gambling Control Board may increase the limits on the number of electronic bingo devices.

(d) 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.

(e) 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.

(f) 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. 49. Minnesota Statutes 2010, section 349.1721, is amended to read:

349.1721 CONDUCT OF PULL-TABS.

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

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

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

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

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

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

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

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

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

(a) The use of any electronic pull-tab device may only be at a permitted premises that is:

(1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or

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

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

(b) Until July 1, 2013, 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) After July 1, 2013, the Gambling Control Board may increase the limits on the number of electronic pull-tab devices.

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

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

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

(g) 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.

(h) 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.

(i) 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.

(j) 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. 50. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

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

(b) Rent paid by an organization for leased premises for the conduct of ~~pull-tabs, tipboards, and paddle wheels~~ lawful gambling is subject to the following limits and restrictions:

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

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

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

(2) For bar operations, ~~including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located;~~ monthly rent may not exceed 15 percent of the gross profits for that month from electronic pull-tab games and electronic linked bingo games and not more than 20 percent of gross profits for that month 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 the 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.~~

~~(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.

~~(c) (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.~~

~~(d) (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.~~

~~(e) (e) 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. 51. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization must

be segregated from all other revenues of the conducting organization and placed in a separate gambling bank account.

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

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

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

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

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

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

~~(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. 52. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

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

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

- (1) the name of the recipient of the expenditure or contribution;
- (2) the date the expenditure or contribution was approved by the organization;
- (3) the date, amount, and check number or electronic transfer confirmation number of the expenditure or contribution;

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

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

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

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

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

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

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

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

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

(3) is able to provide evidence of a fidelity bond; and

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

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

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

Sec. 53. 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);~~

~~(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. 54. 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. 55. 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 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. 56. **[349A.20] STADIUM, SPORTS-THEMED GAME.**

The State Lottery shall conduct a game 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.

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

Sec. 57. **APPROPRIATION.**

\$779,000 in fiscal year 2013 and \$779,000 in fiscal year 2014 and \$779,000 in fiscal year 2015 are appropriated from the lawful gambling regulation account in the special revenue fund to the commissioner of human services for operating expenses related to the regulatory oversight of lawful gambling for electronic pull-tabs and electronic linked bingo.

Sec. 58. **REPEALER.**

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

EFFECTIVE DATE. This section is effective for games sold by a licensed distributor after June 30, 2012, and the commissioner of revenue retains authority to issue refunds under Minnesota

Statutes 2010, section 297E.02, subdivision 4, paragraph (d), for games sold before July 1, 2012.

Sec. 59. **EFFECTIVE DATE.**

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

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 240A.12, subdivision 1, is amended to read:

Subdivision 1. **Grants.** The commission may make matching grants to cities, counties, school districts, and other political subdivisions of the state:

- (1) to acquire and better public land and buildings and other public improvements of a capital nature to be used for community facilities and related infrastructure primarily for amateur athletics;
- (2) to renovate existing facilities used primarily for amateur athletics;
- (3) to support recreational programs for children and adolescents; and
- (4) to support special ~~events~~ education and cultural programs involving amateur athletics.

Sec. 2. Minnesota Statutes 2010, section 240A.12, subdivision 3, is amended to read:

Subd. 3. **Maximum grants and matching contributions.** Each grant under this section must be matched by recipient communities or institutions in accordance with this subdivision. A matching contribution may include an in-kind contribution of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking. ~~A grant for new facilities may not exceed \$100,000 and must be matched by the recipient at a rate of four times the amount of the grant. A grant for renovation of existing facilities may not exceed \$50,000 and must be matched equally by the recipient. A grant for recreational programs may not exceed \$20,000 and must be matched equally by the recipient. A grant for a special event or program may not exceed \$100,000 and must be matched equally by the recipient.~~ Maximum grants and other grant criteria shall be established by the commission.

Sec. 3. 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. 4. **[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.

Sec. 5. Laws 2011, First Special Session chapter 7, article 3, section 13, 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;

(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 44.

Sec. 6. Laws 2011, First Special Session chapter 7, article 3, section 14, is amended to read:

Sec. 14. Minnesota Statutes 2010, 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;
- (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. 7. Laws 2011, First Special Session chapter 7, article 3, section 15, is amended to read:

Sec. 15. Minnesota Statutes 2010, 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. 8. 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 for the time it uses the stadium, but the commission shall not be required to pay more than actual out-of-pocket expenses for the time it uses the arena.

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 league must negotiate in good faith for the time it uses the stadium.

Sec. 9. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.

Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of tax increment financing district No. 1-G, containing the former Met Center property, including Lindau Lane and that portion of tax increment financing district No. 1-C north of the existing building line on Lot 1, Block 1, Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

EFFECTIVE DATE. This section is effective upon compliance of the governing body of the city of Bloomington with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 10. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING EXTENSION.

Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central Station property for a period through December 31, 2038.

EFFECTIVE DATE. This section is effective upon compliance of the governing body of the city of Bloomington with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

ARTICLE 6

SALES AND USE TAX

Section 1. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a), means a person, whether an independent contractor or other representative, who directly or indirectly solicits business for the retailer.

(b) A retailer is presumed to have a solicitor in this state if it enters into an agreement with a resident under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site, or otherwise, to the seller. This paragraph only applies if the total gross receipts from sales to customers located in this state who were referred to the retailer by all residents with this type of agreement with the retailer are at least \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter before the calendar quarter in which the sale is made.

(c) The presumption under paragraph (a) may be rebutted by proof that the resident with whom the retailer has an agreement did not engage in any solicitation in this state on behalf of the retailer that would satisfy the nexus requirements of the United States Constitution during the 12-month period in question. Nothing in this section shall be construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other representative for purposes of subdivision 1, paragraph (a).

(d) For purposes of this paragraph, "resident" includes an individual who is a resident of this state, as defined in section 290.01, or a business that owns tangible personal property located in this state or has one or more employees providing services for it in this state.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2012."

Amend the title accordingly

Senator Rosen moved to amend the Rosen amendment to S.F. No. 2391, as follows:

Page 18, delete lines 17 to 19 and insert "revenues from the user fees under this section in the general fund and credit them to the general reserve account under section 297E.021, subdivision 4."

Page 42, line 35, delete "4, clause (2)" and insert "3"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the first Rosen amendment, as amended.

The roll was called, and there were yeas 40 and nays 26, as follows:

Those who voted in the affirmative were:

Bakk	Gimse	Langseth	Pappas	Sheran
Bonoff	Goodwin	Latz	Pederson	Sieben
Carlson	Harrington	Magnus	Reinert	Skoe
Cohen	Higgins	Metzen	Rest	Sparks
Dahms	Ingebrigtsen	Michel	Robling	Stumpf
Dziedzic	Kelash	Miller	Rosen	Tomassoni
Eaton	Koch	Nelson	Saxhaug	Vanderveer
Fischbach	Koenen	Olson	Senjem	Wiger

Those who voted in the negative were:

Benson	Chamberlain	DeKruif	Gazelka	Hall
Brown	Daley	Dibble	Gerlach	Hann

Hayden	Kruse	Marty	Parry
Hoffman	Lillie	McGuire	Thompson
Howe	Limmer	Newman	Torres Ray
Jungbauer	Lourey	Ortman	Wolf

The motion prevailed. So the first Rosen amendment, as amended, was adopted.

Senator Marty moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 20, line 5, before "A" insert "(a)"

Page 20, line 9, after "by" insert "paragraph (b) and"

Page 20, after line 15, insert:

"(b) The state shall annually receive from the NFL team 56 percent of the enhanced revenues from the sources in paragraph (a). For purposes of this subdivision, "enhanced revenue" means the increase in revenues in the stadium compared to the same categories of revenue from the former stadium. The revenues from the former stadium shall be determined by averaging the revenues from the last three years the NFL team played in the former stadium."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

Benson	DeKruif	Hall	Lillie	Thompson
Brown	Dibble	Hann	Limmer	Torres Ray
Chamberlain	Dziedzic	Hayden	Lourey	Vandever
Cohen	Eaton	Hoffman	Marty	Wolf
Dahms	Gerlach	Howe	McGuire	
Daley	Goodwin	Kruse	Ortman	

Those who voted in the negative were:

Bakk	Ingebrigtsen	Michel	Reinert	Skoe
Bonoff	Jungbauer	Miller	Rest	Sparks
Carlson	Kelash	Nelson	Robling	Tomassoni
Fischbach	Koenen	Newman	Rosen	Wiger
Gazelka	Langseth	Olson	Saxhaug	
Gimse	Latz	Pappas	Senjem	
Harrington	Magnus	Parry	Sheran	
Higgins	Metzen	Pederson	Sieben	

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

Senator Miller moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 14, line 14, delete "The" and insert "(a) Within the limits of paragraph (b), the"

Page 14, after line 22, insert:

"(b) The state share of stadium costs shall be limited to \$373,000,000 for construction of a new stadium, as permitted under section 16A.965. The city of Minneapolis share shall be limited to a \$150,000,000 contribution for construction, and the annual operating cost and capital contributions contained under section 473J.13."

Page 18, line 27, delete "\$427,000,000" and insert "\$452,000,000"

Page 27, line 2, delete "\$548,000,000" and insert "\$523,000,000"

Page 27, line 8, delete "\$650,000,000" and insert "\$625,000,000"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Bakk	Fischbach	Jungbauer	Michel	Saxhaug
Benson	Gazelka	Kelash	Miller	Senjem
Bonoff	Gerlach	Koch	Nelson	Sheran
Brown	Gimse	Koenen	Newman	Sieben
Carlson	Goodwin	Kruse	Olson	Skoe
Chamberlain	Hall	Latz	Ortman	Sparks
Cohen	Hann	Lillie	Pappas	Stumpf
Dahms	Harrington	Limmer	Parry	Thompson
Daley	Hayden	Lourey	Pederson	Tomassoni
DeKruif	Higgins	Magnus	Reinert	Torres Ray
Dibble	Hoffman	Marty	Rest	Vandaveer
Dziedzic	Howe	McGuire	Robling	Wiger
Eaton	Ingebrigtsen	Metzen	Rosen	Wolf

The motion prevailed. So the amendment was adopted.

Senator Rest moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 10, line 29, delete "legislature" and insert "chairs and ranking minority members of the legislative committees with jurisdiction over state government finance"

The motion prevailed. So the amendment was adopted.

Senator Carlson moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 46, after line 19, insert:

"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."

Page 50, line 7, strike the second "or" and insert "and"

Page 50, line 21, strike "or"

Page 50, line 29, strike the period and insert "; or"

Page 50, after line 29, insert:

"(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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Marty moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 36, line 8, delete "NOT TO"

Page 36, delete lines 9 to 19 and insert:

"(a) Nothing in this act shall be construed to preempt, override, or waive any charter provision, including any provisions requiring a referendum on professional sports facility financing.

(b) Laws 1986, chapter 396, section 6, does not apply to the extent that it preempts, overrides, or waives any charter provision."

Page 75, line 3, delete "or charter"

Page 75, line 4, delete "provision"

Page 75, after line 12, insert:

"(c) Any relevant charter provision or provisions must be followed and must not be preempted, overridden, or waived."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 36 and nays 30, as follows:

Those who voted in the affirmative were:

Benson	Dziedzic	Hoffman	McGuire	Thompson
Bonoff	Gazelka	Howe	Nelson	Torres Ray
Brown	Gerlach	Jungbauer	Newman	Vandever
Chamberlain	Goodwin	Koch	Nienow	Wolf
Dahms	Hall	Kruse	Ortman	
Daley	Hann	Lillie	Pappas	
DeKruif	Hayden	Limmer	Parry	
Dibble	Higgins	Marty	Rest	

Those who voted in the negative were:

Bakk	Ingebrigtsen	Magnus	Reinert	Sieben
Carlson	Kelash	Metzen	Robling	Skoe
Eaton	Koenen	Michel	Rosen	Sparks
Fischbach	Langseth	Miller	Saxhaug	Stumpf
Gimse	Latz	Olson	Senjem	Tomassoni
Harrington	Lourey	Pederson	Sheran	Wiger

The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 78, delete article 6

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 42, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Howe	Limmer	Senjem
Brown	Gerlach	Jungbauer	Newman	Thompson
Chamberlain	Hall	Koch	Nienow	Vandever
Daley	Hann	Kruse	Ortman	Wolf
DeKruif	Hoffman	Lillie	Parry	

Those who voted in the negative were:

Bakk	Goodwin	Lourey	Pappas	Skoe
Bonoff	Harrington	Magnus	Pederson	Sparks
Carlson	Hayden	Marty	Reinert	Stumpf
Dahms	Higgins	McGuire	Rest	Tomassoni
Dibble	Ingebrigtsen	Metzen	Robling	Torres Ray
Dziedzic	Kelash	Michel	Rosen	Wiger
Eaton	Koenen	Miller	Saxhaug	
Fischbach	Langseth	Nelson	Sheran	
Gimse	Latz	Olson	Sieben	

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

Senator Reinert moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 1, after line 4, insert:

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

Subdivision 1. **Purpose.** The Legislative Commission on Minnesota Sports Facilities is established 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;
- (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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Limmer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 64, line 10, delete "Until July 1, 2013,"

Page 64, delete lines 17 and 18

Page 64, line 19, delete "(d)" and insert "(c)"

Page 64, line 22, delete "(e)" and insert "(d)"

Page 64, line 25, delete "(f)" and insert "(e)"

The motion prevailed. So the amendment was adopted.

Senator Hann moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 74, after line 21, insert:

"Sec. 3. [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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Jungbauer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Delete everything after the amending clause and insert:

"ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. 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. 2. 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. 3. 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;
- (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. 4. 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;

(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. 5. [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. 6. **[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. **Authority.** "Authority" means the Minnesota Sports Facilities Authority established under section 473J.07.

Subd. 3. **City.** "City" means the city of Arden Hills.

Subd. 4. **County.** "County" means Ramsey County.

Subd. 5. **Development area.** "Development area" means the approximately 170 acre portion of the Twin Cities Army Ammunitions Plant property in Arden Hills, on which private development will occur as further described in the county/NFL team agreement.

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 area.** "Stadium area" means the approximately 260 acre portion of the Twin Cities Army Ammunitions Plant property in Arden Hills the definitive boundaries of which shall be determined by the county and agreed to by the NFL team.

Subd. 10. **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. 11. **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. 12. **Stadium plaza.** "Stadium plaza" means the open air portion of the stadium adjacent to the stadium.

Sec. 7. **[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 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 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. 8. [473J.075] 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. 9. [473J.08] LOCATION.

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

Sec. 10. [473J.09] SITE ACQUISITION AND REMEDIATION.

Subdivision 1. **Site acquisition.** The stadium and development areas will be acquired by the county pursuant to the terms in the agreement dated December 28, 2011, entitled "Offer to Purchase between Ramsey County and the United States of America Acting by and Through the Administration of General Services." The NFL team or a related entity, will immediately thereafter acquire the development area from the county. The county is authorized to buy property from the United States of America and sell a portion directly to the NFL team at the county's acquisition price per acre, notwithstanding any law or ordinance to the contrary. The stadium project is intended to act as the catalyst for the redevelopment and revitalization of the development area. The NFL team shall retain development rights for at least ten years from the date of enactment of this chapter. If the team has not commenced development or provided the county with a reasonably acceptable plan to develop the private land within five years after the opening of the stadium, the county shall have the option, but shall not be required, to purchase the private land from the team at the price per acre that the county paid to the United States government for the property.

Subd. 2. **Site remediation.** The county will be responsible for the remediation of the stadium and development areas pursuant to the terms of the agreement dated February 7, 2012, entitled "Agreement Between Ramsey County and Carl Bolander & Sons Co. for Hazardous Material Abatement, Demolition and Site Remediation – Former Twin Cities Army Ammunition Plant." The site will be remediated to a commercial/industrial standard. Should the private development of the development area require that the land be remediated to a higher standard, the NFL team shall pay for any additional costs associated with such remediation.

Subd. 3. **Acquisition and remediation costs.** The county and NFL team shall be responsible for the land acquisition costs, which includes the cost of the land purchase from the United States government and the cost of the environmental remediation.

Subd. 4. **Cost allocation.** The cost to acquire the stadium and development areas and the cost of remediating the site to a commercial/industrial standard will be allocated between the county and the NFL team based on the number of acres owned by each once the development area is sold to the NFL team or its affiliates. A mechanism will be provided in the county NFL team agreement that will allow for public access between the stadium and development areas. A mechanism will also be included in the county NFL team agreement to provide the NFL team with flexibility in determining the final composition of the development area for purposes of locating the stadium footprint and future private development, to be mutually agreed upon by the county, authority, NFL team and other key stakeholders, as appropriate.

Subd. 5. **Transfer of title.** The county will transfer title to the stadium area to the authority, at no cost to the authority, upon completion of the environmental remediation of the stadium area. The county/authority agreement will provide for the terms and conditions of the transfer of title.

Sec. 11. [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.

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 ownership and 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.

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 legislature 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.

Sec. 12. [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.

(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 if in doing so, the tax-exempt status of the bonds is not affected. 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 if in doing so, the tax-exempt status of the bonds is not affected.

(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) 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 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.

(h) The authority and the NFL team shall require that the construction manager or program manager certify, before the contract is signed, a fixed and stipulated 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.

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;

(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.** 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 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.

Sec. 13. [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, 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 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. Volunteers cannot be prohibited from working at non-NFL events.

Sec. 14. [473J.13] STADIUM OPERATIONS; CAPITAL IMPROVEMENTS.

Subdivision 1. **Stadium operation.** The NFL team will operate and manage the stadium and parking facilities, or contract with the authority or other entity to manage the stadium and parking facilities, pursuant to the authority/NFL team agreement. The stadium shall be operated in a first class manner similar to and consistent with that of other comparable NFL stadiums. The team shall be responsible for all aspects of stadium operation. All revenues, net of generally applicable taxes and fees, derived from the operations of the stadium for all NFL team games, NFL team owned major league soccer games and other NFL team events agreed to by the authority, except as otherwise provided herein or in the authority/NFL team agreement or the county/NFL team agreement, shall belong to the team.

Subd. 2. **Operating expenses.** The team shall bear all the costs of operation of the stadium and parking facilities in lieu of rent. In addition, the team shall pay any and all NFL game day expenses, including responsibility for any and all costs incurred for municipal services including, but not

limited to, police and security, traffic control, fire prevention, emergency medical, street cleaning and trash removal, and other similar services provided for events held by the team. The team and the authority, in coordination with the city, shall cooperatively determine appropriate public and private staffing levels for police and security, traffic control, fire prevention, emergency medical, street cleaning and trash removal, and other similar services based upon anticipated attendance for NFL games and any other events held at the stadium. The authority, however, in coordination with the city, shall have final approval over appropriate staffing and service levels. The authority, in coordination with the city, shall use a "reasonableness standard" in determining appropriate staffing and service levels. In the event that the parties cannot agree on appropriate staffing and service levels, the team shall have the right to submit such dispute to a mutually agreed upon mediator or to arbitration for accelerated dispute resolution. Notwithstanding the foregoing, if the authority, in coordination with the city, determines that an emergency public safety issue exists with respect to a particular NFL game or event, the authority, in coordination with the city, shall have the right to determine and impose the staffing level for such event. Sponsors of civic, noncommercial events and uses shall be responsible for any and all incremental costs incurred for municipal services provided for its events, as determined by the authority.

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. The NFL team will be reimbursed by the authority for the incremental, out-of-pocket expenses to operate the stadium during such events and uses.

Subd. 4. **Capital improvements.** (a) The NFL team shall be responsible for making, or for causing others to make, all capital repairs, replacements, and improvements for the stadium and stadium infrastructure and shall establish a capital reserve fund for such purposes. The NFL team 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 NFL team shall maintain, or cause others to maintain, the stadium and parking facilities in a manner that is consistent with all applicable requirements imposed by the NFL, and with the original design and construction program of the stadium and parking facilities. The NFL team 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. 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 NFL team 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 for the term of the lease or use agreement to the capital reserve fund, increased by a three percent annual inflation rate.

(c) The NFL team, with input from the authority, 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 NFL team, after consultation with the authority, shall make the final determination with respect to funding capital needs. Any capital improvement proposed by the authority, except those intended primarily to provide revenue enhancements to the NFL team shall

be paid for by the authority, unless otherwise agreed to by the NFL team.

Subd. 5. **Cooperation with financing.** The authority will 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 financing. The lease, license, and other transaction documents shall include provisions customarily required by lenders in stadium financings.

Sec. 15. [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 \$427,000,000.

(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 56 percent by the authority and 44 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 40-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. 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 40 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 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 40-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 40 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.

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.** 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 chapter, a portion of the sale price must be used to pay down the remaining debt service. If any portion remains after debt service is paid, that amount is paid to the authority and deposited in a reserve fund for improvements to the stadium or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 25 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners for the first ten years declining to zero 15 years after commencement of stadium construction, declining to 15 percent for the next ten years, and further declining to ten percent for the next ten years. The agreement must provide exceptions for sales to members of the owners' family 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 amongst 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 team and NFL will transfer to the state of Minnesota 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.

Subd. 11. **Stadium design.** (a) 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) The stadium design must, to the extent feasible, follow sustainable building guidelines established under section 16B.325.

(c) The authority and the team must ensure that the stadium be constructed with steel made in the USA.

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 at no additional rent, but including 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. 16. **[473J.17] COUNTY ACTIVITIES.**

Subdivision 1. **Property acquisition and disposition.** The county may, to the extent legally permissible, acquire land, air rights, and other property interests within the stadium area and convey them to the authority without consideration, prepare a site for development as a stadium, and acquire and construct any related stadium infrastructure, if any, as provided in the county/authority agreement. To the extent property parcels or interests acquired are more extensive than the stadium infrastructure requirements, the county may sell or otherwise dispose of the excess. The legislature intends that, except as expressly limited herein, the county may acquire, remediate, and dispose of the development area within the site.

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

Subd. 3. **Environmental; planning and zoning.** The county is the responsible governmental unit for an environmental impact statement for the stadium project prepared under 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. **County expenditure.** The county 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 county to further the purposes of this chapter. Notwithstanding any law, ordinance, or charter provision to the contrary, exercise by the county of its powers under this section does not affect the amount that the county may otherwise spend, borrow, tax, or receive.

Subd. 5. **County authority.** The legislature intends that, except as expressly limited herein, the county may enter into contracts with the authority, the NFL team 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 stadium area is consistent with the city's adopted comprehensive plan, is the preferred stadium location, and is a permitted land use. This subdivision establishes a procedure for all land and water use and development reviews and approvals by the city and watershed district 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 and chapters 103A to 103G. No later than 30 days after enactment, the city shall establish a stadium implementation committee with representation from the city, county, and watershed district to make recommendations on the design plans submitted for the stadium, 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's planning commission for an advisory recommendation and then to the city council for final action in a single resolution. Final action must be taken within 45 days of the submission of the recommendations to the planning commission. The watershed district must act within 45 days of the implementation committee's recommendations. The city council and watershed district 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 or watershed district to act within the 45-day period shall be deemed to be approval by that entity of the implementation committee's recommendations. The authority or county may seek de novo review in the district court of any city council or watershed district action. The district court or any appellate court shall expedite review to the maximum extent possible and timely issue relief, orders, or opinions necessary to give effect to the provisions and objectives in this act.

Subd. 7. **Suburban Ramsey County referendum and tax.** Subject to approval by a referendum in all municipalities within Ramsey County, with the exception of a city of the first class, and notwithstanding section 477A.016, the county is authorized to impose a sales tax of two percent on the sale of fermented malt beverages, retail on-sale liquor, and food purchased at restaurants and other commercial establishments located in Ramsey County except for those sales within a city

of the first class. The referendum shall be conducted as part of the 2012 general election. If the referendum receives the approval of a majority voting on the issue, the county shall impose the taxes approved and the revenue raised shall be remitted to the commissioner of revenue for deposit in the general fund. The commissioner shall allocate the revenues deposited toward payment of the costs associated with the off-site roadway and transportation infrastructure improvements along marked Interstate Highway 694 including the marked Interstate Highway 35/694 interchange as identified by the Ramsey County Department of Public Works. The ballot question shall state that the proposed tax revenues are legally required to be used for the specified roadway and transportation infrastructure improvements.

Sec. 17. [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.

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 this chapter, 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.

Sec. 18. EFFECTIVE DATE.

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

ARTICLE 2

CONFORMING CHANGES

Section 1. 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~~, 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. 2. Minnesota Statutes 2010, section 13.55, subdivision 1, is amended to read:

Subdivision 1. **Not public classification.** The following data received, created, or maintained by or for publicly owned and operated convention facilities, or civic center authorities, ~~or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant to section 13.02, subdivision 12:

- (a) a letter or other documentation from any person who makes inquiry to or who is contacted by the facility regarding the availability of the facility for staging events;
- (b) identity of firms and corporations which contact the facility;
- (c) type of event which they wish to stage in the facility;
- (d) suggested terms of rentals; and
- (e) responses of authority staff to these inquiries.

Sec. 3. 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;

(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.

(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. 4. Minnesota Statutes 2010, section 473.121, subdivision 5a, is amended to read:

Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan Parks and Open Space Commission, and the Metropolitan Airports Commission, ~~and Metropolitan Sports Facilities Commission.~~

Sec. 5. Minnesota Statutes 2010, section 473.164, is amended to read:

473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.

Subdivision 1. **Annually reimburse.** ~~The Metropolitan Sports Facilities Commission and the~~ Metropolitan Airports Commission shall annually reimburse the council for costs incurred by the

council in the discharge of its responsibilities relating to the commission. The costs may be charged against any revenue sources of the commission as determined by the commission.

Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council shall transmit to ~~each~~ the commission an estimate of the costs which the council will incur in the discharge of its responsibilities related to the commission in the next budget year including, without limitation, costs in connection with the preparation, review, implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The commission shall include the estimates in its budget for the next budget year and may transmit its comments concerning the estimated amount to the council during the budget review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the commission for the next budget year may be changed following approval by the council. During each budget year, the commission shall transfer budgeted funds to the council in advance when requested by the council.

Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded the amount budgeted, ~~each~~ the commission shall transfer to the council the additional moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall include a sum in its next budget. Any excess of budgeted costs over actual costs may be retained by the council and applied to the payment of budgeted costs in the next year.

Sec. 6. Minnesota Statutes 2010, section 473.565, subdivision 1, is amended to read:

Subdivision 1. **In MSRS; exceptions.** All employees of the former commission shall be members of the Minnesota State Retirement System with respect to service rendered on or after May 17, 1977, except as provided in this section.

Sec. 7. **REPEALER.**

Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

Sec. 8. **EFFECTIVE DATE.**

This article is effective June 30, 2016.

ARTICLE 3

SITE REVENUES

Section 1. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

Subdivision 1. **Imposition of site taxes.** The county shall, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax not to exceed three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages when sold at the stadium or within the stadium area or at licensed on-sale liquor establishments located within the development area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from

taxation under Minnesota Statutes, chapter 297A;

(2) a sales tax not to exceed three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, tourist court, or trailer camp located within the stadium or development areas; and

(3) a sales tax not to exceed three percent on the gross receipts on all sales of food primarily for consumption in the stadium or for consumption on or off the premises of the stadium or by restaurants and places of refreshment within the stadium or development areas.

Subd. 2. **Duration, limitation.** The taxes authorized by this section shall be imposed until January 1, 2047. The commissioner of revenue may enter into appropriate agreements with the county to provide for the collection of these taxes by the state on behalf of the county. The commissioner may charge the county a reasonable fee for the collection of the taxes from the tax proceeds. The county shall have no financial responsibility for the stadium project beyond the imposition of the taxes authorized by this section.

ARTICLE 4

LAWFUL GAMBLING

Section 1. 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. 2. Minnesota Statutes 2010, section 349.12, subdivision 3c, is amended to read:

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

Sec. 3. 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. 4. 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. 5. 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:

(1) is used by a bingo player to:

(i) 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;

(ii) 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~~(iii) identify a winning bingo pattern- or game requirement; and

(iv) play against other bingo players;

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

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

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

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

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

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

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

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

Sec. 6. 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 have the option to open all tabs of a ticket at the same time or open 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 symbols 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. 7. 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:

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

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

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

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

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

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

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

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

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

Sec. 8. 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. 9. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

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

(a) Disposable gambling equipment includes the following:

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

(2) paper and electronic pull-tabs;

(3) jar tickets, ~~paddle wheels, paddle wheel tables;~~

(4) paddle tickets, and paddle ticket cards;

(5) tipboards, and tipboard tickets; and

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

(b) Permanent gambling equipment includes the following:

(1) devices for selecting bingo numbers;

(2) electronic bingo devices;

(3) electronic pull-tab devices;

(4) pull-tab dispensing devices;

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

(6) paddle wheels; and

(7) paddle wheel tables.

Sec. 10. Minnesota Statutes 2010, section 349.12, subdivision 25, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups,

or service groups, or is used for the organization's primary mission or headquarters.

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. 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. 12. 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. 13. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to a linked bingo game prize and includes any portion of the prize pool that is carried over from one ~~occasion~~ game to another in a progressive linked bingo game.

Sec. 14. 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. 15. 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. 16. 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. 17. Minnesota Statutes 2010, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

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

Sec. 18. 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. 19. 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. 20. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision to read:

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

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

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic pull-tab game system, the board shall examine electronic pull-tab devices allowed under section 349.12, subdivision 12b. The board may contract for the examination of the game system and

electronic pull-tab devices and may require a working model to be transported to locations the board designates for testing, examination, and analysis. The manufacturer must pay all costs of any testing, examination, analysis, and transportation of the model. The system must be approved by the board before its use in the state and must have the capability to permit the board to electronically monitor its operation and internal accounting systems.

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

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

Sec. 21. Minnesota Statutes 2010, section 349.155, subdivision 3, is amended to read:

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

- (1) has ever been convicted of a felony or a crime involving gambling;
- (2) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (3) is or has ever been connected with or engaged in an illegal business;
- (4) owes \$500 or more in delinquent taxes as defined in section 270C.72;
- (5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- (6) after demand, has not filed tax returns required by the commissioner of revenue. The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this paragraph are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

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

- (1) has been convicted of a felony or gross misdemeanor involving theft or fraud; or
- (2) has ever been convicted of a crime involving gambling; ~~or~~
- ~~(3) has had a license issued by the board or director permanently revoked for violation of law or board rule.~~

Sec. 22. Minnesota Statutes 2010, section 349.155, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 23. 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. 24. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

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

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

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

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

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

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other

employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker for a paper pull-tab game.

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

(h) No distributor or distributor salesperson may purchase or lease gambling equipment for resale or lease to a person for use within the state from any person not licensed as a manufacturer under section 349.163, except for gambling equipment returned from an organization licensed under section 349.16, or exempt or excluded from licensing under section 349.166.

(i) No distributor or distributor salesperson may sell gambling equipment, except gambling equipment identified as a promotional ticket, to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(j) No distributor or distributor salesperson may sell or otherwise provide a 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. 25. 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 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. 26. 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. 27. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

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

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

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

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

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

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

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

- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and
- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

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

Sec. 28. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

Subd. 6. **Samples of gambling equipment.** (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment ~~the manufacturer manufactures~~ manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.

(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests.

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

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

Sec. 29. 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. 30. 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. 31. 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. 32. Minnesota Statutes 2010, section 349.165, subdivision 2, is amended to read:

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

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

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

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

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

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

Sec. 33. 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. 34. 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. 35. 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,~~ including a progressive games game in which a portion of the prize is carried over from one occasion game to another until won by a player achieving a valid bingo within a predetermined amount of bingo numbers called based upon a predetermined and posted win determination.

(b) ~~Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed \$300.~~ Linked bingo games may only be conducted by licensed organizations who have a valid agreement with the linked bingo game provider.

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

(d) The board may adopt rules to:

(1) specify the manner in which a linked bingo game must be played and how the linked bingo prizes must be awarded;

(2) specify the records to be maintained by a linked bingo game provider;

(3) require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;

(4) establish the qualifications required to be licensed as a linked bingo game provider; and

(5) any other matter involving the operation of a linked bingo game.

Sec. 36. 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) Until July 1, 2013, 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) After July 1, 2013, the Gambling Control Board may increase the limits on the number of electronic bingo devices.

(d) 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.

(e) 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.

(f) 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. 37. Minnesota Statutes 2010, section 349.1721, is amended to read:

349.1721 CONDUCT OF PULL-TABS.

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

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

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

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

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

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

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

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

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

(a) The use of any electronic pull-tab device may only be at a permitted premises that is:

(1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or

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

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

(b) Until July 1, 2013, 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) After July 1, 2013, the Gambling Control Board may increase the limits on the number of electronic pull-tab devices.

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

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

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

(g) 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.

(h) 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.

(i) 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.

(j) 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. 38. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

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

(b) Rent paid by an organization for leased premises for the conduct of ~~pull-tabs, tipboards, and paddle wheels~~ lawful gambling is subject to the following limits and restrictions:

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

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

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

(2) For bar operations, ~~including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located;~~ monthly rent may not exceed 15 percent of the gross profits for that month from electronic pull-tab games and electronic linked bingo games and not more than 20 percent of gross profits for that month 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 the 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.~~

~~(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.

~~(c) (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.~~

~~(d) (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.~~

~~(e) (e) 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. 39. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization must

be segregated from all other revenues of the conducting organization and placed in a separate gambling bank account.

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

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

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

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

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

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

~~(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. 40. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

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

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

- (1) the name of the recipient of the expenditure or contribution;
- (2) the date the expenditure or contribution was approved by the organization;
- (3) the date, amount, and check number or electronic transfer confirmation number of the expenditure or contribution;

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

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

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

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

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

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

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

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

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

(3) is able to provide evidence of a fidelity bond; and

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

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

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

Sec. 41. 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);~~

~~(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. 42. 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. 43. 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 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. 44. **SPECIAL REVENUE ACCOUNT.**

Revenue generated as a result of changes under this article relative to the February 2012 forecast shall be deposited into a special revenue account established by the commissioner of management and budget.

Sec. 45. **APPROPRIATION.**

(a) \$779,000 in fiscal year 2013 and \$779,000 in fiscal year 2014 and \$779,000 in fiscal year 2015 are 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) An amount equal to one-half of one percent of the estimated increase in revenue, determined by the commissioner of management and budget under Minnesota Statutes, section 16A.965, subdivision 8, paragraph (a), for the fiscal year is appropriated from the general fund to the:

(1) commissioner of human services for the compulsive gambling treatment program established under Minnesota Statutes, section 245.98; and

(2) 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.

Sec. 46. **EFFECTIVE DATE.**

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

ARTICLE 5

MISCELLANEOUS

Section 1. **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 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

GAMBLING TAX CHANGES

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

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

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

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

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

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

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

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

with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of the 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.

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

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

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

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$500,000 <u>\$87,500</u>	zero <u>9.10 percent</u>
Over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>	1.7 <u>\$7,693</u> plus 18.20 percent of the amount over \$500,000 <u>\$87,500</u> , but not over \$700,000 <u>\$122,500</u>
Over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>	\$3,400 <u>\$14,333</u> plus 3.4 <u>27.30</u> percent of the amount over \$700,000 <u>\$122,500</u> , but not over \$900,000 <u>\$157,500</u>
Over \$900,000 <u>\$157,500</u>	\$10,200 <u>\$23,888</u> plus 5.1 <u>36.40</u> percent of the amount over \$900,000 <u>\$157,500</u>

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:

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

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

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

Reductions in previously paid taxes authorized by this subdivision must be made when and in

the manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for games sold by a licensed distributor after June 30, 2012.

Sec. 11. Minnesota Statutes 2010, section 297E.13, subdivision 5, is amended to read:

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

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2010, sections 297E.02, subdivision 4; and 349.12, subdivision 2, are repealed.

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

ARTICLE 7

WHITE EARTH STATE CASINO

Section 1. **[3.92225] TRIBAL-STATE CASINO.**

Subdivision 1. **Negotiated agreement.** The state of Minnesota is authorized to conduct negotiations and complete a contractual agreement with the White Earth tribal government to allow one tribal-owned metropolitan area casino. The contractual agreement shall be conducted by a state negotiation team consisting of three persons to be appointed by the governor and shall be staffed by the attorney general. An agreement under this section must be finalized by September 1, 2012, and is authorized by law and effective upon certification in the State Register that an agreement has been completed. All details of any such agreement shall be public and shall be published in the State Register. An agreement under this section must have the following components:

(1) the White Earth tribal government will provide an advanced payment of \$400,000,000 to the state of Minnesota, to be remitted in a timely manner upon completion of the agreement and certification by the state that a White Earth tribal casino is allowed to operate per the negotiated agreement;

(2) a requirement that the State Lottery lease the slot machines to the casino and that the Department of Public Safety provide inspections, licensing, and oversight of casino operations to ensure the public trust;

(3) a requirement that the casino operated under the negotiated agreement allow all compacted games and all state-allowed games, and any games negotiated in the contract;

(4) a requirement that the tribal-owned casino be operated in a fashion that meets the highest industry standards for a gaming establishment; and

(5) a requirement that after repayments due as a result of this agreement, and casino operating expenses are deducted, the remaining revenues are divided equally and the state share is remitted to the state of Minnesota on a quarterly basis.

Subd. 2. **Implementation.** Notwithstanding any law to the contrary, the commissioner of public safety and director of the State Lottery are required to use all of the resources and statutory authority available to implement any agreement between the state of Minnesota and the White Earth tribal government, and instructed to submit legislation necessary to further enact any such agreement in the 2013 legislative session.

Subd. 3. **Revenue.** Money collected under subdivision 1, clause (5), must be deposited in the special revenue account.

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

Sec. 2. **APPROPRIATION.**

Subdivision 1. **Loan proceeds.** (a) Up to \$2,000,000 in funds generated by the agreement reached under Minnesota Statutes section 3.92225 sufficient to cover enforcement and operation costs of the state are appropriated to the commissioner of public safety and the director of the State Lottery.

(b) \$398,000,000 from the agreement reached under Minnesota Statutes section 3.92225 shall be reserved in a special account within the general fund, and this amount is appropriated to the commissioner of management and budget for a grant to the authority for use in constructing a professional football stadium project.

Subd. 2. **Special revenue account.** \$69,000,000 is appropriated in fiscal year 2014 to the commissioner of employment and economic development for a grant to the city of St. Paul to defease or retire bonds issued under Laws 1993, chapter 375, article 9, section 46, as amended, and to construct a minor league baseball stadium."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 16 and nays 47, as follows:

Those who voted in the affirmative were:

Daley	Langseth	Newman	Skoe
Goodwin	Metzen	Pappas	Sparks
Harrington	Michel	Robling	Stumpf
Jungbauer	Miller	Sheran	Wiger

Those who voted in the negative were:

Bakk	Dibble	Hann	Kruse	Nelson
Benson	Dziedzic	Hayden	Latz	Nienow
Bonoff	Eaton	Higgins	Lillie	Olson
Brown	Fischbach	Hoffman	Limmer	Parry
Carlson	Gazelka	Howe	Lourey	Pederson
Chamberlain	Gerlach	Ingebrigtsen	Magnus	Reinert
Dahms	Gimse	Kelash	Marty	Rest
DeKruif	Hall	Koch	McGuire	Rosen

Saxhaug
Sieben

Thompson
Tomassoni

Torres Ray
Vandever

Wolf

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

Senator DeKruif moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Delete everything after the amending clause and insert:

"ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. 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. 2. 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. 3. 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;

(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. 4. 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;
- (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. 5. [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. 6. [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 the annual adjustment factor under section 297A.994, subdivision 4, paragraph (b).

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. 7. [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 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 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. 8. [473J.075] 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. 9. [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.

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.

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 legislature 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.

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

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

Sec. 11. **[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.

(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 if in doing so, the tax-exempt status of the bonds is not affected. 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 if in doing so, the tax-exempt status of the bonds is not affected.

(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) 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 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.

(h) The authority and the NFL team shall require that the construction manager or program manager certify, before the contract is signed, a fixed and stipulated 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.

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;

(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 retractable.

Subd. 4. **Cost overruns, savings.** The NFL team shall pay any cost overruns. 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.

Sec. 12. **[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. The authority shall work with the commissioner to ensure that purchase of a brick is a tax deductible donation on the part of the donating person or organization. Funds raised through this section shall be appropriated to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

Sec. 13. **[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, 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 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.

Subd. 3. **Volunteer workers.** Volunteer workers for high school league events shall not be required to be members of employment unions.

Sec. 14. [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, such as the stadium in Indianapolis, Indiana, currently known as Lucas Oil Field. 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 40 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, paragraph (a), 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.

(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.

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 operating 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 operating reserve fund. The contributions of the state are subject to increase by an annual adjustment factor. The contribution under this paragraph shall be assumed by the state from 2016 through 2020, and repaid to the state by the state using funds in accordance with section 297A.994, subdivision 4, paragraph (a), 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.

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

Sec. 15. **[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 \$427,000,000.

(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 56 percent by the authority and 44 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 40-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. 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 40 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 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 40-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 40 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.

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.** 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 chapter, a portion of the sale price must be used to pay down the remaining debt service. If any portion remains after debt service is paid, that amount is paid to the authority and deposited in a reserve fund for improvements to the stadium or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 25 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners for the first ten years after commencement of stadium construction, declining to 15 percent for the next ten years, and further declining to ten percent for the next ten years. The agreement must provide exceptions for sales to members of the owners' family 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 amongst 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 team and NFL will transfer to the state of Minnesota 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.

Subd. 11. **Stadium design.** (a) 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) The stadium design must, to the extent feasible, follow sustainable building guidelines established under section 16B.325.

(c) The authority and the team must ensure that the stadium be constructed with steel made in the USA.

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 at no additional rent for a term of five years, but including 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. The soccer franchise shall have use of the stadium rent-free for five years only for league-sanctioned matches; use of the facility for any other days or functions shall be under terms and conditions to be negotiated by the authority and the NFL team. After the initial five-year term of the use agreement, the NFL team and the authority shall negotiate a use agreement consistent with market rates; 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. 16. [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 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 4, section 5, 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.

Sec. 17. [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. 18. **[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. 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. 19. **[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.

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 this chapter, 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.

Sec. 20. **EFFECTIVE DATE.**

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

ARTICLE 2

STATE STADIUM FUNDING

Section 1. **[16A.965] REVENUE BONDS.**

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

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

Subd. 2. **Authorization to issue revenue bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue revenue bonds of the state under this section for public purposes as provided by law, including, in 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 revenue bonds must be credited to a special revenue 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 revenue stadium bond proceeds fund.

(b) Revenue bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed \$598,000,000 net of costs of issuance, deposits for debt service reserve funds, and costs of credit enhancement for achieving the purposes authorized as provided under paragraph (a), and pay debt service, 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 revenue bonds issued and unpaid shall not exceed \$725,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Revenue 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 revenue bonds may not exceed 30 years. The revenue 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 revenue bonds, and at any time thereafter, so long as the revenue bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the revenue 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 revenue 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 revenue 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 revenue bonds set forth in the order or resolution authorizing the issuance of the revenue bonds, or a separate document authorized by the order or resolution.

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

Subd. 3. **Form; procedure.** (a) Revenue 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.

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

(c) Revenue 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) Revenue bonds must bear interest at a fixed or variable rate.

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

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue revenue bonds for the purpose of refunding any revenue 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 revenue bonds to be refunded, to the redemption of the outstanding revenue 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 revenue bonds to be refunded or interest or premiums on the refunded revenue 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 revenue 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 revenue bonds to be refunded.

Subd. 5. **Revenue 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 revenue 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. **Appropriation of proceeds.** The proceeds of revenue bonds and interest credited to the special revenue stadium bond proceeds fund are appropriated to the commissioner for payment of capital expenses, debt service on outstanding indebtedness of the state, operating and capital reserves of the authority, and the funding of debt service reserves for the revenue bonds, each as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the revenue 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. 7. **Commissioner; determination of available revenues.** (a) By March 15 of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall determine the estimated revenues received from taxes imposed under section 297A.651.

(b) Available revenues for purposes of subdivision 8, equal the amount determined under paragraph (a), less the following amounts for the fiscal year:

(1) the appropriation to principal and interest on revenue bonds under subdivision 9, paragraph (a);

(2) reimbursements authorized by section 473J.15, subdivision 2; and

(3) the appropriations under section 3, paragraphs (a) to (c), and (e).

(c) The provisions of this subdivision apply only after the issuance of revenue bonds under subdivision 2.

Subd. 8. **Appropriation for debt service and other purposes.** (a) The amount needed to pay principal and interest on revenue bonds issued under this section is appropriated each year from the special revenue fund established under section 297A.651 to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6, for deposit into the bond payment accounts established for such purpose in the special revenue stadium bond proceeds fund.

(b) To the extent the commissioner determines revenues are available under the provisions of subdivision 7, paragraph (b), for the fiscal year, the following amounts are appropriated from the special revenue fund established under section 297A.651:

(1) to be applied to early payoff of bonds issued under this section; and

(2) to the extent not required under clause (1), to be applied to early payoff of bonds issued by the state.

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 revenue bonds and any ancillary contracts to which the commissioner is a party.

Sec. 2. **SUITES SURCHARGE.**

A ten percent surcharge is imposed on the sale or rental of suites for NFL team games and events at the stadium. The commissioner of revenue shall determine annually the amount of the proceeds resulting from the surcharge each year and shall annually remit that amount to pay for bond debt service, notwithstanding the requirements of Minnesota Statutes, section 16A.965. The commissioner may charge a reasonable amount necessary for the calculation, collection, and remittance of the surcharge proceeds. The authority to impose the surcharge expires the day after all stadium bonds, including fees and interest, have been paid.

Sec. 3. **APPROPRIATIONS.**

(a) \$6,000,000 plus an amount calculated in paragraph (c) is annually appropriated from the special revenue fund established under Minnesota Statutes, section 297A.651, for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for the operating costs of the stadium under Minnesota Statutes, chapter 473J.

(b) \$1,500,000 plus an amount calculated in paragraph (c) is annually appropriated from the special revenue account established under Minnesota Statutes, section 297A.651, for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for capital costs of the stadium under Minnesota Statutes, chapter 473J.

(c) If state revenue bonds have not been issued under Minnesota Statutes, section 16A.965, amounts not to exceed the revenues received under Minnesota Statutes, section 297A.651, are appropriated to the commissioner of management and budget to make grants to the Minnesota Sports Facilities Authority for stadium costs as defined under Minnesota Statutes, section 473J.03, subdivision 8.

(d) The amount deposited in the general fund by the commissioner of revenue under Minnesota Statutes, section 297A.994, subdivision 3, clause (3), is annually appropriated from the general fund for calendar years 2021 to 2056 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

(e) An amount equal to one-half of one percent of the revenue received under Minnesota Statutes, section 297A.651, for the fiscal year is appropriated from the special revenue fund to the commissioner of human services for the compulsive gambling treatment program established under Minnesota Statutes, section 245.98. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

ARTICLE 3

CONFORMING CHANGES

Section 1. 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,~~ 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. 2. Minnesota Statutes 2010, section 13.55, subdivision 1, is amended to read:

Subdivision 1. **Not public classification.** The following data received, created, or maintained by or for publicly owned and operated convention facilities, ~~or civic center authorities, or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant to section 13.02, subdivision 12:

- (a) a letter or other documentation from any person who makes inquiry to or who is contacted by the facility regarding the availability of the facility for staging events;
- (b) identity of firms and corporations which contact the facility;
- (c) type of event which they wish to stage in the facility;
- (d) suggested terms of rentals; and
- (e) responses of authority staff to these inquiries.

Sec. 3. 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;

(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.

(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. 4. Minnesota Statutes 2010, section 473.121, subdivision 5a, is amended to read:

Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan Parks and Open Space Commission, and the Metropolitan Airports Commission, ~~and Metropolitan Sports Facilities Commission.~~

Sec. 5. Minnesota Statutes 2010, section 473.164, is amended to read:

473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.

Subdivision 1. **Annually reimburse.** ~~The Metropolitan Sports Facilities Commission and the Metropolitan Airports Commission~~ shall annually reimburse the council for costs incurred by the council in the discharge of its responsibilities relating to the commission. The costs may be charged against any revenue sources of the commission as determined by the commission.

Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council shall transmit to ~~each~~ the commission an estimate of the costs which the council will incur in the discharge of

its responsibilities related to the commission in the next budget year including, without limitation, costs in connection with the preparation, review, implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The commission shall include the estimates in its budget for the next budget year and may transmit its comments concerning the estimated amount to the council during the budget review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the commission for the next budget year may be changed following approval by the council. During each budget year, the commission shall transfer budgeted funds to the council in advance when requested by the council.

Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded the amount budgeted, ~~each~~ the commission shall transfer to the council the additional moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall include a sum in its next budget. Any excess of budgeted costs over actual costs may be retained by the council and applied to the payment of budgeted costs in the next year.

Sec. 6. Minnesota Statutes 2010, section 473.565, subdivision 1, is amended to read:

Subdivision 1. **In MSRS; exceptions.** All employees of the former commission shall be members of the Minnesota State Retirement System with respect to service rendered on or after May 17, 1977, except as provided in this section.

Sec. 7. **REPEALER.**

Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

Sec. 8. **EFFECTIVE DATE.**

This article is effective June 30, 2016.

ARTICLE 4

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 costs of collecting and administering the taxes, according to the applicable law and agreements between the commissioner and the city. For revenues from the general sales tax, the commissioner must deduct a proportionate share of the cost of collection, as 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 the capital improvement reserve appropriation to the stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2056, 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;

(2) for the operating expense appropriation to stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2056, 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;

(3) for recapture of state advances for the city share of 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), and subdivision 4, paragraph (c), 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

(4) to capture increases in taxes imposed under the special law, for the benefit of the stadium 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 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 credits and exclusions 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, until December 31, 2046. The tax may 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;~~

~~(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 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 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 shall be imposed until January 1, 2057. 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 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 article for the Target Center are not deemed an expenditure or other use of city resources within the meaning of any law or charter limitation. The city may exercise any of its powers under this article regarding the Target Center 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 or provision. Any tax exemption regarding the Target Center established under this article shall not be deemed an expenditure or other use of city resources within the meaning of any charter limitation.

Sec. 5. 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 clerical officer have 30 calendar days following final enactment of this act, to comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. 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. 7. 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.

ARTICLE 5

RACINO

Section 1. [47.522] PROHIBITION NEAR RACINO.

No detached facility may be located on the premises of a racetrack referenced in section 349A.17, subdivision 1, paragraph (a).

Sec. 2. Minnesota Statutes 2010, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;

(8) to determine the number of racing days to be held in the state and at each licensed racetrack;

(9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~

(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission; ~~and~~

(11) to take all necessary steps to ensure the security of all activities in a class A licensed racetrack. The duties and responsibilities of the commission include but are not limited to licensing employees of a class A licensee and vendors to the class A licensee involved in the conduct of gaming machines authorized by a location contract with the director of the State Lottery under section 349A.17 and overall surveillance and security of all conduct on all facilities of a licensed racetrack. The commission shall require that a class A licensed racetrack reimburse it for the commission's actual costs, including personnel costs, for conducting activities provided in this clause and amounts received must be deposited as provided in section 240.155, subdivision 1. The commission shall review procedures of the class A licensee to ensure compliance with section 240.13, subdivision 5a.

Sec. 3. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision to read:

Subd. 5a. **Equine industry improvement fund.** (a) To compensate the horse racing industry for the presence of lottery gaming machines at class A racing facilities, the commission shall establish and maintain an equine industry improvement fund. Each licensee holding a location contract with the lottery director shall, as directed by the commission, transmit an amount equal to 12 percent of the location contract compensation received from the lottery director to the commission for deposit into the equine industry improvement fund. Seventy-five percent of the funds shall be allocated for purse supplements. The commission shall routinely transfer 80 percent of the fund allocated for purse supplements to a licensee conducting live racing for more than one breed of horse and 20 percent to a licensee conducting live racing for only one breed of horse and direct the licensee to use the funds to supplement purses offered for live races. Purse supplements required under this subdivision are in addition to purse payments otherwise established by law or contract. The location contract holder and the organization representing the majority of horsepersons racing at the location contract holder's racetrack may, by written contract, agree to use a portion of the transferred funds for racing-related purposes other than purse supplementation.

(b) The commission shall allocate 20 percent of the fund for breeder's fund purposes and shall transmit that amount to the breeder's fund for the benefit of each breed racing at a class A licensed facility hosting lottery gaming machines. Amounts transferred shall be in the same proportions established, under this subdivision, for purse supplements. Amounts transferred to a breeder's fund shall be used for the purposes of section 240.18, subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality requirement in section 240.18, subdivision 1.

(c) Five percent of the fund shall be placed in an equine industry enhancement fund established by the commission. The commission shall award grants from this account designed to support and improve the nonracing equine industry including, but not limited to, construction of facilities and

trails, production of shows, and issues related to retired horses.

Sec. 4. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision to read:

Subd. 5. **Lottery contract holder; minimum racing days.** Licensees holding location contracts with the director of the lottery, who are authorized to conduct live racing for more than one breed of horse, shall conduct thoroughbred and quarter horse racing. In any year the licensee shall offer the equivalent of at least two quarter horse races for each racing day granted to the licensee by the commission, however, the licensee and the organization representing the majority of quarter horses owners licensed to race in the state may agree to a different number of live races to be offered. Scheduling of quarter horse races shall be as approved by the commission pursuant to section 240.03, clause (8). Willful failure to offer the races required by this subdivision shall subject the licensee to disciplinary action as deemed appropriate by the commission.

Sec. 5. **[297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

Adjusted gross revenue from the operation of gaming machines authorized under chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E and any other tax, license, permit, or assessment for conducting a gambling activity that is not imposed by this section. The State Lottery must, on or before the 20th day of each month, transmit to the commissioner of revenue an amount equal to the adjusted gross gaming machine revenue from the operation of gaming machines, as defined in section 349A.01, for the previous month multiplied by: (1) 25 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, up to \$150,000,000; (2) 30 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, in excess of \$200,000,000. The commissioner shall deposit the money transmitted under this section in a special revenue account dedicated to amounts transmitted under this section.

Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

(1) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

(3) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; ~~and~~

(4) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling; and

(5) may be possessed by the State Lottery or a person who has entered into a location contract with the State Lottery as authorized under chapter 349A.

Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section or to the State Lottery as authorized under chapter 349A.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; or

(4) a person in another state who is authorized under the laws of that state to possess the gambling device; or

(5) the State Lottery as authorized under chapter 349A.

Sec. 8. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming machine revenue" means the sum of all money received by the lottery for gaming machine plays, other than promotional plays, less the amount paid out in prizes for gaming machine games.

Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device which, upon insertion of money, coin, token, voucher, electronic card, or other consideration, allows the play of a game, authorized by the director, the outcome of which is determined entirely or partly by chance. A gaming machine may award a player a prize in the form of money, tokens, prize slips, or other authorized consideration.

Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6b. **Gaming machine area.** "Gaming machine area" means an area within ten feet of a gaming machine.

Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6c. **Gaming machine game.** "Gaming machine game" means a game operated by a gaming machine as authorized by the director.

Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6d. **Gaming machine play.** "Gaming machine play" means an electronic record that proves participation in a gaming machine game.

Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, gaming machines, maintenance of gaming machines, computer hardware and software used to monitor sales of lottery tickets and gaming machine plays, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed nine percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation and amounts transferred or retained by a racetrack under a location contract under section 349A.17.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

349A.13 RESTRICTIONS.

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game, except as authorized under section 349A.17; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

Sec. 16. [349A.17] GAMING MACHINES.

Subdivision 1. **Location contract.** (a) The director may enter into a contract with a person to provide locations for gaming machines. Contracts entered into under this section are not subject to chapter 16C. The director may only enter a contract under this subdivision with a person who holds a class A license under chapter 240. The gaming machines may only be placed at the racetrack for which the class A license under chapter 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has not hosted at least 75 days of live racing, authorized by the Minnesota Racing Commission, during the previous year, or (2) has not been approved, unless approval is pending, for at least 75 days of live racing during the present year. In the case of licensees authorized to conduct racing for only one breed of horse, the live racing requirement is 50 days.

(b) The director may cancel, suspend, or refuse to renew the location contract if the person:

(1) fails to account for proceeds from the gaming machines;

(2) fails to remit funds to the director in accordance with the location contract;

(3) violates a law, rule, or order of the director;

(4) fails to comply with a material term of the location contract; or

(5) has acted in a manner prejudicial to the public confidence in the integrity of the operation of the gaming machines.

The cancellation, suspension, or refusal to renew the location contract is a contested case under sections 14.57 to 14.69.

(c) Contracts entered into under this section must provide for compensation to the licensee in recognition of goods, services, and facilities provided expenses, risk factors, and losses. Compensation shall be in an amount equal to at least the following percentages of adjusted gross gaming machine revenue generated at the licensee's facility:

(1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue, 60 percent;

(2) of annual adjusted gross gaming machine revenue between \$150,000,000 and \$200,000,000, 55 percent; and

(3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000, 45 percent.

(d) A licensee must annually remit one percent of the compensation it receives pursuant to this section to the city, and one percent to the county in which the licensee conducts racing.

Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director, however, the financial responsibility for all other activities related to the gaming facility including, but not limited to, advertising, marketing, facility expenses, staffing, security, and surveillance, shall be borne by the holder of the location contract.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities on each

gaming machine. The central communications system must be located at a lottery office.

(e) The director must approve and oversee the general security arrangements associated with and relating to the operation of the gaming machines and implement procedures as deemed appropriate.

(f) Advertising and promotional material produced by the racetrack relating to gaming machines located at the facility must be approved by the director.

(g) The director may implement such other controls as are deemed necessary for the operation of gaming machines under this section.

(h) The holder of a location contract must make reasonable efforts to prevent drinking or possession of intoxicating beverages in gaming machine areas, and must not serve or allow consumption of intoxicating beverages in gaming machine areas. A violation of this section by location provider is subject to section 340.415. The holder of a location contract is, however, exempt from this provision, and may allow serving and possession of intoxicating beverages in the gaming machine area, if the premises is located within ten miles of a facility conducting class III gambling under section 3.9221 that allows alcohol consumption in its gaming machine area.

Subd. 3. **Specifications.** Gaming machines must be capable of being linked electronically to a central communications system to provide auditing program information as required by the director.

Subd. 4. **Games.** The director shall specify the games that may be placed on a gaming machine as provided in section 349A.04. Gaming machines may conduct pari-mutuel wagering and display horse races under specifications provided by the director.

Subd. 5. **Examination of machines.** The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 6. **Testing of machines.** The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and any confidential or public validation tests established by the director for the game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to section 349A.08, subdivision 8.

Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of the immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

(c) No person shall consume or possess intoxicating beverages within a gaming machine area.

Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a responsible gambling plan in consultation with the National Council on Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director shall submit a report to the legislature, of not more than five pages in length, setting forth the status of the responsible gambling plan.

Subd. 10. **Local licenses.** Except as provided in subdivision 1, paragraph (d), no political subdivision may require a license to operate a gaming machine, restrict or regulate the placement of gaming machines, or impose a tax or fee on the business of operating gaming machines.

Sec. 17. **LOTTERY BUDGET.**

The director of the State Lottery shall submit a budget for the operation and control of gaming machines to the commissioner of management and budget. Notwithstanding Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery may expend amounts necessary to operate and control the gaming machines. Amounts expended by the director of the State Lottery for the operation and control of the gaming machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law for the operation of the lottery.

Sec. 18. **RACINO REVENUE.**

Revenue transmitted to the commissioner under Minnesota Statutes, section 297A.651, must be deposited in the special revenue fund.

Sec. 19. **SEVERABILITY; SAVINGS.**

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. 20. **REPEALER.**

Minnesota Statutes 2010, section 240.30, subdivisions 3 and 8, are repealed.

Sec. 21. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 6

MISCELLANEOUS

Section 1. **[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.

Sec. 2. 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 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 league must negotiate in good faith for the time it uses the stadium.

ARTICLE 7

SALES AND USE TAX

Section 1. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a), means a person, whether an independent contractor or other representative, who directly or indirectly solicits business for the retailer.

(b) A retailer is presumed to have a solicitor in this state if it enters into an agreement with a resident under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site, or otherwise, to the seller. This paragraph only applies if the total gross receipts from sales to customers located in this state who were referred to the retailer by all residents with this type of agreement with the retailer are at least \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter before the calendar quarter in which the sale is made.

(c) The presumption under paragraph (a) may be rebutted by proof that the resident with whom the retailer has an agreement did not engage in any solicitation in this state on behalf of the retailer that would satisfy the nexus requirements of the United States Constitution during the 12-month period in question. Nothing in this section shall be construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other representative for purposes of subdivision 1, paragraph (a).

(d) For purposes of this paragraph, "resident" includes an individual who is a resident of this state, as defined in section 290.01, or a business that owns tangible personal property located in this

state or has one or more employees providing services for it in this state.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2012."

Delete the title and insert:

"A bill for 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 revenue bonds; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; authorizing the State Lottery director to contract for gaming machines at licensed racetracks; providing for the conditional imposition of certain taxes and collection of other revenues; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 13.55, subdivision 1; 240.03; 240.13, by adding a subdivision; 240.14, by adding a subdivision; 297A.66, by adding a subdivision; 299L.07, subdivisions 2, 2a; 349A.01, subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 47; 297A; 349A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 240.30, subdivisions 3, 8; 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 40, as follows:

Those who voted in the affirmative were:

Chamberlain	Jungbauer	Miller	Parry	Wiger
Daley	Koch	Nelson	Robling	Wolf
DeKruif	Langseth	Newman	Senjem	
Fischbach	Magnus	Nienow	Sheran	
Gimse	Metzen	Olson	Sparks	
Ingebrigtsen	Michel	Ortman	Stumpf	

Those who voted in the negative were:

Bakk	Eaton	Higgins	Limmer	Rosen
Benson	Gazelka	Hoffman	Lourey	Saxhaug
Bonoff	Gerlach	Howe	Marty	Sieben
Brown	Goodwin	Kelash	McGuire	Skoe
Carlson	Hall	Koenen	Pappas	Thompson
Dahms	Hann	Kruse	Pederson	Tomassoni
Dibble	Harrington	Latz	Reinert	Torres Ray
Dziedzic	Hayden	Lillie	Rest	Vandever

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

Senator Chamberlain moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 23, after line 2, insert:

"Subd. 18. **Television access.** As a condition of receipt of public funds for a stadium, the NFL team will agree to forgo any link between broadcast coverage of any regular season or playoff game and the amount of attendance, ticket sales, or other stadium revenues."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 53 and nays 13, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	Nelson	Sieben
Bonoff	Gerlach	Koch	Newman	Skoe
Carlson	Gimse	Koenen	Nienow	Stumpf
Chamberlain	Goodwin	Kruse	Olson	Thompson
Cohen	Hall	Latz	Ortman	Tomassoni
Dahms	Hann	Lillie	Parry	Torres Ray
Daley	Harrington	Limmer	Rest	Vandever
DeKruif	Hayden	Lourey	Robling	Wiger
Dibble	Higgins	Marty	Saxhaug	Wolf
Dziedzic	Hoffman	McGuire	Senjem	
Eaton	Howe	Miller	Sheran	

Those who voted in the negative were:

Bakk	Kelash	Metzen	Pederson	Sparks
Fischbach	Langseth	Michel	Reinert	
Ingebrigtsen	Magnus	Pappas	Rosen	

The motion prevailed. So the amendment was adopted.

Senator Hann moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 18, after line 24, insert:

"Subd. 2. **NFL team formation under Minnesota law required.** A contract, lease, or use agreement entered into between the authority and the NFL team must require that the NFL team be organized or incorporated under Minnesota law during the entire term of the contract, lease, or use agreement."

Renumber the subdivisions in sequence

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Benson	Hann	Lillie	Nienow	Vandever
Chamberlain	Hayden	Limmer	Pappas	Wiger
Daley	Hoffman	Lourey	Parry	Wolf
Dibble	Howe	Marty	Reinert	
Gerlach	Jungbauer	McGuire	Sheran	
Hall	Kruse	Newman	Torres Ray	

Those who voted in the negative were:

Bakk	Carlson	Dahms	Dziedzic	Fischbach
Bonoff	Cohen	DeKruif	Eaton	Gazelka

Gimse	Koch	Michel	Robling	Stumpf
Goodwin	Koenen	Miller	Rosen	Thompson
Harrington	Langseth	Nelson	Saxhaug	Tomassoni
Higgins	Latz	Ortman	Sieben	
Ingebrigtsen	Magnus	Pederson	Skoe	
Kelash	Metzen	Rest	Sparks	

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

Senator Marty moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 24, delete section 19

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 40, as follows:

Those who voted in the affirmative were:

Benson	Eaton	Harrington	Limmer	Pappas
Chamberlain	Gerlach	Hayden	Marty	Torres Ray
Cohen	Goodwin	Hoffman	McGuire	Vandever
Daley	Hall	Kruse	Newman	Wiger
Dibble	Hann	Lillie	Ortman	Wolf

Those who voted in the negative were:

Bakk	Gimse	Langseth	Nienow	Senjem
Bonoff	Higgins	Latz	Olson	Sheran
Carlson	Howe	Lourey	Parry	Sieben
Dahms	Ingebrigtsen	Magnus	Pederson	Skoe
DeKruif	Jungbauer	Metzen	Rest	Sparks
Dziedzic	Kelash	Michel	Robling	Stumpf
Fischbach	Koch	Miller	Rosen	Thompson
Gazelka	Koenen	Nelson	Saxhaug	Tomassoni

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

Senator Latz moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 21, delete line 12

Page 21, line 13, delete everything before the period and insert "deposited in the general fund" and delete everything after "be"

Page 21, line 14, delete "the authority" and insert "deposited in the general fund"

The motion prevailed. So the amendment was adopted.

Senator Nelson moved to amend the first Marty amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 1, delete line 3

Page 1, line 4, delete "delete lines 9 to 19 and insert:" and insert "line 9, before "Any" insert"

Page 1, line 5, delete "(a)"

Page 1, line 6, delete "sports" and insert "NFL"

Page 1, delete lines 8 to 14

Pursuant to Sec. 65 of Mason's Manual of Legislative Procedure, Senator Hoffman raised a point of order that the Nelson amendment was not in order. The President ruled the point of order not well taken, so the Nelson amendment was in order.

Pursuant to Sec. 398 of Mason's Manual of Legislative Procedure, Senator Kruse raised a point of order that the Nelson amendment was not in order. The President ruled the point of order not well taken, so the Nelson amendment was in order.

The question was taken on the adoption of the Nelson amendment.

The roll was called, and there were yeas 39 and nays 28, as follows:

Those who voted in the affirmative were:

Bakk	Gimse	Langseth	Pappas	Sheran
Bonoff	Goodwin	Latz	Pederson	Sieben
Carlson	Harrington	Lourey	Reinert	Skoe
Cohen	Hayden	Metzen	Rest	Sparks
Dibble	Higgins	Michel	Robling	Stumpf
Dziedzic	Ingebrigtsen	Miller	Rosen	Tomassoni
Eaton	Kelash	Nelson	Saxhaug	Wiger
Fischbach	Koenen	Olson	Senjem	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Marty	Thompson
Brown	Gerlach	Koch	McGuire	Torres Ray
Chamberlain	Hall	Kruse	Newman	Vandever
Dahms	Hann	Lillie	Nienow	Wolf
Daley	Hoffman	Limmer	Ortman	
DeKruif	Howe	Magnus	Parry	

The motion prevailed. So the amendment was adopted.

Senator Newman moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 15, line 16, after "facility" insert ", except that such representation shall be nonexclusive,"

Page 15, line 17, after "their" insert "nonexclusive" and after the period, insert "Notwithstanding any other law to the contrary, a person employed or seeking employment in connection with the facility shall have the right to negotiate, bargain, and contract freely, whether individually or together with others, and whether directly or through a representative, as to the wages, compensation, and other terms and conditions of such employment."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 45, as follows:

Those who voted in the affirmative were:

Benson	DeKruif	Hann	Limmer	Parry
Brown	Gazelka	Hoffman	Newman	Robling
Chamberlain	Gerlach	Kruse	Nienow	Thompson
Daley	Hall	Lillie	Olson	Wolf

Those who voted in the negative were:

Bakk	Gimse	Koenen	Miller	Sheran
Bonoff	Goodwin	Langseth	Ortman	Sieben
Carlson	Harrington	Latz	Pappas	Skoe
Cohen	Hayden	Lourey	Pederson	Sparks
Dahms	Higgins	Magnus	Reinert	Stumpf
Dibble	Howe	Marty	Rest	Tomassoni
Dziedzic	Ingebrigtsen	McGuire	Rosen	Torres Ray
Eaton	Kelash	Metzen	Saxhaug	Vanderveer
Fischbach	Koch	Michel	Senjem	Wiger

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

Senator McGuire moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 30, after line 23, insert:

"(g) \$2,200,000 is annually appropriated from the general fund for fiscal years 2014 to 2034 to the commissioner of management and budget for a grant to Ramsey County for reimbursement of costs associated with the issuance of bonds for the acquisition and environmental remediation of the Twin Cities Army Ammunition Plant site in Arden Hills."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Newman questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the McGuire amendment. The motion did not prevail. So the amendment was not adopted.

Senator Limmer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 17, line 17, delete ", NFL"

Page 17, line 18, delete everything before "and"

Page 20, line 14, delete ", NFL team-owned major league soccer games,"

Page 22, delete subdivision 16

Page 22, line 33, delete "17" and insert "16"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 47 and nays 20, as follows:

Those who voted in the affirmative were:

Bakk	Gerlach	Kruse	Olson	Sparks
Benson	Goodwin	Latz	Ortman	Stumpf
Bonoff	Hall	Lillie	Pappas	Thompson
Brown	Hann	Limmer	Reinert	Torres Ray
Chamberlain	Harrington	Lourey	Rest	Vandever
Cohen	Hayden	Marty	Robling	Wiger
Daley	Hoffman	McGuire	Saxhaug	Wolf
Dibble	Howe	Metzen	Senjem	
Dziedzic	Koch	Newman	Sheran	
Gazelka	Koenen	Nienow	Sieben	

Those who voted in the negative were:

Carlson	Fischbach	Jungbauer	Michel	Pederson
Dahms	Gimse	Kelash	Miller	Rosen
DeKruif	Higgins	Langseth	Nelson	Skoe
Eaton	Ingebrigtsen	Magnus	Parry	Tomassoni

The motion prevailed. So the amendment was adopted.

Senator Torres Ray moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 43, line 2, after "appropriated" insert "as follows: (1) 20 percent for early childhood education under Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8, as amended by Laws 2012, chapter 239, article 23, section 4; (2)"

Page 43, line 4, delete the period and insert "; and (3)"

Senator Parry questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Jungbauer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 75, after line 13, insert:

"Sec. 5. Minnesota Statutes 2010, section 624.20, subdivision 1, is amended to read:

Subdivision 1. **Regulation.** (a) ~~As used in sections 624.20 to 624.25, the term "fireworks" means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, skyrockets, Roman candles, daygo bombs, sparklers other than those specified in paragraph (c), or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks.~~

(1) "aerial and audible devices" means fireworks in a finished state, suitable for use by the public, listed in APA 87-1, sections 3.1.2, 3.1.3, and 3.5, and containing 75 grams or less of chemical mixture per tube for a total of 500 grams or less for multiple tubes in a device;

(2) "APA 87-1" means the American Pyrotechnic Association Standard 87-1 from the Standard for Construction and Approval for Transportation of Fireworks, Novelties, and Theatrical

Pyrotechnics, 2001 Edition;

(3) "display fireworks" means firework devices in a finished state, exclusive of mere ornamentation, primarily intended for commercial displays that are designed to produce visible effects, audible effects, or both, by combustion, deflagration, or detonation. The term includes, but is not limited to, salutes containing more than 130 milligrams of explosive composition, aerial shells containing more than 40 grams of chemical composition exclusive of light charge, and other exhibition display items that exceed the limits contained in APA 87-1 for aerial and audible devices. The term does not include any toy pistols, toy guns, paper caps, sparkling devices, or novelties;

(4) "fireworks" means any device, other than sparkling devices, novelties, aerial and audible devices, or theatrical pyrotechnic articles that are intended to produce visible effects, audible effects, or both, by combustion, deflagration, or detonation. The term includes "display fireworks";

(5) "novelties" means a device containing small amounts of pyrotechnic composition that is listed in APA 87-1, Sections 3.2, 3.3, and 3.4. The term includes deregulated sparklers, snakes and glow worms, smoke devices, and trick noisemakers, including paper streamers, party poppers, string poppers, snappers, drop pops, each consisting of not more than 25/100 grains of explosive mixture, toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used, and toy pistol caps that contain less than 20/100 grains of explosive mixture; and

(6) "sparkling devices" means ground-based or handheld devices that produce a shower of sparks that are listed in APA 87-1, Sections 3.1.1 and 3.5. The term includes fountains, torches, wheels, ground spinners, flutter sparklers, toy smoke devices, and sparklers.

(b) The term "fireworks" shall not include toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used and toy pistol caps which contain less than 20/100 grains of explosive mixture.

(b) Nothing in sections 624.20 to 624.25 authorizes the possession or use of novelties, sparkling devices, or aerial and audible devices on public property or the purchase of these items by persons younger than 18 years of age. A person selling novelties, sparkling devices, or aerial and audible devices shall verify the age of a purchaser by photographic identification.

(c) The term also does not include wire or wood sparklers of not more than 100 grams of mixture per item, other sparkling items which are nonexplosive and nonaerial and contain 75 grams or less of chemical mixture per tube or a total of 500 grams or less for multiple tubes, snakes and glow worms, smoke devices, or trick noisemakers which include paper streamers, party poppers, string poppers, snappers, and drop pops, each consisting of not more than twenty-five hundredths grains of explosive mixture. The use of items listed in this paragraph is not permitted on public property. This paragraph does not authorize the purchase of items listed in it by persons younger than 18 years of age. The age of a purchaser of items listed in this paragraph must be verified by photographic identification.

(d) (c) A local unit of government may impose an annual license fee for the retail sale of items authorized under paragraph (c) aerial and audible devices. The fee must be set at a reasonable amount based on the public safety issues and inspections associated with these devices. The annual license fee of each retail seller that is in the business of selling only the items authorized under paragraph (c) may not exceed \$350, and the annual license of each other retail seller may not exceed \$100. A local unit of government may not:

(1) impose any fee or charge, other than the fee authorized by this paragraph, on the retail or wholesale sale of ~~items authorized under paragraph (e)~~ aerial and audible devices;

(2) impose any permit, license, fee, or charge on the retail or wholesale sale of sparkling devices or novelties;

~~(2)~~ (3) prohibit or restrict the sale or display of ~~items~~ novelties, sparkling devices, or aerial and audible devices ~~for from any permanent or temporary retail sale authorized under paragraph (e)~~ structure that ~~comply~~ complies with National Fire Protection Association Standard 1124 (2003 2006 edition); ~~or~~

~~(3)~~ (4) impose on a retail seller any financial guarantee requirements, including bonding or insurance provisions, containing restrictions or conditions not imposed on the same basis on all other business licensees; or

(5) enact any ordinance, rule, or regulation that prohibits, limits, or restricts the wholesale or retail sale of sparkling devices or novelties.

(d) This section does not preempt a town or home rule charter or statutory city from enacting and enforcing ordinances under the city charter or chapters 365, 368, 412 or 462, that regulate the conditions of use for aerial and audible devices and display fireworks. An ordinance to regulate use must be reasonable and must not prohibit all use in the jurisdiction, except as provided in paragraph (f).

(e) For the purposes of regulating the conditions of use for aerial and audible devices, display fireworks, sparkling devices, and novelties, a county has the same authority and power granted to a statutory city by chapter 412 and paragraph (d). If a home rule charter or statutory city or town has enacted an ordinance, rule, or regulation under paragraph (d), that ordinance, rule, or regulation prevails within the city or town.

(f) Aerial and audible devices may only be sold or used in the state from June 1 to July 7 of any year.

Subd. 3. Fireworks user fee. (a) A user fee, known as the fireworks user fee, is imposed on retail transactions of novelties, sparkling devices, and aerial and audible devices made in Minnesota.

(b) The person who acquires novelties, sparkling devices, or aerial and audible devices in a retail transaction is liable for the fireworks user fee on the transaction and shall pay the fireworks user fee to the retailer as a separate added amount to the consideration in the transaction. The retailer shall collect and remit the fireworks user fees to the commissioner of revenue.

(c) Eighty percent of the fireworks user fee shall be allocated to the general fund and 20 percent of the fireworks user fee shall be allocated to the fire safety account in the special revenue fund to be used by the State Fire Marshal Division.

(d) The fireworks user fee is measured by the gross retail income received by a retailer in a retail unitary transaction of novelties, sparkling devices, or aerial and audible devices and is imposed at the following rates:

FIREWORKS
USER FEE

GROSS RETAIL INCOME FROM THE RETAIL
UNITARY TRANSACTION

<u>\$0.00</u>		<u>less than \$0.25</u>
<u>\$0.01</u>	<u>at least \$0.25</u>	<u>but less than \$0.50</u>
<u>\$0.02</u>	<u>at least \$0.50</u>	<u>but less than \$0.75</u>
<u>\$0.03</u>	<u>at least \$0.75</u>	<u>but less than \$1.00</u>
<u>\$0.05</u>	<u>at least \$1.00</u>	

On a retail unitary transaction in which the gross retail income received by the retail merchant is \$1 or more, the fireworks user fee is five percent of that gross retail income.

(e) If the fireworks user fee computed under paragraph (d) results in a fraction of one-half cent or more, the amount of the fireworks user fee shall be rounded to the next additional cent.

(f) A retailer liable for collecting the fireworks user fee from a purchaser shall file a return for each calendar month and pay the fireworks user fees that the retailer has collected during that month. A retailer shall file the retailer's return for a particular month with the Department of Revenue and make the retailer's payment of the fireworks user fees collected for that month to the Department of Revenue not more than 30 days after the end of that month.

(g) An individual retailer, or an employee, officer, or member of a corporate or partnership retailer, who has a duty to remit the fireworks user fee under this subdivision to the Department of Revenue holds the fireworks user fees collected in trust for the state and is personally liable for the payment of the fireworks user fee money to the state.

EFFECTIVE DATE. This section is effective June 1, 2012."

Page 78, after line 23, insert:

"Sec. 11. **USER FEE APPROPRIATION.**

The amounts deposited in the general fund under Minnesota Statutes, section 624.20, subdivision 3, are appropriated to the general reserve account established under Minnesota Statutes, section 297E.021, subdivision 4, for prepayment of stadium bonds."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Sieben questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Jungbauer amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Bakk	Chamberlain	Hoffman	Kruse	Metzen
Benson	DeKruif	Jungbauer	Langseth	Miller
Brown	Eaton	Koch	Lillie	Nelson
Carlson	Gazelka	Koenen	Limmer	Newman

Nienow	Robling	Sheran	Thompson
Ortman	Saxhaug	Sparks	Tomassoni
Parry	Senjem	Stumpf	Wolf

Those who voted in the negative were:

Bonoff	Gerlach	Higgins	Marty	Rosen
Cohen	Gimse	Howe	McGuire	Sieben
Dahms	Goodwin	Ingebrigtsen	Michel	Skoe
Daley	Hall	Kelash	Pappas	Torres Ray
Dibble	Hann	Latz	Pederson	Vandever
Dziedzic	Harrington	Lourey	Reinert	Wiger
Fischbach	Hayden	Magnus	Rest	

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

Senator Limmer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 15, line 33, delete ", increased by an annual adjustment factor" and after the period, insert "Any incremental increase between \$6,000,000 as of the date of enactment of this act and the additional amount resulting from the annual inflation rate, as determined annually by the commissioner, must be paid annually by the NFL team."

Page 17, line 5, delete everything after the period

Page 17, line 6, delete everything before "The"

Page 17, line 9, after the period, insert "Any incremental increase between \$1,500,000 as of the date of enactment of this act and the additional amount resulting from the annual inflation rate, as determined annually by the commissioner, must be paid annually by the NFL team."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 39 and nays 28, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	McGuire	Sieben
Brown	Gerlach	Koch	Newman	Skoe
Chamberlain	Hall	Kruse	Nienow	Thompson
Cohen	Hann	Latz	Olson	Torres Ray
Daley	Harrington	Lillie	Ortman	Vandever
DeKruif	Hayden	Limmer	Pappas	Wiger
Dibble	Hoffman	Lourey	Parry	Wolf
Dziedzic	Howe	Marty	Sheran	

Those who voted in the negative were:

Bakk	Gimse	Langseth	Pederson	Senjem
Bonoff	Goodwin	Magnus	Reinert	Sparks
Carlson	Higgins	Metzen	Rest	Stumpf
Dahms	Ingebrigtsen	Michel	Robling	Tomassoni
Eaton	Kelash	Miller	Rosen	
Fischbach	Koenen	Nelson	Saxhaug	

The motion prevailed. So the amendment was adopted.

Senator Dibble moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate on May 8, 2012, as follows:

Page 22, line 4, delete "feasible" and insert "that the costs of following the guidelines have a payback in energy savings in 30 years or less"

Page 22, line 5, after the period, insert "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 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."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 29, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Koenen	Miller	Skoe
Bonoff	Harrington	Latz	Nienow	Thompson
Daley	Hayden	Lillie	Pappas	Torres Ray
DeKruif	Higgins	Limmer	Parry	Vandever
Dibble	Hoffman	Lourey	Reinert	Wiger
Dziedzic	Jungbauer	Marty	Rest	Wolf
Eaton	Kelash	McGuire	Sheran	
Gerlach	Koch	Metzen	Sieben	

Those who voted in the negative were:

Benson	Fischbach	Ingebrigtsen	Newman	Saxhaug
Brown	Gazelka	Kruse	Olson	Senjem
Carlson	Gimse	Langseth	Ortman	Sparks
Chamberlain	Hall	Magnus	Pederson	Stumpf
Cohen	Hann	Michel	Robling	Tomassoni
Dahms	Howe	Nelson	Rosen	

The motion prevailed. So the amendment was adopted.

Senator Vandever moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Delete everything after the amending clause and insert:

"ARTICLE 1

MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. 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. 2. 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. 3. 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;
- (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. 4. 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;

(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. 5. [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. 6. **[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 the annual adjustment factor under section 297A.994, subdivision 4, paragraph (b).

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

Subd. 4. **City.** "City" means the city of Arden Hills.

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 the approximately 430 acre parcel included within the Twin Cities Army Ammunitions Plant property in Arden Hills, to be purchased by the county from the United States of America.

Sec. 7. **[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 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 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. 8. [473J.075] 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. 9. [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.

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.

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 legislature 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.

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

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

Sec. 11. [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.

(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 if in doing so, the tax-exempt status of the bonds is not affected. 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 if in doing so, the tax-exempt status of the bonds is not affected.

(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) 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 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.

(h) The authority and the NFL team shall require that the construction manager or program manager certify, before the contract is signed, a fixed and stipulated 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.

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;

(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 retractable.

Subd. 4. **Cost overruns, savings.** The NFL team shall pay any cost overruns. 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.

Sec. 12. [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. The authority shall work with the commissioner to ensure that purchase of a brick is a tax deductible donation on the part of the donating person or organization. Funds raised through this section shall be appropriated to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

Sec. 13. [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, 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 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.

Subd. 3. **Volunteer workers.** Volunteer workers for high school league events shall not be required to be members of employment unions.

Sec. 14. [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, such as the stadium in Indianapolis, Indiana,

currently known as Lucas Oil Field. 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 40 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 2056, the state shall pay the authority operating expenses, \$6,000,000 each year, increased by an annual adjustment factor.

(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.

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 operating 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 operating reserve fund. The contributions of the state are subject to increase by an annual adjustment factor. The contribution under this paragraph shall be assumed by the state from 2016 through 2056.

(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.

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

Sec. 15. **[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 \$578,000,000.

(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 56 percent by the authority and 44 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 40-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. 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 40 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 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 40-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 40 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.

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.** 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 chapter, a portion of the sale price must be used to pay down the remaining debt service. If any portion remains after debt service is paid, that amount is paid to the authority and deposited in a reserve fund for improvements to the stadium or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 25 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners for the first ten years after commencement of stadium construction, declining to 15 percent for the next ten years, and further declining to ten percent for the next ten years. The agreement must provide exceptions for sales to members of the owners' family 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 amongst 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 team and NFL will transfer to the state of Minnesota 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.

Subd. 11. **Stadium design.** (a) 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) The stadium design must, to the extent feasible, follow sustainable building guidelines established under section 16B.325.

(c) The authority and the team must ensure that the stadium be constructed with steel made in the USA.

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 at no additional rent for a term of five years, but including 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. The soccer franchise shall have use of the stadium rent-free for five years only for league-sanctioned matches; use of the facility for any other days or functions shall be under terms and conditions to be negotiated by the authority and the NFL team. After the initial five-year term of the use agreement, the NFL team and the authority shall negotiate a use agreement consistent with market rates; 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. 16. **[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 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 4, section 5, 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.

Sec. 17. [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. 18. [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. 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. 19. [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.

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 this chapter, 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.

Sec. 20. **EFFECTIVE DATE.**

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

ARTICLE 2

STATE STADIUM FUNDING

Section 1. **[16A.965] REVENUE BONDS.**

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

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

Subd. 2. **Authorization to issue revenue bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue revenue bonds of the state under this section for public purposes as provided by law, including, in 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 revenue bonds must be credited to a special revenue 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 revenue stadium bond proceeds fund.

(b) Revenue bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed \$598,000,000 net of costs of issuance, deposits for debt service reserve funds, and costs of credit enhancement for achieving the purposes authorized as provided under paragraph (a), and pay debt service, 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 revenue bonds issued and unpaid shall not exceed \$725,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Revenue 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 revenue bonds may not exceed 30 years. The revenue 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 revenue bonds, and at any time thereafter, so long as the revenue bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the revenue 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 revenue 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 revenue 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 revenue bonds set forth in the order or resolution authorizing the issuance of the revenue bonds, or a separate document authorized by the order or resolution.

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

Subd. 3. **Form; procedure.** (a) Revenue 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.

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

(c) Revenue 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) Revenue bonds must bear interest at a fixed or variable rate.

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

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue revenue bonds for the purpose of refunding any revenue 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 revenue bonds to be refunded, to the redemption of the outstanding revenue 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 revenue bonds to be refunded or interest or premiums on the refunded revenue 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 revenue 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 revenue bonds to be refunded.

Subd. 5. **Revenue 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 revenue 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. **Appropriation of proceeds.** The proceeds of revenue bonds and interest credited to the special revenue stadium bond proceeds fund are appropriated to the commissioner for payment of capital expenses, debt service on outstanding indebtedness of the state, operating and capital reserves of the authority, and the funding of debt service reserves for the revenue bonds, each as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the revenue 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. 7. **Commissioner; determination of available revenues.** (a) By March 15 of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall determine the estimated revenues received from taxes imposed under section 297A.651.

(b) Available revenues for purposes of subdivision 8, equal the amount determined under paragraph (a), less the following amounts for the fiscal year:

(1) the appropriation to principal and interest on revenue bonds under subdivision 9, paragraph (a);

(2) reimbursements authorized by section 473J.15, subdivision 2; and

(3) the appropriations under section 3, paragraphs (a) to (c), and (e).

(c) The provisions of this subdivision apply only after the issuance of revenue bonds under subdivision 2.

Subd. 8. **Appropriation for debt service and other purposes.** (a) The amount needed to pay principal and interest on revenue bonds issued under this section is appropriated each year from the special revenue fund established under section 297A.651 to the commissioner, subject to repeal,

unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6, for deposit into the bond payment accounts established for such purpose in the special revenue stadium bond proceeds fund.

(b) To the extent the commissioner determines revenues are available under the provisions of subdivision 7, paragraph (b), for the fiscal year, the following amounts are appropriated from the special revenue fund established under section 297A.651:

(1) to be applied to early payoff of bonds issued under this section;

(2) to the extent not required under clause (1), to be applied to early payoff of bonds issued by the state; and

(3) to the extent not required under clauses (1) and (2), to be applied: (i) 80 percent to supplement purses at a racetrack licensed under chapter 240; and (ii) 20 percent to provide a credit against taxes under chapter 297E, in a manner to be determined by the commissioner of revenue.

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 revenue bonds and any ancillary contracts to which the commissioner is a party.

Sec. 2. **SUITES SURCHARGE.**

A ten percent surcharge is imposed on the sale or rental of suites for NFL team games and events at the stadium. The commissioner of revenue shall determine annually the amount of the proceeds resulting from the surcharge each year and shall annually remit that amount to pay for bond debt service, notwithstanding the requirements of Minnesota Statutes, section 16A.965. The commissioner may charge a reasonable amount necessary for the calculation, collection, and remittance of the surcharge proceeds. The authority to impose the surcharge expires the day after all stadium bonds, including fees and interest, have been paid.

Sec. 3. **APPROPRIATIONS.**

(a) \$6,000,000 plus an amount calculated in paragraph (c) is annually appropriated from the special revenue fund established under Minnesota Statutes, section 297A.651, for fiscal years 2016 to 2056 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for the operating costs of the stadium under Minnesota Statutes, chapter 473J.

(b) \$1,500,000 plus an amount calculated in paragraph (c) is annually appropriated from the special revenue account established under Minnesota Statutes, section 297A.651, for fiscal years 2016 to 2056 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for capital costs of the stadium under Minnesota Statutes, chapter 473J.

(c) If state revenue bonds have not been issued under Minnesota Statutes, section 16A.965, amounts not to exceed the revenues received under Minnesota Statutes, section 297A.651, are appropriated to the commissioner of management and budget to make grants to the Minnesota Sports Facilities Authority for stadium costs as defined under Minnesota Statutes, section 473J.03, subdivision 8.

(d) An amount equal to one-half of one percent of the revenue received under Minnesota Statutes, section 297A.651, for the fiscal year is appropriated from the special revenue fund to

the commissioner of human services for the compulsive gambling treatment program established under Minnesota Statutes, section 245.98. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

ARTICLE 3

CONFORMING CHANGES

Section 1. 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~~, 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. 2. Minnesota Statutes 2010, section 13.55, subdivision 1, is amended to read:

Subdivision 1. **Not public classification.** The following data received, created, or maintained by or for publicly owned and operated convention facilities, or civic center authorities, ~~or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant to section 13.02, subdivision 12:

(a) a letter or other documentation from any person who makes inquiry to or who is contacted by the facility regarding the availability of the facility for staging events;

(b) identity of firms and corporations which contact the facility;

(c) type of event which they wish to stage in the facility;

(d) suggested terms of rentals; and

(e) responses of authority staff to these inquiries.

Sec. 3. 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;

(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.

(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. 4. Minnesota Statutes 2010, section 473.121, subdivision 5a, is amended to read:

Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan Parks and Open Space Commission, and the Metropolitan Airports Commission, and Metropolitan Sports Facilities Commission.

Sec. 5. Minnesota Statutes 2010, section 473.164, is amended to read:

473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.

Subdivision 1. **Annually reimburse.** ~~The Metropolitan Sports Facilities Commission and the Metropolitan Airports Commission~~ shall annually reimburse the council for costs incurred by the council in the discharge of its responsibilities relating to the commission. The costs may be charged against any revenue sources of the commission as determined by the commission.

Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council shall transmit to ~~each~~ the commission an estimate of the costs which the council will incur in the discharge of its responsibilities related to the commission in the next budget year including, without limitation, costs in connection with the preparation, review, implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The commission shall include the estimates in its budget for the next budget year and may transmit its comments concerning the estimated amount to the council during the budget review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the commission for the next budget year may be changed following approval by the council. During each budget year, the commission shall transfer budgeted funds to the council in advance when requested by the council.

Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded the amount budgeted, ~~each~~ the commission shall transfer to the council the additional moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall include a sum in its next budget. Any excess of budgeted costs over actual costs may be retained by the council and applied to the payment of budgeted costs in the next year.

Sec. 6. Minnesota Statutes 2010, section 473.565, subdivision 1, is amended to read:

Subdivision 1. **In MSRS; exceptions.** All employees of the former commission shall be members of the Minnesota State Retirement System with respect to service rendered on or after May 17, 1977, except as provided in this section.

Sec. 7. **REPEALER.**

Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

Sec. 8. **EFFECTIVE DATE.**

This article is effective June 30, 2016.

ARTICLE 4**RACINO****Section 1. [47.522] PROHIBITION NEAR RACINO.**

No detached facility may be located on the premises of a racetrack referenced in section 349A.17, subdivision 1, paragraph (a).

Sec. 2. Minnesota Statutes 2010, section 240.03, is amended to read:

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission; and

(11) to take all necessary steps to ensure the security of all activities in a class A licensed racetrack. The duties and responsibilities of the commission include but are not limited to licensing employees of a class A licensee and vendors to the class A licensee involved in the conduct of gaming machines authorized by a location contract with the director of the State Lottery under section 349A.17 and overall surveillance and security of all conduct on all facilities of a licensed racetrack. The commission shall require that a class A licensed racetrack reimburse it for the commission's actual costs, including personnel costs, for conducting activities provided in this clause and amounts received must be deposited as provided in section 240.155, subdivision 1. The commission shall review procedures of the class A licensee to ensure compliance with section 240.13, subdivision 5a.

Sec. 3. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision to read:

Subd. 5a. Equine industry improvement fund. (a) To compensate the horse racing industry for the presence of lottery gaming machines at class A racing facilities, the commission shall establish and maintain an equine industry improvement fund. Each licensee holding a location contract with the lottery director shall, as directed by the commission, transmit an amount equal to 12 percent of the location contract compensation received from the lottery director to the commission for deposit into the equine industry improvement fund. Seventy-five percent of the funds shall be allocated for purse supplements. The commission shall routinely transfer 80 percent of the fund allocated for purse supplements to a licensee conducting live racing for more than one breed of horse and 20 percent to a licensee conducting live racing for only one breed of horse and direct the licensee to use the funds to supplement purses offered for live races. Purse supplements required under this subdivision are in addition to purse payments otherwise established by law or contract. The location contract holder and the organization representing the majority of horsepersons racing at the location contract holder's racetrack may, by written contract, agree to use a portion of the transferred funds for racing-related purposes other than purse supplementation.

(b) The commission shall allocate 20 percent of the fund for breeder's fund purposes and shall transmit that amount to the breeder's fund for the benefit of each breed racing at a class A licensed facility hosting lottery gaming machines. Amounts transferred shall be in the same proportions established, under this subdivision, for purse supplements. Amounts transferred to a breeder's fund shall be used for the purposes of section 240.18, subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality requirement in section 240.18, subdivision 1.

(c) Five percent of the fund shall be placed in an equine industry enhancement fund established by the commission. The commission shall award grants from this account designed to support and improve the nonracing equine industry including, but not limited to, construction of facilities and trails, production of shows, and issues related to retired horses.

Sec. 4. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision to read:

Subd. 5. Lottery contract holder; minimum racing days. Licensees holding location contracts with the director of the lottery, who are authorized to conduct live racing for more than one breed of horse, shall conduct thoroughbred and quarter horse racing. In any year the licensee shall offer the equivalent of at least two quarter horse races for each racing day granted to the licensee by the commission, however, the licensee and the organization representing the majority of quarter horses owners licensed to race in the state may agree to a different number of live races to be offered. Scheduling of quarter horse races shall be as approved by the commission pursuant to section 240.03, clause (8). Willful failure to offer the races required by this subdivision shall subject the licensee to disciplinary action as deemed appropriate by the commission.

Sec. 5. **[297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

Adjusted gross revenue from the operation of gaming machines authorized under chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E and any other tax, license, permit, or assessment for conducting a gambling activity that is not imposed by this section. The State Lottery must, on or before the 20th day of each month, transmit to the commissioner of revenue an amount equal to the adjusted gross gaming machine revenue from the operation of gaming machines, as defined in section 349A.01, for the previous month multiplied by: (1) 25 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, up to \$150,000,000; (2) 30

percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, in excess of \$200,000,000. The commissioner shall deposit the money transmitted under this section in a special revenue account dedicated to amounts transmitted under this section.

Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

(1) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

(3) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; ~~and~~

(4) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling; and

(5) may be possessed by the State Lottery or a person who has entered into a location contract with the State Lottery as authorized under chapter 349A.

Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section or to the State Lottery as authorized under chapter 349A.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; ~~or~~

(4) a person in another state who is authorized under the laws of that state to possess the gambling device; or

(5) the State Lottery as authorized under chapter 349A.

Sec. 8. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming machine revenue" means the sum of all money received by the lottery for gaming machine plays, other than promotional plays, less the amount paid out in prizes for gaming machine games.

Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device which, upon insertion of money, coin, token, voucher, electronic card, or other consideration, allows the play of a game, authorized by the director, the outcome of which is determined entirely or partly by chance. A gaming machine may award a player a prize in the form of money, tokens, prize slips, or other authorized consideration.

Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6b. **Gaming machine area.** "Gaming machine area" means an area within ten feet of a gaming machine.

Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6c. **Gaming machine game.** "Gaming machine game" means a game operated by a gaming machine as authorized by the director.

Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6d. **Gaming machine play.** "Gaming machine play" means an electronic record that proves participation in a gaming machine game.

Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, gaming machines, maintenance of gaming machines, computer hardware and software used to monitor sales of lottery tickets and gaming machine plays, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state agency.

Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed nine percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation and amounts transferred or retained by a racetrack under a location contract under section 349A.17.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

349A.13 RESTRICTIONS.

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game, except as authorized under section 349A.17; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

Sec. 16. **[349A.17] GAMING MACHINES.**

Subdivision 1. **Location contract.** (a) The director may enter into a contract with a person to provide locations for gaming machines. Contracts entered into under this section are not subject to chapter 16C. The director may only enter a contract under this subdivision with a person who holds a class A license under chapter 240. The gaming machines may only be placed at the racetrack for which the class A license under chapter 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has not hosted at least 75 days of live racing, authorized by the Minnesota Racing Commission, during the previous year, or (2) has not been approved, unless approval is pending, for at least 75 days of live racing during the present year. In the case of licensees authorized to conduct racing for only one breed of horse, the live racing requirement is 50 days.

(b) The director may cancel, suspend, or refuse to renew the location contract if the person:

(1) fails to account for proceeds from the gaming machines;

(2) fails to remit funds to the director in accordance with the location contract;

(3) violates a law, rule, or order of the director;

(4) fails to comply with a material term of the location contract; or

(5) has acted in a manner prejudicial to the public confidence in the integrity of the operation of the gaming machines.

The cancellation, suspension, or refusal to renew the location contract is a contested case under

sections 14.57 to 14.69.

(c) Contracts entered into under this section must provide for compensation to the licensee in recognition of goods, services, and facilities provided expenses, risk factors, and losses. Compensation shall be in an amount equal to at least the following percentages of adjusted gross gaming machine revenue generated at the licensee's facility:

(1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue, 60 percent;

(2) of annual adjusted gross gaming machine revenue between \$150,000,000 and \$200,000,000, 55 percent; and

(3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000, 45 percent.

(d) A licensee must annually remit one percent of the compensation it receives pursuant to this section to the city, and one percent to the county in which the licensee conducts racing.

Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director, however, the financial responsibility for all other activities related to the gaming facility including, but not limited to, advertising, marketing, facility expenses, staffing, security, and surveillance, shall be borne by the holder of the location contract.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities on each gaming machine. The central communications system must be located at a lottery office.

(e) The director must approve and oversee the general security arrangements associated with and relating to the operation of the gaming machines and implement procedures as deemed appropriate.

(f) Advertising and promotional material produced by the racetrack relating to gaming machines located at the facility must be approved by the director.

(g) The director may implement such other controls as are deemed necessary for the operation of gaming machines under this section.

(h) The holder of a location contract must make reasonable efforts to prevent drinking or possession of intoxicating beverages in gaming machine areas, and must not serve or allow consumption of intoxicating beverages in gaming machine areas. A violation of this section by location provider is subject to section 340.415. The holder of a location contract is, however, exempt from this provision, and may allow serving and possession of intoxicating beverages in the gaming machine area, if the premises is located within ten miles of a facility conducting class III gambling under section 3.9221 that allows alcohol consumption in its gaming machine area.

Subd. 3. **Specifications.** Gaming machines must be capable of being linked electronically to a central communications system to provide auditing program information as required by the director.

Subd. 4. **Games.** The director shall specify the games that may be placed on a gaming machine

as provided in section 349A.04. Gaming machines may conduct pari-mutuel wagering and display horse races under specifications provided by the director.

Subd. 5. **Examination of machines.** The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 6. **Testing of machines.** The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and any confidential or public validation tests established by the director for the game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to section 349A.08, subdivision 8.

Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of the immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

(c) No person shall consume or possess intoxicating beverages within a gaming machine area.

Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a responsible gambling plan in consultation with the National Council on Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director shall submit a report to the legislature, of not more than five pages in length, setting forth the status of the responsible gambling plan.

Subd. 10. **Local licenses.** Except as provided in subdivision 1, paragraph (d), no political subdivision may require a license to operate a gaming machine, restrict or regulate the placement of gaming machines, or impose a tax or fee on the business of operating gaming machines.

Subd. 11. **Referendum required.** Within 60 days after entering into a contract under section 349A.17, the city in which the licensed racetrack is located, shall hold a public referendum on whether the racino should be located within the city's jurisdiction. If a majority of voters voting on the question at the election vote in opposition, no racino shall be located in the city's jurisdiction and any contract shall be null and void.

Sec. 17. **LOTTERY BUDGET.**

The director of the State Lottery shall submit a budget for the operation and control of gaming machines to the commissioner of management and budget. Notwithstanding Minnesota Statutes,

section 349A.10, subdivision 6, the director of the State Lottery may expend amounts necessary to operate and control the gaming machines. Amounts expended by the director of the State Lottery for the operation and control of the gaming machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law for the operation of the lottery.

Sec. 18. **RACINO REVENUE.**

Revenue transmitted to the commissioner under Minnesota Statutes, section 297A.651, must be deposited in the special revenue fund.

Sec. 19. **SEVERABILITY; SAVINGS.**

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. 20. **REPEALER.**

Minnesota Statutes 2010, section 240.30, subdivisions 3 and 8, are repealed.

Sec. 21. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 5

MISCELLANEOUS

Section 1. **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 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 league must negotiate in good faith for the time it uses the stadium."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 45, as follows:

Those who voted in the affirmative were:

Benson	Goodwin	Metzen	Nienow	Sparks
Chamberlain	Jungbauer	Miller	Parry	Stumpf
DeKruif	Langseth	Nelson	Robling	Vandever
Gerlach	Magnus	Newman	Senjem	Wiger

Wolf

Those who voted in the negative were:

Bakk	Eaton	Hoffman	Limmer	Reinert
Bonoff	Fischbach	Howe	Lourey	Rosen
Brown	Gazelka	Ingebrigtsen	Marty	Saxhaug
Carlson	Gimse	Kelash	McGuire	Sheran
Cohen	Hall	Koch	Michel	Sieben
Dahms	Hann	Koenen	Olson	Skoe
Daley	Harrington	Kruse	Ortman	Thompson
Dibble	Hayden	Latz	Pappas	Tomassoni
Dziedzic	Higgins	Lillie	Pederson	Torres Ray

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

Senator Marty moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 18, line 26, delete ", including stadium builder license proceeds,"

Page 22, delete subdivision 15 and insert:

"Subd. 15. **Personal seat licenses.** The sale of personal seat licenses, stadium builders licenses, and other similar licenses are prohibited in the stadium."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 48, as follows:

Those who voted in the affirmative were:

Benson	Eaton	Limmer	Ortman	Torres Ray
Bonoff	Goodwin	Marty	Pappas	Wiger
Dibble	Hayden	McGuire	Rest	Wolf
Dziedzic	Higgins	Newman	Sieben	

Those who voted in the negative were:

Bakk	Gerlach	Koch	Miller	Senjem
Brown	Gimse	Koenen	Nelson	Sheran
Carlson	Hall	Kruse	Nienow	Skoe
Chamberlain	Hann	Langseth	Olson	Sparks
Cohen	Harrington	Latz	Parry	Stumpf
Dahms	Hoffman	Lillie	Pederson	Thompson
Daley	Howe	Lourey	Reinert	Tomassoni
DeKruif	Ingebrigtsen	Magnus	Robling	Vandev eer
Fischbach	Jungbauer	Metzen	Rosen	
Gazelka	Kelash	Michel	Saxhaug	

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

Senator Howe moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 5, delete subdivision 2

Page 5, delete subdivision 5 and insert:

"Subd. 4. **Concessions.** "Concessions" means food and drink, including alcoholic drinks, sold at the stadium."

"Subd. 5. **Merchandise.** "Merchandise" means all tangible goods, other than concessions, sold at the stadium.

Subd. 6. **Existing stadium.** "Existing stadium" means the stadium known as o the effective date of this chapter, as the Mall of America Field."

Page 6, after line 2, insert:

"Subd.10. **Revenue sharing.** "Revenue sharing" means any form of revenue, that could be shared by the NFL and the NFL team, including, but not limited to, television and media revenue, including local television and radio broadcasts. Any NFL team share is inclusive of the players share."

Page 10, line 8, after "stadium" insert "unless otherwise provided"

Page 10, line 29, delete "legislature" and insert "chairs and ranking minority members of the legislative committees with jurisdiction over state government finance"

Page 11, before line 1, insert:

"Sec. 10. [473J.11] LOCAL SHARE.

(a) The city may use the following taxes to fund its \$150,000,000 contribution to the stadium:

(1) use of a local sales tax at a rate not to exceed 0.5 percent;

(2) use of liquor taxes at a rate not to exceed 3 percent;

(3) use of a lodging tax at a rate not to exceed 3 percent;

(4) use of an entertainment tax at a rate not to exceed 3 percent;

(5) use of any other locally generated taxes, revenues, or contributions not contained within this act, provided that all such must either be currently in use or are subject to later approval by subsequent legislation;

(6) with county approval, excess funds from the sales tax used to finance the Minnesota Twins stadium in Laws 2006, chapter 257, section 12, subdivision 10, may be redirected towards construction of a stadium under this act, and the sales tax revenues generated after all debt for the Twins stadium may be redirected to a stadium under this act;

(7) tax revenues generated for repayment of the convention center bonds, as allowed under Laws 1986, chapter 396, section 4, may be used for construction of a stadium under this act; and

(8) sale of municipal bonds by the city or county, or for use of the Metropolitan Council for sale of bonds.

(b) The commissioner of revenue shall collect the taxes under this section and deposit the revenues in to the general fund and credit them to a special stadium revenue account dedicated to making debt service payments for bonds issued under article 2."

Page 15, line 33, after "factor" insert "to be determined" and delete everything after the period

Page 15, delete lines 34 and 35

Page 16, delete lines 1 and 2

Page 17, line 6, after "factor" insert "to be determined" and delete everything after the period

Page 17, delete lines 7 to 9

Page 17, delete section 16 and insert:

"Sec. 16. **[473J.13] STADIUM USER FEES.**

Subdivision 1. **Fee imposed.** (a) Starting on July 1, 2012, a fee at a rate of 9.98 percent, shall be imposed on the NFL team's share of revenue sharing amounts and merchandise sold at the existing stadium, the stadium constructed under this chapter, or any other stadium within the state where an NFL team plays.

(b) Starting on July 1, 2013, a fee at a rate of 9.98 percent, shall be imposed on the sale or licensing of the following, sold in the state or online at the existing stadium, the stadium constructed under this chapter, or any other stadium within the state where an NFL team plays:

(1) a ticket to attend any game or event in the stadium;

(2) concessions sold at the stadium;

(3) merchandise sold at the stadium;

(4) any licenses or fees charged by the team or league to reserve seats, boxes, suites or spaces including personal seat licenses, luxury box fees, club seating fees, maintenance fees for seats, suites, or boxes, memberships, or the like in the stadium;

(5) sponsorships contracted for by the NFL team or the Minnesota Sports Facilities Authority, including, but not limited to, naming rights for the stadium, parts of the stadium, or parking facilities;

(6) signage in or on the stadium contracted for by the Minnesota Sports Facilities Authority;

(7) charges for parking within one-half mile of the stadium on days that NFL team games are played at the stadium;

(8) the NFL team's share of revenue sharing amounts; and

(9) stadium rental fees; operating expenses under section 473J.19, subdivision 2, are not considered rental fees.

(c) Starting on July 1, 2017, the rate on the items in paragraph (b) is 11.25 percent.

(d) Upon payoff of the bonds issued under section 16A.965, the commissioner of revenue must adjust the rate under this subdivision to be a rate sufficient to, on an annual basis, generate the amount necessary to pay the annual operating expenses previously borne by the NFL team and local entity and paid to the authority.

Subd. 2. **Compensating use fee.** If the fee is not paid under subdivision 1, a compensating fee is imposed on the possession for the sale or use of items used in subdivision 1, clauses (1), (3) to (6), and (9). The rate of the fee equals the rate in subdivision 1 and must be paid by the possessor or beneficiary of the item.

Subd. 3. **Payment; annual return.** The NFL team, other vendors of products subject to a fee under subdivision 1, or possessors of items subject to a user fee under subdivision 2, must remit the fees to the state at the same time and in the same manner as provided for payment of tax under chapter 289A. Revenue from the fee imposed by this chapter must be remitted to the commissioner of revenue in a form and manner prescribed by the commissioner.

Subd. 4. **Administration.** The audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and collection provisions of chapters 270C and 297A, apply to the fees imposed under this section.

Subd. 5. **Deposit of revenues.** The commissioner of revenue shall deposit the revenues from the fees under this section in the general fund and credit them to a special stadium revenue account dedicated to making debt service payments for bonds issued under article 2. Funds deposited into the fund prior to bonds being issued pursuant to section 16A.965 shall be used to buy down the debt.

Subd. 6. **Insufficient funds.** If the amounts generated under this section are insufficient to pay debt service under article 2, the NFL team must compensate the general fund the difference."

Page 18, delete lines 17 to 19 and insert "revenues from the user fees under this section in the general fund and credit them to the general reserve account under section 297E.021, subdivision 4."

Page 18, line 26, delete ", including stadium builder license proceeds,"

Page 18, line 27, delete "\$427,000,000" and insert "\$325,000,000"

Page 19, line 10, delete everything after "percentages" and insert a period

Page 19, delete line 11

Page 20, line 11, after the comma, insert "except as provided in section 473J.14,"

Page 27, line 8, delete "\$650,000,000" and insert "\$512,000,000"

Page 29, line 22, after the first comma, insert "and the funding of debt service reserves for the appropriation bonds,"

Page 29, after line 25, insert:

"Subd. 8. **Commissioner; determination of available revenues.** (a) By March 15 of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall determine the estimated revenues received from fees imposed under section 473J.13. All calculations under this paragraph must be made net of estimated refunds of the taxes required to be paid.

(b) Available revenues for purposes of subdivision 9, equal the amount determined under paragraph (a), less the appropriation to principal and interest on appropriation bonds under subdivision 8, paragraph (a) and less the reduction in revenues from exemptions under sections 473J.19 and 297A.71.

(c) The provisions of this subdivision apply only after the issuance of appropriation bonds under subdivision 2."

Page 29, line 26, before "The" insert "(a)"

Page 29, after line 31, insert:

"(b) To the extent the commissioner determines revenues are available under the provisions of subdivision 8, paragraph (b), for the fiscal year, the available revenues 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 473J.13. After consultation of the legislative commission on planning and fiscal policy, amounts in the reserve are appropriated to the commissioner of management and budget for other uses related to the stadium authorized in section 473J.01 that the commissioner deems financially prudent including upfront cash payments to the authority for construction, reimbursements, refundings, and prepaying 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 this section."

Page 29, delete section 2

Page 30, delete article 3

Page 37, delete article 4

Renumber the articles, sections, and subdivisions in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	McGuire	Skoe
Brown	Gerlach	Koch	Metzen	Thompson
Chamberlain	Goodwin	Kruse	Newman	Torres Ray
Cohen	Hall	Lillie	Nienow	Vanderveer
Daley	Hann	Limmer	Ortman	Wiger
DeKruif	Hoffman	Lourey	Parry	Wolf
Dibble	Howe	Marty	Robling	

Those who voted in the negative were:

Bakk	Gimse	Langseth	Pappas	Sheran
Bonoff	Harrington	Latz	Pederson	Sieben
Carlson	Hayden	Magnus	Reinert	Sparks
Dahms	Higgins	Michel	Rest	Stumpf
Dziedzic	Ingebrigtsen	Miller	Rosen	Tomassoni
Eaton	Kelash	Nelson	Saxhaug	
Fischbach	Koenen	Olson	Senjem	

The motion prevailed. So the amendment was adopted.

Senator Limmer moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 27, after line 35, insert:

"(g) No person or organization who has a conflict of interest may enter into a contract with the

state to provide services to implement this section, including legal services and bond underwriting services. For purposes of this section, a person or organization has a conflict of interest if, at any time within the year prior to the effective date of this section:

- (1) the person or organization has or has had a financial interest in the NFL team; or
 (2) is or has been employed by the NFL team or has or has had a contract to provide services to the NFL team."

The motion prevailed. So the amendment was adopted.

RECONSIDERATION

Having voted on the prevailing side, Senator Metzen moved that the vote whereby the Howe amendment to S.F. No. 2391 was adopted on May 8, 2012, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Bakk	Fischbach	Koch	Olson	Senjem
Bonoff	Gimse	Langseth	Pappas	Sheran
Carlson	Goodwin	Latz	Pederson	Sieben
Cohen	Harrington	Magnus	Reinert	Sparks
Dahms	Hayden	Metzen	Rest	Stumpf
Dibble	Higgins	Michel	Robling	Tomassoni
Dziedzic	Ingebrigtsen	Miller	Rosen	Torres Ray
Eaton	Kelash	Nelson	Saxhaug	Wiger

Those who voted in the negative were:

Benson	Gerlach	Koenen	McGuire	Thompson
Brown	Hall	Kruse	Newman	Vandever
Chamberlain	Hann	Lillie	Nienow	Wolf
Daley	Hoffman	Limmer	Ortman	
DeKruif	Howe	Lourey	Parry	
Gazelka	Jungbauer	Marty	Skoe	

The motion prevailed. So the vote was reconsidered.

The question was taken on the adoption of the Howe amendment.

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Benson	Dibble	Hoffman	Limmer	Ortman
Brown	Gazelka	Howe	Lourey	Robling
Chamberlain	Gerlach	Jungbauer	Marty	Thompson
Dahms	Goodwin	Koch	McGuire	Torres Ray
Daley	Hall	Kruse	Newman	Vandever
DeKruif	Hann	Lillie	Nienow	Wolf

Those who voted in the negative were:

Bakk	Cohen	Fischbach	Hayden	Kelash
Bonoff	Dziedzic	Gimse	Higgins	Koenen
Carlson	Eaton	Harrington	Ingebrigtsen	Langseth

Latz
Magnus
Metzen
Michel

Miller
Nelson
Pappas
Pederson

Reinert
Rest
Rosen
Saxhaug

Senjem
Sheran
Sieben
Skoe

Sparks
Stumpf
Tomassoni
Wiger

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

Senator Ortman moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 42, line 36, after "fund" insert ", in priority order: (1)"

Page 43, line 12, delete the period and insert "; and"

Page 43, after line 12, insert:

"(2) to the extent not required for the purposes of clause (1), to the fund established in section 136A.1271."

Page 79, after line 18, insert:

"ARTICLE 7

MINNESOTA EDUCATION, RETRAINING, AND INVESTMENT IN TALENT ACT

Section 1. **TITLE.**

This article is the "Minnesota Education, Retraining, and Investment in Talent Act."

Sec. 2. **[136A.1271] FUND.**

The Minnesota education, retraining, and investment talent fund is created as a special account in the state treasury. The fund consists of money deposited in the fund under section 297A.651 and earnings on money in the fund. Funds in the account are appropriated to the director of the Officer of Higher Education for the purpose of awarding scholarships under section 136A.1272.

Sec. 3. **[136A.1272] MINNESOTA EDUCATION, RETRAINING, AND INVESTMENT IN TALENT SCHOLARSHIP.**

Subdivision 1. **Establishment.** The Minnesota education, retraining, and investment in talent scholarship program is established to provide scholarships to eligible students within the limits of appropriations for the program.

Subd. 2. **Student eligibility.** To be eligible to receive a scholarship under this section, a student must:

(1) graduate from a Minnesota high school, and graduate with an unweighted grade point average of 3.0 or higher;

(2) be a United States citizen or eligible noncitizen, as defined in section 484 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended, and Code of Federal Regulations, title 34, section 668.33;

(3) meet satisfactory academic progress as defined under section 136A.101, subdivision 10;

(4) be a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(5) enroll full-time in a degree, diploma, or certificate program during the academic year immediately following high school graduation at an eligible institution as defined under section 136A.101, subdivision 4.

Subd. 3. **Administration.** The scholarship program shall be administered by the Minnesota Office of Higher Education. The director shall develop forms and procedures necessary to administer the program.

Subd. 4. **Application.** A student must complete and submit an application for the scholarship.

Subd. 5. **Deadline.** The deadline for the office to accept applications for scholarships is the same as that used for the state grant in section 136A.121, subdivision 13.

Subd. 6. **Scholarship awards.** The amount of the scholarship shall be determined each year by dividing the funding available for scholarships by the number of eligible applicants. The scholarship may be used to pay for qualifying expenses at eligible institutions and hiring expenses of the student.

Subd. 7. **Qualifying expenses.** Qualifying expenses are components included under the cost of attendance used for federal student financial aid programs, as defined in section 472 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended.

Subd. 8. **Eligible institutions.** The achieve scholarship may only be used to pay qualifying expenses at an eligible institution as defined under section 136A.101, subdivision 4."

Amend the title numbers accordingly

The motion prevailed. So the amendment was adopted.

Senator Howe moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 5, after line 30, insert:

"Subd. 5. **Concessions.** "Concessions" means food and drink, including alcoholic drinks, sold at the stadium.

Subd. 6. **Merchandise.** "Merchandise" means all tangible goods, other than concessions, sold at the stadium."

Page 10, line 6, delete "naming"

Page 10, line 7, delete "rights,"

Page 17, line 31, delete the second "and"

Page 17, line 32, delete "6.875" and insert "ten" and delete "NFL team" and after "at" insert "any event or game at" and delete the period and insert a semicolon

Page 17, delete lines 33 to 35

Page 18, delete lines 1 and 2 and insert:

"(4) a ten percent fee on concessions sold at any game or event at the stadium; and

(5) a ten percent fee on any ticket to attend any game or event at the stadium."

Page 18, line 26, delete ", including stadium build license proceeds,"

Page 20, line 10, delete everything after "473J.14."

Page 20, delete line 11

Page 20, line 12, delete everything before "The"

Page 20, line 16, delete "Plaza" and before "The" insert "(a)"

Page 20, after line 21, insert:

"(b) The state shall retain all naming rights to the stadium, subject to the approval of the name or names by the authority."

Page 22, line 14, delete "authority" and insert "state"

Page 22, line 15, after the period, insert "The state shall retain the revenue from all stadium builder's licenses." and delete "authority" and insert "state"

Page 22, line 16, delete "authority's" and insert "state's"

Page 37, delete article 4 and insert:

"ARTICLE 4

ONLINE LOTTERY

Section 1. Minnesota Statutes 2010, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from

the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) Revenues collected under section 297A.65 from Vikings-themed lottery games shall be deposited in a special revenue account. On January 15 of each fiscal year, the amount in this account, up to \$15,000,000, shall be credited to the special revenue account established in section 473J.14, subdivision 5.

(g) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

~~(g)~~ (h) The revenues deposited under paragraphs (a) to (f) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

Sec. 2. Minnesota Statutes 2010, section 349A.04, is amended to read:

349A.04 LOTTERY GAME PROCEDURES.

The director may adopt game procedures governing the following elements of the lottery:

- (1) lottery games, including online, Vikings-themed lottery games;
- (2) ticket prices;
- (3) number and size of prizes;
- (4) methods of selecting winning tickets; and
- (5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14."

Amend the title accordingly

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

Senator Torres Ray moved to amend the first Rosen amendment to S.F. No. 2391, adopted by the Senate May 8, 2012, as follows:

Page 43, line 2, after "appropriated" insert ": (1)"

Page 43, line 4, delete the period and insert "; and (2) to the extent not required for clause (1), 20 percent for early childhood education under Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8, as amended by Laws 2012, chapter 239, article 23, section 4; and (3)"

The motion prevailed. So the amendment was adopted.

S.F. No. 2391 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 38 and nays 28, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Latz	Pederson	Sieben
Bonoff	Howe	Magnus	Reinert	Skoe
Carlson	Ingebrigtsen	Metzen	Rest	Sparks
Cohen	Jungbauer	Michel	Robling	Stumpf
Fischbach	Kelash	Miller	Rosen	Tomassoni
Gimse	Koch	Nelson	Saxhaug	Wiger
Goodwin	Koenen	Nienow	Senjem	
Harrington	Langseth	Pappas	Sheran	

Those who voted in the negative were:

Benson	Dahms	Dibble	Gazelka	Hann
Brown	Daley	Dziedzic	Gerlach	Hayden
Chamberlain	DeKruif	Eaton	Hall	Hoffman

Kruse	Lourey	Newman	Thompson	Wolf
Lillie	Marty	Ortman	Torres Ray	
Limmer	McGuire	Parry	Vandever	

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

NOTICE OF RECONSIDERATION

Senator Nienow gave notice of his intention to move for reconsideration of the vote whereby S.F. No. 2391 was passed by the Senate on May 8, 2012.

RECONSIDERATION

Having voted on the prevailing side, Senator Bakk moved that the vote whereby S.F. No. 2391 was passed by the Senate on May 8, 2012, be now reconsidered.

The question was taken on the adoption of the Bakk motion.

The roll was called, and there were yeas 18 and nays 46, as follows:

Those who voted in the affirmative were:

Benson	Gerlach	Jungbauer	Newman	Vandever
Chamberlain	Hall	Kruse	Nienow	Wolf
Daley	Hann	Lillie	Ortman	
DeKruif	Hoffman	Limmer	Thompson	

Those who voted in the negative were:

Bakk	Gazelka	Koenen	Parry	Skoe
Bonoff	Gimse	Langseth	Pederson	Sparks
Brown	Goodwin	Latz	Reinert	Stumpf
Carlson	Harrington	Lourey	Rest	Tomassoni
Cohen	Hayden	Magnus	Robling	Torres Ray
Dahms	Higgins	Metzen	Rosen	Wiger
Dibble	Howe	Michel	Saxhaug	
Dziedzic	Ingebrigtsen	Miller	Senjem	
Eaton	Kelash	Nelson	Sheran	
Fischbach	Koch	Pappas	Sieben	

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Senjem moved that S.F. No. 2391 be laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the following change in the membership of the Conference Committee on House File 2958:

Delete the names of Holberg, McElpatrick and Eken and add the names of Lanning, Hoppe and Morrow.

H.F. No. 2958: A bill for an act relating to finance; modifying the membership of the Legislative Advisory Commission; authorizing the Legislative Advisory Commission to review requests to spend federal money; limiting the authority to spend federal money without legislative review to certain emergency management purposes; providing for the validation of certain appropriation bonds; establishing an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program; eliminating a surcharge on special veteran's plates for certain trucks; appropriating money for honor guards, soft body armor, and disaster deficiency; amending Minnesota Statutes 2010, sections 3.30, subdivision 2; 3.3005, subdivisions 2a, 4, 5, 6, by adding a subdivision; 12.22, subdivision 1; 116.03, subdivision 3; 197.791, subdivision 6, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 16A.96, by adding a subdivision; 168.123, subdivision 1.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 7, 2012

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Robling moved that her name be stricken as chief author, and the name of Senator Rosen be added as a chief author to S.F. No. 2469. The motion prevailed.

Senator Senjem moved that H.F. No. 1485 be taken from the table, and given a second reading. The motion prevailed.

H.F. No. 1485: A bill for an act relating to stadiums; providing for a new National Football League stadium in Minnesota; establishing a Minnesota Stadium 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 a subdivision; 297E.01, subdivisions 7, 8, 9; 297E.02, subdivisions 1, 3, 6, 7, 10, 11, by adding subdivisions; 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; 340A.404, subdivision 1; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 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.

H.F. No. 1485 was read the second time.

Senator Senjem moved that H.F. No. 1485 be laid on the table. The motion prevailed.

RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Senjem from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 247: Senators Ortman, Limmer and Michel.

H.F. No. 2958: Senators Rosen and Reinert replace Senators Robling and Skoe.

S.F. No. 1856: Senators Rosen, Ingebrigtsen and Reinert.

Senator Senjem moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated H.F. No. 2690 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2690: A bill for an act relating to taxation; making technical, administrative, and clarifying changes to individual income, corporate franchise, estate, property, sales and use, special, mineral, and various taxes and tax-related provisions; amending Minnesota Statutes 2010, sections 16C.16, subdivision 7; 41A.036, subdivision 2; 117.025, subdivision 10; 216C.436, subdivisions 7, 8; 270B.14, subdivision 3; 272.02, subdivision 77; 273.13, subdivision 24; 273.1398, subdivision 4; 276A.01, subdivision 3; 289A.10, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, by adding a subdivision; 289A.20, subdivision 3, by adding a subdivision; 290.01, subdivision 29; 290.067, subdivision 1; 290.0921, subdivision 3; 373.40, subdivisions 1, 2, 4; 469.015, subdivision 4; 469.033, subdivision 7; 469.166, subdivisions 3, 5, 6; 469.167, subdivision 2; 469.171, subdivisions 1, 4, 7, 9, 11; 469.172; 469.173, subdivisions 5, 6; 469.174, subdivisions 20, 25; 469.176, subdivision 7; 469.1763, subdivision 6; 469.1764, subdivision 1; 469.177,

subdivision 1; 469.1793; 469.1813, subdivision 6b; 473F.02, subdivision 3; 474A.02, subdivision 23a; 475.521, subdivisions 2, 4; 475.58, subdivision 3b; Minnesota Statutes 2011 Supplement, sections 290.01, subdivision 19b; 290.06, subdivision 2c; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0922, subdivisions 2, 3; 291.03, subdivisions 8, 9, 10, 11; 297A.75, subdivision 1; repealing Minnesota Statutes 2010, sections 272.02, subdivision 83; 290.06, subdivisions 24, 32; 297A.68, subdivision 41; 469.042, subdivisions 2, 3, 4; 469.043; 469.059, subdivision 13; 469.129; 469.134; 469.162, subdivision 2; 469.1651; 469.166, subdivisions 7, 8, 9, 10, 11, 12; 469.167, subdivisions 1, 3; 469.168; 469.169, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13; 469.170, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 5c, 5d, 5e, 6, 7, 8; 469.171, subdivisions 2, 5, 6a, 6b; 469.173, subdivisions 1, 3; 469.1765; 469.1791; 469.1799, subdivision 2; 469.301, subdivisions 1, 2, 3, 4, 5; 469.302; 469.303; 469.304; 469.321; 469.3215; 469.322; 469.323; 469.324; 469.325; 469.326; 469.327; 469.328; 469.329; 473.680.

CALL OF THE SENATE

Senator Ortman imposed a call of the Senate for the balance of the proceedings on H.F. No. 2690. The Sergeant at Arms was instructed to bring in the absent members.

Senator Ortman moved to amend H.F. No. 2690, as amended pursuant to Rule 45, adopted by the Senate April 25, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 2136.)

Page 2, delete article 1 and insert:

"ARTICLE 1

PROPERTY TAX

Section 1. Minnesota Statutes 2010, section 477A.011, subdivision 36, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the

first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

- (1) the city has a population in 1997 of 2,000 or more;
 - (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;
 - (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and
 - (4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.
- (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:
- (1) the city has a population in 1998 that is greater than 200 but less than 500;
 - (2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;
 - (3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;
 - (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and
 - (5) the city's formula aid for aids payable in 2000 was greater than zero.
- (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:
- (1) the city had a population in 1998 that is greater than 200 but less than 500;
 - (2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;
 - (3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;
 - (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and
 - (5) the city's formula aid for aids payable in 2000 was greater than zero.
- (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:
- (1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum

total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

(t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

- (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;
- (2) has a 2005 population greater than 7,000 but less than 8,000; and
- (3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

- (1) the city is located in the seven-county metropolitan area;
- (2) its population in 2006 is less than 200; and
- (3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.

~~(z) The city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:~~

~~(1) the city is a first class city in the seven-county metropolitan area with a population below 300,000; and~~

~~(2) the city has made an equivalent grant to its local growers' association to reimburse up to \$1,000 each for membership fees and retail leases for members of the association who farm in and around Dakota County and who incurred crop damage as a result of the hail storm in that area on July 10, 2008.~~

~~The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.~~

~~(aa) The city aid base for a city is increased by \$106,964 in 2011 only and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$106,964 in calendar year 2011 only, if the city had a population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in excess of 1,000 in 2007 and that was less than 1,000 in 2008.~~

(z) In calendar year 2013 only, the total aid the city may receive under section 477A.013 is increased by \$12,000 if:

(1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and

(2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 2. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2009~~ 2013 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in 2013 and 2014 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in 2012 under this section. For aids payable in ~~2014~~ 2015 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

Subd. 12. **Aid payments in 2013.** (a) Notwithstanding aids calculated for 2013 under subdivision 9, for 2013, each city with a population of 5,000 or more shall receive an aid distribution under this section equal to its aid distribution under this section in 2012.

(b) Notwithstanding aids calculated for 2013 under subdivision 9, each city with a population under 5,000 shall receive an aid distribution under this section equal to any additional city aid base authorized in calendar year 2013 under section 477A.011, subdivision 36, paragraph (z), plus the greater of (1) its aid distribution under this section in 2012 or (2) its amount that it is calculated to receive under subdivision 9.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013.

Sec. 4. 2011 CITY AID PENALTIES.

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, any city that did not meet the requirements for filing calendar year 2010 financial reports with the state auditor imposed under Minnesota Statutes, section 477A.017, subdivision 2, shall receive its 2011 aid payment as calculated pursuant to Minnesota Statutes, section 477A.013, subdivision 11, provided that the forms are submitted to the state auditor by May 31, 2012. The commissioner shall make payment to each qualifying city no later than June 30, 2012.

(b) Up to \$794,579 of the fiscal year 2012 appropriation for local government aid in Minnesota Statutes, section 477A.013, subdivision 11, is available for the payment under this section.

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

Sec. 5. ADDITIONAL AID PAYMENT IN 2012 FOR CERTAIN CITIES.

For calendar year 2012 only, a city shall receive a onetime payment of \$12,000 if: (1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and (2) its commercial industrial percentage as defined in Minnesota Statutes, section 477A.011, subdivision 32, based on assessments for calendar year 2010, payable 2011, is greater than 15 percent. The aid paid under this section shall be paid on the same schedule as aid paid under Minnesota Statutes, sections 477A.011 to 477A.03. The amount necessary to make the payment under this section shall be appropriated from the general fund in fiscal year 2013.

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

Sec. 6. SUPPLEMENTAL TARGETING REFUND FOR TAXES PAYABLE IN 2012 ONLY.

Subdivision 1. **Determination of supplemental refund.** (a) For property tax refund claims under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2012, the state must pay a supplemental refund such that the combined amount of the regular refund under Minnesota Statutes, section 290A.04, subdivision 2h, and the supplemental refund is equal to 90 percent of the increase over the greater of (1) 12 percent of the payable 2011 property taxes, or (2) \$100. The maximum combined refund under Minnesota Statutes, section 290A.04, subdivision 2h, and this section is \$1,000.

(b) The supplemental refund amount must be determined by the commissioner of revenue based upon the information submitted with the claim for the regular refund and must be combined with

the regular refund for payment.

(c) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2, based upon property taxes payable in 2012.

(d) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for taxes payable in 2012 for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2013.

Subd. 2. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of revenue from the general fund for fiscal years 2013 and 2014.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2012 only."

Page 23, delete article 2

Page 28, delete article 3

Page 58, delete article 4

Page 68, delete article 5

Page 69, delete article 6

Page 112, delete article 8

Page 122, delete article 9

Page 129, delete article 10 and insert:

"ARTICLE 3

MISCELLANEOUS

Section 1. **SPECIAL RECOVERY FUND; CANCELLATION.**

\$4,112,000 of the balance in the Revenue Department service and recovery special revenue fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year 2012 to the general fund.

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

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2690 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Bakk	Gazelka	Kelash	Michel	Senjem
Benson	Gerlach	Koch	Miller	Sheran
Bonoff	Gimse	Koenen	Nelson	Sieben
Brown	Goodwin	Kruse	Newman	Skoe
Carlson	Hall	Langseth	Ortman	Sparks
Chamberlain	Hann	Latz	Pappas	Stumpf
Cohen	Harrington	Lillie	Parry	Thompson
Dahms	Hayden	Limmer	Pederson	Tomassoni
Daley	Higgins	Lourey	Reinert	Torres Ray
DeKruif	Hoffman	Magnus	Rest	Vandever
Dibble	Howe	Marty	Robling	Wiger
Dziedzic	Ingebrigtsen	McGuire	Rosen	Wolf
Eaton	Jungbauer	Metzen	Saxhaug	

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

MEMBERS EXCUSED

Senator Cohen was excused from the Session of today from 3:20 to 4:30 p.m. Senator Ortman was excused from the Session of today from 4:50 to 5:00 p.m. Senator Brown was excused from the Session of today from 5:40 to 6:35 p.m. Senator Senjem was excused from the Session of today from 5:50 to 6:10 p.m. Senator Jungbauer was excused from the Session of today from 7:20 to 7:25 p.m. Senator Olson was excused from the Session of today at 10:00 p.m. Senator Fischbach was excused from the Session of today at 11:40 p.m.

ADJOURNMENT

Senator Senjem moved that the Senate do now adjourn until 1:00 p.m., Wednesday, May 9, 2012. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

