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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 778

02/04/2021 Authored by Stephenson, Garofalo, Huot, Lislegard and Lillie
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to gambling; creating a sports wagering commission; providing for licensing
1.3 of sports pool operators and sports wagering premises; establishing mobile and
1.4 electronic sports pool licenses; prescribing the conduct of sports pools; prohibiting
1.5 local restrictions; restricting participation in sports wagering; imposing an excise
1.6 tax on sports wagers in lieu of the corporate tax; providing for the administration
1.7 of the tax; requiring a report; amending Minnesota Statutes 2020, sections 290.0131,
1.8 by adding a subdivision; 290.0132, by adding a subdivision; 290.0133, by adding
1.9 a subdivision; 290.0134, by adding a subdivision; 297E.02, subdivision 3; 541.20;
1.10 541.21; proposing coding for new law as Minnesota Statutes, chapters 240B; 297J.

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

1.12 ARTICLE 1
1.13 REGULATION OF SPORTS WAGERING

1.14 Section 1. 240B.01 DEFINITIONS.

1.15 Subdivision 1. Individual wager. "Individual wager" means a wager as to which of the
1.16 participating contestants will win specified sports events.

1.17 Subd. 2. Line. "Line" means the odds or point spread on a particular sporting event,
1.18 including a money line.

1.19 Subd. 3. Electronic sports pool. "Electronic sports pool" means the conduct of a sports
1.20 pool by the use of communications technology that allows a person to transmit information
1.21 via the Internet, mobile application, computer, mobile device, tablet, or other electronic
1.22 device to assist in the placing of a bet or wager.

1.23 Subd. 4. Money line. "Money line" means the odds on a particular sporting event
1.24 expressed in terms of money.

2.1 Subd. 5. **On-site sports pool.** "On-site sports pool" means the conduct of a sports pool
2.2 in which the placing of a bet or wager takes place on a premises licensed under section
2.3 240B.25, subdivision 2.

2.4 Subd. 6. **Parlay card wager.** "Parlay card wager" means a wager on the outcome of a
2.5 series of three or more games, matches, or similar sporting events or on a series of three or
2.6 more contingencies incident to particular games, matches, or similar sporting events.

2.7 Subd. 7. **Proposition wager.** "Proposition wager" means a wager as to whether the total
2.8 points scored in a specified game, match, or similar sporting event will be higher or lower
2.9 than a number specified for that event, and other contingencies for which the outcomes are
2.10 reported in newspapers of general circulation or in official public records maintained by
2.11 the appropriate league or other governing body.

2.12 Subd. 8. **Sporting event.** "Sporting event" means a contest in any sport, including a
2.13 motor sport, between individuals or teams which is usually attended by the public and is
2.14 governed by rules established by a sporting body, which stages a sporting event, or a
2.15 regulatory body under whose authorization a sporting event takes place. An activity, sport,
2.16 or athletic event organized by an elementary, middle, or high school, or by any youth activity
2.17 sports program, league, or clinic, is not a sporting event. Horse racing as defined in chapter
2.18 240 is not a sporting event.

2.19 Subd. 9. **Sports pool.** "Sports pool" means the business of accepting wagers on a sporting
2.20 event by a system or method of wagering.

2.21 Subd. 10. **Sports pool operator.** "Sports pool operator" means an individual or legal
2.22 entity licensed to conduct an on-site sports pool or mobile and electronic sports pool.

2.23 Subd. 11. **Sports wager.** "Sports wager" means any type of authorized wager on a
2.24 sporting event.

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

2.26 Sec. 2. **[240B.05] SPORTS POOLS.**

2.27 The operation of, or participation in, a sports pool is not a bet or sports bookmaking
2.28 within the meaning of sections 609.75 to 609.76 if conducted under this chapter. Any device
2.29 used in the conduct of a sports pool is not a gambling device within the meaning of sections
2.30 609.75 to 609.76 and chapter 299L.

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

3.1 **Sec. 3. [240B.10] MINNESOTA SPORTS WAGERING COMMISSION.**

3.2 Subdivision 1. **Authority created.** The Minnesota Sports Wagering Commission is
 3.3 created with the powers and duties established by this section.

3.4 Subd. 2. **Membership.** (a) The commission consists of five members appointed by the
 3.5 governor. When a vacancy on the commission exists, the governor will notify the legislature
 3.6 of the vacancy and invite a member of the legislature to recommend a candidate to fill the
 3.7 available position as prescribed under this subdivision. For the first vacancy, the governor
 3.8 will invite a recommendation from the senate majority leader; for the second vacancy, the
 3.9 governor will invite a recommendation from the speaker of the house of representatives;
 3.10 for the third vacancy, the governor will invite a recommendation from the senate minority
 3.11 leader; for the fourth vacancy, the governor will invite a recommendation from the house
 3.12 of representatives minority leader; for the fifth vacancy, the governor will not invite a
 3.13 recommendation from a member of the legislature. The governor must invite or not invite
 3.14 a recommendation from a member of the legislature for all vacancies following the fifth
 3.15 vacancy in the same order and manner as the governor is required to invite or not invite
 3.16 recommendations for the first to fifth vacancies. The governor may choose to fill a
 3.17 commission vacancy with a candidate recommended by a member of the legislature under
 3.18 this subdivision. Appointments under this subdivision must be made with the advice and
 3.19 consent of the legislative body of which the legislator making the submission is a member.
 3.20 If no legislative recommendation is made, the appointment must be made with the advice
 3.21 and consent of both the house and senate. The commission must select one of its members
 3.22 as chair. The term of the chair may not exceed four years and no person may serve
 3.23 consecutive terms as chair. Appointments to the commission are for four years, but a member
 3.24 may be reappointed.

3.25 (b) A person may not serve on the commission, be the director, or be an employee of
 3.26 the commission who has an interest in or receives compensation from any corporation,
 3.27 association, limited liability company, or partnership that is licensed by the commission.

3.28 Subd. 3. **Compensation.** Members of the commission serve in the unclassified service.

3.29 Subd. 4. **Powers and duties.** (a) The commission has the power and duty to regulate
 3.30 sports wagering to ensure that it is conducted in a fair and lawful manner and to take all
 3.31 necessary actions sufficient to administer and enforce the provisions of this section.

3.32 (b) The commission must adopt rules consistent with this section for the conduct of
 3.33 sports pools, including but not limited to:

3.34 (1) the manner in which wagers are accepted and payouts are remitted;

- 4.1 (2) the manner in which lines are determined;
- 4.2 (3) in consultation with the commissioner of revenue, the calculation of gross sports
4.3 wagering revenue and standards for the daily counting and recording of cash and cash
4.4 equivalents received in the conduct of sports wagering;
- 4.5 (4) minimum and maximum wagers;
- 4.6 (5) standards to address and prevent compulsive and problem gambling;
- 4.7 (6) the sporting events on which wagers are authorized to be placed including but not
4.8 limited to any professional or National Collegiate Athletic Association division I sporting
4.9 event;
- 4.10 (7) application requirements for mobile and electronic sports pool licenses; and
- 4.11 (8) application requirements for licenses, background checks, prohibitions, audits,
4.12 registration of employees, inspections, filing of inventory, serial numbers, or termination
4.13 plans.

4.14 Subd. 5. **Orders.** The commission may order any person subject to its jurisdiction who
4.15 has violated a provision of this chapter or rule to take appropriate action to correct the
4.16 violation.

4.17 Subd. 6. **Court orders.** In the event of a refusal to appear by or refusal to obey a subpoena
4.18 issued to any person under this chapter, the district court may on application of the
4.19 commission issue to the person an order directing the person to appear before the commission
4.20 and to produce documentary evidence if so ordered or to give evidence relating to the matter
4.21 under investigation or in question. Failure to obey such an order may be punished by the
4.22 court as contempt of court.

4.23 Subd. 7. **Delegation.** The commission may delegate any of its authority under this chapter
4.24 to the director if, in the judgment of the commission, doing so would promote the efficient
4.25 administration of this chapter.

4.26 Subd. 8. **Report.** By February 15 of each year, the commission shall submit a report to
4.27 the governor and legislature on its activities, receipts and disbursements, and
4.28 recommendations for changes in the laws relating to sports wagering.

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

5.1 Sec. 4. **[240B.16] DIRECTOR.**

5.2 The governor must appoint a director to the Minnesota Sports Wagering Commission.
5.3 The director has the duty to operate and manage the day-to-day functions of the commission;
5.4 to execute the authority delegated to the director by the commission, statute, or rule; and to
5.5 advise the commission on policy, rule, or legislative changes. The director serves in the
5.6 unclassified service at the pleasure of the governor.

5.7 Sec. 5. **[240B.22] LICENSES.**

5.8 Subdivision 1. **Forms.** All applications for a license or renewal must be on a form
5.9 prescribed by the commission. The commission may require an applicant to submit any
5.10 documents it deems necessary.

5.11 Subd. 2. **Fees.** The commission may charge a license fee of \$..... to administer and
5.12 cover the costs associated with the application or renewal process.

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

5.14 Sec. 6. **[240B.25] SPORTS POOL LICENSES.**

5.15 Subdivision 1. **License required.** No sports pool may be conducted by a sports pool
5.16 operator unless the operator has been issued a license under this chapter. This subdivision
5.17 does not apply to a private social bet as defined in section 609.75, subdivision 3, clause
5.18 (5).

5.19 Subd. 2. **Sports pool operator license.** (a) No person may operate a sports pool without
5.20 a valid license issued under this subdivision. A license may only be issued under this section
5.21 to:

5.22 (1) a federally recognized Indian tribe or group of tribes that is located in this state to
5.23 conduct sports wagering on tribal land;

5.24 (2) a class A license under section 240.06 to conduct wagering at a racetrack; or

5.25 (3) a provider of an electronic sports wagering platform to operate an electronic sports
5.26 pool through a website or mobile application.

5.27 Licenses must be renewed annually.

5.28 (b) The governor may negotiate with a tribe for the purpose of entering into a compact
5.29 to conduct sports wagering in a manner consistent with this chapter. A request made by the
5.30 governor pursuant to this section is limited to sports wagering matters unless a tribe expressly
5.31 requests that the scope of negotiations include other matters. The compact and negotiations

6.1 are governed under this paragraph and all applicable provisions of section 3.9221. The
6.2 governor may delegate authority to negotiate a compact under this section to the commission.

6.3 Subd. 3. **Third-party agreements.** Nothing in this section prohibits a licensee from
6.4 entering into an agreement with a third party to manage or operate an on-site sports pool,
6.5 a mobile and electronic sports pool, or both.

6.6 **EFFECTIVE DATE.** This section is effective 90 days following final enactment.

6.7 **Sec. 7. [240B.35] CONDUCT OF SPORTS POOLS.**

6.8 Subdivision 1. **Tribal casino premises only.** Except for wagers received in an electronic
6.9 sports pool, wagers in a sports pool may only be received:

6.10 (1) in a casino operated under a tribal-state compact under section 3.9221; or

6.11 (2) at a racetrack licensed under chapter 240.

6.12 Subd. 2. **Reserve funds.** (a) A sports pool operator must maintain a reserve fund equal
6.13 to the sum of the following amounts:

6.14 (1) amounts held by the sports pool operator for the account of patrons;

6.15 (2) amounts accepted by the book as wagers on contingencies whose outcomes have not
6.16 been determined; and

6.17 (3) amounts owed but unpaid by the book on winning wagers through the period
6.18 established by the commission for honoring winning wagers.

6.19 (b) Before beginning operations, each newly licensed sports pool operator must establish
6.20 a reserve of \$25,000, or the amount specified by the commission, whichever is greater.

6.21 (c) The commission may require a sports pool operator to maintain any other accounts
6.22 that the commission deems necessary to ensure that all payouts may be made.

6.23 Subd. 3. **Types of wagers allowed.** A sports pool may take wagers, including parlay
6.24 card wagers, individual wagers, proposition wagers, or any other type of wager authorized
6.25 by the commission on any sporting event authorized by the commission.

6.26 Subd. 4. **Types of wagers prohibited.** No wagers may be accepted or paid by a sports
6.27 pool on:

6.28 (1) any sport or athletic event other than one authorized by the commission;

6.29 (2) any sporting event that the sports pool operator knows, or reasonably should know,
6.30 is being placed by or on behalf of a person prohibited from wagering under section 240B.45;

7.1 (3) any nonsports or athletic event including but not limited to the outcome of any
 7.2 election for any public office;

7.3 (4) any virtual event; or

7.4 (5) a sporting event for which the line was not posted.

7.5 Subd. 5. **Pool cancellation.** The commission may order the cancellation of an open
 7.6 sports pool and refund of wagers if, in the judgment of the director, the immediate
 7.7 cancellation of a pool is necessary to ensure the fairness, lawfulness, or integrity of sports
 7.8 wagering or of a sporting event.

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

7.10 Sec. 8. **[240B.45] RESTRICTIONS ON WHO MAY PARTICIPATE IN A SPORTS**
 7.11 **POOL.**

7.12 The following persons must not place a wager in a sports pool:

7.13 (1) a person under the age of 18;

7.14 (2) sports pool operators;

7.15 (3) a director, officer, partner, governor, or direct or indirect holder of more than a five
 7.16 percent financial interest in a sports pool operator;

7.17 (4) an employee of a sports pool operator or other entity that has entered into an agreement
 7.18 to manage or operate a sports pool on behalf of a licensee;

7.19 (5) a person participating in a sporting event as a player, coach, or official; or who is an
 7.20 owner, employee, or officer of a team participating in the sporting event or of the league;
 7.21 or the organizer of a sporting event;

7.22 (6) an immediate family member of a player participating in the sporting event;

7.23 (7) a person who possesses nonpublic information about a player's ability to perform in
 7.24 the sporting event;

7.25 (8) an officer, director, or employee of the Minnesota Sports Wagering Commission or
 7.26 the Department of Public Safety;

7.27 (9) a person who is placing the wager on behalf of another person in exchange for
 7.28 compensation; or

7.29 (10) a person who has been convicted of a crime related to sports wagering.

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

8.1 **Sec. 9. [240B.60] ACCEPTANCE OF WAGERS.**

8.2 A sports pool operator may not accept wagers unless made with a method of payment
8.3 approved by the commission.

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

8.5 **Sec. 10. [240B.65] ZONING LAWS.**

8.6 Sports wagering in a sports pool operated by a licensed sports pool operator shall be a
8.7 permitted use in all commercial, retail, industrial, nonresidential, and mixed-use zoning
8.8 districts of a municipality.

8.9 Sec. 11. Minnesota Statutes 2020, section 541.20, is amended to read:

8.10 **541.20 RECOVERY OF MONEY LOST.**

8.11 Every person who, by playing at cards, dice, or other game, or by betting on the hands
8.12 or sides of such as are gambling, shall lose to any person so playing or betting any sum of
8.13 money or any goods, and pays or delivers the same, or any part thereof, to the winner, may
8.14 sue for and recover such money by a civil action, before any court of competent jurisdiction.
8.15 For purposes of this section, gambling shall not include pari-mutuel wagering conducted
8.16 under a license issued pursuant to chapter 240, purchase or sale of tickets in the State Lottery,
8.17 ~~or~~ gambling authorized under chapters 349 and 349A, or sports wagering authorized under
8.18 chapter 240B.

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

8.20 Sec. 12. Minnesota Statutes 2020, section 541.21, is amended to read:

8.21 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

8.22 Every note, bill, bond, mortgage, or other security or conveyance in which the whole or
8.23 any part of the consideration shall be for any money or goods won by gambling or playing
8.24 at cards, dice, or any other game whatever, or by betting on the sides or hands of any person
8.25 gambling, or for reimbursing or repaying any money knowingly lent or advanced at the
8.26 time and place of such gambling or betting, or lent and advanced for any gambling or betting
8.27 to any persons so gambling or betting, shall be void and of no effect as between the parties
8.28 to the same, and as to all persons except such as hold or claim under them in good faith,
8.29 without notice of the illegality of the consideration of such contract or conveyance. The
8.30 provisions of this section shall not apply to: (1) pari-mutuel wagering conducted under a
8.31 license issued pursuant to chapter 240; (2) purchase of tickets in the State Lottery under

9.1 chapter 349A; (3) gaming activities conducted pursuant to the Indian Gaming Regulatory
 9.2 Act, United States Code, title 25, section 2701 et seq.; ~~or~~ (4) lawful gambling activities
 9.3 permitted under chapter 349; or (5) sports wagering activities permitted under chapter 240B.

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

9.5 Sec. 13. **EFFECTIVE DATE.**

9.6 This article is effective September 1, 2022, or the day following the effective date of a
 9.7 law that makes wagering on sporting events legal if conducted under Minnesota Statutes,
 9.8 chapter 240B.

9.9 ARTICLE 2

9.10 TAXATION OF SPORTS WAGERING

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

9.13 Subd. 19. **Nontaxable sports wagering losses.** Losses from the business of conducting
 9.14 a sports pool under chapter 240B that are not subject to Minnesota franchise tax are an
 9.15 addition.

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

9.18 Subd. 30. **Exempt sports wagering income.** Income or gains from the business of
 9.19 conducting a sports pool under chapter 240B that are not subject to Minnesota franchise
 9.20 tax are a subtraction.

9.21 Sec. 3. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
 9.22 to read:

9.23 Subd. 15. **Nontaxable sports wagering losses.** Losses from the business of conducting
 9.24 a sports pool under chapter 240B that are not subject to Minnesota franchise tax are an
 9.25 addition.

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

10.3 Subd. 20. Exempt sports wagering income. Income or gains from the business of
10.4 conducting a sports pool under chapter 240B that are not subject to Minnesota franchise
10.5 tax are a subtraction.

10.6 Sec. 5. Minnesota Statutes 2020, section 297E.02, subdivision 3, is amended to read:

10.7 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable
10.8 to the commissioner when the gambling tax return is required to be filed. Distributors must
10.9 file their monthly sales figures with the commissioner on a form prescribed by the
10.10 commissioner. Returns covering the taxes imposed under this section must be filed with
10.11 the commissioner on or before the 20th day of the month following the close of the previous
10.12 calendar month. The commissioner shall prescribe the content, format, and manner of returns
10.13 or other documents pursuant to section 270C.30. The proceeds, along with the revenue
10.14 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,
10.15 and 349.213, must be paid to the commissioner of management and budget for deposit in
10.16 the general fund.

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

10.21 (c) One-half of one percent of the revenue deposited in the general fund under paragraph
10.22 (a), and one-half of one percent of the revenue deposited in the general fund under section
10.23 297J.05, must be transferred to the special revenue fund, and is appropriated to the
10.24 commissioner of human services for the compulsive gambling treatment program established
10.25 under section 245.98. One-half of one percent of the revenue ~~deposited in the general~~
10.26 transferred to the special revenue fund under paragraph (a), is appropriated to the
10.27 commissioner of human services for a grant to the state affiliate recognized by the National
10.28 Council on Problem Gambling to increase public awareness of problem gambling, education
10.29 and training for individuals and organizations providing effective treatment services to
10.30 problem gamblers and their families, and research relating to problem gambling. Money
10.31 appropriated by this paragraph must supplement and must not replace existing state funding
10.32 for these programs.

11.1 **Sec. 6. [297J.01] DEFINITIONS.**

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

11.4 (1) "Internal Revenue Code" means the Internal Revenue Code as defined in section
 11.5 289A.02, subdivision 7;

11.6 (2) "wager" means a wager as defined in section 4421 of the Internal Revenue Code;

11.7 (3) "sports pool operator" means a sports pool operator as defined in section 240B.01,
 11.8 who is licensed to conduct a sports pool under chapter 240B, and who is liable for paying
 11.9 the federal excise tax on wagers in section 4401 of the Internal Revenue Code;

11.10 (4) "sports pool" has the meaning given in section 240B.01 provided that the sports pool
 11.11 is conducted by a sports pool operator;

11.12 (5) "commissioner" means the commissioner of revenue; and

11.13 (6) "sports wagering net revenue" means the total of all cash received by a sports pool
 11.14 operator from sports wagering, less cash paid out as winnings and cash equivalent of noncash
 11.15 prizes paid out as winnings. Sports wagering net revenue does not include other cash received
 11.16 by a sports pool operator for activities other than sports wagering. The cash received by a
 11.17 sports pool operator as part of the sports wagering net revenue calculation does not include
 11.18 the value of cash received as a result of promotional credits, free bets, or other incentives.

11.19 **Sec. 7. [297J.05] TAX ON SPORTS WAGERING NET REVENUE.**

11.20 Subdivision 1. **Tax imposed.** A tax is imposed on sports wagering net revenue equal to
 11.21 6.75 percent.

11.22 Subd. 2. **Sports wagering net revenue tax is in lieu of other taxes.** Income derived
 11.23 by a sports pool operator from the conduct of a sports pool is not subject to the tax imposed
 11.24 in chapter 290. Wagers accepted by a sports pool operator are not subject to the tax imposed
 11.25 in section 297A.62 or 297E.03.

11.26 Subd. 3. **Personal debt.** The tax imposed by this section, and interest and penalties
 11.27 imposed with respect to it, are a personal debt of the person required to file a return from
 11.28 the time the liability for it arises, irrespective of when the time for payment of the liability
 11.29 occurs. The debt must, in the case of the executor or administrator of the estate of a decedent
 11.30 and in the case of a fiduciary, be that of the person in the person's official or fiduciary
 11.31 capacity only, unless the person has voluntarily distributed the assets held in that capacity

12.1 without reserving sufficient assets to pay the tax, interest, and penalties, in which event the
12.2 person is personally liable for any deficiency.

12.3 Subd. 4. **Public information.** All records concerning the administration of the taxes
12.4 under this chapter are classified as public information.

12.5 Subd. 5. **Refunds.** A person who has, under this chapter, paid to the commissioner an
12.6 amount of tax for a period in excess of the amount legally due for that period may file with
12.7 the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds
12.8 under this subdivision is appropriated from the general fund to the commissioner.

12.9 Subd. 6. **Extensions.** If in the commissioner's judgment good cause exists, the
12.10 commissioner may extend the time for filing tax returns, paying taxes, or both under this
12.11 section for not more than six months.

12.12 Subd. 7. **Distribution of funds.** All amounts collected by the commissioner under this
12.13 chapter must be deposited in the general fund.

12.14 **Sec. 8. [297J.15] SPORTS POOL OPERATOR REPORTS AND RECORDS.**

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

12.23 Subd. 2. **Business records.** A sports pool operator must maintain records supporting
12.24 the sports wagering activity reported to the commissioner. Records required to be kept in
12.25 this section must be preserved by the sports pool operator for at least 3-1/2 years and may
12.26 be inspected by the commissioner of revenue at any reasonable time without notice or a
12.27 search warrant.

12.28 Subd. 3. **Audits.** The commissioner may require a financial audit of a sports pool
12.29 operator's sports wagering activities if the sports pool operator has failed to comply with
12.30 this chapter. Audits must be performed by an independent accountant licensed in accordance
12.31 with chapter 326A. The commissioner of revenue must prescribe standards for an audit
12.32 required under this subdivision. A complete, true, and correct copy of an audit must be filed
12.33 as prescribed by the commissioner.

13.1 Sec. 9. [297J.25] OTHER PROVISIONS APPLY.

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

13.4 Sec. 10. EFFECTIVE DATE.

13.5 This article is effective 90 days following final enactment.