



S.F. No. 4511 – Prediction markets prohibition – as proposed to be amended by the A-6 Delete Everything Amendment

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SF 4511 makes operating a prediction market in Minnesota, and various activities related to operating a prediction market, a felony punishable by a term in prison of not more than five years or a fine of not more than \$10,000, or both.

To give practical context, this bill would likely make at least some of the conduct of businesses like Kalshi and Polymarket a felony crime if conducted in Minnesota.

Section 1 [Cease and desist orders; 299L.03, subd. 12] are conforming changes. Under current law, the director of alcohol and gambling enforcement has the authority to either issue a cease and desist order or to seek a court order enjoining behavior or otherwise enforcing the law when it appears to the director that a person has engaged in a crime under the directors purview. This section extends that authority to activities made criminal in section 3 related to prediction markets.

Section 2 [What are not bets; 609.75, subd. 3] is a conforming change. Current law excludes “a contract for the purchase or sale at a future date of securities or other commodities” from the definition of “bet” so that such transactions are not the basis for existing crimes:

- Makes a bet – misdemeanor under 609.755
- Receives, records, or forward bets – gross misdemeanor under 609.76, subd. 1
- Sports bookmaking – felony under 609.76, subd. 2
- Cheating at betting – felony under 609.76, subd. 3

Conceptually, the prediction market conduct made criminal in section 3 shares some characteristics with “a contract for the purchase or sale at a future date of securities and commodities.” For clarity that the bill does not change the legality of securities and commodities contracts, section 2 expressly excludes prediction market activity from that item in the list of activities that are not a bet.

Section 3 [Prediction Markets; 609.7615] creates a felony for creating a prediction market and other activities related to operating a prediction market. (A felony is punishable by up to five years in prison, a fine of up to \$10,000, or both, under section 609.03.)

Subdivision 1 [Definitions] defines terms used in this section: “athletic event,” “esports event,” “game of skill,” “prediction market,” and “wager.”

This subdivision defines “prediction market” to be a system that allows consumers to place a wager on the future outcome of a specified event that is not determined or affected by the performance of the parties to the contract. The definition provides a nonexclusive list of examples of prediction markets, including:

- (1) an athletic event or game of skill, or portions thereof or individual performance statistics therein;
- (2) any game played with cards, dice, equipment, or any mechanical or electronic device or machine;
- (3) war; state or national emergencies, disasters, mass shootings, acts of terrorism, public health crises;
- (4) any event of events happening to a natural person or group of people;
- (5) federal, state, or local election, or actions or conduct of federal, state, or local government, agencies, employees, or officers;
- (6) legal actions, grand jury actions, jury trials, settlements, pleas, or convictions;
- (7) death, assassination, or attempted killing or mass casualty events;
- (8) weather;
- (9) events in popular culture;
- (10) whether a person will make a particular statement.

Subd. 2 [Prediction markets; hosting prohibited] makes it a felony to, for consideration and as part of a business, take certain actions related to prediction markets:

- (1) creating a prediction market;
- (2) operating, managing, or controlling a platform or system intending that consumers will use the platform or system to make wagers in a prediction market;

- (3) intentionally facilitating the operation of a prediction market by:
- i. identifying or listing events knowing the events will be used by consumers to make wagers;
 - ii. accepting, holding, or directing the disposition of funds or other things of value for the purpose of allowing consumers to make wagers or to settle wagers made by consumers;
 - iii. determining, administering, or enforcing the terms, pricing, or settlement of wagers made by consumers;
 - iv. regularly or continuously acting as a counterparty to wagers made by consumers by entering into a wager, offering to enter into a wager, or taking a temporary position in a wager that may be replaced by a different consumer; or
 - v. setting or adjusting the prices, odds, or terms that apply to wagers entered into by consumers;
- (4) providing data, information, or verification services to the prediction market knowing that information will be used to allow consumers to make wagers or to settle wagers; and
- (5) providing supportive services to a prediction market or consumer knowing that the services will be used to identify a consumer’s location, transfer funds, or make or process payments for the purpose of allowing consumers to make wagers or to settle wagers made by consumers.

Subd. 3 [Prediction markets; advertising prohibited] creates a felony crime to advertise or market financial or technological products that promote transactions prohibited under this section.

Subd. 4 [Exceptions] are clarifying changes. This subdivision makes clear that the things expressly excluded from “bets” are not affected by this bill. Similarly, insurance contracts are not affected by this bill.

Effective date. This section is effective August 1, 2026, and applies to crimes committed on or after that date.



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