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## **S.F. No. 757 – Sports betting and fantasy contests legalization and regulation (as proposed to be amended by the A13 amendment)**

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### **Overview of S.F. 757**

S.F. 757 authorizes legal betting on sporting events and on fantasy contests. The bill is organized as follows:

- Article 1 – Authorizes and regulates the conduct of mobile sports betting
- Article 2 – Provides for taxation of mobile sports betting
- Article 3 – Authorizes and regulates the conduct of betting on fantasy sports
- Article 4 – Provides for taxation of betting on fantasy sports
- Article 5 – Establishes crimes related to sports betting
- Article 6 – Funds grants from tax revenue from mobile sports betting and betting on fantasy sports
- Article 7 – Provides for tax relief payments for charitable gambling from mobile sports betting tax revenue and adds a lawful purpose for charitable gambling receipts
- Article 8 – Applies a portion of tax revenue from mobile sports betting and fantasy sports betting to a Racing Economic Development Account
- Article 9 – Modifies a human services program for compulsive gambling; applies a portion of tax revenue collected from mobile sports betting and betting on fantasy sports to assistance for compulsive and problem gambling; appropriates money from the general fund for various purposes

## Article 1 – Lawful Sports Betting

### Overview of Article 1

Sports betting may be conducted through the internet (“mobile sports betting”) under regulation by the commissioner of public safety, or on Tribal lands, subject to new compacts negotiated by the governor with Indian Tribes.

Sports betting is allowed on athletic events, college sporting events, esports, and other events. The commissioner is authorized to approve events on which wagers can be placed and the types of wagers that can be accepted.

Wagerers must be at least 21 years old.

The bill authorizes the commissioner of public safety to issue 11 operator licenses to Indian Tribes to conduct mobile sports betting and engage in other related activities. To be eligible for an operator license, a tribe must lawfully conduct class III gaming in a casino in the state under a facility license approved by the National Indian Gaming Commission in accord with Tribal gaming ordinances.

The commissioner may issue up to 11 licenses to mobile sports betting platform providers to provide a sports betting platform and associated technology, applications, hardware and software to an operator.

The commissioner may issue sports betting supplier licenses to provide operators with information and support necessary to offer mobile sports betting, including data feeds and odds services, risk management, and integrity monitoring.

The bill specifies requirements for obtaining and renewing licenses and provides administrative procedures and penalties for license violations.

The terms and fees for licenses are as follows:

Type of License/Registration	Term	Fee
Mobile sports betting operator license	20 years	\$2,125 annually
Mobile sports betting platform provider license	One year	\$16,500 application fee; \$250,000 license fee; \$83,000 renewal fee
Supplier License	One year	\$16,500 application fee; \$75,000 license fee; \$33,000 renewal fee
Provisional platform provider license	Until December 31, 2026, unless application for license is approved/denied	\$250,000 registration fee
Provisional supplier registration	Until December 31, 2026, unless application for	\$75,000 registration fee

	license is approved/denied	
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Provisional licenses are available to platform providers and suppliers who are licensed in Iowa as of a specified date. Provisional licenses are temporary.

Application, registration, and license fees are deposited in the general fund.

Mobile sports betting can begin after the commissioner of public safety completes rulemaking. Because mobile sports betting can be conducted only by licensed entities, sports betting cannot begin until licenses are issued and effective. Sports betting on tribal lands can begin when compacts are negotiated.

**Section 1. Definitions.** Defines terms. Of note:

**“Athletic event”** means a sports game, match, or activity or series of games, matches, activities, or tournaments involving the athletic skill of one or more players or participants. Athletic event does not include horse racing, esports, or athletic competition, demonstration, activity or tournament by an elementary, middle, or high school, or by any youth activity sports program or clinic.

**“Sporting event”** means an athletic event, esports event, college sports event, or other event approved by the commissioner for wagering.

**“Sports betting”** means wagering on the outcome of a sporting event or portions thereof or individual performance statistics that is organized by a professional sports organization, international sports organization, amateur sports organization, or a postsecondary educational institution or group of postsecondary educational institutions. The event or performance statistic must be approved by the commissioner of public safety to be eligible for wagering.

**Section 2. Scope.** Authorizes a person over 21 to participate in mobile sports betting by placing a wager with a licensed entity, unless the person is personally prohibited from wagering. States that it is unlawful to wager on sporting events except in accord with authorized sports wagering or sports wagering conducted by an Indian Tribe under a Tribal-state compact. Makes regulation inapplicable to sports wagering under Tribal-state compacts.

**Section 3. Powers and Duties of Commissioner.** Assigns responsibilities related to regulating sports betting to the commissioner of public safety.

**Subd. 1. Regulate sports betting.** Authorizes the commissioner of public safety to regulate mobile sports betting.

**Subd. 2. Rulemaking.** Authorizes the commissioner to adopt rules on specified topics. Rules for which notice is published before January 1, 2026, may be adopted using the expedited rulemaking process.

**Subd. 3. Requests for restrictions on wager types.** Establishes a process for a sports governing body to request restrictions or prohibitions on certain sports wagering.

**Subd. 4. Helpline.** Requires the commissioner to provide a helpline to assist people with gambling disorders.

**Subd. 5. Methods for identifying people at risk for gambling disorders.** Requires the commissioner to monitor the sports betting industry for the most effective methods to identify people with a gambling disorder and to adopt rules to implement best practices to prevent sports betting by people with, or being at risk to develop, a gambling disorder.

**Subd. 6. Exclusion list audits.** Requires the commissioner to conduct periodic audits of platform providers and operators for compliance with certain sports betting restrictions on individuals.

**Subd. 7. Delegation.** Authorizes the commissioner to delegate authority to the director of alcohol and gambling enforcement.

**Section 4. License Types; Transfers Prohibited.** Requires the commissioner to issue three types of licenses for operators, platform providers, and suppliers. In addition, the commissioner may issue provisional licenses to platform providers and suppliers who are licensed in Iowa as of a specified date. Licenses may not be transferred.

**Section 5. General Licensing Requirements; Disqualifications; Background Investigations.** Sets requirements for applications for licenses to offer mobile sports betting, including background investigations and criminal history record checks on applicants and certain individuals associated with the applicants. Precludes issuing a license to a person in certain positions who has been convicted of specified crimes. Elected or appointed representatives of Indian Tribes are exempt from requirements unless the person is also a full-time employee of an applicant or licensee for mobile sports betting.

**Section 6. License Application and Renewal; General Requirements; Procedure.** Sets requirements for applications and license renewal.

**Section 7. Duty to Update.** Requires applicants and licensees to update application and license information.

**Section 8. Mobile Sports Betting Operator License.** Authorizes the commissioner to issue up to 11 mobile sports betting operator licenses to Indian Tribes that conduct class III gaming. This section specifies mobile sports betting operator licensing requirements and authorized actions of a licensee. Requires operators to report monthly to the commissioner on wager activity during the month. Specifies that this section does not apply to Tribal gaming operations, Tribal government records or class III gaming on Tribal lands.

**Section 9. Mobile Sports Betting Platform Provider License.** Authorizes the commissioner to issue up to 11 mobile sports betting platform provider licenses. This section specifies platform provider licensing requirements and authorized actions of a licensee. This section authorizes the issuance of a temporary provisional license to a platform provider that is licensed as a platform provider in Iowa as of February 1, 2024.

**Section 10. Sports Betting Supplier License.** Authorizes the commissioner to issue sports betting supplier licenses to offer information and support. This section specifies supplier licensing requirements. This section authorizes the issuance of a temporary provisional license to a supplier that is licensed as a supplier in Iowa as of February 1, 2024.

**Section 11. Partnership Allowed.** Authorizes a mobile sports betting operator to contract with one platform provider to provide, create, or operate sports betting platforms, sports betting technology, sports betting applications, or associated mobile sports betting hardware, software, or equipment. If the operator opts not to contract with a platform provider, the operator must comply with reporting and regulatory requirements imposed on platform providers. Requires a platform provider that has contracted with an operator to display a brand of the operator within its mobile application.

**Section 12. Deposit of fees.** Provides that all applications, license, and renewal fees are deposited in the general fund.

**Section 13. Advertising.** Specifies prohibited content and practices in advertising related to sports betting and mobile sports betting and requires advertisements to carry a warning that gambling may be addictive and cause financial hardship and to provide a phone number for information and referral services for compulsive and problem gambling.

**Section 14. Wagering.** Allows a person over 21 to place wagers while located in the state and authorizes operators and platform providers to accept wagers of types previously approved by the commissioner. This section lists types of wagers the commissioner may approve, types of wagers prohibited, information that must be provided to the wagerer before accepting a wager, the required forms of consideration and information that must be provided on a receipt for the wager. Requires that consideration for wagers must be from a mobile sports betting account that a person may fund from any location. Requires a mobile sports betting account to allow a person to set certain personal limits on use of the account. Requires a mobile sports betting operator or platform provider to set default limits on the use of a person's account for sports betting and allows the person the opportunity to change those personal limits.

**Section 15. Prohibition on Push Notifications.** Prohibits operators and platform providers from sending a message through a betting application or website when the application or website is inactive or when a user is in the process of setting self-imposed restrictions on betting.

**Section 16. Exclusion List and Prohibition on Wagering.** Requires the commissioner to maintain a list of people who are not eligible to wager. A person may voluntarily add his or her name to the list for a specified time; a legal guardian can place a person on the list; operators, platform providers and suppliers can place a person's name on the list for good cause; and sports governing bodies can submit names. This section specifies the data protection classification for the list data. This section precludes specified people from wagering on a sporting event and prohibits an operator or platform provider from accepting bets from specified people who might have insider knowledge of an athlete's or team's ability to perform. This section precludes a person from wagering on behalf of a person prohibited from wagering. This section prohibits advertising directly to certain people during specified times.

**Section 17. Financial Responsibility.** Makes operators or platform providers responsible for the risk of loss on wagers for one year after the outcome of the bet is determined. Requires that

operators maintain cash reserves or provide collateral in the form of a bond, securities, or a letter of credit to protect the financial interests of wagerers.

**Section 18. Integrity Monitoring.** Requires those offering sports betting to contract with an integrity monitoring provider to identify unusual betting activity or patterns and to report suspicious wagering to the commissioner of public safety, other operators and platform providers, and the sports governing body that governs the implicated sporting event. Specifies how the information must be maintained and disclosed.

**Section 19. Record Keeping; Information Sharing.** Requires operators or platform providers to maintain records of wagers and abnormal betting activity for three and a half years. Requires anonymization of specified information about wagerers and wagers. Provides for sharing certain information with sports governing bodies.

**Section 20. Inspection and Auditing.** Authorizes the commissioners of public safety and revenue and the director of the Division of Alcohol and Gambling Enforcement to inspect accounting records of operators and platform providers related to mobile sports betting operations. Exempts records related to Tribal gaming operators, Tribal governmental records, or class III sports betting operations conducted on Indian lands. Requires mobile operators and platform providers to submit annual financial audits to the commissioner of public safety.

**Section 21. License Violations; Enforcement.** Requires the commissioner to adopt rules that provide a graduated schedule of penalties for violations of license requirements. Authorizes the commissioner of public safety to take actions to enforce license requirements and penalize noncompliance.

**Section 22. Reporting.** Requires the commissioner of public safety to report to the legislature on specified topics.

**Subd. 1. Financial report.** Requires the commissioner of public safety to report annually to the legislature on the sports wagering activities with financial summary information on sports betting and on the sports betting industry.

**Subd. 2. License activity report.** Requires the commissioner to report annually to the legislature on licensing metrics, an overview of the sports betting market, revenue generated by sports betting, expenses in enforcing sports betting restrictions, and the enforcement actions taken against license holders.

**Section 23. Data Protections.** Classifies certain data on individuals and authorizes the commissioner to revoke a license if the licensee sells data on individuals that is classified as private that is collected through the practice of sports betting.

**Section 24. Local Restrictions; Prohibition on Local Taxes or Fees.** Precludes political subdivisions from requiring a license or imposing a tax or fee to conduct sports betting.

**Section 25. Study on the Prevalence of Gambling.** Requires a baseline study on the prevalence of gambling before the implementation of sports betting and thereafter requires periodic studies on the prevalence of gambling, and the incidence and level of problem gambling.

**Section 26. Study on the Impact of Sports Betting on Problem Gambling, Gambling Disorders, Youth Gambling, and Suicide.** Requires a study on the impact of sports betting on specified topics related to the effects of sports betting.

**Section 27. Review of Other States' Restrictions.** Requires the commissioner to review laws of other states, to adopt rules to implement advisable restrictions, and to report annually to the legislature with draft legislation to implement additional restrictions or safeguards.

**Section 28. Sports Betting Equalization.** Requires the commissioner of revenue to make payments to Tribes that do not offer mobile sports betting.

**Subd. 1. Account created; appropriation.** Establishes a sports betting equalization account in the special revenue fund. A specified portion of money collected from taxes on mobile sports betting and betting on fantasy contests is deposited into the fund. The amount necessary to make equalization payments is appropriated to the commissioner of revenue. Money remaining in the account at the end of a fiscal year does not cancel. Interest and earned income are credited to the account.

**Subd. 2. Payments.** Requires the commissioner of revenue to make equal payments to each eligible Indian Tribe. Tribes that are eligible for this payment are one of the eleven listed in the definitions of "Indian Tribes" that does not contract with a platform provider with more than 10 percent of the market share for platform providers in the state in the previous calendar year. Payments are made annually.

**Subd. 3. Report.** Requires the commissioner of revenue to report to the legislature on the distributions under this section.

**Section 29. Indian Tribes; Compacts to the Negotiated.** Requires the governor to negotiate new Tribal-state compacts regulating the conduct of class III sports betting on Indian lands. Precludes modifying existing compact.

**Section 30. Timeline.** Makes all licenses effective on the same day for applicants who have met all license application requirements by a date determined by the commissioner. Requires the commissioner of public safety to notify license applicants and the legislature of the anticipated date that licenses will be effective at least 30 days before licenses are effective.

## **Article 2 – Taxation of Sports Betting**

**Article 2** establishes definitions and requirements pertaining to the taxation of sports betting. All sections are effective the day following final enactment.

**Section 1. Definitions.** Defines terms applicable to the tax on sports betting. In pertinent part, "sports betting net revenue" means the total of all cash and cash equivalents received in a month by a mobile sports betting operator from wagers on sporting events, less:

- cash paid out as winnings in a month; and
- the fair market value of noncash prizes paid out as winnings in a month.

**Section 3. Tax on sports betting net revenue.**

**Subd. 1. Tax imposed.** Imposes a 22 percent tax on sports betting net revenue placed online through a website or mobile application. Wagers placed on Indian lands are not subject to the tax.

**Subd. 2. Sports betting net revenue in lieu of other taxes.** Provides that income derived from activities involving betting on a sporting event are not subject to income tax and that wagers accepted by a mobile sports betting operator are not subject to sales or charitable gambling taxes.

**Subd. 3. Returns; due dates.** Requires that returns and tax payments are due on the 20<sup>th</sup> of each month for all wagers received, payouts made, and sports betting taxes owed for the preceding month. Returns must include any other information required by the commissioner.

**Subd. 4. Deposit of revenue; account established.** Requires the commissioner to deposit sports betting net revenues, including penalty and interest, into the sports betting revenue account. After deductions for refunds, requires the revenue to be distributed as follows:

**45 percent** to the commissioner to make tax relief payments to charitable gambling organizations as required under provisions of article 7;

**15 percent** to the racing economic development account for distributions as required under provisions of article 8;

**15 percent** to the sports betting equalization account established in article 1;

**11.5 percent** to the sports marketing and awareness account and distributed as required under provisions of article 6;

**8.5 percent** to the commissioner of human services for compulsive and problem gambling support programs and grants; and

**5 percent** to the amateur sports integrity and participation account to make grants to the Minnesota Amateur Sports Commission.

**Subd. 5. Distribution of revenue.** Requires tax revenues collected in the previous fiscal year to be distributed to the entities named in subd. 4 by October 1. Any money remaining on the sports betting revenue account at the end of each fiscal year does not cancel and interest and income earned on the money in the account, after deducting applicable charges, is credited to the sports betting revenue account.

#### **Section 4. Mobile sports betting operator reports and records.**

**Subd. 1. Business records.** Requires mobile sports betting operators to maintain records supporting sports betting activity and taxes owed. Records must be preserved for 3 ½ years after each return is due or filed, whichever is later, and are subject to inspection by the commissioner without notice or search warrant.

**Subd. 2. Audits.** Provides that the commissioner may require an audit of a mobile sports betting operator's betting activities in case of failure to comply with the requirements set forth in the chapter. Audits must be performed by an independent accountant. The commissioner must prescribe standards for an audit, but this subdivision does not limit the commissioner's audit authority under current law.

**Section 5. Other provisions apply.** Specifies that the extension, limitation, civil and criminal penalty, and interest provisions in the charitable gambling chapter apply to the sports betting tax.



## Article 3 – Fantasy Contests

**Section 1. Definitions.** Defines terms for purposes of this article.

**Section 2. Powers and duties of commissioner.** Assigns powers and duties to the commissioner of public safety to regulate betting on fantasy contests.

**Subd. 1. Regulating fantasy contests.** Authorizes the commissioner of public safety to regulate fantasy contests in a fair, lawful, and transparent manner and to promote public safety and welfare.

**Subd. 2. Rulemaking.** Authorizes the commissioner to adopt rules to address specified topics.

**Subd. 3. Licensing; fee collection.** Authorizes the commissioner to license operators of fantasy contests and to collect licensing fees.

**Subd. 4. Helpline.** Requires the commissioner to provide a helpline, accessible by phone or online live chat, 24 hours a day and 7 days a week, with trained staff.

**Subd. 5. Methods for identifying people at risk for gambling disorders.** Requires the commissioner to monitor sports betting and fantasy contest industries for the most effective methods to identify people with a gambling disorder. Requires the commissioner to adopt rules to implement best practices to prevent participation by people flagged as having a gambling disorder or at risk of developing a gambling disorder.

**Subd. 6. Exclusion list audits.** Requires the commissioner to audit fantasy sports operators for compliance with provisions that preclude certain people from participating in sports betting and fantasy contests.

**Subd. 7. Delegation.** Authorizes the commissioner to delegate authority to the director of alcohol and gambling enforcement.

**Subd. 8. Additional powers.** Authorizes the commissioner to exercise other powers to enforce this chapter.

**Section 3. Licensing; Application requirements.** Specifies requirements for an application for and a license as a fantasy sports operator.

**Subd. 1. General requirements.** Lists requirements for applicants and licensees to be a fantasy sports operator.

**Subd. 2. Application; contents.** Lists information required for an application for a license to be a fantasy sports operator.

**Subd. 3. Duty to update.** Requires an applicant or licensed fantasy sports operator to notify the commissioner of changes to officers, directors, shareholders, or other people with a financial or management interest.

**Subd. 4. Deposit of fees.** Specifies that application, registration, license, and renewal fees are deposited in the general fund.

**Section 4. Fantasy Contest Operator License.** Specifies a limit on the number of operator licenses to be issued, the requirements for an operator license, and sets license fees for operators.

**Subd. 1. Issuance; renewal.** Authorizes the commissioner to issue 11 operator licenses. A license is valid for one year and is renewable. Licenses may not be transferred.

**Subd. 2. Licensing requirements.** Specifies requirements for operator licensees.

**Subd. 3. Fees.** Sets license fees as a percentage of adjusted gross fantasy contest receipts.

**Subd. 5. Reporting.** Requires an operator to report to the commissioner monthly on wagers placed and redeemed.

**Section 5. Tribal Partnership Required.** Requires a fantasy contest operator to contract with an Indian Tribe to obtain licensure. A fantasy contest operator that has been offering fantasy contests to people in Minnesota for six months before June 1, 2024, must contract with a Tribe by July 1, 2025 or pay the commissioner five percent of its adjusted gross fantasy contest receipts for the six-month period before Jun 1, 2024.

## **Section. 6. Fantasy Contests Authorized**

**Subd. 1. Authorization.** Allows a person over 21 years old to participate in a fantasy contest within the state if the person places wagers with a licensed operator and it not precluded from participating by law.

**Subd. 2. Fantasy contest.** Sets conditions on lawful entry in a fantasy contest. Entry is lawful if the winning outcomes are determined solely by clear scoring criteria based on statistical results of the performance of individual athletes, and no winning outcome is based entirely on the score, point spread, or any performance of a single actual team or combination of teams or solely on any single performance of an individual athlete or player in a single actual event.

A fantasy contest may be either amongst authorized participants against each other, or by an individual against a target score set by the operator.

Specifies activities that do not constitute a fantasy contest subject to regulation under this chapter:

- A fantasy contest that does not require an entry fee; or

- A contest with all of the following characteristics:

  - A contest with rosters whose memberships are limited to athletes of a single sport;

  - A contest that encompasses half of a sport's regular season of athletic activity in which the underlying competition is conducted;

  - A contest in which participants compete against each other; and

  - At the operator's operation, the operator retains an administrative fee not to exceed 50 percent of entry fees

**Subd. 3 Fantasy contest operator.** Requires an operator to allow self-exclusion on its website; provides participants access to their play history and account details, maintain operational funds separate from participant funds, publish rules, develop and publish procedures for a participant to file a complaint with the operator and the commissioner, and disclose the terms and limits of promotional offers before a participant provides financial consideration in exchange for the offer.

**Subd. 4. Indian Tribe operators.** An Indian Tribe is allowed to be an operator to offer fantasy contests and to provide contest platforms, technology, applications, or associated fantasy contest hardware, software, or equipment on its own or under a contract with a fantasy contest operator.

**Section 7. Wagering.** Specifies authorized and unauthorized wagers.

**Subd. 1. Placing wagers; entry fees.** Allows a person who is at least 21 years of age to wager on a fantasy contest by submitting an entry fee, unless the person is disqualified, prohibited, or excluded from participating. The form, manner, and type of wager must be approved by the commissioner.

**Subd. 2. Fantasy contest account.** Precludes an operator from accepting a wager unless the participant provides consideration in the form of withdrawal from a fantasy contest account. The operator must verify the participant's age and identity before the person places a wager. The operator must deposit a prize within 72 hours of a win. The participant has the right to withdraw funds from the account at any time, with proof of identity, within ten business days of a request. Withdrawal may be delayed if the operator believes in good faith that there has been fraudulent conduct or a violation of fantasy contest laws. If the delay is longer than 60 days, the operator must notify the commissioner.

**Subd. 3. Personal limits; accounts.** Requires an operator to allow people to set certain personal limits on their personal account and on accepting wagers from the person. The operator must set certain default limits that the participant may change. An operator may not accept a wager from a person that exceeds or violates a self-imposed limit. An operator must require the person to review the limits annually. An operator must report the person to the commissioner when the person has hit a self-imposed limit. The commissioner must communicate to other operators when a wagerer reaches limits with one operator, to make the exclusions effective across all sports betting and fantasy contest in Minnesota.

**Subd. 5. Wager location.** Wagers may only be accepted from a person within the state and may only be accepted from an online wager.

**Subd. 6. Wagers prohibited.** Specifies wagers that an operator must not accept, including wagers on outcomes already determined, and on player injuries, penalties, the outcome of disciplinary rulings, and replay reviews.

**Subd. 7. Receipt.** Requires an operator to provide a receipt to the wagerer, with specified information.

**Subd. 8. Requests for restrictions on wager types.** Provides a process by which a sports governing body may request the commissioner to prohibit or restrict wagers.

**Subd. 9. Wager data; safeguards necessary.** Specifies treatment of data regarding wagers.

## **Section 8. Advertising.** Prohibits certain advertising for fantasy contests.

**Subd. 1. Advertising content.** Requires all advertising for fantasy contests to display a national number for information and referral services for compulsive and problem gambling and provide a warning that gambling may be addictive and cause financial hardship.

**Subd. 2. Prohibition on targeting individuals under age 21.** Prohibits ads for fantasy sports that have certain characteristics or are placed in media with a significant audience composition of people under 21.

**Subd. 3. Prohibition on targeting individuals prohibited from placing wagers.** Prohibits ads that target people who are disqualified, prohibited, or excluded from wagering.

**Subd. 4. Prohibition on advertising in certain locations.** Prohibits advertising, marketing, or promotions on school or college property or in college or university-owned news assets.

**Subd. 5. Prohibition on false or misleading claims.** Prohibits ads for fantasy contests that contain false or misleading information or pictures of an obscene, indecent, or immoral character or content that would offend public morals or decency.

**Section 9. Prohibition on Push Notifications.** Prohibits operators from sending a message from a fantasy contest application or website to a user’s device while the application or website is inactive or while the user is under self-imposed restrictions, except for fraud alerts.

**Section 10. Exclusion list and prohibition on participation.**

**Subd. 1. Exclusion list.** Requires the commissioner to maintain a list of people not eligible to wager on fantasy contests through an operator. Allows a person who requests to be on the exclusion list to set a time for their exclusion. Allows certain people on the list to be removed by providing specified proof. Classifies the data on the list for purposes of the Data Practices Act as private data, but allows the commissioner to share the list with operators. Requires the commissioner and operators to provide certain ways for a person to be added to the exclusion list.

**Subd. 2. Prohibited wagers by certain persons.** Prohibits certain persons from wagering on fantasy contests.

**Subd. 3. Prohibition on accepting wagers.** Prohibits an operator from accepting a wager from a person on the exclusion list or establish a fantasy contest account or from people with specified roles relating to a sport. Accepting a prohibited wager is a license violation subject to penalty.

**Subd. 4. Prohibition on advertising.** Prohibits an operator from contacting a person on the exclusion list during a period of betting restrictions or after the period of betting restrictions terminates until the person places a bet.

**Section 11. Financial Responsibility.** Makes operators responsible for the risk of loss on wagers for one year after the outcome of the bet is determined. Requires that operators maintain cash reserves or provide collateral in the form of a bond, securities, or a letter of credit to protect the financial interests of wagerers.

**Section 12. Record Retention; Information Sharing.** Requires operators to maintain records of wagers and abnormal betting activity for 3 ½ years. Provides for sharing certain information with sports governing bodies under specified conditions and only to be used for integrity-related purposes.

**Section 13. License Violations; Enforcement.** Requires the commissioner to adopt rules that provide a graduated schedule of penalties for violations of license requirements. Authorizes the temporary suspension of a license for certain violations. Establishes an administrative process, including the opportunity for a hearing, for challenging an administrative order for a license violation. Authorizes the commissioner of public safety to take actions to enforce license requirements and penalize noncompliance.

**Section 14. Data Protections.** Classifies certain fantasy sports wagering data as private data on individuals and other data as nonpublic data.

**Article 4 – Taxation on Fantasy Sports Betting**

**Article 4** establishes definitions and requirements pertaining to the taxation of fantasy contests. All sections are effective the day following final enactment.

**Section 1. Definitions.** Defines terms applicable to the tax on sports betting. In pertinent part, “**adjusted gross fantasy contest receipts**” means the total of all entry fees that a fantasy sports

contest operator receives from all participants minus the total of cash prizes and the fair market value of noncash prizes paid as winnings to all participants, multiplied by the location percentage for the state. “**Location percentage**” means the percentage rounded to the nearest tenth of one percent of total entry fees received from authorized participants located in Minnesota, divided by the total entry fees received from all players in the fantasy contest activity.

### **Section 3. Tax on adjusted gross fantasy contest receipts.**

**Subd. 1. Tax imposed.** Imposes a 15 percent tax on adjusted gross fantasy contest receipts.

**Subd. 2. Fantasy contest adjusted gross fantasy contest receipts in lieu of other taxes.** Provides that income derived from wagering on a fantasy contest is not subject to income tax, and that wagers accepted by a fantasy contest operator are not subject to sales or charitable gambling taxes.

**Subd. 3. Returns; due dates.** Requires that returns and tax payments for activity in the preceding month are due on the 20<sup>th</sup> of each month. The return must include the amount of all wagers received, payouts made, and fantasy contest taxes owed, and any other information required by the commissioner.

**Subd. 4. Deposit of revenue; account established.** Requires the commissioner to deposit sports betting net revenues, including penalty and interest, into the sports betting revenue account established in article 2. After deductions for refunds, requires the revenue to be distributed as follows:

**45 percent** to the commissioner to make tax relief payments to charitable gambling organizations as required under provisions of article 7;

**15 percent** to the racing economic development account for distributions as required under provisions of article 8;

**15 percent** to the sports betting equalization account established in article 1;

**11.5 percent** to the sports marketing and awareness account to be distributed under the provisions of article 6;

**8.5 percent** to the commissioner of human services for compulsive and problem gambling support programs and grants; and

**5 percent** to the amateur sports integrity and participation account to make grants to the Minnesota Amateur Sports Commission.

**Subd. 5. Distribution of revenue.** Requires tax revenues collected in the previous fiscal year to be distributed to the entities named in subd. 4 by October 1. Any money remaining on the sports betting revenue account at the end of each fiscal year does not cancel, and interest and income earned on the money in the account, after deducting applicable charges, is credited to the sports betting revenue account.

### **Section 4. Fantasy contest operator reports and records.**

**Subd. 1. Business records.** Requires fantasy contest operators to maintain records supporting sports betting activity and taxes owed. Records must be preserved for 3 ½ years after each return is due or filed, whichever is later, and are subject to inspection by the commissioner without notice or search warrant.

**Subd. 2. Audits.** Provides that the commissioner may require an audit of a mobile sports betting operator's betting activities in case of failure to comply with the requirements set forth in the chapter. Audits must be performed by an independent accountant. The commissioner must prescribe standards for an audit, but this subdivision does not limit the commissioner's audit authority under current law.

**Section 5. Other provisions apply.** Specifies that the extension, limitation, civil and criminal penalty, and interest provisions in the charitable gambling chapter apply to the adjusted gross fantasy receipts tax.

## **Article 5– Crimes Related to Sports Betting**

**Article 5** establishes various penalties for illegal sports wagering ranging from a misdemeanor to a felony.

## **Article 6 – Sports and Activities Grants**

### **Section 1. Grants for Promoting Tourism, Sports, and Events.**

**Subd. 1. Account established; appropriation.** Establishes the sports marketing and awareness account in the special revenue fund, into which a portion of tax revenues from mobile sports betting and betting on fantasy contests is deposited. Money in the account is appropriated to Explore Minnesota Tourism for grants. Money remaining in the account at the end of each fiscal year does not cancel. Interest and income on money in the account is credited to the account.

**Subd. 2. Grants to promote tourism, sports, and events.** Requires Explore Minnesota Tourism to make grants for specified purposes, including to Minnesota Sports and Events to attract and host large-scale sporting events in Minnesota and to coordinate statewide initiatives that increase access to sports and events for greater Minnesota residents.

**Subd. 3. Annual report.** Requires Explore Minnesota Tourism to report annually to the legislature on grants issued, including a compilation of annual reports from grantees.

### **Section 2. Grants for Promoting Integrity and Participation**

**Subd. 1. Account established; appropriation.** Establishes the amateur sports integrity and participation account in the special revenue fund, into which a portion of tax revenues from mobile sports betting and betting on fantasy contests is deposited. Money in the account is appropriated to the Amateur Sports Commission and to the Minnesota State High School League Foundation for grants.

**Subd. 2. Grants to promote the integrity of amateur sports.** Requires the Amateur Sports Commission to make grants to collegiate and amateur sports associations to promote the integrity of amateur sports. Specifies purposes to which grant money can be applied. Requires grantees to report on their use of funds.

**Subd. 3. Grants to promote and facilitate participation in youth sports.** Requires the Amateur Sports Commission to make grants to organizations to promote and facilitate

participation in youth sports in areas that have a disproportionately high rate of juvenile crime. Specifies purposes to which grant money can be applied. Requires grantees to report on their use of funds.

**Subd. 4. Grants to promote and facilitate participation in youth sports.** Requires the Minnesota State High School League Foundation to make grants to collegiate and amateur sports associations to promote the integrity of amateur sports. Specifies purposes to which grant money can be applied. Requires grantees to report on their use of funds.

**Subd. 5. Annual report.** Requires the Amateur Sports Commission and the Minnesota State High School League to report annually to the legislature on grants issued, including a compilation of annual reports from grantees.

## Article 7 – Charitable Gambling

**Section 1. Tax relief payments.** Requires the commissioner of revenue to issue payments to charitable organizations on a pro rata basis according to a lawful gambling organization’s combined net receipts and the combined net receipts from all lawful gambling organizations. A tax relief payment must not exceed 100 percent of an organization’s tax liability. Effective the day following final enactment.

**Section 2. Lawful purpose.** Adds expenditures to repair, maintain, or improve real property owned by specified organizations, with limits and restrictions, to the list of lawful purposes to which a charitable organization can apply money collected from offering charitable gambling. Effective the day following final enactment.

## Article 8 – Pari-Mutuel Horse Racing

**Section 1. [240.01] Advance deposit wager.** modifies the definition of “advance deposit wager” to mean a wager placed through advance deposit wagering provider on any horse race. Current law limits advance deposit wagering to horse races outside the state.

### Section 2. Racing Economic Development Account.

**Subd. 1. Account established; use of funds.** Establishes an economic development account in the special revenue fund. A portion of tax revenue from mobile sports betting and betting on fantasy contests is deposited in the account and is appropriated to the commissioner of agriculture for distributions to licensed racetracks for specified purposes relating to the horse racing industry. Money remaining in the account at the end of a fiscal year does not cancel. Interest and income earned on money in the account is credited to the account.

**Subd. 2. Reports required.** Each racetrack that receives a distribution under this section must report annually to the commissioner of agriculture with documentation on the use of the money. Authorizes the commissioner to request financial statements or other information to verify proper use. Requires the commissioner of agriculture to report annually to the legislature detailing expenditures made by racetracks from the money distributed under this section.

## Article 9 –Appropriations; Miscellaneous

**Section 1. Program.** Expands a compulsive gambling program to families of compulsive gamblers.

**Section 2. [245.983] Compulsive and Problem Gambling Account.** Requires the commissioner of human services to apply a portion of tax revenue appropriated to the commissioner from sports betting and betting on fantasy contests for a compulsive gambling treatment program, emergency services grants under a program for providing emergency shelter for homeless persons and assisting homeless persons in obtaining essential services, and a grant to a state affiliate recognized by the National Council on Problem Gambling. This money must supplement and not replace existing state funding. This money is available until expended and does not cancel.

**Section 3 [609.761] Social skill game.** Adds “hasenpfeffer” as a game exempted from prohibitions on and regulation of gambling when conducted as a social game within specific parameters.

**Section 4. Department of Public Safety; Appropriation.** Appropriates an unspecified amount in fiscal years 2026 and 2027 from the general fund to the commissioner of public safety to establish the regulation of sports betting. Sets the base appropriations in fiscal years 2028 and 2029 at unspecified amounts.

**Section 5. Department of Revenue; Appropriation.** Appropriates an unspecified amount in fiscal years 2025 and 2026 from the general fund to the commissioner of revenue to establish and enforce the taxation of mobile sports betting and fantasy sports betting. Sets the base appropriations in fiscal years 2028 and 2029 at unspecified amounts.

**Section 6. Department of Human Services; Appropriation.** Appropriates an unspecified amount in fiscal years 2025 and 2026 from the general fund to the commissioner of human services to establish and enforce the taxation of mobile sports betting and fantasy sports betting. Sets the base appropriations in fiscal years 2028 and 2029 at unspecified amounts.

**Section 7. Office of the Attorney General; Appropriation.** Appropriates an unspecified amount in fiscal years 2025 and 2026 from the general fund to the Office of the Attorney General to establish and enforce the taxation of mobile sports betting and fantasy sports betting. Sets the base appropriations in fiscal years 2028 and 2029 at unspecified amounts.

**Section 8. Study on Motivations and Beliefs of Young Adult Gamblers.** Appropriates an unspecified amount in fiscal year 2026 to the commissioner of public safety to award a grant to a nonprofit, gambling-neutral organization to produce a report to the legislature with recommendations for policies and the use of financial resources to prevent and address problem gambling by young adults, after conducting a focus group and a qualitative survey. Requires the grant recipient to submit a report to various legislative committees summarizing the recipient’s actions, findings, and recommendations.