



S.F. No. 4139 – Sports betting legalization and regulation

Author: Senator Nick A. Frentz

Prepared by: Stephanie James, Senate Counsel (stephanie.james@mnsenate.gov)
Nora Pollock, Senate Counsel (nora.pollock@mnsenate.gov)
Kenneth P. Backhus, Senate Counsel
(kenneth.backhus@mnsenate.gov)

Date: April 13, 2026

Overview of S.F. 4139

S.F. 4139 authorizes legal betting on sporting events. The bill is organized as follows:

- Article 1 – Establishes parameters for mobile sports betting
- Article 2 – Authorizes and regulates the conduct of mobile sports betting
- Article 3 – Provides for taxation of mobile sports betting
- Article 4 – Establishes crimes related to sports betting
- Article 5 – Funds grants from tax revenue from mobile sports betting and betting on fantasy sports
- Article 6 – Provides for tax relief payments for charitable gambling from mobile sports betting tax revenue and adds a lawful purpose for charitable gambling receipts
- Article 7 – Applies a portion of tax revenue from mobile sports betting to a Racing Economic Development Account
- Article 8 – 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

Sports betting may be conducted through the internet (“mobile sports betting”) under regulation by the commissioner of public safety, and 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.

The bill authorizes the commissioner of public safety to issue up to 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. The commissioner may issue up provisional licenses for mobile sports betting platform providers and suppliers that are effective on registration and are effective until December 31, 2026, or until a decision for full licensure. Provisional licenses are available to platform providers and suppliers who are licensed in Iowa as of a specified date.

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	Two years	\$16,500 application fee; \$250,000 license fee; \$83,000 renewal fee
Supplier License	Two years	\$16,500 application fee; \$75,000 license fee; \$33,000 renewal fee
Provisional platform provider license	Until December 31, 2026, or until application for license is approved/denied	\$250,000 registration fee
Provisional supplier registration	Until December 31, 2026, or until application for license is approved/denied	\$75,000 registration fee

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.

Article 1 – Responsible Gaming

Section 1. 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, 2027, 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 related to sports betting to the director of alcohol and gambling enforcement.

Section 2. Advertising. Specifies prohibited content and practices and required content in advertising related to mobile sports betting. 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. Prohibits targeting ads to people under 21 years of age and to people prohibited from placing wagers. Prohibits advertising in specified locations. Prohibits false or misleading claims in advertisements.

Section 3. Personal Limits. Requires a mobile sports betting account to allow a person to set certain personal limits on use of the person's 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. Precludes a mobile sports betting account from being used when personal limits are met or exceeded. Requires a mobile sports betting operating to report to the commissioner when a person has been excluded from sports betting due to a personal limit being exceeded and the commissioner must report to the exclusion to other operators and platform providers.

Section 4. 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 with an exception for messages warning about fraud or for responsible gaming or identity verification purposes.

Section 5. 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 6. Study on the Prevalence of Gambling. Requires the commissioner to commission 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 7. Study on the Impact of Sports Betting on Problem Gambling, Gambling Disorders, Youth Gambling, and Suicide. Requires the commissioner to commission a study on the impact of sports betting on specified topics related to the effects of sports betting.

Section 8. 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 9. Effective date. This article is effective the day following enactment.

Article 2 – Legal Sports Betting

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, league, or clinic; or a fantasy contest.

“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 in a sporting event that is organized by a professional sports organization, international sports organization, amateur sports organization, or a postsecondary educational institution. The event or performance statistic must be approved by the commissioner of public safety to be eligible for wagering. Lists contracts or bets that are not sports betting.

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, disqualified, or excluded 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 state regulation inapplicable to sports wagering under Tribal-state compacts.

Section 3. 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 4. 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 licenses to people in certain positions who have been convicted of specified crimes. This section only applies to mobile sports betting operations and do not apply to activities related to Tribal gaming operations, Tribal government records, or class III sports betting operations conducted exclusively on Indian lands.

Section 5. License Application and Renewal; General Requirements; Procedure. Sets requirements for applications and license renewal. Requires provisional licenses to be issued within ten days of registration.

Section 6. Duty to Update. Requires applicants and licensees to update application and license information.

Section 7. 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. Sets license requirements. Requires operators to report monthly to the commissioner on wager activity during the month. Specifies that this section does not apply to other Tribal gaming operations, Tribal government records or class III gaming on Tribal lands.

Section 8. 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. Provisional licenses expire after a decision on a nonprovisional license or by a specified date.

Section 9. Sports Betting Supplier License. Authorizes the commissioner to issue sports betting supplier licenses to offer information and support necessary to offer mobile sports betting. This section sets 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. Provisional licenses expire after a decision on a nonprovisional license or by a specified date.

Section 10. 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 an operator contracts with a platform provider, the operator may only contract with that one provider. 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 11. Deposit of fees. Provides that all applications, license, and renewal fees are deposited in the general fund.

Section 12. 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. Lists the 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 that wagers may only be accepted from a person placing a wager online, through a website or mobile application, while the person is physically within the state.

Section 13. 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 14. Integrity Monitoring. Requires operators or platform provider 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 15. 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. Requires that operators must share information about abnormal or suspicious betting activity with the Minnesota Alliance on Problem Gambling and specifies data classification for that information. Precludes the Alliance from disclosing the information except for specified purposes.

Section 16. 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 other Tribal gaming operations, 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 17. 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 18. Reporting. Requires the commissioner of public safety to report to the legislature on specified topics.

Section 19. 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 20. 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 21. 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 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 22. 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 compacts.

Section 23. 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 10 days before licenses are effective.

Section 24. Effective date. This article is effective the day following final enactment.

Article 3 – Taxation of Sports Betting

Article 3 establishes the taxation of sports betting. All sections are effective the day following final enactment.

Section 1. Disclosure to Department of Public Safety. Authorizes the commissioner of revenue to disclose tax return information to the commissioner of public safety for purposes of verifying sports betting licensure requirements.

Section 2. Definitions. Defines terms applicable to the tax on sports betting. Of note, “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 and fees paid to participate in sports betting, 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 on wagers placed online and fees paid online to participate in sports betting 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 is 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 20th of each month for all wagers received, payouts made, and taxes owed for the preceding month. Returns must include any other information required by the commissioner.

Subd. 4. Deposit of revenue. Requires the commissioner to deposit sports betting net revenues, including penalty and interest, into the sports betting revenue account.

Subd. 5. Appropriation; refunds. Appropriates to the commissioner from the sports betting revenue account an amount sufficient to make refunds of overpayment of taxes.

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.

Section 6. Sports betting revenue account.

Subd. 1. Sports betting revenue account. Creates the account in the special revenue fund and provides that interest and income earned on the money in the account, after deducting applicable charges, is credited to the account. All money in the account must be distributed as required under subdivision 2.

Subd. 2. Distribution of money. Requires the commissioner to distribute sports betting tax revenues as follows:

50% to the commissioner to make tax relief payments to charitable gambling organizations as required under provisions of article 7;

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

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

15% to the sports marketing and awareness account and distributed as required under provisions of article 6;

4% to the commissioner of human services for compulsive and problem gambling support programs and grants; and

1% to the amateur sports integrity and participation account to make grants to the Minnesota Amateur Sports Commission.

Article 4 – Crimes Related to Sports Betting

Article 4 establishes various criminal penalties for illegal sports wagering and other related activities ranging from a misdemeanor to a felony.

Article 5 – 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 6 – 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 made after June 30, 2025, and before August 1, 2029, 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 charitable gambling. Effective the day following final enactment.

Article 7 – 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 8 –Appropriations; Miscellaneous

Section 1. Program. Expands a compulsive gambling program to families of compulsive gamblers. Adds requirements that the program include culturally competent outreach, education, and service models informed by experiences of communities disproportionately affected by problem gambling. Adds a requirement that the program include up to 60 hours of intervention services.

Section 2. [245.983] Compulsive and Problem Gambling Support. Requires the commissioner of human services to apply a portion of tax revenue appropriated to the commissioner from sports betting for a compulsive gambling treatment program 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. This section is effective the day after enactment.

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

Section 5. Department of Revenue; Appropriation. Appropriates an unspecified amount in fiscal years 2027 and 2028 from the general fund to the commissioner of revenue to establish and enforce the taxation of mobile sports betting. Sets the base appropriations in fiscal year 2029 at an unspecified amount.

Section 6. Department of Human Services; Appropriation. Appropriates an unspecified amount in fiscal years 2028 and 2029 from the general fund to the commissioner of human services to administer the money appropriated for compulsive and problem gambling support. Sets the base appropriations in fiscal year 2029 at an unspecified amount.

Section 7. Office of the Attorney General; Appropriation. Appropriates an unspecified amount in fiscal years 2027 and each year thereafter from the general fund to the Office of the Attorney General to support state agencies in regulating mobile sports betting.

Section 8. Study on Motivations and Beliefs of Young Adult Gamblers. Appropriates an unspecified amount in fiscal year 2027 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.



Senate Counsel, Research, and Fiscal Analysis provides nonpartisan legislative, legal, fiscal, and analytical services to the Minnesota Senate. This document can be made available in different formats upon request.

www.senate.mn/scrfa/home | 651-296-4791
95 University Ave. W., STE 3300, Saint Paul, MN, 55155