

1.1 A bill for an act

1.2 relating to gambling; proposing a constitutional amendment to allow a
1.3 state-operated casino which may be managed by a private contractor; expanding
1.4 duties of the director of the State Lottery to include operation of a casino;
1.5 providing for deposit of net casino proceeds in a capital improvement fund for
1.6 capital improvements of the state and educational infrastructure; amending
1.7 Minnesota Statutes 2006, sections 349A.02, subdivision 3; 349A.07, by adding a
1.8 subdivision; 349A.10, subdivision 5, by adding a subdivision; proposing coding
1.9 for new law in Minnesota Statutes, chapter 349A.

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

1.11 Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

1.12 An amendment to the Minnesota Constitution is proposed to the people. If the
1.13 amendment is adopted, article XIII, section 5, will read:

1.14 Sec. 5. The legislature shall not authorize any lottery or the sale of lottery tickets, other
1.15 than authorizing a lottery and sale of lottery tickets for a lottery operated by the state. In
1.16 addition to operation of a lottery, the state may own and operate a casino as defined by
1.17 law, and may provide for management of the casino by a private entity.

1.18 Sec. 2. **SUBMISSION TO VOTERS.**

1.19 The constitutional amendment proposed in section 1 must be submitted to the people
1.20 at the 2008 general election. The question submitted must be:

1.21 "Shall the Minnesota Constitution be amended to permit the state to own and operate
1.22 a casino, and to provide for management of the casino by a private entity?"

1.23 Yes

1.24 No"

S.F. No. 3779, as introduced - 2007-2008th Legislative Session (2007-2008)

2.1 Sec. 3. Minnesota Statutes 2006, section 349A.02, subdivision 3, is amended to read:

2.2 Subd. 3. **Powers and duties.** In operating the lottery the director shall exercise
2.3 the following powers and duties:

2.4 (1) adopt rules and game procedures;

2.5 (2) issue lottery retailer contracts and rule on appeals of decisions relating to those
2.6 contracts;

2.7 (3) enter into lottery procurement contracts for the provision of goods and services
2.8 to the lottery;

2.9 (4) employ personnel as are required to operate the lottery;

2.10 (5) enter into written agreements with one or more government-authorized lotteries,
2.11 or with an organization created and controlled by those lotteries, for the operation,
2.12 marketing, and promotion of a joint lottery;

2.13 (6) adopt and publish advertising and promotional materials consistent with section
2.14 349A.09; ~~and~~

2.15 (7) oversee the construction and operation of any state-operated casino; and

2.16 (8) take all necessary steps to ensure the integrity of, and public confidence in, the
2.17 State Lottery.

2.18 Sec. 4. Minnesota Statutes 2006, section 349A.07, is amended by adding a subdivision
2.19 to read:

2.20 Subd. 8. **Casino management contract.** A contract entered into by the director for
2.21 the management of a casino operated by the director must include at least the following
2.22 provisions:

2.23 (1) compensation to the contractor based on services performed and goods provided,
2.24 provided that no part of the compensation may be determined directly or indirectly on
2.25 the basis of gross revenues or net profits from the casino;

2.26 (2) the duration of the contract, which may not exceed seven years, and the grounds
2.27 on which the contract may be terminated by either party before its expiration;

2.28 (3) the extent to which the contractor has access to and is responsible for managing
2.29 funds of the casino;

2.30 (4) qualifications and disqualifications for employees of the contractor, and the
2.31 extent of the director's supervisory authority over those employees;

2.32 (5) the director's access to the contractor's premises and financial records; and

2.33 (6) responsibility and authority for audit of the contractor's financial records.

2.34 Sec. 5. Minnesota Statutes 2006, section 349A.10, subdivision 5, is amended to read:

3.1 Subd. 5. **Deposit of net lottery proceeds.** Within 30 days after the end of each
3.2 month, the director shall deposit in the state treasury the net proceeds of the lottery, which
3.3 is the balance in the lottery fund after transfers to the lottery prize fund and credits to
3.4 the lottery operations account. Of the net proceeds, 40 percent must be credited to the
3.5 Minnesota environment and natural resources trust fund and the remainder must be
3.6 credited to the general fund. This subdivision does not apply to net proceeds from a
3.7 casino operated by the director.

3.8 Sec. 6. Minnesota Statutes 2006, section 349A.10, is amended by adding a subdivision
3.9 to read:

3.10 Subd. 5a. **Deposit of net casino proceeds.** The net proceeds from any casino
3.11 operated by the director must be deposited in the Minnesota capital improvement fund.

3.12 Sec. 7. **[349A.17] MINNESOTA CAPITAL IMPROVEMENT FUND.**

3.13 A Minnesota capital improvement fund is created as a separate fund in the state
3.14 treasury. The fund consists of money deposited under section 349A.10, subdivision 5a;
3.15 other money credited to the fund by law; and interest on the fund. Money in the fund may
3.16 be appropriated by law only for:

3.17 (1) capital improvements of the state, including but not limited to highways and
3.18 bridges;

3.19 (2) capital improvements of political subdivisions;

3.20 (3) educational infrastructure; and

3.21 (4) payment of debt service on bonds of the state issued for the purposes of clauses

3.22 (1) to (3).

3.23 Sec. 8. **EFFECTIVE DATE.**

3.24 Sections 3 to 7 are effective January 1, 2009, if the constitutional amendment
3.25 proposed in section 1 is adopted at the 2008 general election.