

NINETY-FIRST DAY

St. Paul, Minnesota, Wednesday, April 18, 1990

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Delton Krueger.

The roll was called, and the following Senators answered to their names:

Adkins	Davis	Johnson, D.E.	Mehrkens	Pogemiller
Anderson	Decker	Johnson, D.J.	Merriam	Purfeerst
Beckman	DeCramer	Knaak	Metzen	Ramstad
Belanger	Dicklich	Kroening	Moe, D.M.	Reichgott
Benson	Diessner	Laidig	Moe, R.D.	Renneke
Berg	Flynn	Langseth	Morse	Samuelson
Berglin	Frank	Lantry	Novak	Schmitz
Bernhagen	Frederick	Larson	Olson	Spear
Bertram	Frederickson, D.J.	Lessard	Pariseau	Storm
Brandl	Frederickson, D.R.	Luther	Pehler	Stumpf
Brataas	Freeman	Marty	Peterson, R.W.	Vickerman
Cohen	Gustafson	McGowan	Piepho	Waldorf
Dahl	Hughes	McQuaid	Piper	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. DeCramer moved that the following members be excused for a Conference Committee on S.F. No. 2213 from 9:00 to 10:45 a.m.:

Mr. Purfeerst, Mrs. McQuaid and Mr. DeCramer. The motion prevailed.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 17, 1990

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1726		432	1611 hours April 16	April 17
1980		433	1612 hours April 16	April 17
2172		434	1614 hours April 16	April 17
2136		435	1615 hours April 16	April 17
2134		439	1610 hours April 16	April 17
2433		440	1616 hours April 16	April 17
1897		441	1625 hours April 16	April 17
1752		442	1628 hours April 16	April 17
1879		443	1629 hours April 16	April 17
1794		444	1630 hours April 16	April 17
2127		445	1631 hours April 16	April 17
	1981	446	1633 hours April 16	April 17
	2500	447	1617 hours April 16	April 17
	2135	448	1634 hours April 16	April 17
	2056	449	1635 hours April 16	April 17
1087		451	1637 hours April 16	April 17
2489		452	1642 hours April 16	April 17
1920		453	1645 hours April 16	April 17
1696		454	1618 hours April 16	April 17
2061		455	1619 hours April 16	April 17
2068		456	1620 hours April 16	April 17
1995		457	1621 hours April 16	April 17
2431		458	1622 hours April 16	April 17
1365		459	1624 hours April 16	April 17

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1869, 2424 and 1162.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1896: A bill for an act relating to health; providing exemptions

from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

Senate File No. 1896 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Vickerman moved that the Senate do not concur in the amendments by the House to S.F. No. 1896, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a

subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

Senate File No. 2126 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Morse moved that the Senate do not concur in the amendments by the House to S.F. No. 2126, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

Senate File No. 2158 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 2158, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following

Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 18F

Senate File No. 2527 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Davis moved that the Senate do not concur in the amendments by the House to S.F. No. 2527, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

Senate File No. 1081 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Moe, R.D. moved that S.F. No. 1081 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2054: A bill for an act relating to courts; staggering the elections of chief judges and assistant chief judges; providing for the adoption of rules by the supreme court governing jury administration; imposing penalties; amending Minnesota Statutes 1988, sections 484.69, subdivision 1, and by adding a subdivision; 593.19; 593.21; 593.31; 593.37, subdivision 2a; 593.40, subdivisions 4, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 593; repealing Minnesota Statutes 1988, sections 484.69, subdivision 2; 593.01; 593.08; 593.131; 593.135; 593.16; 593.33; 593.34; 593.35; 593.36; 593.37, subdivisions 1, 2, and 3; 593.38; 593.39; 593.40, subdivisions 1, 2, and 3; 593.41; 593.42, subdivisions 1, 2, 3, and 5; 593.43; 593.44; 593.45; 593.46;

593.47; and 593.49.

Senate File No. 2054 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Moe, R.D. moved that S.F. No. 2054 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 188: A bill for an act relating to commerce; requiring mortgage lenders and mortgage brokers to obtain a license from the commissioner of commerce; requiring certain disclosures by mortgage lenders and mortgage brokers; prohibiting certain practices by mortgage lenders and mortgage brokers; appropriating money; amending Minnesota Statutes 1988, sections 82.17, subdivision 4; and 82.18; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1988, section 82.175.

There has been appointed as such committee on the part of the House: Osthoff, Scheid and Morrison.

Senate File No. 188 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

There has been appointed as such committee on the part of the House: Jacobs, Beard and Boo.

Senate File No. 2317 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2181: A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

There has been appointed as such committee on the part of the House: Dawkins, Begich and Bennett.

Senate File No. 2181 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

There has been appointed as such committee on the part of the House: Trimble, Skoglund and Uphus.

Senate File No. 1703 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2023 and 1891.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 1990

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committee indicated.

H.F. No. 2023: A bill for an act relating to veterans; authorizing the veterans homes board to rent certain facilities; appropriating money; amending Minnesota Statutes 1989 Supplement, section 198.003.

Referred to the Committee on Finance.

H.F. No. 1891: A bill for an act relating to lawful gambling; expanding definition of contraband; extending deadline for inventory of seized contraband; authorizing seizing authorities to use proceeds from forfeited contraband; prohibiting altered or counterfeit gambling equipment and possession thereof; prohibiting organizations from accepting checks for gambling equipment or chances; requiring posting of penalties for receiving cash on video games of chance; subjecting illegally used gambling equipment to forfeiture; providing penalties; amending Minnesota Statutes 1988, sections 349.151, by adding a subdivision; 349.2125, subdivision 4; 349.2127, by adding a subdivision; 349.22, by adding subdivisions; 349.52, by adding a subdivision; and 609.762, subdivision 1; Minnesota Statutes 1989 Supplement, sections 349.2125, subdivisions 1 and 3; 349.2127, subdivision 2; 349.22, subdivisions 1 and 3; 349.501, subdivision 1; 349.502, subdivision 1; and 609.76, subdivision 1.

Mr. Moe, R.D. moved that H.F. No. 1891 be laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2294, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2294 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 1990

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2294

A bill for an act relating to drivers' licenses; providing for electronically produced images on drivers' licenses; providing for living will designation on driver's licenses; allowing commissioner to suspend a driver's license for failure to report certain medical conditions; amending Minnesota Statutes 1988, sections 171.07, subdivisions 1a and 6, and by adding a subdivision; and 171.071; Minnesota Statutes 1989 Supplement, sections 171.06, subdivision 3; 171.07, subdivisions 1 and 3; and 171.18.

April 9, 1990

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 2294, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2294 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1989 Supplement, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION.] Every application ~~shall~~ *must* state the full name, date of birth, social security number, sex and residence address of the applicant, a description of the applicant in such manner as the commissioner may require, and ~~shall~~ *must* state whether or not the applicant has theretofore been licensed as a driver; and, if so, when and by what state or country and whether any such license has ever been suspended or revoked, or whether an application has ever been refused; and, if so, the date of and reason for such suspension, revocation, or refusal, together with such facts pertaining to the applicant and the applicant's ability to operate a motor vehicle with safety as may be required by the commissioner. The application form ~~shall~~ *must* contain a notification to the applicant of the availability of the donor document provided pursuant to section 171.07, subdivision 5, and ~~shall~~ *must* contain spaces where the applicant must indicate a desire to receive or not to receive the donor document. *The application form must contain a notification to the applicant of the availability of a living will designation on the license under section 171.07, subdivision 7.* The application ~~shall~~ *must* be in the form prepared by the commissioner.

The application form must be accompanied by a pamphlet containing relevant facts relating to:

- (1) the effect of alcohol on driving ability;
- (2) the effect of mixing alcohol with drugs;
- (3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and
- (4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 2. Minnesota Statutes 1989 Supplement, section 171.07, subdivision 1, is amended to read:

Subdivision 1. [LICENSE; CONTENTS.] The department shall, upon the payment of the required fee, issue to every applicant qualifying therefor a license designating the type or class of vehicles the applicant is authorized to drive as applied for, which license shall bear thereon a distinguishing number assigned to the licensee, the full name, date of birth, residence address and permanent mailing address if different, a description of the licensee in such manner as the commissioner deems necessary, and a space upon which the licensee shall write the usual signature and the date of birth of the licensee with pen and ink. No license shall be valid until it

has been so signed by the licensee. Except in the case of an instruction permit, every license shall bear thereon a colored photograph or an *electronically produced image* of the licensee. Every license issued to an applicant under the age of 21 shall be of a distinguishing color and plainly marked "Under-21." The department shall use such process or processes in the issuance of licenses that prohibits as near as possible, the ability to alter or reproduce the licenses, or prohibit the ability to superimpose a ~~photo~~ *photograph or electronically produced image* on such licenses without ready detection. A license issued to an applicant of age 65 or over shall be plainly marked "senior" if requested by the applicant.

Sec. 3. Minnesota Statutes 1988, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [~~PHOTOGRAPHIC NEGATIVES; FILING PHOTOGRAPHS OR IMAGES; DATA CLASSIFICATION.~~] The department shall file, or contract to file, all ~~photographic negatives~~ *photographs or electronically produced images* obtained in the process of issuing driver licenses or Minnesota identification cards. The ~~negatives~~ *photographs or electronically produced images* shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of ~~photographic negatives~~ *photographs or electronically produced images* to data subjects. The use of the files is restricted to the issuance and control of driver licenses and for law enforcement purposes in the investigation and prosecution of felonies and violations of section 169.09; 169.121; 169.123; 169.129; 171.22; 171.24; 171.30; 609.41; 609.487, subdivision 3; 609.631, subdivision 4, clause (3); or 609.821, subdivision 3, clauses (1), item (iv), and (3).

Sec. 4. Minnesota Statutes 1989 Supplement, section 171.07, subdivision 3, is amended to read:

Subd. 3. Upon payment of the required fee the department shall issue to every applicant therefor a Minnesota identification card. The department may not issue a Minnesota identification card to a person who has a driver's license, other than an instruction permit. The card must bear a distinguishing number assigned to the applicant, a colored photograph or an *electronically produced image*, the full name, date of birth, residence address, a description of the applicant in the manner as the commissioner deems necessary, and a space upon which the applicant shall write the usual signature and the date of birth of the applicant with pen and ink.

Each Minnesota identification card must be plainly marked "Minnesota identification card - not a driver's license." The fee for a Minnesota identification card issued to a person who is mentally retarded, as defined in section 252A.02, subdivision 2, is 50 cents.

Sec. 5. Minnesota Statutes 1988, section 171.07, subdivision 6, is amended to read:

Subd. 6. [~~MEDICAL ALERT IDENTIFIER.~~] Upon the written request of the applicant, the department shall issue a driver's license or Minnesota identification card bearing a medical alert identifier. The applicant must request the medical alert identifier at the time the photograph or *electronically produced image* is taken. No specific medical information will be contained on the driver's license or Minnesota identification card.

Sec. 6. Minnesota Statutes 1988, section 171.07, is amended by adding a subdivision to read:

Subd. 7. [LIVING WILL DESIGNATION.] At the written request of the applicant and on payment of the required fee, the department shall issue, renew, or reissue a driver's license or Minnesota identification card bearing the designation "Living Will" or an abbreviation thereof. The designation does not constitute delivery of a health care declaration under section 145B.05.

On payment of the required fee, the department shall issue a replacement or renewal license or identification card without the designation if requested by the applicant.

This subdivision does not impose any additional duty on a health care provider, as defined in section 145B.02, subdivision 6, beyond the duties imposed in chapter 145B.

For the purposes of this subdivision, "living will" means a declaration made under section 145B.03.

Sec. 7. Minnesota Statutes 1988, section 171.071, is amended to read:
171.071 [IDENTIFICATION IN LIEU OF PHOTOGRAPHS.]

Notwithstanding the provisions of section 171.07, the commissioner of public safety may adopt rules to permit identification on a driver's license in lieu of a photograph or *electronically produced image* where the commissioner finds that the licensee has religious objections to the use of a photograph or *electronically produced image*.

Sec. 8. Minnesota Statutes 1989 Supplement, section 171.18, is amended to read:

171.18 [SUSPENSION.]

The commissioner shall have authority to and may suspend the license of any driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) Has committed an offense for which mandatory revocation of license is required upon conviction; or

(2) Has been convicted by a court of competent jurisdiction for violation of a provision of the highway traffic regulation act or an ordinance regulating traffic and where it appears from department records that the violation for which the licensee was convicted contributed in causing an accident resulting in the death or personal injury of another, or serious property damage; or

(3) Is an habitually reckless or negligent driver of a motor vehicle; or

(4) Is an habitual violator of the traffic laws; or

(5) Is incompetent to drive a motor vehicle as determined and adjudged in a judicial proceeding; or

(6) Has permitted an unlawful or fraudulent use of such license; or

(7) Has committed an offense in another state which, if committed in this state, would be grounds for suspension; or

(8) Has committed a violation of section 171.22; or

(9) Has failed to appear in court as provided in section 169.92, subdivision 4; or

(10) has failed to report a medical condition that if reported would have resulted in cancellation of driving privileges.

Provided, however, that any action taken by the commissioner under subparagraphs (2) and (5) shall conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Upon suspending the license of any person, as hereinbefore in this section authorized, the department shall immediately notify the licensee, in writing, by depositing in the United States post office a notice addressed to the licensee at the licensee's last known address, with postage prepaid thereon, and the licensee's written request shall afford the licensee an opportunity for a hearing within not to exceed 20 days after receipt of such request in the county wherein the licensee resides, unless the department and the licensee agree that such hearing may be held in some other county. Upon such hearing the commissioner, or duly authorized agent, may administer oaths and issue subpoenas for the attendance of witnesses and the production of relevant books and papers, and may require a reexamination of the licensee. Upon such hearing the department shall either rescind its order of suspension or, good cause appearing therefor, may extend the suspension of such license or revoke such license. The department shall not suspend a license for a period of more than one year."

Delete the title and insert:

"A bill for an act relating to drivers' licenses; providing for electronically produced images on drivers' licenses; providing for living will designation on driver's license; allowing commissioner to suspend a driver's license for failure to report certain medical conditions; amending Minnesota Statutes 1988, sections 171.07, subdivisions 1a, 6, and by adding a subdivision; and 171.071; Minnesota Statutes 1989 Supplement, sections 171.06, subdivision 3; 171.07, subdivisions 1 and 3; and 171.18."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice Hausman, Dave Bishop, Jean Wagenius

Senate Conferees: (Signed) Jim Vickerman, Ember D. Reichgott, Clarence M. Purfeerst

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2294 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2294 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Ramstad
Anderson	Decker	Johnson, D.J.	Merriam	Reichgott
Beckman	DeCramer	Knaak	Metzen	Renneke
Belanger	Dicklich	Kroening	Moe, D.M.	Schmitz
Benson	Diessner	Laidig	Moe, R.D.	Storm
Berg	Flynn	Lantry	Morse	Stumpf
Berglin	Frank	Larson	Novak	Vickerman
Bernhagen	Frederick	Lessard	Olson	Waldorf
Bertram	Frederickson, D.R.	Luther	Pariseau	
Brataas	Freeman	Marty	Pehler	
Cohen	Gustafson	McGowan	Piepho	
Dahl	Hughes	McQuaid	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS

Mr. Moe, R.D. moved that H.F. No. 1891 be taken from the table. The motion prevailed.

H.F. No. 1891: A bill for an act relating to lawful gambling; expanding definition of contraband; extending deadline for inventory of seized contraband; authorizing seizing authorities to use proceeds from forfeited contraband; prohibiting altered or counterfeit gambling equipment and possession thereof; prohibiting organizations from accepting checks for gambling equipment or chances; requiring posting of penalties for receiving cash on video games of chance; subjecting illegally used gambling equipment to forfeiture; providing penalties; amending Minnesota Statutes 1988, sections 349.151, by adding a subdivision; 349.2125, subdivision 4; 349.2127, by adding a subdivision; 349.22, by adding subdivisions; 349.52, by adding a subdivision; and 609.762, subdivision 1; Minnesota Statutes 1989 Supplement, sections 349.2125, subdivisions 1 and 3; 349.2127, subdivision 2; 349.22, subdivisions 1 and 3; 349.501, subdivision 1; 349.502, subdivision 1; and 609.76, subdivision 1.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1891 and that the rules of the Senate be so far suspended as to give H.F. No. 1891 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1891 was read the second time.

Ms. Reichgott moved to amend H.F. No. 1891 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1891, and insert the language after the enacting clause, and the title, of S.F. No. 1853, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 6, line 30, after the period, insert "A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals."

Page 7, line 3, after the period, insert "A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals."

Page 7, line 13, delete "felony" and insert "gross misdemeanor"

Page 7, line 15, delete "exceeds" and insert "does not exceed" and after the period, insert "A violation of this paragraph is a felony if the total face value exceeds \$200."

Page 7, lines 29 and 32, after "submits" insert "materially"

Page 8, line 29, strike "GROSS MISDEMEANOR" and insert "PENALTY"

Page 8, line 31, delete "gross"

Page 10, line 32, delete the second comma

The motion prevailed. So the amendment was adopted.

Mrs. Lantry moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 1, after line 23, insert:

"ARTICLE 1

REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

Subd. 9. [FINGERPRINTING.] The director may require that a licensee under sections 349.11 to 349.23, an employee of the licensee, or a shareholder or officer of the licensee submit to fingerprinting in a manner acceptable to the director.

Sec. 2. [299L.06] JURISDICTION.]

In an investigation or other enforcement activity where there is probable cause to believe that a criminal violation relating to gambling has occurred, except a violation relating only to taxation, the division is the primary entity for investigation and enforcement.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 11, is amended to read:

Subd. 11. (a) "Lawful purpose" means one or more of the following:

(1) benefiting persons by enhancing their opportunity for religious or educational advancement; by relieving or protecting them from disease, suffering or distress; by contributing to their physical well-being; by assisting them in establishing themselves in life as worthy and useful citizens; or by increasing their comprehension of and devotion to the principles upon which this nation was founded;

(2) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;

(3) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people;

(4) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;

(5) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code;

(6) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9;

(7) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization; or

(8) if approved by the board, construction, improvement, expansion, maintenance, and repair of athletic fields and outdoor ice rinks and their appurtenances, owned by the organization or a public agency.

(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property or capital assets owned or leased by an organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board has first specifically authorized the expenditures after finding: (1) that the property or capital assets will be used exclusively for one or more of the purposes specified in paragraph (a); clauses (1) to (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board shall by rule adopt procedures and standards to administer this subdivision.

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed post-traumatic stress syndrome, or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals, where the funds are awarded through an open and fair selection process not controlled by the contributing organization;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision

of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity;

(8) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;

(9) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency; or

(10) a contribution to or expenditure by a nonprofit organization, church or body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value; or

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution.

The board must authorize a contribution under clause (5) when requested

to do so by the contributing organization unless the board makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a).

Sec. 4. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 12, is amended to read:

Subd. 12. [ORGANIZATION.] "Organization" means any fraternal, religious, veterans, or other nonprofit organization ~~which has at least 15 active members, and either has been duly incorporated as a nonprofit organization for at least three years, or has been recognized by the Internal Revenue Service as exempt from income taxation for the most recent three years.~~

Sec. 5. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 30. [501(c)(3) ORGANIZATION.] "501(c)(3) organization" means an organization exempt from the payment of federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 31. [AFFILIATE.] "Affiliate" means a person or entity directly or indirectly controlling, controlled by, or under common control or ownership with a licensee of the board or any officer or director of a licensee of the board.

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 32. [PERSON.] "Person" means an individual, firm, association, partnership, corporation, trustee, or legal representative.

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 33. [FLARE.] "Flare" means the posted display, with registration stamp affixed, that sets forth the rules of a game of pull-tabs or tipboards, and that is associated with a specific deal of pull-tabs or grouping of tipboards.

Sec. 9. Minnesota Statutes 1989 Supplement, section 349.151, is amended by adding a subdivision to read:

Subd. 3. [COMPENSATION.] *The compensation of board members is as provided in section 15.0575, subdivision 3.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

(1) *to regulate lawful gambling to ensure it is conducted in the public interest;*

(2) *to issue, revoke, and suspend licenses to organizations, distributors, bingo halls, and manufacturers under sections 349.16, 349.161, 349.163, and 349.164, and gambling managers;*

(2) (3) *to collect and deposit license, permit, and registration fees due under this chapter;*

~~(3) (4) to receive reports required by this chapter and inspect the all premises, records, books, and other documents of organizations and suppliers, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;~~

~~(4) (5) to make rules required authorized by this chapter;~~

~~(5) (6) to register gambling equipment and issue registration stamps under section 349.162;~~

~~(6) (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;~~

~~(7) (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;~~

~~(8) (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers, bingo halls, and gambling managers for failure to comply with any provision of sections 349.12 to 349.23 this chapter or any rule of the board;~~

~~(9) to notify city councils, county boards, and town boards before issuing or renewing licenses to organizations and bingo halls as specified under section 349.213; and~~

~~(10) to issue premises permits to organizations licensed to conduct lawful gambling;~~

~~(11) to delegate to the director the authority to issue licenses and premises permits under criteria established by the board;~~

~~(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;~~

~~(13) to register recipients of net profits from lawful gambling and to revoke or suspend the registrations;~~

~~(14) to register employees of organizations licensed to conduct lawful gambling;~~

~~(15) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and~~

~~(16) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.~~

(b) Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.152, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out gambling policy established by the board;

- (2) to employ and supervise personnel of the board;
- (3) to advise and make recommendations to the board on rules;
- (4) to issue licenses and premises permits as authorized by the board;
- (5) to issue cease and desist orders;
- (6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and
- (7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees.

Sec. 12. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

Subd. 3. [EXECUTIVE ASSISTANT.] The director may appoint an executive assistant to the director, who is in the unclassified service.

Sec. 13. [349.154] [EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.]

Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] The board shall by rule prescribe standards that must be met by a licensed organization that is a 501(c)(3) organization. The standards must provide:

- (1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and*
- (2) standards for expenditures by the organization of net profits from lawful gambling, including a requirement that the expenditures be related to the primary purpose of the organization.*

Subd. 2. [NET PROFIT REPORTS.] (a) A licensed organization shall report monthly to the board on a form prescribed by the board each expenditure and contribution by the organization of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

- (1) the name, address, and telephone number of the recipient of the expenditure or contribution;*
 - (2) the date the contribution was approved by the organization;*
 - (3) the date, amount, and check number of the expenditure or contribution; and*
 - (4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 11, paragraph (a).*
- (b) The report required under paragraph (a) must be accompanied by an acknowledgment, on a form the board prescribes, of each contribution of net profits from lawful gambling included in the report. The acknowledgment must be signed by the recipient of the contribution, or, if the recipient is not an individual, by an officer or other authorized representative of the recipient. The acknowledgment must include the name and address of the contributing organization and the items in paragraph (a), clauses (1) to (3).*

(c) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.

Subd. 3. [REGISTRATION OF LAWFUL GAMBLING NET PROFIT

RECIPIENTS.] *The board may by rule require that any individual, organization, or other entity must be registered with the board to receive a contribution of net profits from lawful gambling. The rules may designate and define specific categories of recipients that are subject to registration. The board may suspend or revoke the registration of any recipient the board determines has made an unlawful expenditure of net profits from lawful gambling.*

Sec. 14. Minnesota Statutes 1988, section 349.16, as amended by Laws 1989, chapter 334, article 2, sections 20 and 21, and Laws 1989, First Special Session chapter 1, article 13, section 8, is amended to read:

349.16 [ORGANIZATION LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] *An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.*

Subd. 2. [ISSUANCE OF GAMBLING LICENSES.] *(a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications of section 349.14, in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.*

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

(e) The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked for a violation of law or board rule.

(f) The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.

(g) The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.

(h) The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.

Subd. 3. [TERM OF LICENSE: SUSPENSION AND REVOCATION.] Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a ~~pattern of willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

~~Subd. 4a. [RESTRICTIONS ON LICENSE ISSUANCE.]~~ **On and after**

~~October 1, 1989, the board shall not issue an initial license to any organization if the board, in consultation with the department of revenue, determines that the organization is seeking licensing for the primary purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.~~

Subd. 2 4. [APPLICATION.] All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.

Subd. 5. [RENEWALS.] The board shall not renew a license issued under this section unless it determines that the organization is in compliance with all laws and rules governing lawful gambling and is not delinquent in filing tax returns or paying taxes required under this chapter. The board may delegate to the director the authority to make determinations required under this subdivision.

Subd. 3 6. [FEES.] The board may issue four classes of *organization* licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only; and a class D license authorizing raffles only. ~~The annual license fee for each class of license is:~~

(1) \$200 for a class A license;

(2) \$125 for a class B license;

(3) \$100 for a class C license; and

(4) ~~\$75 for a class D license.~~ *board shall not charge a fee for an organization license.*

Subd. 7. [PURCHASE OF GAMBLING EQUIPMENT.] *An organization may purchase gambling equipment only from a person licensed as a distributor.*

Subd. 4 8. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling or operate a bingo hall. An investigation fee may not exceed the following limits:

(1) for cities of the first class, \$500;

(2) for cities of the second class, \$250;

(3) for all other cities, \$100; and

(4) for counties, \$375.

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.161, as amended by Laws 1989, First Special Session chapter 1, article 13, section 9, is amended to read:

349.161 [DISTRIBUTOR LICENSES.]

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing under ~~section 349.214~~, except to an organization

licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment ~~to an organization licensed~~ for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

Subd. 2. [LICENSE APPLICATION.] The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor a person, who:

(1) has been convicted of a felony ~~within the past five years~~;

(2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;

(3) *has ever been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;*

(4) is or has ever been engaged in an illegal business;

~~(4)~~ (5) owes \$500 or more in delinquent taxes as defined in section 270.72;

~~(5)~~ (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

~~(6)~~ (7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a distributor's license is \$2,500.

Subd. 5. [PROHIBITION.] (a) No distributor, ~~or employee of a distributor,~~ may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, ~~distributor's or any representative, agent, affiliate, or employee of a distributor,~~ may: (1) be involved ~~directly~~ in the ~~operation~~ ~~conduct~~ of lawful gambling ~~conducted~~ by an organization; (2) *keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.*

(c) No ~~manufacturer or distributor or person acting as a~~ any representative, agent, affiliate, or employee of a ~~manufacturer or distributor~~ may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, ~~distributor's or any~~ representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor, ~~distributor's or any~~ representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) *No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.*

(g) *No distributor may purchase gambling equipment from a person who is not licensed as a manufacturer under section 349.163.*

(h) *No distributor may sell gambling equipment to a person in this state other than (i) a licensed organization or an organization that is exempt from licensing, or (ii) the governing body of an Indian tribe.*

Subd. 6. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule ~~or~~. *A license under this section may be revoked for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of a willful violations violation of law or board rule.* A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a distributor's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and home addresses of all employees. Each distributor, ~~and employee of a distributor, or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board. *No person other than an employee of a licensed distributor shall make any sales on behalf of a licensed distributor.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 349.162, is amended to read:

349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor may purchase, borrow, accept, or acquire from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed.

The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

(b) A distributor, organization, or other person may not sell a pull-tab that is not clearly marked "For Sale in Minnesota Only."

(c) Paragraph (b) does not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

(1) the identity of the person or firm from whom the ~~equipment was~~ distributor purchased the equipment;

(2) the registration number of the equipment;

(3) the name ~~and~~, address, and license or exempt permit number of the organization to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the equipment; ~~and~~

(6) the name of the person who received the equipment-;

(7) the type of equipment;

(8) the serial number of the equipment;

(9) the name, form number, or other identifying information for each game; and

(10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

The invoice for each sale must be retained for at least ~~two~~ 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the division and the division of gambling enforcement may inspect the business premises, books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Subd. 3. [EXEMPTION.] For purposes of this section, bingo cards or sheets need not be stamped.

Subd. 4. [PROHIBITION.] (a) No person other than a licensed distributor may possess unaffixed registration stamps ~~issued by the board~~.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been *stamped and* registered ~~with the board~~.

(c) *On and after January 1, 1991, no distributor may:*

(1) sell a bingo card that does not bear an individual number; or

(2) sell a package of bingo cards that does not contain bingo cards in numerical order.

Subd. 5. [SALES FROM FACILITIES.] (a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

(b) All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the employees of the division of gambling enforcement or the director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125. *This paragraph does not apply to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.*

Subd. 6. [REMOVAL OF EQUIPMENT FROM INVENTORY.] *Authorized employees of the board, the division of gambling enforcement of the department of public safety, and the commissioner of revenue may remove gambling equipment from the inventories of distributors and organizations and test the equipment to determine its compliance with applicable laws and rules. A distributor or organization may return to the manufacturer gambling equipment determined to be in violation of law or rule. The cost to an organization of gambling equipment removed from inventory under this paragraph and found to be in compliance with all applicable law and rules is an allowable expense under section 349.15.*

Sec. 17. Minnesota Statutes 1989 Supplement, section 349.163, as amended by Laws 1989, First Special Session chapter 1, article 13, section 10, is amended to read:

349.163 [LICENSING OF MANUFACTURERS.]

Subdivision 1. [LICENSE REQUIRED.] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has ~~been issued~~ *a current and valid license* by the board under ~~objective~~ *this section and other criteria prescribed by the board by rule.*

A manufacturer licensed under this section may not also be licensed, directly or indirectly, as a distributor under section 349.161, unless the manufacturer: (1) does not manufacture any gambling equipment other

than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

Subd. 1a. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:

- (1) has been convicted of a felony;*
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;*
- (3) has ever been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;*
- (4) is or has ever been engaged in an illegal business;*
- (5) owes \$500 or more in delinquent taxes as defined in section 270.72;*
- (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or*
- (7) after demand, has not filed tax returns required by the commissioner of revenue.*

Subd. 2. [LICENSE; FEE.] A license under this section is valid for one year. The annual fee for the license is \$2,500.

Subd. 2a. [LICENSES; SUSPENSION, REVOCATION.] The board may suspend a license under this section for a violation of law or board rule. The board may revoke a license under this section for: (1) a willful violation of law or board rule, or (2) a conviction in another jurisdiction for a criminal violation that is related to gambling, or that would be a felony or gross misdemeanor if committed in this state.

Subd. 3. [PROHIBITED SALES.] A manufacturer may not:

- (1) sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; ~~or~~*
- (2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use in this state;*
- (3) sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only;" or*
- (4) sell a pull-tab marked as required in clause (3) to any person inside or outside the state (including the governing body of an Indian tribe) who is not a licensed distributor.*

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the division and the division of gambling enforcement may inspect the books, records, inventory, and manufacturing operations of a licensed manufacturer without notice during the normal business hours of the manufacturer.

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may

not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement, printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers — This pull-tab (or tipboard) game is not legal in Minnesota unless:

— a Minnesota gambling stamp is affixed to this sheet, and

— the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet, and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

- (1) the name of the game;*
- (2) the serial number of the game;*
- (3) the name of the manufacturer;*
- (4) the number of tickets in the deal;*
- (5) the odds of winning each prize in the deal; and*
- (6) other information the board by rule requires.*

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Sec. 18. Minnesota Statutes 1989 Supplement, section 349.164, is amended to read:

349.164 [BINGO HALL LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one individual, corporation, partnership, or organization to conduct bingo without ~~having obtained~~ *a current and valid bingo hall license under this section, unless the lesser is a licensed organization.*

Subd. 2. [LICENSE APPLICATION.] The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11

to 349.22. Applications must be on a form the board prescribes. The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, ~~or to a organization~~, corporation, firm, or partnership *that is not the legal owner of the facility, or to a person, organization, corporation, firm, or partnership* which has as an officer, director, or other person in a supervisory or management position *a person*, who:

- (1) has been convicted of a felony ~~within the past five years~~;
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling; ~~or~~
- (3) *has ever been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;*
- (4) owes delinquent taxes in excess of \$500 as defined in section 270.72; *or*
- (5) *after demand, has not filed tax returns required by the commissioner of revenue.*

Subd. 4. [FEES.] The annual fee for a bingo hall license is \$2,500.

Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a bingo hall license and may reimburse the division of gambling enforcement for the costs. The board has access to all criminal history data compiled by the bureau of criminal apprehension and the division of gambling enforcement on licensees and applicants.

Subd. 6. [~~PROHIBITION~~ PROHIBITED ACTS.] No bingo hall licensee, *person holding a financial or managerial interest in a bingo hall, or affiliate thereof may also:*

- (1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;

Subd. 7. [~~RESTRICTIONS~~.] ~~A bingo hall licensee or affiliate of the licensee may not:~~

- ~~(1)~~ (2) provide any staff to conduct *or assist in the conduct of* bingo or any other form of lawful gambling ~~during the bingo occasion on the premises~~;
- ~~(2)~~ (3) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts ~~bingo lawful gambling~~ on the premises;
- ~~(3)~~ (4) provide accounting services to an organization conducting ~~bingo lawful gambling~~ on the premises;
- ~~(4)~~ (5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling; ~~or~~
- ~~(5)~~ (6) charge any fee to a person ~~at a bingo occasion~~, without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;
- (7) *provide assistance or participate in the conduct of lawful gambling on the premises; or*

(8) permit more than 21 bingo occasions to be conducted on the premises in a week.

Subd. 8 7. [LEASES.] All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by ~~the operator of~~ the bingo hall *licensee* based on the number of participants attending the bingo occasion or *participating in lawful gambling on the premises, or based on the gross receipts or profit received by the organization. All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.*

Subd. 9 8. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or *revoked* for (1) failure to meet the qualifications in subdivision 3 at any time; or ~~revoked for what the board determines to be~~ (2) ~~a pattern of willful violations~~ *violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

Sec. 19. [349.1641] [LICENSES; SUMMARY SUSPENSION.]

The board may: (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter, and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days a license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in this state. The board must notify the licensee at least 14 days before suspending the license under this paragraph. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or revoked under this subdivision, the board shall within three days notify all municipalities in which the organization's gambling premises are located, and all licensed distributors in the state.

Sec. 20. [349.165] [PREMISES PERMITS.]

Subdivision 1. [PREMISES PERMIT REQUIRED; APPLICATION.] *A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. The board may by rule limit the number of premises permits that may be issued to an organization.*

Subd. 2. [CONTENTS OF APPLICATION.] *An application for a premises permit must contain:*

(1) the name and address of the applying organization and of the organization's gambling manager;

(2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;

(3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site; and

(4) other information the board deems necessary to carry out its purposes.

An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.

Subd. 3. [FEES.] The board may issue four classes of premises permits, corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The annual fee for each class of permit is:

(1) \$200 for a class A permit;

(2) \$125 for a class B permit;

(3) \$100 for a class C permit; and

(4) \$75 for a class D permit.

Subd. 4. [IDENTIFICATION OF PREMISES.] No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization.

Sec. 21. [349.166] [EXEMPTIONS; EXCLUSIONS.]

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:

(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without

complying with sections 349.151 to 349.16; 349.167; 349.168; 349.18; 349.19; and 349.212 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, of the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is later filed and the penalty paid.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or 349.212.

Sec. 22. [349.167] [GAMBLING MANAGERS.]

Subdivision 1. [GAMBLING MANAGER REQUIRED.] (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross receipts of the organization and for its conduct in compliance with all laws and rules. The organization must maintain, or require the person designated as a gambling manager to maintain, a fidelity bond in the sum or \$25,000 in favor of the organization and the state, conditioned on (1) the faithful performance of the manager's duties; and (2) the payment of all taxes due under this chapter on lawful expenditures of gross profits from lawful gambling. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation. In the case of conflicting claims against a bond a claim by the state has preference over a claim by the organization.

(b) A person may not act as a gambling manager for more than one organization.

(c) An organization may not conduct lawful gambling without having a gambling manager. The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.

(d) An organization may not have more than one gambling manager at any time.

Subd. 2. [GAMBLING MANAGERS; LICENSES.] No person may serve as a gambling manager for any organization unless the person possesses a valid gambling manager's license from the board. The board may issue a gambling manager's license to a person applying for the license who:

- (1) has received training as required in subdivision 4;*
- (2) has not been convicted of a felony in a state or federal court;*
- (3) has not at any time within the five years prior to the license application committed any violation of law or board rule which resulted in the revocation of any license issued by the board;*
- (4) has never been convicted in a state or federal court of any criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;*
- (5) has never been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats; and*
- (6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.*

A gambling manager's license is valid for one year unless suspended or revoked. The annual fee for a gambling manager's license is \$100.

Subd. 3. [SUSPENSION; REVOCATION.] The board may suspend or revoke, as provided in board rules, a gambling manager's license for a violation of law or board rule. A suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 4. [TRAINING OF GAMBLING MANAGERS.] The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must provide that:

(1) a gambling manager must have received training before being issued a new license;

(2) a gambling manager applying for a renewal of a license must have received training within the three years before the date of application for the renewal; and

(3) the training required by this subdivision may be provided by a person, firm, association, or organization authorized by the board to provide the training.

Before authorizing a person, firm, association, or organization to provide training under this subdivision, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for different training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the division.

Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in the department of public safety in investigating the background of an applicant for a gambling manager's license and may reimburse the division of gambling enforcement for the costs of the investigation. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 6. [RECRUITMENT OF GAMBLING MANAGERS.] An organization may not seek or accept assistance from a manufacturer or distributor, or from a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying or recruiting candidates to become a gambling manager for the organization.

Sec. 23. [349.168] [GAMBLING EMPLOYEES.]

Subdivision 1. [REGISTRATION OF EMPLOYEES.] A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and social security number; (2) a current photograph; (3) the name, address, and license number of the employing organization; and (4) a listing of all employment in the conduct of lawful gambling within the previous three years, including the name and address of each employing organization and the circumstances under which the employment was terminated.

Subd. 2. [IDENTIFICATION OF EMPLOYEES.] The board shall issue

to each person registering under subdivision 1 a registration number and identification card, which must include the employee's photograph. Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board at all times while conducting the lawful gambling.

Subd. 3. [COMPENSATION.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tip-boards, raffle tickets, paddlewheel tickets, and bingo paper; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.

Subd. 4. [AMOUNTS PAID.] The amounts of compensation that may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule, the board must consider the nature of the participation and the types of lawful gambling participated in.

Subd. 5. [COMPENSATION RECORDS.] An organization paying compensation to persons who participate in the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must itemize each payment made to each recipient of compensation and must include the amount and the full name, address, and membership status of each recipient.

Subd. 6. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee.

Subd. 7. [PENALTY.] (a) An organization that makes payment of compensation, or causes compensation to be made, that violates subdivision 4 must be assessed a civil penalty not to exceed \$1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation must result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation must result in revocation of the organization's gambling license in addition to any civil penalty assessed.

(b) Upon each violation, the director shall notify the organization in writing of its violation and of the penalties under this subdivision for future violations. Notification is effective upon mailing.

(c) For purposes of this subdivision, a violation consists of a payroll period or compensation date that includes payments made in violation of subdivision 4.

Subd. 8. [PERCENTAGE OF GROSS PROFIT PAID.] A licensed organization may pay a percentage of the gross profit from raffle ticket sales to a nonprofit organization that sells raffle tickets for the licensed organization.

Sec. 24. Minnesota Statutes 1988, section 349.17, as amended by Laws 1989, chapter 334, article 2, section 26, is amended to read:

349.17 [CONDUCT OF BINGO.]

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~six~~ *seven* bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Subd. 2. [BINGO ON LEASED PREMISES.] ~~(a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.~~

~~(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.~~

~~(c) During any bingo occasion held conducted by an organization on premises it does not own, the organization shall be is directly responsible for the:~~

- ~~(1) staffing of the bingo occasion;~~
- ~~(2) conducting of lawful gambling during the bingo occasion;~~
- ~~(3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; and~~
- ~~(4) receipt, accounting, and all expenditures of gross receipts from lawful gambling; and~~
- ~~(5) preparation of the bingo packets.~~

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor. For purposes of this section, "furnish" does not include the right to sell or offer for sale.

Subd. 3. Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 4. [CHECKERS.] One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Subd. 5. [BINGO CARD NUMBERING.] *(a) The board shall by rule require that licensed organizations: (1) conduct bingo using liquid daubers on cards that bear an individual number recorded by the distributor; (2) sell bingo cards only in the order of the numbers appearing on the cards; and (3) use a bingo card for no more than one bingo occasion.*

(b) The requirements of paragraph (a) do not apply to a licensed organization that has never received gross receipts from bingo in excess of \$125,000 in a year and does not pay compensation to one or more persons for participating in the conduct of lawful gambling.

Sec. 25. [349.172] [PULL-TABS; INFORMATION REQUIRED TO BE POSTED.]

An organization selling pull-tabs, other than plays on a video pull-tab device, must post for each deal of pull-tabs all major prizes that have been awarded for pull-tabs purchased from that deal. The information must be posted prominently at the point of sale of the deal. An easily legible pull-tab flare that lists prizes in that deal, and on which prizes are marked or crossed off as they are awarded, satisfies the requirement of this section that major prizes be posted, provided that a separate flare is posted for each deal of pull-tabs. An organization must post or mark off each major prize immediately upon awarding the prize. A "major prize" in a deal of pull-tabs is any prize that is at least 50 times the face value of any pull-tab in the deal.

Sec. 26. Minnesota Statutes 1988, section 349.18, as amended by Laws 1989, chapter 334, article 2, sections 27 and 28, is amended to read:

349.18 [PREMISES USED FOR GAMBLING.]

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of one year and must be ~~in writing~~ *on a form prescribed by the board*. Copies of all leases must be made available to employees of the division and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity ~~in a~~ *on the leased space premises* during times when lawful gambling is being conducted ~~in the space on the premises~~.

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of ~~a licensed~~ *an* organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. *Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.*

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by ~~a licensed~~ *an* organization must be *secured and kept separate* from gambling equipment owned by other persons, organizations, distributors, or manufacturers ~~consistent with the organization's internal controls filed with the board~~.

(c) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(d) ~~A licensed~~ An organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.

Subd. 2. [EXCEPTIONS.] (a) ~~A licensed~~ An organization may conduct raffles on a premise it does not own or lease.

(b) ~~A licensed~~ An organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to ~~six~~ 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or ~~civil~~ a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Subd. 3. [PROCEEDS FROM RENTAL.] Rental proceeds from premises owned by a ~~licensed~~ an organization and leased ~~or subleased~~ to one or more other ~~licensed~~ organizations for the purposes of conducting lawful gambling shall not be reported as gambling proceeds under this chapter.

Subd. 4. [PROHIBITION.] (a) *An organization may not pay rent to itself or to any of its affiliates for use of space for conducting lawful gambling.*

(b) *An organization may not pay rent for space for conducting lawful gambling from any account or fund other than the organization's separate gambling account.*

Subd. 5. [CERTAIN AGREEMENTS PROHIBITED.] *An organization may not enter into or be a party to a lending agreement under which the organization's receipts from lawful gambling are pledged as collateral for a loan.*

Sec. 27. Minnesota Statutes 1988, section 349.19, as amended by Laws 1989, chapter 334, article 2, sections 29, 30, 32, and 33, and Laws 1989, First Special Session chapter 1, article 13, section 11, is amended to read:

349.19 [RECORDS AND REPORTS.]

Subdivision 1. [REQUIRED RECORD OF RECEIPTS.] A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, prizes, and ~~profits~~ gross profit. The board may by rule provide for the methods by which expenses are documented. ~~Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the game.~~ In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling by each organization at each ~~licensed~~ permitted premises must be segregated from all other revenues of the conducting organization and placed in a separate account. The name and address of the bank and the account number for

that separate account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within ~~one business day~~ *three days* of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. [EXPENDITURES.] All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, *and must be in compliance with section 349.154.* Authorization of the expenditures must be recorded in the ~~regular~~ *monthly* meeting minutes of the licensed organization. *Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.*

Subd. 4. [DISCREPANCIES.] If at a bingo occasion a discrepancy of more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. *Submission of the report required by section 13 satisfies the requirement for reporting monthly to the board on expenditure of net profits.*

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Subd. 7. [TAX RECORDS.] The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

Subd. 8. [TERMINATION PLAN.] Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Subd. 9. ~~[ANNUAL AUDIT; FILING REQUIREMENT.] An organiza-~~
~~tion licensed under this chapter must have an annual~~ *The board may require*
~~an organization to have a financial audit of its lawful gambling activities~~
~~and funds performed by an independent auditor licensed by the state of~~
~~Minnesota or performed by an independent accountant who has had prior~~
~~approval of the board.~~ A complete, true, and correct copy of the audit
 report must be filed with the board upon completion of the audit.

Subd. 10. [PULL-TAB RECORDS.] *The board shall by rule require a*
licensed organization to require each winner of a pull-tab prize of \$50 or
more to present identification in the form of a drivers license, Minnesota
identification card, or other identification the board deems sufficient to
allow the identification and tracing of the winner. The rule must require
the organization to retain winning pull-tabs of \$50 or more, and the iden-
tification of the winner of the pull-tab, for 3-1/2 years.

Subd. 11. [INFORMATION MADE PART OF ORGANIZATION MIN-
 UTES.] *A licensed organization which receives a copy of a written audit*
under subdivision 9, or an audit or compliance report prepared by an
agency of the state, must place the audit report or compliance report in
the minutes of the next meeting of the organization following receipt of
the report. Copies of such minutes must be made available to all members
of the organization upon request.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 349.212,
 subdivision 2, is amended to read:

Subd. 2. [COLLECTION; DISPOSITION.] The taxes imposed by this
 section are due and payable to the commissioner of revenue at the time
 when the gambling tax return is required to be filed. Returns covering the
 taxes imposed under this section must be filed with the commissioner of
 revenue on or before the 20th day of the month following the close of the
 previous calendar month. *The commissioner may require that the returns*
~~be filed via magnetic media or electronic data transfer.~~ The proceeds, along
 with the revenue received from all license fees and other fees under sections
 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the
 state treasurer for deposit in the general fund.

Sec. 29. Minnesota Statutes 1989 Supplement, section 349.2122, is
 amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER
 OF REVENUE; PENALTY.]

A manufacturer licensed ~~with~~ by the board who sells pull-tabs and tip-
 boards to a ~~licensed distributor licensed by the board~~ must file with the
 commissioner of revenue, on a form prescribed by the commissioner, a
 report of pull-tabs and tipboards sold to ~~licensed distributors~~ *any person*
~~in the state, including the established governing body of Indian tribes~~
~~recognized by the United States Department of the Interior.~~ The report
 must be filed monthly on or before the 25th day of the month succeeding
 the month in which the sale was made. *The commissioner may require that*
~~the report be submitted via magnetic media or electronic data transfer.~~
 The commissioner of revenue may inspect the books, records, and inventory
 of a licensed manufacturer without notice during the normal business hours
 of the manufacturer. Any person violating this section shall be guilty of a
 misdemeanor.

Sec. 30. Minnesota Statutes 1988, section 349.2123, is amended to read:

349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The *board or* commissioner of revenue may, upon request, require a ~~licensed~~ distributor to furnish a certified physical inventory of ~~the pull-tabs and tipboards~~ all gambling equipment in stock. The inventory must contain the information required by the *board or the* commissioner.

Sec. 31. Minnesota Statutes 1989 Supplement, section 349.213, is amended to read:

349.213 [LOCAL AUTHORITY.]

Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of ~~any form of~~ lawful gambling within its jurisdiction, including the prohibition of ~~any form of~~ lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. *A trade area defined by a city under this subdivision must include each city contiguous to the defining city.*

(c) *A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision.*

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing ~~an organization license~~ a premises permit or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises or the bingo hall is located or, if the premises or hall is located outside a city, the county board of the county and the town board of the town where the premises or hall is located. The board may require organizations *or bingo halls* to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the notice required by this subdivision. ~~If the city council or county board~~

~~adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the application, the license may not be issued or renewed. The board may not issue or renew a premises permit or bingo hall license unless the organization submits a resolution from the city council or county board approving the premises permit or bingo hall license. The resolution must have been adopted within 60 days of the date of application for the new or renewed permit or license.~~

Sec. 32. Minnesota Statutes 1988, section 349.30, subdivision 2, is amended to read:

Subd. 2. "Gambling devices" means slot machines, roulette wheels, punchboards, and pin ball machines which return coins or slugs, chips, or tokens of any kind, which are redeemable in merchandise or cash device" has the meaning given it in section 609.75, subdivision 4.

Sec. 33. Minnesota Statutes 1988, section 349.31, is amended to read:

349.31 [GAMBLING DEVICE; POSSESSION OF]

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the *suspension* or revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Subd. 2. [SUSPENSION AND REVOCATION OF LICENSES.] All licenses under which any licensed business is permitted to be carried on upon the licensed premises shall be *suspended* or revoked if the intentional possession or willful keeping of any such gambling devices upon the licensed premises is established, notwithstanding that it may not be made to appear that such devices have actually been used or operated for the purpose of gambling.

Sec. 34. Minnesota Statutes 1988, section 349.32, is amended to read:

349.32 [ISSUING AUTHORITY TO SUSPEND OR REVOKE.]

The proceedings for *suspension* or revocation ~~shall be had~~ are held before the issuing authority, which ~~shall have~~ has the power to *suspend* or revoke the license or licenses involved, as hereinafter provided.

Sec. 35. Minnesota Statutes 1988, section 349.34, is amended to read:

349.34 [PROCEEDINGS BEFORE ISSUING AUTHORITY; ORDER TO SHOW CAUSE.]

~~Upon the receipt of such information from any of the peace officers referred to in section 349.33, if any~~ If an issuing authority, on receipt of information from a peace officer described in section 349.33, is of the opinion that cause exists for the *suspension* or revocation of ~~any such~~ a license, ~~then that~~ the authority shall issue an order to show cause directed to the licensee of the premises, stating the ground upon which the proceeding is based and requiring the licensee to appear and show cause at a time and place, within the county in which the licensed premises are located, not less than ten days after the date of the order, why the license should

not be *suspended or* revoked. That order to show cause shall be served upon the licensee in the manner prescribed by law for the service of summons in a civil action, or by certified mail, not less than eight days before the date fixed for the hearing thereof. A copy of the order shall forthwith be mailed to the owner of the premises, as shown by the records in the office of the county recorder, at the owner's last known post office address. A copy of the order shall at the same time be mailed to any other issuing authority, of which the authority issuing the order to show cause has knowledge, by which other license to that licensee may have been issued, and any such other authority may participate in the *suspension or* revocation proceedings after notifying the licensee and the officer or authority holding the hearing of its intention so to do on or before the date of hearing, and after the hearing take such action as it could have taken had it instituted the *suspension or* revocation proceedings in the first instance.

Sec. 36. Minnesota Statutes 1988, section 349.35, subdivision 1, is amended to read:

Subdivision 1. [*SUSPENSION; REVOCATION; STAY; APPEAL.*] If, upon the hearing of the order to show cause, it appears that the licensee intentionally possessed or willfully kept upon the licensed premises any gambling device, then the license or licenses under which the licensed business is operated on the licensed premises, shall be *suspended or* revoked. The order of *suspension or* revocation shall not be enforced during the period allowed by section 349.39 for taking an appeal.

Sec. 37. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [*DUTIES OF COUNTY ATTORNEY.*]

The county attorney of the county in which the hearing is held, *or the city attorney if the issuing authority is the city*, shall attend the hearing, interrogate the witnesses, ~~and~~ advise the issuing authority- ~~The county attorney shall also, and~~ appear for the issuing authority on any appeal taken pursuant to the provisions of section 349.39.

Sec. 38. Minnesota Statutes 1988, section 349.38, is amended to read:

349.38 [*PROPERTY OWNERS LIABILITY.*]

When a license is *suspended or* revoked under the provisions of sections 349.30 to 349.39, the owner of the premises upon which any licensed business has been operated shall not be penalized by reason thereof unless it is established that the owner had knowledge of the existence of the gambling devices resulting in license *suspension or* revocation.

Sec. 39. Minnesota Statutes 1988, section 349.39, is amended to read:

349.39 [*APPEAL TO DISTRICT COURT; STAY; CONTINUANCE UNDER BOND; HEARING UPON ONE YEAR LIMITATION ON PREMISES.*]

Any licensee, or any owner of licensed premises, aggrieved by an order of an issuing authority *suspending or* revoking any license may appeal from that order to the district court of the county in which the licensee resides by serving a notice of the appeal upon the issuing authority or the clerk thereof. The notice of appeal shall state that the person appealing takes an appeal to that district court from the order *suspending or* revoking the license or licenses, describing them and identifying the order appealed from. This notice shall be served within 15 days from the date of service

of the order appealed from, and the same, with proof of service thereof, shall be filed with the court administrator of the district court of the proper county. The appeal shall stand for trial at the next term of the district court following the filing of the notice of appeal, without the service of any notice of trial, and shall be tried in the district court de novo. The trial shall be by jury if the appellant shall so demand. The licensee may continue to operate the licensed business or businesses until the final disposition of such appeal. If the district court upon the appeal shall determine that any license involved in the appeal should be *suspended or revoked*, it may, nevertheless, in its discretion permit the continuance of the licensed business under a bond in the amount and in the form and containing the conditions prescribed by the court. The district court on the appeal, or in a separate proceeding, may permit the issuance of a new license to a different licensee before the expiration of the period of one year specified in section 349.35, subdivision 2, upon such terms and conditions imposed by the court as will insure that no gambling device shall thereafter be maintained upon the licensed premises.

Sec. 40. Minnesota Statutes 1988, section 349.50, subdivision 8, is amended to read:

Subd. 8. [VIDEO GAME OF CHANCE.] "Video game of chance" means games or devices that simulate games commonly referred to

as poker, blackjack, craps, hi-lo, roulette or other common gambling forms, though not offering any type of pecuniary award or gain to players. The term also includes any video game having one or more of the following characteristics:

(1) it is primarily a game of chance, and has no substantial elements of skill involved;

(2) it awards game credits or replays and contains a meter or device which records unplayed credits or replays ~~and contains a device that permits them to be canceled.~~

Sec. 41. Minnesota Statutes 1988, section 349.55, is amended to read:
349.55 [GAME SPECIFICATIONS.]

No payment may be made directly from any game or in connection with the operation of any device. Each game must contain a random character generator, and any internal meter must be nonresetable. ~~Any game canceling replays or credits must cancel them no more than one at a time. A video game of chance may not contain or have attached to it any switch, lever, button, or other device capable of canceling replays or credits in any way other than by playing the game offered by the machine. A person may not cancel replays or credits on a video game of chance in any way other than by playing the game offered by the machine.~~

Sec. 42. Minnesota Statutes 1989 Supplement, section 349A.02, subdivision 5, is amended to read:

Subd. 5. [COMPENSATION INCENTIVE PLAN.] ~~The compensation of employees in the division is as provided in chapter 43A. Subject to the provisions of section 43A.18, subdivision 1, the commissioner of employee relations director may, at the request of the director, develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.~~

Sec. 43. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; ~~or~~
- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; *or*
- (7) *is a currency exchange, as defined in section 53A.01.*

A contract entered into before August 1, 1991, that violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 44. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL HISTORY.] The director may request the director of gambling enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. *The director has access to all criminal history data compiled by the director of gambling enforcement on: (1) a person holding or applying for a retailer contract, (2) a person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) a person applying for employment with the lottery.*

Sec. 45. Minnesota Statutes 1988, section 609.75, subdivision 4, is amended to read:

Subd. 4. [GAMBLING DEVICE.] A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or

otherwise, the award of which is determined principally by chance. "Gambling device" includes any video game of chance, as defined in section 349.50, subdivision 8, that is not in compliance with sections 349.50 to 349.60.

Sec. 46. Laws 1989, First Special Session chapter 1, article 13, section 27, is amended to read:

Sec. 27. [STATE TO BE SUPPLIER OF GAMBLING EQUIPMENT.]

~~Notwithstanding any other law to the contrary, After June 30, 1990~~ 1993, the state of Minnesota will be the sole supplier of all gambling equipment under Minnesota Statutes, chapter 349. The commissioner of revenue shall no later than ~~January 15, 1990~~ December 7, 1992, submit to the legislature a bill making all statutory changes required to implement this section including proposing the required staff and appropriation. The bill shall include provisions requiring the state to provide an adequate supply and variety of gambling equipment and to supply it efficiently. The commissioner of revenue shall provide copies of this bill to the chair of the house of representatives tax committee and to the chair of the senate committee on taxes and tax laws. Notwithstanding any contrary requirements of Minnesota Statutes, section 3C.035, subdivision 2, the revisor shall assess the commissioner of revenue for the actual cost of bill drafting services rendered to the department with respect to the bill required by this section.

Sec. 47. [TRANSFER OF GAMBLING EQUIPMENT.]

Until January 1, 1991, Minnesota Statutes, section 349.2127, subdivision 4, does not prohibit the otherwise lawful transfer of gambling equipment to a licensed facility located in Minnesota from a facility located in an adjoining state that is owned and operated by the licensed Minnesota distributor who makes the transfer.

Sec. 48. [PULL-TABS; DEADLINE FOR USE.]

A deal of pull-tabs or tipboards received by an organization before September 1, 1989, must be put into play by the organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to the manufacturer and to the distributor who sold the deal to the organization. An organization in possession after August 31, 1990, of a deal of pull-tabs and tipboards the organization received before September 1, 1989, may not put the deal in play and must remove it from the organization's inventory and return it to the manufacturer.

Sec. 49. [REPEALER.]

(a) Minnesota Statutes 1988, sections 349.14; and 349.214, subdivisions 1, 1a, 3, and 4; and Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2, are repealed.

(b) Minnesota Statutes 1989 Supplement, sections 349.20 and 349.21, are repealed.

Sec. 50. [EFFECTIVE DATE.]

Sections 46, 47, and 48 are effective the day following final enactment. Sections 16, 17, 23, 24, 25, and 49, paragraph (b), are effective January 1, 1991.

ARTICLE 2
PENALTY PROVISIONS"

Amend the title accordingly

Mr. Stumpf moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Pages 48 and 49, delete section 46

Page 49, line 36, delete the second "and"

Page 50, line 1, after "2" insert " ; and Laws 1989, First Special Session chapter 1, article 13, section 27"

Renumber the sections of article 1 in sequence and correct the internal references

The motion prevailed. So the amendment to the amendment was adopted.

CALL OF THE SENATE

Mrs. Lantry imposed a call of the Senate for the balance of the proceedings on H.F. No. 1891. The Sergeant at Arms was instructed to bring in the absent members.

Mr. McGowan moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 3, line 18, delete everything after "process" and insert a semicolon

Page 3, delete line 19

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Gustafson moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 36, line 22, before the period, insert "unless authorized by the board"

Page 49, after line 33, insert:

"Sec. 49. [LOAN AGREEMENTS.]

Section 26, subdivision 5, does not apply to lending agreements executed before August 1, 1990."

Renumber the sections of article 1 in sequence and correct the internal references

Mrs. Lantry requested division of the amendment as follows:

First portion:

Page 36, line 22, before the period, insert "unless authorized by the board"

Second portion:

Page 49, after line 33, insert:

"Sec. 49. [LOAN AGREEMENTS.]

Section 26, subdivision 5, does not apply to lending agreements executed before August 1, 1990."

Renumber the sections of article 1 in sequence and correct the internal references

Mr. Gustafson withdrew the first portion of his amendment.

The question was taken on the adoption of the second portion of the amendment. The motion prevailed. So the second portion of the amendment to the amendment was adopted.

Mr. Samuelson moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 3, line 34, delete "and"

Page 3, line 35, before the semicolon, insert ", and the tax imposed by section 349.212, subdivision 4"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Johnson, D.E. moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 49, after line 33, insert:

"Sec. 49. [APPROPRIATIONS.]

Subdivision 1. The sums shown in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal year ending June 30 in the years indicated.

1990

1991

Subd. 2. PUBLIC SAFETY

\$1,078,000

The approved complement of the department of public safety is increased by nine positions.

This appropriation includes money to fully fund the department's current approved complement of 12 positions, as well as to enforce the criminal laws relating to gambling, conduct background investigations, and train local law enforcement agencies.

Appropriations previously made to the department of public safety to enforce lawful gambling regulations in fiscal year 1990 do not cancel and are available for the second year of the biennium.

Subd. 3. GAMING

1,623,000

The approved complement of the department of gaming is increased by 30 positions.

This appropriation is to assist organizations that conduct lawful gambling activities to comply with state laws and regulations.

Subd. 4. ATTORNEY GENERAL

45,000

The approved complement of the office of attorney general is increased by one position.

This appropriation is to assist other agencies with gambling-related legal matters.

Subd. 5. REVENUE

50,000

350,000

The approved complement of the department of revenue is increased by seven positions.

This appropriation is to oversee tax compliance of organizations involved with lawful gambling."

Renumber the sections of article 1 in sequence and correct the internal references

The question was taken on the adoption of the Johnson, D.E. amendment to the Lantry amendment.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Mehrkens	Storm
Belanger	Frederick	Larson	Olson	
Benson	Gustafson	Lessard	Pariseau	
Bernhagen	Johnson, D.E.	McGowan	Piepho	
Brataas	Knaak	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Davis	Hughes	Metzen	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Moe, R.D.	Renneke
Berg	Dicklich	Kroening	Morse	Samuelson
Berglin	Diessner	Langseth	Novak	Schmitz
Bertram	Frank	Lantry	Pehler	Stumpf
Brandl	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Cohen	Frederickson, D.R.	Marty	Piper	Waldorf
Dahl	Freeman	Merriam	Pogemiller	

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Dicklich moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 13, lines 17 and 18, reinstate the stricken language

Page 19, line 3, before the semicolon, insert "*within the past five years*"

Page 22, lines 2 and 3, reinstate the stricken language

Page 28, line 26, before the semicolon, insert "*within the past five years*"

The question was taken on the adoption of the Dicklich amendment to the Lantry amendment.

The roll was called, and there were yeas 8 and nays 51, as follows:

Those who voted in the affirmative were:

Davis	Johnson, D.J.	Marty	Pogemiller	Samuelson
Dicklich	Langseth	Morse		

Those who voted in the negative were:

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Kroening	Moe, R. D.	Renneke
Beckman	Diessner	Laidig	Novak	Schmitz
Berg	Flynn	Lantry	Olson	Storm
Berglin	Frank	Larson	Pariseau	Stumpf
Bernhagen	Frederickson, D.J.	Lessard	Pehler	Vickerman
Bertram	Frederickson, D.R.	Luther	Peterson, R. W.	Waldorf
Brandl	Freeman	McGowan	Piepho	
Brataas	Gustafson	McQuaid	Piper	
Cohen	Hughes	Mehrkens	Purfeerst	
Dahl	Johnson, D.E.	Merriam	Ramstad	

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the Lantry amendment, as amended. The motion prevailed. So the Lantry amendment, as amended, was adopted.

Mr. DeCramer moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 1, after line 23, insert:

"ARTICLE 1

REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1988, section 349.12, subdivision 10, is amended to read:

Subd. 10. "Pull-tab" means a single folded or banded ticket or a card with a face covered to conceal one or more numbers or symbols, where one or more of each set of tickets or cards has been designated in advance as a winner. "Pull-tab" also includes a ticket sold in a gambling device known as a ticket jar, *and includes plays on a video pull-tab device.*

Sec. 2. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 10a. [VIDEO PULL-TAB DEVICE.] "Video pull-tab device" means an electronic video device that on the insertion of cash or a token simulates the game of pull-tabs.

Sec. 3. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 10b. [VIDEO PULL-TAB DEVICE MEMORY CHIP] "Video pull-tab device memory chip" means a memory chip used or intended for use in driving a video pull-tab device.

Sec. 4. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 15, is amended to read:

Subd. 15. [GAMBLING EQUIPMENT.] "Gambling equipment" means: bingo cards or sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, *video pull-tab devices*, paddlewheels, and tipboards.

Sec. 5. Minnesota Statutes 1988, section 349.12, subdivision 18, is amended to read:

Subd. 18. [DEAL.] "Deal" means each separate package, or series of packages, consisting of one game of pull-tabs or tipboards with the same

serial number, and also includes a video pull-tab device memory chip.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 19, is amended to read:

Subd. 19. [IDEAL GROSS.] "Ideal gross" means the total amount of receipts that would be received if every individual ticket in the pull-tab or tipboard deal was sold at its face value. In the calculation of ideal gross and prizes, a free play ticket shall be valued at face value. *In the case of video pull-tab devices "ideal gross" is the total amount of receipts that can be received by the memory chip driving the device.*

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 33. [VIDEO PULL-TAB DEVICE WHOLESALER.] "*Video pull-tab device wholesaler*" is a person who purchases video pull-tab devices from a manufacturer and sells them to a distributor.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing ~~under section 349.214~~, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment ~~to an organization licensed~~ for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter, *or in the case of video pull-tab devices, purchased or obtained from a manufacturer or a video pull-tab device wholesaler*; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

Nothing in this subdivision prohibits the otherwise lawful sale of video pull-tab devices to a distributor by a licensed video pull-tab device wholesaler.

Sec. 9. Minnesota Statutes 1989 Supplement, section 349.161, is amended by adding a subdivision to read:

Subd. 9. [LEASES OF VIDEO PULL-TAB DEVICES.] *For purposes of this section the terms "sell" and "sale" include the lease of a video pull-tab device by a distributor to a licensed organization.*

Sec. 10. [349.161] [VIDEO PULL-TAB DEVICE WHOLESALER.]

Subdivision 1. [LICENSE REQUIRED.] *A person may not engage in the business of purchasing video pull-tab devices from a manufacturer for sale to a distributor without having obtained a license from the board. The*

board may issue a license to persons who meet the qualifications of this section if the board determines that issuance of the license is consistent with the purposes of sections 349.11 to 349.23. Applications must be on a form the board prescribes. Video pull-tab device wholesaler's licenses are valid for one year. The fee for a video pull-tab device wholesaler's license is \$2,500.

Subd. 2. [QUALIFICATIONS.] A license may not be issued under this section to a licensed distributor. In addition, a license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:

- (1) has been convicted of a felony within the last five years;*
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;*
- (3) is or has ever been engaged in an illegal business;*
- (4) owes \$500 or more in delinquent taxes as defined in section 270.72;*
- (5) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or*
- (6) after demand, has not filed tax returns required by the commissioner of revenue.*

Subd. 3. [PROHIBITIONS.] A prohibition applicable to distributors or manufacturers under section 349.161, subdivision 5, applies to video pull-tab device wholesalers.

Subd. 4. [REVOCATION; SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule. A license under this section may be revoked for failure to meet the qualifications in subdivision 2 at any time or for a willful violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 11. [349.173] [VIDEO PULL-TAB DEVICES.]

Subdivision 1. [LICENSES.] (a) An organization may not operate a video pull-tab device for which the board has not issued a license. An application for a video pull-tab device license must be on a form the board prescribes and must contain the following information:

- (1) the name, address, and license number of the organization applying for the license;*
- (2) the name, address, and license number of the distributor that will be leasing the device to the applicant;*
- (3) the name and address of the premises on which the device is to be located;*
- (4) the serial number or other identifying number, the model number, and the name of the manufacturer of the device; and*
- (5) other information the board deems necessary to identify the device and insure its compliance with law and board rules.*

(b) A license issued under this section is valid for one year. The board

shall set and charge a fee for each license under this section in an amount sufficient to reimburse the board for its costs in administering and enforcing this section and rules adopted by the board under subdivision 11, other than the costs recovered under subdivision 3. Fee receipts must be credited to a video pull-tab account. Money in the account is appropriated to the board to administer and enforce this section and rules adopted by the board under subdivision 11.

(c) A license issued under this section must display all the information required in paragraph (a), clauses (1) to (5).

(d) The license must specify by name the persons whom the board has authorized to have access to the device, and the extent of the access. The board may not authorize a person to have access who is not: (1) an active member of the licensed organization applying for the license; (2) a licensed distributor; or (3) an employee of a licensed distributor. A person, other than a licensed peace officer or an authorized employee of the board, the commissioner of revenue or the commissioner of public safety may not obtain or attempt to obtain access to a device or to any of its parts or components unless the person is named on the license and authorized by the board to have access.

Subd. 2. [LICENSES; LIMITATIONS.] (a) The board may not have outstanding at any time more than 100 licenses issued under this section. The board shall, in issuing licenses under this section, insure as nearly as practicable that the locations of the licenses are equally divided between locations where paper pull-tabs will also be sold and locations where paper pull-tabs will not be sold.

(b) Licenses issued under this section expire July 1, 1993.

Subd. 3. [INSPECTION OF DEVICES.] (a) The board may issue a video pull-tab device license only for a device that has first been tested and certified, by a laboratory approved by the board, as being in compliance with all applicable law and rules. The board shall examine and if necessary conduct tests on each video pull-tab device for which a license is applied, and may examine and if necessary conduct tests on any component of the video pull-tab device. The board may request the assistance of the commissioner of public safety or contract for the services of a consultant or testing laboratory in making examinations or conducting tests. The board shall require that the manufacturer of a video pull-tab device pay all costs of examining and testing the device or any of its components.

(b) A manufacturer, distributor, or video pull-tab device wholesaler may not sell or lease a video pull-tab device unless the board has determined that the device and all its components are in compliance with all applicable laws and rules.

Subd. 4. [DISPLAY OF LICENSE.] An organization operating a video pull-tab device shall prominently display the license on the device at all times when the device is available for play by the public. An organization may display a license only on the device for which it was issued.

Subd. 5. [SPECIFICATIONS.] (a) A video pull-tab device approved by the board must be driven by a sealed memory chip displaying or having attached the information the board deems necessary, which must include identification of the manufacturer and the number of plays for which the chip has been programmed. The chip must be secured within the device by a strip of security tape of a type approved by the board, capable of

evidencing the removal of the chip from its memory board.

(b) A chip must be programmed for a specific number of plays and be incapable of offering any plays in excess of that number. The number of plays programmed onto any chip must be the number on which tax has been paid under section 349.212, subdivision 4. The chip must be programmed to accept only the same price for all plays on the chip. A chip must also have programmed onto it the percentage of plays that are winning plays and the percentage of total receipts on all plays that are returned to players as prizes, and may not be capable of having these percentages altered. Winning plays must be randomly distributed on each chip, and a chip must be designed and programmed in such a way that the location of winning chances cannot be determined in advance. A chip on which all programmed plays have been exhausted must be replaced before the device may again be operated.

(c) A video pull-tab device must display, on the video screen or elsewhere, the price of each chance, the percentage of total chances on the chip that are winning chances, and the number of free games or credits awarded for each successful chance. If the information is displayed on the video screen it must be displayed at all times when the machine is operable but not being played. The video pull-tab device memory chip must be programmed to display on the video screen the unique serial number of the chip and a statement that the chip is to be sold only in Minnesota.

(d) A video pull-tab device must contain a prize meter with a printer. The prize meter must be capable of dispensing to any player a voucher containing:

- (1) the name of the establishment where the device is located;*
- (2) the organization operating the device;*
- (3) the license number of the device;*
- (4) a sequential number of the voucher and a separate encrypted validation number;*
- (5) the time and date of the play;*
- (6) the value of any credits won; and*
- (7) other information the board by rule requires.*

The prize meter must print and retain inside the device a copy of each such voucher issued. The device must not be capable of returning anything to the player other than the voucher.

(e) A video pull-tab device must contain electronic accounting meters that are maintained at all times, including when the game is not being supplied with external power. The following information must be recorded and stored on a meter capable of maintaining totals of not less than eight digits:

- (1) total coins and bills inserted by players, and their value;*
- (2) total credits wagered;*
- (3) total credits won; and*
- (4) total credits paid out by printed ticket voucher.*

The following information must be recorded and stored on a meter capable of maintaining totals of not less than six digits:

(1) the number of times access was obtained to the compartment containing the memory chip;

(2) the number of chances played on the memory chip; and

(3) the number of cumulative credits representing credits won and money inserted by a player but not redeemed or played off.

The electronic accounting meters described in this paragraph may be cleared only by an employee of the board, or by an authorized person in the presence of an employee of the board. The organization to which the device was leased must make a written record of the readings before and after clearing. The record must include the reason why the meter was cleared. A separate record must be made for each meter cleared. If the record is kept by an authorized person, a copy must be provided to the board.

(f) A video pull-tab device may not offer any game or gambling form other than the simulation of the game of pull-tabs.

(g) A video pull-tab device may not have any functions or parameters adjustable by or through any separate video display or input codes except for the adjustment of wholly cosmetic features.

(h) A video pull-tab device must contain a meter and printer that issues, on activation of a switch, an accounting ticket containing the following information:

(1) the name of the licensed organization;

(2) the location of the device;

(3) the license number and manufacturer's serial number of the device;

(4) the time and date of the printout;

(5) the registration number of the chip driving the device; and

(6) the readings from the meter required under paragraph (e).

A person may not activate the switch required in this paragraph who is not authorized by the board to do so.

Subd. 6. [HARDWARE REQUIREMENTS.] *(a) A video pull-tab device must have:*

(1) a surge protector for all power fed to the device;

(2) a power switch located in an accessible place inside the device that controls the electrical current that powers the device;

(3) a separate secure compartment for holding coins or currency, with a key or combination different from that used for unlocking any other part of the device; and

(4) a battery back-up or its equivalent that allows the electronic meters of the device to maintain accurate readings of the following information for not less than 180 days after power is discontinued to the device:

(i) current and total tallies for amounts wagered and paid out;

(ii) records of access to the logic board compartment;

(iii) records of access to the cash and coin compartments; and

(iv) other information the board by rule requires.

(b) A video pull-tab device must not have:

(1) a hardware switch capable of altering the payment tables or payout percentages of the device; or

(2) a mechanism or program that will cause the electronic accounting meters to clear automatically.

(c) A video pull-tab device and its components must not be capable of being adversely affected by static discharge, radio frequency interference, or other electromagnetic interference.

(d) Logic boards, memory chips, and other logic control components of a video pull-tab device must be located in a locked compartment that is separate from any other compartment. The key or combination of this compartment must be different from that used for unlocking any other part of the device.

(e) A video pull-tab device must not be capable of being activated by a credit card.

Subd. 7. [LOCATIONS.] (a) An organization may place a video pull-tab device for operation only in a location approved by the board and specified on the license. The board may not approve a location unless the sale of alcoholic beverages at on-sale is authorized at the location under chapter 340A. The board may not allow the placement of more than two video pull-tab devices in any location.

(b) All leases by which a licensed organization leases space in a location for the placement of a video pull-tab device are subject to section 349.18.

(c) The board, the commissioner of revenue, and the commissioner of public safety may inspect at any time a location agreement made between a distributor and a licensed organization governing the terms of leasing a video pull-tab device.

(d) A video pull-tab device must stand where it can readily be observed by employees of the location or persons supervising the device on behalf of a licensed organization.

Subd. 8. [CONDUCT OF GAMBLING ON VIDEO PULL-TAB DEVICES.] A person receiving compensation for participating in the conduct of gambling on a video pull-tab device may not gamble on the device while so participating. A person receiving compensation for participating in the conduct of gambling on a video pull-tab device or an employee of the lessor of the premises on which the device is located may not provide any information on the device that would give a player an unfair advantage in operating the device. A person under age 18 may not wager on or receive a prize from a video pull-tab device.

Subd. 9. [PAYMENT OF PRIZES.] An organization may not pay a prize won on a video pull-tab device except on presentation by the winner of the ticket voucher printed by the device's prize meter. The law and board rules governing the retention of winning pull-tabs apply to ticket vouchers. An organization must, when a ticket voucher is presented and paid, immediately deface the voucher in a manner that prevents its reuse.

Subd. 10. [LIMITATION OF PRIZES.] A video pull-tab device may not:

- (1) charge a price for a single chance of more than \$2; or
- (2) award a single prize of more than \$250.

Subd. 11. [RULES.] The board may by rule provide additional requirements for video pull-tab devices as it deems necessary to ensure their integrity and the full accounting for all play on them. The rules may include, but need not be limited to:

- (1) procedures and criteria for authorization of persons to have access to any locked area of a video pull-tab device;*
- (2) additional device specifications;*
- (3) methods for determining the randomness of prize distribution on a memory chip;*
- (4) testing procedures for video pull-tab devices; and*
- (5) methods for monitoring play on video pull-tab devices.*

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] ~~There is hereby imposed~~ *A tax is imposed* on all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, and (3) *operation of video pull-tab devices*, at the rate of ten percent on the gross receipts as defined in section 349.12, subdivision 26, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 4 8, or a tax authorized under section 349.212, subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) ~~There is imposed~~ *A tax is imposed* on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor, *and each read-only memory chip intended to drive a video pull-tab device*. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal *or the chip*. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor *and on the sale of a chip intended to drive a video pull-tab device* is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a Province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) In the case of a memory chip intended to drive a video pull-tab device, the liability for the tax imposed by this section is incurred when the chip has been delivered by the distributor to the purchaser, to a common carrier for delivery to the purchaser, or when received by the purchaser's representative at the distributor's place of business, regardless of the distributor's method of accounting.

(d) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.214, subdivision 2, paragraph (b), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

Sec. 14. Minnesota Statutes 1988, section 349.2121, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION AND ISSUANCE.] Every distributor licensed by the board who sells pull-tabs and tipboards to organizations authorized to sell pull-tabs and tipboards under this chapter, *and every manufacturer who sells video pull-tab devices under this chapter*, must file with the commissioner of revenue an application, on a form the commissioner prescribes, for a gambling tax identification number and gambling tax permit. The commissioner, when satisfied that the applicant has a valid license from the board, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor *or video pull-tab device manufacturer* in whose name it is issued.

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.2121, subdivision 2, is amended to read:

Subd. 2. [RECORDS.] *(a)* A distributor shall keep at each licensed place of business complete and accurate records for that place of business, including itemized invoices of pull-tabs and tipboards held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of pull-tabs and tipboards. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all pull-tab and tipboard deals on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of pull-tab and tipboard deals. Books, records, and other papers and documents required by this section must be kept for a period of at least 3-1/2 years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner of revenue authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner of revenue, director of gambling enforcement, or any of their duly authorized agents or employees,

may enter a place of business of a distributor or organization, any site from which pull-tabs or tipboards or other gambling equipment are being sold, or any site at which lawful gambling is being conducted, and inspect the premises and the records required to be kept under this section to determine whether or not all the provisions of this section are being fully complied with. If the commissioner of revenue, director of gambling enforcement, or their duly authorized agents or employees are denied free access to or are hindered or interfered with in making an inspection of the distributor's place of business, the permit of the distributor may be revoked by the commissioner, and the license of the distributor may be revoked by the gambling control board.

(b) A distributor who supplies to an organization a replacement video pull-tab device memory chip after all chances on the chip being replaced have been played shall retain the replaced chip for 3-1/2 years from the date of its removal from the device. All provisions of law relating to the availability of a distributor's books and records apply to the chips.

Sec. 16. Minnesota Statutes 1988, section 349.2121, subdivision 4a, is amended to read:

Subd. 4a. [REFUND.] *(a) If any deal of pull-tabs or tipboards registered with the board and upon which the tax imposed by section 349.212, subdivision 4, has been paid is returned unplayed to the distributor, or if a memory chip used to drive a video pull-tab device is returned to its manufacturer without having been put into play, the commissioner of revenue shall allow a refund of the tax paid.*

(b) In the case of a defective deal or defective memory chip registered with the board and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal or chip was returned and in what respect it was defective. The certification must be in a form prescribed by the commissioner and must contain additional information the commissioner requires.

(c) The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards, or the returned memory chip, have been set aside for inspection by the commissioner's employee.

(d) Reductions in previously paid taxes authorized by this subdivision shall be made at the time and in the manner prescribed by the commissioner.

ARTICLE 2

PENALTY PROVISIONS"

Amend the title accordingly

Mr. Frank moved to amend the DeCramer amendment to H.F. No. 1891 as follows:

Page 3, lines 29 and 30, delete "*within the last five years*"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the DeCramer amendment, as amended.

The roll was called, and there were yeas 39 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knaak	McQuaid	Pogemiller
Anderson	DeCramer	Kroening	Mehrkens	Purfeerst
Belanger	Diessner	Laidig	Olson	Ramstad
Benson	Frederick	Langseth	Pariseau	Reichgott
Bernhagen	Freeman	Lantry	Pehler	Samuelson
Bertram	Gustafson	Larson	Peterson, R. W.	Storm
Brandl	Hughes	Lessard	Piepho	Vickerman
Brataas	Johnson, D.E.	McGowan	Piper	

Those who voted in the negative were:

Beckman	Decker	Frederickson, D.R.	Moe, D.M.	Schmitz
Berg	Dicklich	Johnson, D.J.	Moe, R.D.	Spear
Berglin	Flynn	Marty	Morse	Stumpf
Dahl	Frank	Merriam	Novak	Waldorf
Davis	Frederickson, D.J.	Metzen	Renneke	

The motion prevailed. So the DeCramer amendment, as amended, was adopted.

H.F. No. 1891 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 34 and nays 30, as follows:

Those who voted in the affirmative were:

Berg	Flynn	Kroening	Moe, D.M.	Pogemiller
Berglin	Frank	Langseth	Moe, R.D.	Purfeerst
Brandl	Frederickson, D.J.	Lantry	Morse	Reichgott
Cohen	Freeman	Luther	Novak	Samuelson
DeCramer	Gustafson	Marty	Pehler	Schmitz
Dicklich	Hughes	Merriam	Peterson, R. W.	Spear
Diessner	Johnson, D.J.	Metzen	Piper	

Those who voted in the negative were:

Adkins	Bertram	Frederickson, D.R.	McGowan	Ramstad
Anderson	Brataas	Johnson, D.E.	McQuaid	Renneke
Beckman	Dahl	Knaak	Mehrkens	Storm
Belanger	Davis	Laidig	Olson	Stumpf
Benson	Decker	Larson	Pariseau	Vickerman
Bernhagen	Frederick	Lessard	Piepho	Waldorf

So the bill, as amended, was passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1854:

H.F. No. 1854: A bill for an act relating to real estate; validating certain cancellation of contracts; validating certain conveyances by religious corporations; allowing county boards to set certain fees charged by the examiner of titles; providing for the effect of dissolution on joint tenancy; permitting the filing of summaries of dissolution judgments in real estate filings; clarifying provisions on certain liens by reordering clauses; amending Minnesota Statutes 1988, sections 287.01, by adding a subdivision; 500.19, subdivision 5; and 514.12, subdivision 3; Minnesota Statutes Second 1989

Supplement, section 508A.82; proposing coding for new law in Minnesota Statutes, chapters 315, 518, and 559; repealing Minnesota Statutes 1988, section 580.031.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Pugh, Kelly and Macklin have been appointed as such committee on the part of the House.

House File No. 1854 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 1990

Mr. Peterson, R.W. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1854, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2299 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2299

A bill for an act relating to agriculture; establishing the Minnesota natural wild rice promotion advisory council; proposing coding for new law in Minnesota Statutes, chapter 30.

April 5, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2299, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2299 be further amended as follows:

Page 1, line 10, delete "30.495" and insert "116J.645"

Page 1, line 15, delete "agriculture" and insert "trade and economic development"

Page 2, line 1, delete "commissioner of agriculture" and insert "department of trade and economic development"

Page 2, line 3, after the period insert "*The advisory council functions shall include but not be limited to addressing the issues of trademarking, labeling, packaging, consumer awareness, and marketing techniques necessary to the successful promotion of the exclusive and original nature of the home-grown Minnesota product.*"

The advisory council shall advise the department of trade and economic development annually of its activities and progress in this regard."

Amend the title as follows:

Page 1, line 2, delete "agriculture" and insert "trade and economic development"

Page 1, line 5, delete "30" and insert "116J"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, Bob Decker, Gregory L. Dahl

House Conferees: (Signed) Karen Clark, Steve Trimble, Sylvester Uphus

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2299 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2299 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Hughes	Mehrkens	Pogemiller
Anderson	DeCramer	Johnson, D.E.	Merriam	Purfeerst
Beckman	Dicklich	Johnson, D.J.	Moe, D.M.	Ramstad
Belanger	Diessner	Knaak	Moe, R.D.	Reichgott
Benson	Flynn	Kroening	Morse	Renneke
Berg	Frank	Laidig	Novak	Schmitz
Bernhagen	Frederick	Langseth	Olson	Spear
Bertram	Frederickson, D.J.	Larson	Pariseau	Storm
Brandl	Frederickson, D.R.	Luther	Pehler	Stumpf
Brataas	Freeman	Marty	Peterson, R.W.	Vickerman
Davis	Gustafson	McGowan	Piepho	Waldorf

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1743 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1743

A bill for an act relating to telephone service; regulating the installation of extended area service in exchanges; requiring the expansion of the metropolitan extended area telephone service, under some circumstances; proposing coding for new law in Minnesota Statutes, chapter 237.

April 11, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1743, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1743 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [237.161] [EXTENDED AREA SERVICE.]

Subdivision 1. [CRITERIA.] (a) The commission shall grant a petition for installation of extended area service only when each of the following criteria has been met:

(1) the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;

(2) polling by the commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the commission agree that no polling is necessary; and

(3) at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study.

The rate to the polled exchange must be available to its customers before the commission determines what proportion of them favor the installation of extended area service.

(b) For the purpose of clause (3), the commission shall include as a customer an FX telephone service subscriber in the petitioning exchange whose FX service is provided through the exchange or an exchange within the local calling area to which extended area service is sought. For the purposes of this subdivision, "FX" means tariffed telephone toll service provided by placing a telephone line from another telephone exchange area in the telephone customer's exchange area.

(c) When the local calling area to which extended service is sought is the metropolitan local calling area in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties and the petitioning exchange meets the criteria in paragraph (a), the telephone company serving the petitioning exchange shall make local measured service or another lower cost alternative to basic flat-rate service available to customers in the petitioning exchange.

Subd. 2. [BASIS OF RATES; COSTS.] For a proposal to install extended area service, proposed rates must be based on specific additional cost incurred, operating expenses, actual cost for new facilities constructed specifically to provide for extended area service, net book value of existing facilities transferred from another service to extended area service, a return on the capital investment associated with installing and providing the extended area service, and appropriate contributions to common overheads.

Subd. 3. [RATES.] (a) When the local calling area to which extended service is sought is the metropolitan local calling area in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties, 75 percent of the costs of providing extended area service, as identified in subdivision 2, must be apportioned to the petitioning exchange and the remaining 25

percent apportioned to the exchange or exchanges to which extended area service is requested. When the proposed extended service area is not the metropolitan local calling area, the commission shall determine the apportionment of costs, provided that between 50 and 75 percent of the costs must be allocated to the petitioning exchange. The costs must be apportioned among the customers in an exchange so that the relationship between the rates for classes of basic local service remains the same. Rates within the existing metropolitan local calling area may not be raised as a result of the addition of a local exchange under this subdivision until the rates in the added exchange are at least equal to the highest rates in an adjacent exchange within the metropolitan local calling area, provided that the rates in the added exchange may not exceed the amount necessary to recover 100 percent of the costs and ensure that the rates are income neutral for the telephone company serving the added exchange.

(b) The commission shall establish rates that are income neutral for each affected telephone company at the time at which the commission determines the extended area service rates. The commission shall consider the interests of all parties when determining a fair and equitable extended area service rate for a local telephone exchange that is newly included in the extended area service.

(c) A telephone company that provides local telephone service in an exchange that is included in an extended service area shall include the extended area service rate in the basic rate for the purpose of billing customers so that only one line item charge appears on customers' bills for both rates.

Subd. 4. [LATA BOUNDARIES.] When the commission has determined that a petition for inclusion of a local exchange in an extended service area should be granted under this section, but the inclusion of that local exchange would place a telephone company in violation of the federal prohibition on providing telephone service across a local access and transport area (LATA) line, as defined in section 237.57, subdivision 5, the commission shall order the affected telephone company to seek a waiver of the prohibition on the provision of service across the LATA line to the extent necessary to include the exchange in the extended service area.

Subd. 5. [INTERSTATE EXTENDED AREA SERVICE.] No state boundary may be crossed to establish extended area service under this section, but an exchange may be added to an interstate extended service area in existence on the effective date of this section.

Sec. 2. [METROPOLITAN EXTENDED AREA TELEPHONE SERVICE.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "metropolitan" or "metropolitan area" means all of the area within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 2. [REQUIRED EXPANSION OF METROPOLITAN EXTENDED AREA SERVICE.] Notwithstanding section 1, by July 1, 1991, the public utilities commission shall expand the metropolitan extended area service local calling area to include each local service telephone exchange served by a central office or wire center located within the metropolitan area if a majority of the consumers in the exchange that respond to polling by the commission favor including that exchange in the metropolitan local calling area as determined under subdivisions 3 and 4.

Subd. 3. [COMMISSION DUTIES; PROJECT.] The commission, in

cooperation with each affected telephone company, shall determine the rates that would be charged to the customers in each metropolitan exchange that is not currently included in the metropolitan local calling area if that exchange were to be included. The commission shall then conduct a poll of the customers in each exchange. The ballot or questionnaire sent to each customer must clearly identify the rate that would be charged to customers in that exchange if the exchange becomes part of the metropolitan extended service area and must be returnable to the commission, at no cost to the customers, within 60 days of the date the ballot or questionnaire was mailed. If a majority of the customers in an exchange who respond to the commission's poll indicate that they favor inclusion, the commission shall include that exchange in the metropolitan local calling area.

Subd. 4. [COSTS; RATES.] The commission shall determine the costs and rates for each exchange subject to subdivision 3 in accordance with section 1, subdivisions 2 and 3, and commission rules.

Subd. 5. [FUTURE EXPANSION.] Customers in metropolitan exchanges that are not included in the metropolitan local calling area under subdivision 3 and customers in nonmetropolitan exchanges that want to be included in the metropolitan local calling area may petition the commission for inclusion under section 1 and commission rules, provided that no state boundary may be crossed in expanding the metropolitan local calling area.

Subd. 6. [DUTIES; TELEPHONE COMPANIES.] Each telephone company that is potentially affected by the activities of the commission in implementing subdivision 3 shall cooperate with the commission in determining costs and rates and any other activity or determination necessary to implement that subdivision.

Sec. 3. [REPEALER.]

Section 1 is repealed effective June 1, 1994.

Sec. 4. [EFFECTIVE DATE; APPLICATION.]

Sections 1 and 2 are effective the day following final enactment. Section 1 applies to all petitions pending before the public utilities commission on that date and to bills sent to customers in exchanges that become part of an extended service area after that date. Section 2 applies to local exchanges whose central offices or wire centers are located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The public utilities commission shall suspend further action on any pending extended area service petition from an exchange governed by section 2 until the public utilities commission has implemented that section."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Robert J. Schmitz, Gene Waldorf, Ronald R. Dicklich

House Conferees: (Signed) Joel Jacobs, Harold Lasley, Robert Vanasek

Mr. Schmitz moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1743 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1743 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Knaak	Metzen	Ramstad
Anderson	Dicklich	Kroening	Moe, D.M.	Reichgott
Beckman	Diessner	Laidig	Moe, R.D.	Renneke
Belanger	Flynn	Langseth	Morse	Samuelson
Benson	Frank	Lantry	Novak	Schmitz
Berg	Frederick	Larson	Olson	Spear
Berglin	Frederickson, D.J.	Lessard	Pariseau	Storm
Bernhagen	Frederickson, D.R.	Luther	Pehler	Stumpf
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Brataas	Gustafson	McGowan	Piepho	Waldorf
Cohen	Hughes	McQuaid	Piper	
Davis	Johnson, D.E.	Mehrkens	Pogemiller	
Decker	Johnson, D.J.	Merriam	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Reichgott moved that S.F. No. 1853, No. 3 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Dicklich moved that S.F. No. 394 be taken from the table. The motion prevailed.

S.F. No. 394: A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 394, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Spear moved that S.F. No. 1081 be taken from the table. The motion prevailed.

S.F. No. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

Mr. Spear moved that the Senate do not concur in the amendments by the House to S.F. No. 1081, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Messrs. Luther and McGowan introduced—

Senate Concurrent Resolution No. 12: A Senate concurrent resolution commemorating the life of Clinton Hill of New Hope, Minnesota, and recognizing the program he initiated, Kids for Saving Earth.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 12 be laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and

Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mrs. Pariseau, Messrs. Bernhagen, Renneke and Anderson introduced—

S.F. No. 2637: A bill for an act relating to education; providing for the state takeover of all public K-12 education costs by the year 2000; amending Minnesota Statutes 1988, section 124A.22, subdivision 4; repealing Minnesota Statutes 1989 Supplement, section 124A.03, subdivision 2.

Referred to the Committee on Education.

Messrs. Bertram, Mehrkens, Vickerman, Stumpf and Diessner introduced—

S.F. No. 2638: A resolution memorializing the Congress of the United States to enact H.R. 3603 which relates to the disclosure of information concerning POW/MIAs.

Referred to the Committee on Veterans and Military Affairs.

Messrs. Decker; Moe, R.D. and Larson introduced—

S.F. No. 2639: A resolution memorializing the Congress of the United States to appropriate money for the restoration and preservation of the Civilian Conservation Corps buildings.

Mr. Moe, R.D. moved that S.F. No. 2639 be laid on the table. The motion prevailed.

Mr. Knutson introduced—

S.F. No. 2640: A bill for an act relating to human services; mental health; clarifying the definition of mental health professional; amending Minnesota Statutes 1989 Supplement, sections 245.462, subdivision 18; and 245.4871, subdivision 27.

Referred to the Committee on Health and Human Services.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1777: Messrs. Cohen, Waldorf and Knaak.

S.F. No. 2126: Messrs. Morse, Davis, DeCramer, Beckman and Bernhagen.

S.F. No. 1896: Messrs. Vickerman, Samuelson, DeCramer, Piepho and Langseth.

S.F. No. 394: Messrs. Dicklich, Ramstad and Dahl.

S.F. No. 2158: Messrs. Dicklich, Waldorf and Johnson, D.E.

S.F. No. 2527: Messrs. Davis, Bernhagen and Bertram.

H.F. No. 1854: Messrs. Peterson, R.W.; Luther and Knaak.

S.F. No. 1081: Messrs. Spear, Merriam and Laidig.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Messrs. Chmielewski and Solon were excused from the Session of today. Messrs. Brandl and Pogemiller were excused from the Session of today from 9:00 to 10:00 a.m. Ms. Piper was excused from the Session of today from 9:35 to 10:30 a.m. Mr. Spear was excused from the Session of today from 9:00 a.m. to 12:30 p.m. Mr. Novak was excused from the Session of today from 10:40 a.m. to 12:20 p.m. Mr. Dahl was excused from the Session of today from 12:50 to 1:15 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Friday, April 20, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate