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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 3081 - Omnibus Liquor Bill (subcommittee report)

Author: Senator Sandra L. Pappas

Prepared by: Christopher B. Stang, Senate Counsel (651/296-0539)

Date: March 22, 2006

Sections 1, 2, and 4 to 7 (S.F. No. 3081, Pappas) permit Minnesota farm wineries to produce fortified wines, such as port or sherry. Current law restricts farm wineries to the production of table and sparkling wines.

Section 3 (S.F. No. 3230, Solon) allows brewpubs to distribute their product at other licensed brewpubs owned by the brewer and for distribution through licensed wholesalers to other retail licensees.

Section 8 (S.F. No. 3071, Higgins) allows Minneapolis to issue an on-sale intoxicating liquor license to a restaurant operator at the Minnesota Book and Literary Arts Building's Open Book facility.

Sections 9 and 12 (S.F. No. 3198, Murphy) allow a bed and breakfast to serve wine to guests attending private events at the facility under its on-sale wine license if the bed and breakfast has a licensed commercial kitchen. Makes a bed and breakfast facility eligible for a consumption and display permit.

Section 10 (S.F. No. 2850, Ortman) authorizes a limited on-sale liquor license to a business that conducts culinary or cooking classes. The establishment could offer up to six ounces of wine or 12 ounces of beer for consumption on premises during the class. It would also permit the establishment to offer one-ounce wine samples to the public for the purpose of demonstrating nonalcoholic products for sale.

Section 11 (S.F. No. 2835, Dibble) eliminates a current-law restriction on alcohol license issuance with respect to areas surrounding the premises of Metropolitan State University in Minneapolis.

Section 13 (S.F. No. 2981, Pappas) allows a municipality to impose different hours for off-sale of intoxicating malt liquor and 3.2 malt liquor.

Section 14 (S.F. No. 3116, Neuville) allows New Prague to issue an on-sale intoxicating liquor license for the New Prague Golf Club.

CBS:cs

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1.1 To: Senator Scheid, Chair

1.2 Committee on Commerce

1.3 Senator Pappas,

1.4 Chair of the Subcommittee on Liquor, to which was referred

1.5 **S.F. No. 3081:** A bill for an act relating to liquor; allowing Minnesota farm wineries
1.6 to produce certain fortified wines; amending Minnesota Statutes 2004, sections 340A.101,
1.7 subdivision 11, by adding a subdivision; 340A.315, subdivisions 1, 2, 3, 4.

1.8 Reports the same back with the recommendation that the bill be amended as follows:

1.9 Delete everything after the enacting clause and insert:

1.10 "Section 1. Minnesota Statutes 2004, section 340A.101, subdivision 11, is amended
1.11 to read:

1.12 Subd. 11. **Farm winery.** "Farm winery" is a winery operated by the owner of a
1.13 Minnesota farm and producing table ~~or~~, sparkling, or fortified wines from grapes, grape
1.14 juice, other fruit bases, or honey with a majority of the ingredients grown or produced
1.15 in Minnesota.

1.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.17 Sec. 2. Minnesota Statutes 2004, section 340A.101, is amended by adding a
1.18 subdivision to read:

1.19 Subd. 30. **Fortified wine.** "Fortified wine" is wine to which brandy, or neutral grape
1.20 spirits, has been added during or after fermentation resulting in a beverage containing
1.21 not less than one-half of one percent nor more than 24 percent alcohol by volume for
1.22 nonindustrial use.

1.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.24 Sec. 3. Minnesota Statutes 2005 Supplement, section 340A.301, subdivision 6, is
1.25 amended to read:

1.26 Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

- 1.27 (a) Manufacturers (except as provided in clauses
- 1.28 (b) and (c)) \$ 30,000
- 1.29 Duplicates \$ 3,000
- 1.30 (b) Manufacturers of wines of not more than 25
- 1.31 percent alcohol by volume \$ 500
- 1.32 (c) Brewers who manufacture more than 3,500
- 1.33 barrels of malt liquor in a year \$ 4,000

2.1	(d) Brewers who also hold one or more retail	
2.2	on-sale licenses and who manufacture fewer	
2.3	than 3,500 barrels of malt liquor in a year,	
2.4	at any one licensed premises, the entire	
2.5	production of which is solely for consumption	
2.6	on tap on the <u>any</u> licensed premises or owned	
2.7	<u>by the brewer, for off-sale from that those</u>	
2.8	<u>licensed premises, or for distribution through</u>	
2.9	<u>licensed wholesalers to other retail licensees.</u>	
2.10	A brewer licensed under this clause must	
2.11	obtain a separate license for each licensed	
2.12	premises where the brewer brews malt liquor.	
2.13	A brewer licensed under this clause may not	
2.14	be licensed as an importer under this chapter	\$ 500
2.15	(e) Wholesalers (except as provided in clauses	
2.16	(f), (g), and (h))	\$ 15,000
2.17	Duplicates	\$ 3,000
2.18	(f) Wholesalers of wines of not more than 25	
2.19	percent alcohol by volume	\$ 3,750
2.20	(g) Wholesalers of intoxicating malt liquor	\$ 1,000
2.21	Duplicates	\$ 25
2.22	(h) Wholesalers of 3.2 percent malt liquor	\$ 10
2.23	(i) Brewers who manufacture fewer than 2,000	
2.24	barrels of malt liquor in a year	\$ 150
2.25	(j) Brewers who manufacture 2,000 to 3,500	
2.26	barrels of malt liquor in a year	\$ 500

2.27 If a business licensed under this section is destroyed, or damaged to the extent that
 2.28 it cannot be carried on, or if it ceases because of the death or illness of the licensee, the
 2.29 commissioner may refund the license fee for the balance of the license period to the
 2.30 licensee or to the licensee's estate.

2.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.32 Sec. 4. Minnesota Statutes 2004, section 340A.315, subdivision 1, is amended to read:

2.33 Subdivision 1. **Licenses.** The commissioner may issue a farm winery license to
 2.34 the owner or operator of a farm winery located within the state and producing table ~~or,~~
 2.35 sparkling, or fortified wines. Licenses may be issued and renewed for an annual fee of
 2.36 \$50, which is in lieu of all other license fees required by this chapter.

2.37 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.38 Sec. 5. Minnesota Statutes 2004, section 340A.315, subdivision 2, is amended to read:

2.39 Subd. 2. **Sales.** A license authorizes the sale, on the farm winery premises,
 2.40 of table ~~or,~~ sparkling, or fortified wines produced by that farm winery at on-sale or
 2.41 off-sale, in retail, or wholesale lots in total quantities not in excess of 50,000 gallons in
 2.42 a calendar year, glassware, wine literature and accessories, cheese and cheese spreads,
 2.43 other wine-related food items, and the dispensing of free samples of the wines offered

2.44 for sale. Sales at on-sale and off-sale may be made on Sundays between 12:00 noon and
3.1 12:00 midnight. Labels for each type or brand produced must be registered with the
3.2 commissioner, without fee prior to sale.

3.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.4 Sec. 6. Minnesota Statutes 2004, section 340A.315, subdivision 3, is amended to read:

3.5 Subd. 3. **Applicability.** Except as otherwise specified in this section, all provisions
3.6 of this chapter govern the production, sale, possession, and consumption of table ~~or,~~
3.7 sparkling, or fortified wines produced by a farm winery.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.9 Sec. 7. Minnesota Statutes 2004, section 340A.315, subdivision 4, is amended to read:

3.10 Subd. 4. **Minnesota products.** If Minnesota produced or grown grapes, grape juice,
3.11 other fruit bases, or honey is not available in quantities sufficient to constitute a majority
3.12 of the table ~~or,~~ sparkling, or fortified wine produced by a farm winery, the holder of the
3.13 farm winery license may file an affidavit stating this fact with the commissioner. If the
3.14 commissioner, after consultation with the commissioner of agriculture, determines this to
3.15 be true, the farm winery may use imported products and shall continue to be governed by
3.16 the provisions of this section. The affidavit is effective for a period of one year, after which
3.17 time the farm winery must use the required amount of Minnesota products as provided by
3.18 subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

3.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.20 Sec. 8. Minnesota Statutes 2005 Supplement, section 340A.404, subdivision 2, is
3.21 amended to read:

3.22 Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may
3.23 issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the
3.24 Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding
3.25 the limitations of law, or local ordinance, or charter provision relating to zoning or school
3.26 or church distances. The licenses authorize sales on all days of the week to holders
3.27 of tickets for performances presented by the theaters and to members of the nonprofit
3.28 corporations holding the licenses and to their guests.

3.29 (b) The city of Minneapolis may issue an intoxicating liquor license to 510
3.30 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises
3.31 owned by 510 Groveland Associates, notwithstanding limitations of law, or local
3.32 ordinance, or charter provision.

4.1 (c) The city of Minneapolis may issue an on-sale intoxicating liquor license to
4.2 Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540
4.3 Park Avenue South in Minneapolis, and to the American Swedish Institute for use on
4.4 the premises owned by the American Swedish Institute at 2600 Park Avenue South,
4.5 notwithstanding limitations of law, or local ordinances, or charter provision relating to
4.6 zoning or school or church distances.

4.7 (d) The city of Minneapolis may issue an on-sale intoxicating liquor license to
4.8 the American Association of University Women, Minneapolis branch, for use on the
4.9 premises owned by the American Association of University Women, Minneapolis branch,
4.10 at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local
4.11 ordinances, or charter provisions relating to zoning or school or church distances.

4.12 (e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2
4.13 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an
4.14 on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931
4.15 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

4.16 (f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt
4.17 liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue
4.18 South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue
4.19 South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring
4.20 Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951
4.21 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South,
4.22 the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at
4.23 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter
4.24 provision. The license authorizes sales on all days of the week.

4.25 (g) The city of Minneapolis may issue an on-sale intoxicating liquor license to
4.26 University Gateway Corporation, a Minnesota nonprofit corporation, for use by a
4.27 restaurant or catering operator at the building owned and operated by the University
4.28 Gateway Corporation on the University of Minnesota campus, notwithstanding limitations
4.29 of law, or local ordinance or charter provision. The license authorizes sales on all days of
4.30 the week.

4.31 (h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
4.32 Walker Art Center's concessionaire or operator, for a restaurant and catering operator
4.33 on the premises of the Walker Art Center, notwithstanding limitations of law, or local
4.34 ordinance or charter provisions. The license authorizes sales on all days of the week.

4.35 (i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
4.36 Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the

5.1 premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or
5.2 charter provisions. The license authorizes sales on all days of the week.

5.3 (j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt
5.4 liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or
5.5 operator, for a restaurant and catering operator on the premises of the Minnesota Book and
5.6 Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local
5.7 ordinance or charter provision. The license authorizes sales on all days of the week.

5.8 **EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis
5.9 City Council in the manner provided by Minnesota Statutes, section 645.021,
5.10 notwithstanding Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

5.11 Sec. 9. Minnesota Statutes 2004, section 340A.404, subdivision 5, is amended to read:

5.12 Subd. 5. **Wine licenses.** (a) A municipality may issue an on-sale wine license with
5.13 the approval of the commissioner to a restaurant having facilities for seating at least 25
5.14 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by
5.15 volume for consumption with the sale of food. A wine license authorizes the sale of wine
5.16 on all days of the week unless the issuing authority restricts the license's authorization to
5.17 the sale of wine on all days except Sundays.

5.18 (b) The governing body of a municipality may by ordinance authorize a holder of
5.19 an on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell 3.2
5.20 percent malt liquors at on-sale pursuant to section 340A.411, and whose gross receipts
5.21 are at least 60 percent attributable to the sale of food, to sell intoxicating malt liquors
5.22 at on-sale without an additional license.

5.23 (c) A municipality may issue an on-sale wine license with the approval of the
5.24 commissioner to a licensed bed and breakfast facility. A license under this paragraph
5.25 authorizes a bed and breakfast facility to furnish wine only to registered guests of the
5.26 facility and, if the facility contains a licensed commercial kitchen, also to guests attending
5.27 private events at the facility.

5.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.29 Sec. 10. **[340A.4041] CULINARY CLASSES; ON-SALE LICENSE.**

5.30 Subdivision 1. **License authorized.** A city or county may issue a limited on-sale
5.31 intoxicating liquor license to a business establishment: (1) not otherwise eligible for an
5.32 on-sale intoxicating liquor license; and (2) that, as part of its business, conducts culinary
5.33 or cooking classes for which payment is made by each participant or advance reservation
5.34 required. The license authorizes the licensee to furnish to each participant in each class,

6.1 at no additional cost to the participant, up to a maximum of six ounces of wine or 12
6.2 ounces of intoxicating malt liquor, during and as part of the class, for consumption on the
6.3 licensed premises only.

6.4 Subd. 2. **Samples.** A license under this section also authorizes the licensee to
6.5 dispense to the public, at no charge, samples of up to one ounce of wine for purposes of
6.6 demonstrating nonalcoholic products for sale.

6.7 Subd. 3. **Fee.** The issuing authority shall set the fee for a license under this section,
6.8 subject to section 340A.408, subdivision 2, paragraph (a).

6.9 Subd. 4. **Application of other law.** All provisions of this chapter that apply to
6.10 on-sale intoxicating liquor licenses, other than provisions inconsistent with this section,
6.11 apply to licenses issued under this section, except that section 340A.409 shall not apply.

6.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.13 Sec. 11. Minnesota Statutes 2005 Supplement, section 340A.412, subdivision 4,
6.14 is amended to read:

6.15 Subd. 4. **Licenses prohibited in certain areas.** (a) No license to sell intoxicating
6.16 liquor may be issued within the following areas:

6.17 (1) where restricted against commercial use through zoning ordinances and other
6.18 proceedings or legal processes regularly had for that purpose, except licenses may be
6.19 issued to restaurants in areas which were restricted against commercial uses after the
6.20 establishment of the restaurant;

6.21 (2) within the Capitol or on the Capitol grounds, except as provided under Laws
6.22 1983, chapter 259, section 9, or Laws 1999, chapter 202, section 13;

6.23 (3) on the State Fairgrounds or at any place in a city of the first class within one-half
6.24 mile of the fairgrounds, except as otherwise provided by charter;

6.25 (4) on the campus of the College of Agriculture of the University of Minnesota or at
6.26 any place in a city of the first class within one-half mile of the campus, provided that a city
6.27 may issue one on-sale wine license and one off-sale intoxicating liquor license in this area
6.28 that is not included in the area described in clause (3), except as provided by charter;

6.29 (5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other
6.30 institution under the supervision or control, in whole or in part, of the commissioner of
6.31 human services or the commissioner of corrections;

6.32 (6) in a town or municipality in which a majority of votes at the last election
6.33 at which the question of license was voted upon were not in favor of license under
6.34 section 340A.416, or within one-half mile of any such town or municipality, except that
6.35 intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

7.1 (7) at any place on the east side of the Mississippi River within one-tenth of a mile
 7.2 of the main building of the University of Minnesota unless (i) the licensed establishment
 7.3 is on property owned or operated by a nonprofit corporation organized prior to January
 7.4 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed
 7.5 premises is Northrop Auditorium;

7.6 (8) within 1,500 feet of a state university, except that:

7.7 (i) the minimum distance in the case of Winona and Southwest State University is
 7.8 1,200 feet, measured by a direct line from the nearest corner of the administration building
 7.9 to the main entrance of the licensed establishment;

7.10 (ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale
 7.11 intoxicating liquor licenses may be issued, measured by a direct line from the nearest
 7.12 corner of the administration building to the main entrance of the licensed establishment;

7.13 (iii) at Mankato State University the distance is measured from the front door of
 7.14 the student union of the Highland campus;

7.15 (iv) a temporary license under section 340A.404, subdivision 10, may be issued to
 7.16 a location on the grounds of a state university for an event sponsored or approved by
 7.17 the state university; and

7.18 (v) this restriction does not apply to the area surrounding the premises ~~leased by~~ of
 7.19 Metropolitan State University ~~at 730 Hennepin Avenue South~~ in Minneapolis; and

7.20 (9) within 1,500 feet of any public school that is not within a city.

7.21 (b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler
 7.22 of intoxicating liquor or to a drugstore or to a person who had a license originally issued
 7.23 lawfully prior to July 1, 1967.

7.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.25 Sec. 12. Minnesota Statutes 2004, section 340A.414, subdivision 2, is amended to read:

7.26 Subd. 2. **Eligibility for permit.** (a) The commissioner may issue a permit under
 7.27 this section only to:

7.28 (1) an applicant who has not, within five years prior to the application, been
 7.29 convicted of a felony or of violating any provision of this chapter or rule adopted under
 7.30 this chapter;

7.31 (2) a restaurant;

7.32 (3) a hotel;

7.33 (4) an establishment licensed for the sale of 3.2 percent malt liquor;

7.34 (5) a resort as defined in section 157.15; and

8.1 (6) a club as defined in section 340A.101, subdivision 7, or an unincorporated club
8.2 otherwise meeting that definition; and

8.3 (7) a bed and breakfast facility as defined in section 340A.411, subdivision 1.

8.4 (b) The commissioner may not issue a permit to a club holding an on-sale
8.5 intoxicating liquor license.

8.6 EFFECTIVE DATE. This section is effective the day following final enactment.

8.7 Sec. 13. Minnesota Statutes 2004, section 340A.504, subdivision 6, is amended to read:

8.8 Subd. 6. **Municipalities may limit hours.** A municipality may further limit the
8.9 hours of ~~sale~~ on and off sales of alcoholic beverages, provided that further restricted
8.10 on-sale hours for intoxicating liquor must apply equally to ~~sales~~ on-sale hours of 3.2
8.11 percent malt liquor ~~and intoxicating liquor~~. A city may not permit the sale of alcoholic
8.12 beverages during hours when the sale is prohibited by this section.

8.13 EFFECTIVE DATE. This section is effective the day following final enactment.

8.14 Sec. 14. CITY OF NEW PRAGUE; LIQUOR LICENSE.


8.15 (a) The city of New Prague may issue an on-sale intoxicating liquor license for the
8.16 New Prague Golf Club grounds, clubhouse, and restaurant located in the city of New
8.17 Prague, notwithstanding any limitation of law, local ordinance, or charter provision. The
8.18 provisions of Minnesota Statutes, chapter 340A, apply to the license issued under this
8.19 section. The provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply
8.20 to the establishment licensed under this section as if the establishment were a municipal
8.21 liquor store, provided that the commissioner of public safety may not impose any penalty
8.22 on the establishment under those sections if the city has imposed a comparable or greater
8.23 penalty on the licensee for the same offense. The license under this section authorizes
8.24 sales on all days of the week.

8.25 (b) The city of New Prague is the licensee under this section for purposes of
8.26 compliance with Minnesota Statutes, section 340A.409. The city of New Prague is
8.27 deemed the seller of alcoholic beverages under the license authorized by this section for
8.28 purposes of Minnesota Statutes, sections 340A.801 and 340A.802.

8.29 EFFECTIVE DATE. This section is effective the day following final enactment."

8.30 Amend the title accordingly

8.31 And when so amended that the bill be recommended to pass and be referred to
8.32 the full committee.

8.33 
8.34 (Subcommittee Chair)

March 20, 2006
(Date of Subcommittee recommendation)

- 1.1 Senator Pappas moves to amend the Report of the Subcommittee on Liquor
- 1.2 (SS3081SUB) to S.F. No. 3081 as follows:
- 1.3 Page 2, line 7, after the comma, insert "or"
- 1.4 Page 2, line 8, delete everything after "premises" and insert "as permitted in
- 1.5 subdivision 7"
- 1.6 Page 2, line 9, delete everything before the period

1.1 **Senator Scheid from the Committee on Commerce, to which was referred**

1.2 **S.F. No. 3081:** A bill for an act relating to liquor; allowing Minnesota farm wineries
 1.3 to produce certain fortified wines; amending Minnesota Statutes 2004, sections 340A.101,
 1.4 subdivision 11, by adding a subdivision; 340A.315, subdivisions 1, 2, 3, 4.

1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Delete everything after the enacting clause and insert:

1.7 "Section 1. Minnesota Statutes 2004, section 340A.101, subdivision 11, is amended
 1.8 to read:

1.9 Subd. 11. **Farm winery.** "Farm winery" is a winery operated by the owner of a
 1.10 Minnesota farm and producing table ~~or~~, sparkling, or fortified wines from grapes, grape
 1.11 juice, other fruit bases, or honey with a majority of the ingredients grown or produced
 1.12 in Minnesota.

1.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.14 Sec. 2. Minnesota Statutes 2004, section 340A.101, is amended by adding a
 1.15 subdivision to read:

1.16 **Subd. 30. Fortified wine.** "Fortified wine" is wine to which brandy, or neutral grape
 1.17 spirits, has been added during or after fermentation resulting in a beverage containing
 1.18 not less than one-half of one percent nor more than 24 percent alcohol by volume for
 1.19 nonindustrial use.

1.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.21 Sec. 3. Minnesota Statutes 2005 Supplement, section 340A.301, subdivision 6, is
 1.22 amended to read:

1.23 Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

1.24	(a) Manufacturers (except as provided in clauses	
1.25	(b) and (c))	\$ 30,000
1.26	Duplicates	\$ 3,000
1.27	(b) Manufacturers of wines of not more than 25	
1.28	percent alcohol by volume	\$ 500
1.29	(c) Brewers who manufacture more than 3,500	
1.30	barrels of malt liquor in a year	\$ 4,000
1.31	(d) Brewers who also hold one or more retail	
1.32	on-sale licenses and who manufacture fewer	
1.33	than 3,500 barrels of malt liquor in a year,	
1.34	at any one licensed premises, the entire	
1.35	production of which is solely for consumption	
1.36	on tap on the any licensed premises or owned	
1.37	by the brewer, or for off-sale from that those	
1.38	licensed premises as permitted in subdivision	
1.39	7. A brewer licensed under this clause must	
1.40	obtain a separate license for each licensed	
1.41	premises where the brewer brews malt liquor.	
1.42	A brewer licensed under this clause may not	
1.43	be licensed as an importer under this chapter	\$ 500

2.1	(e) Wholesalers (except as provided in clauses	
2.2	(f), (g), and (h))	\$ 15,000
2.3	Duplicates	\$ 3,000
2.4	(f) Wholesalers of wines of not more than 25	
2.5	percent alcohol by volume	\$ 3,750
2.6	(g) Wholesalers of intoxicating malt liquor	\$ 1,000
2.7	Duplicates	\$ 25
2.8	(h) Wholesalers of 3.2 percent malt liquor	\$ 10
2.9	(i) Brewers who manufacture fewer than 2,000	
2.10	barrels of malt liquor in a year	\$ 150
2.11	(j) Brewers who manufacture 2,000 to 3,500	
2.12	barrels of malt liquor in a year	\$ 500

2.13 If a business licensed under this section is destroyed, or damaged to the extent that
 2.14 it cannot be carried on, or if it ceases because of the death or illness of the licensee, the
 2.15 commissioner may refund the license fee for the balance of the license period to the
 2.16 licensee or to the licensee's estate.

2.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.18 Sec. 4. Minnesota Statutes 2004, section 340A.315, subdivision 1, is amended to read:

2.19 Subdivision 1. **Licenses.** The commissioner may issue a farm winery license to
 2.20 the owner or operator of a farm winery located within the state and producing table ~~or~~,
 2.21 sparkling, or fortified wines. Licenses may be issued and renewed for an annual fee of
 2.22 \$50, which is in lieu of all other license fees required by this chapter.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.24 Sec. 5. Minnesota Statutes 2004, section 340A.315, subdivision 2, is amended to read:

2.25 Subd. 2. **Sales.** A license authorizes the sale, on the farm winery premises,
 2.26 of table ~~or~~, sparkling, or fortified wines produced by that farm winery at on-sale or
 2.27 off-sale, in retail, or wholesale lots in total quantities not in excess of 50,000 gallons in
 2.28 a calendar year, glassware, wine literature and accessories, cheese and cheese spreads,
 2.29 other wine-related food items, and the dispensing of free samples of the wines offered
 2.30 for sale. Sales at on-sale and off-sale may be made on Sundays between 12:00 noon and
 2.31 12:00 midnight. Labels for each type or brand produced must be registered with the
 2.32 commissioner, without fee prior to sale.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.2 Sec. 6. Minnesota Statutes 2004, section 340A.315, subdivision 3, is amended to read:

3.3 Subd. 3. **Applicability.** Except as otherwise specified in this section, all provisions
3.4 of this chapter govern the production, sale, possession, and consumption of table ~~or~~,
.5 sparkling, or fortified wines produced by a farm winery.

3.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.7 Sec. 7. Minnesota Statutes 2004, section 340A.315, subdivision 4, is amended to read:

3.8 Subd. 4. **Minnesota products.** If Minnesota produced or grown grapes, grape juice,
3.9 other fruit bases, or honey is not available in quantities sufficient to constitute a majority
3.10 of the table ~~or~~, sparkling, or fortified wine produced by a farm winery, the holder of the
3.11 farm winery license may file an affidavit stating this fact with the commissioner. If the
3.12 commissioner, after consultation with the commissioner of agriculture, determines this to
3.13 be true, the farm winery may use imported products and shall continue to be governed by
14 the provisions of this section. The affidavit is effective for a period of one year, after which
3.15 time the farm winery must use the required amount of Minnesota products as provided by
3.16 subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

3.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.18 Sec. 8. Minnesota Statutes 2005 Supplement, section 340A.404, subdivision 2, is
3.19 amended to read:

3.20 Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may
3.21 issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the
3.22 Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding
3.23 the limitations of law, or local ordinance, or charter provision relating to zoning or school
3.24 or church distances. The licenses authorize sales on all days of the week to holders
3.25 of tickets for performances presented by the theaters and to members of the nonprofit
3.26 corporations holding the licenses and to their guests.

3.27 (b) The city of Minneapolis may issue an intoxicating liquor license to 510
3.28 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises
3.29 owned by 510 Groveland Associates, notwithstanding limitations of law, or local
3.30 ordinance, or charter provision.

3.31 (c) The city of Minneapolis may issue an on-sale intoxicating liquor license to
3.32 Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540
3.33 Park Avenue South in Minneapolis, and to the American Swedish Institute for use on
.34 the premises owned by the American Swedish Institute at 2600 Park Avenue South,
4.1 notwithstanding limitations of law, or local ordinances, or charter provision relating to
4.2 zoning or school or church distances.

4.3 (d) The city of Minneapolis may issue an on-sale intoxicating liquor license to
4.4 the American Association of University Women, Minneapolis branch, for use on the
4.5 premises owned by the American Association of University Women, Minneapolis branch,
4.6 at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local
4.7 ordinances, or charter provisions relating to zoning or school or church distances.

4.8 (e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2
4.9 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an
4.10 on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931
4.11 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

4.12 (f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt
4.13 liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue
4.14 South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue
4.15 South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring
4.16 Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951
4.17 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South,
4.18 the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at
4.19 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter
4.20 provision. The license authorizes sales on all days of the week.

4.21 (g) The city of Minneapolis may issue an on-sale intoxicating liquor license to
4.22 University Gateway Corporation, a Minnesota nonprofit corporation, for use by a
4.23 restaurant or catering operator at the building owned and operated by the University
4.24 Gateway Corporation on the University of Minnesota campus, notwithstanding limitations
4.25 of law, or local ordinance or charter provision. The license authorizes sales on all days of
4.26 the week.

4.27 (h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
4.28 Walker Art Center's concessionaire or operator, for a restaurant and catering operator
4.29 on the premises of the Walker Art Center, notwithstanding limitations of law, or local
4.30 ordinance or charter provisions. The license authorizes sales on all days of the week.

4.31 (i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the
4.32 Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the
4.33 premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or
4.34 charter provisions. The license authorizes sales on all days of the week.

4.35 (j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt
4.36 liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or
5.1 operator, for a restaurant and catering operator on the premises of the Minnesota Book and

5.2 Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local
5.3 ordinance or charter provision. The license authorizes sales on all days of the week.

5.4 **EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis
5.5 City Council in the manner provided by Minnesota Statutes, section 645.021,
5.6 notwithstanding Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

5.7 Sec. 9. Minnesota Statutes 2004, section 340A.404, subdivision 5, is amended to read:

5.8 Subd. 5. **Wine licenses.** (a) A municipality may issue an on-sale wine license with
5.9 the approval of the commissioner to a restaurant having facilities for seating at least 25
5.10 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by
5.11 volume for consumption with the sale of food. A wine license authorizes the sale of wine
5.12 on all days of the week unless the issuing authority restricts the license's authorization to
13 the sale of wine on all days except Sundays.

5.14 (b) The governing body of a municipality may by ordinance authorize a holder of
5.15 an on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell 3.2
5.16 percent malt liquors at on-sale pursuant to section 340A.411, and whose gross receipts
5.17 are at least 60 percent attributable to the sale of food, to sell intoxicating malt liquors
5.18 at on-sale without an additional license.

5.19 (c) A municipality may issue an on-sale wine license with the approval of the
5.20 commissioner to a licensed bed and breakfast facility. A license under this paragraph
5.21 authorizes a bed and breakfast facility to furnish wine only to registered guests of the
5.22 facility and, if the facility contains a licensed commercial kitchen, also to guests attending
5.23 private events at the facility.

5.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.25 Sec. 10. [340A.4041] CULINARY CLASSES; ON-SALE LICENSE.

5.26 Subdivision 1. License authorized. A city or county may issue a limited on-sale
5.27 intoxicating liquor license to a business establishment: (1) not otherwise eligible for an
5.28 on-sale intoxicating liquor license; and (2) that, as part of its business, conducts culinary
5.29 or cooking classes for which payment is made by each participant or advance reservation
5.30 required. The license authorizes the licensee to furnish to each participant in each class,
5.31 at no additional cost to the participant, up to a maximum of six ounces of wine or 12
5.32 ounces of intoxicating malt liquor, during and as part of the class, for consumption on the
5.33 licensed premises only.

6.1 Subd. 2. Fee. The issuing authority shall set the fee for a license under this section,
6.2 subject to section 340A.408, subdivision 2, paragraph (a).

6.3 Subd. 3. Application of other law. All provisions of this chapter that apply to
6.4 on-sale intoxicating liquor licenses, other than provisions inconsistent with this section,
6.5 apply to licenses issued under this section, except that section 340A.409 shall not apply.

6.6 EFFECTIVE DATE. This section is effective the day following final enactment.

6.7 Sec. 11. Minnesota Statutes 2005 Supplement, section 340A.412, subdivision 4,
6.8 is amended to read:

6.9 **Subd. 4. Licenses prohibited in certain areas.** (a) No license to sell intoxicating
6.10 liquor may be issued within the following areas:

6.11 (1) where restricted against commercial use through zoning ordinances and other
6.12 proceedings or legal processes regularly had for that purpose, except licenses may be
6.13 issued to restaurants in areas which were restricted against commercial uses after the
6.14 establishment of the restaurant;

6.15 (2) within the Capitol or on the Capitol grounds, except as provided under Laws
6.16 1983, chapter 259, section 9, or Laws 1999, chapter 202, section 13;

6.17 (3) on the State Fairgrounds or at any place in a city of the first class within one-half
6.18 mile of the fairgrounds, except as otherwise provided by charter;

6.19 (4) on the campus of the College of Agriculture of the University of Minnesota or at
6.20 any place in a city of the first class within one-half mile of the campus, provided that a city
6.21 may issue one on-sale wine license and one off-sale intoxicating liquor license in this area
6.22 that is not included in the area described in clause (3), except as provided by charter;

6.23 (5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other
6.24 institution under the supervision or control, in whole or in part, of the commissioner of
6.25 human services or the commissioner of corrections;

6.26 (6) in a town or municipality in which a majority of votes at the last election
6.27 at which the question of license was voted upon were not in favor of license under
6.28 section 340A.416, or within one-half mile of any such town or municipality, except that
6.29 intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

6.30 (7) at any place on the east side of the Mississippi River within one-tenth of a mile
6.31 of the main building of the University of Minnesota unless (i) the licensed establishment
6.32 is on property owned or operated by a nonprofit corporation organized prior to January
6.33 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed
6.34 premises is Northrop Auditorium;

6.35 (8) within 1,500 feet of a state university, except that:

7.1 (i) the minimum distance in the case of Winona and Southwest State University is
 7.2 1,200 feet, measured by a direct line from the nearest corner of the administration building
 7.3 to the main entrance of the licensed establishment;

7.4 (ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale
 7.5 intoxicating liquor licenses may be issued, measured by a direct line from the nearest
 7.6 corner of the administration building to the main entrance of the licensed establishment;

7.7 (iii) at Mankato State University the distance is measured from the front door of
 7.8 the student union of the Highland campus;

7.9 (iv) a temporary license under section 340A.404, subdivision 10, may be issued to
 7.10 a location on the grounds of a state university for an event sponsored or approved by
 7.11 the state university; and

7.12 (v) this restriction does not apply to the area surrounding the premises ~~leased by~~ of
 7.13 Metropolitan State University ~~at 730 Hennepin Avenue South~~ in Minneapolis; and

7.14 (9) within 1,500 feet of any public school that is not within a city.

7.15 (b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler
 7.16 of intoxicating liquor or to a drugstore or to a person who had a license originally issued
 7.17 lawfully prior to July 1, 1967.

7.18 **EFFECTIVE DATE. This section is effective the day following final enactment.**

7.19 Sec. 12. Minnesota Statutes 2004, section 340A.414, subdivision 2, is amended to read:

7.20 Subd. 2. **Eligibility for permit.** (a) The commissioner may issue a permit under
 7.21 this section only to:

7.22 (1) an applicant who has not, within five years prior to the application, been
 7.23 convicted of a felony or of violating any provision of this chapter or rule adopted under
 7.24 this chapter;

7.25 (2) a restaurant;

7.26 (3) a hotel;

7.27 (4) an establishment licensed for the sale of 3.2 percent malt liquor;

7.28 (5) a resort as defined in section 157.15; ~~and~~

7.29 (6) a club as defined in section 340A.101, subdivision 7, or an unincorporated club
 7.30 otherwise meeting that definition; and

7.31 (7) a bed and breakfast facility as defined in section 340A.411, subdivision 1.

7.32 (b) The commissioner may not issue a permit to a club holding an on-sale
 7.33 intoxicating liquor license.

7.34 **EFFECTIVE DATE. This section is effective the day following final enactment.**

8.1 Sec. 13. Minnesota Statutes 2004, section 340A.504, subdivision 6, is amended to read:

8.2 Subd. 6. **Municipalities may limit hours.** A municipality may further limit the
8.3 hours of ~~sale~~ on and off sales of alcoholic beverages, provided that further restricted
8.4 on-sale hours for intoxicating liquor must apply equally to ~~sales~~ on-sale hours of 3.2
8.5 percent malt liquor ~~and intoxicating liquor~~. A city may not permit the sale of alcoholic
8.6 beverages during hours when the sale is prohibited by this section.

8.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.8 Sec. 14. **CITY OF NEW PRAGUE; LIQUOR LICENSE.**

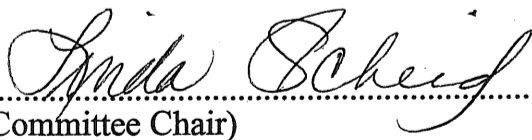
8.9 (a) The city of New Prague may issue an on-sale intoxicating liquor license for the
8.10 New Prague Golf Club grounds, clubhouse, and restaurant located in the city of New
8.11 Prague, notwithstanding any limitation of law, local ordinance, or charter provision. The
8.12 provisions of Minnesota Statutes, chapter 340A, apply to the license issued under this
8.13 section. The provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply
8.14 to the establishment licensed under this section as if the establishment were a municipal
8.15 liquor store, provided that the commissioner of public safety may not impose any penalty
8.16 on the establishment under those sections if the city has imposed a comparable or greater
8.17 penalty on the licensee for the same offense. The license under this section authorizes
8.18 sales on all days of the week.

8.19 (b) The city of New Prague is the licensee under this section for purposes of
8.20 compliance with Minnesota Statutes, section 340A.409. The city of New Prague is
8.21 deemed the seller of alcoholic beverages under the license authorized by this section for
8.22 purposes of Minnesota Statutes, sections 340A.801 and 340A.802.

8.23 **EFFECTIVE DATE.** This section is effective the day following final enactment."

8.24 Amend the title accordingly

8.25 And when so amended the bill do pass. Amendments adopted. Report adopted.

8.26 
8.27 (Committee Chair)

8.28 March 27, 2006
8.29 (Date of Committee recommendation)

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Senate

State of Minnesota

S.F. No. 3022 - Boxing Commission (as amended by the SCS3022A-1 delete-everything amendment)

Author: Senator Gary Kubly

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810)
Christopher B. Stang, Senate Counsel (651/296-0539)

Date: March 23, 2006

S.F. No. 3022 reestablishes a Minnesota Boxing Commission with the authority to adopt rules, establish and collect fees, and to generally regulate all aspects of boxing and tough man contests. The former Boxing Commission was abolished in 1999.

Section 1. DEFINITIONS. provides definitions for various terms used in Chapter 341. Defines "professional" to mean persons competing for prizes that exceed \$50.00, or who teach, pursue, or assist in the practice of boxing as a means of obtaining a livelihood or pecuniary gain.

Section 2. BOXING COMMISSION. establishes a five-member Minnesota Boxing Commission, and requires that all members be Minnesota citizens. Requires that one member of the commission must be a retired judge of the Minnesota state or federal courts, and requires that another member be a licensed medical professional. The remaining three members must be involved in the boxing industry. Uses provisions from the generally applicable portions of Chapter 214 relating to examining and licensing boards to provide for membership terms, compensation of members, and other aspects of organizing the board.

Section 3. LIMITATIONS. restricts members of the Boxing Commission from involvement with promoting or managing boxing.

Section 4. EXECUTIVE DIRECTOR. provides the commission with authority to appoint and remove an executive director.

Section 5. RULES. provides rulemaking authority for the commission with respect to physical exams for boxers and referees. Provides additional general authority for the commission to adopt rules relating to the conduct of contests.

Section 6. MEETINGS. requires the commission to hold a regular quarterly meeting and authorizes it to hold special meetings as needed. Makes all commission meetings subject to the Open Meeting Law under Chapter 13B.

Section 7. COMMISSION DUTIES. provides the commission with general licensing authority, requires it to make and maintain records of its actions and to make those records available to public inspection.

Section 8. REGULATION OF BOXING AND NONTRADITIONAL FIGHTING CONTESTS. makes all boxing contests in Minnesota subject to the authority of the commission and requires a commission member to be present at each boxing contest and to provide a written report. Also places tough man contests under the same authority.

Section 9. JURISDICTION OF COMMISSION. provides the commission with authority to supervise and regulate boxing contests and tough man contests, including applicable licensing.

Section 10. LICENSURE.

Subdivision 1 requires a wide variety of personnel associated with boxing contests to be licensed by the commission.

Subdivision 2 requires business entities who hold or conduct boxing contests and any person holding a 25 percent or more ownership interest in a corporation that holds or conducts the contests to obtain a license from the commission.

Subdivision 3 requires the commission to conduct background checks on referees, judges, matchmakers, promoters, boxers, and managers. The commission may charge a fee and must obtain fingerprints from these personnel. In addition, the commission may require fingerprints and additional background information before each license renewal.

Subdivision 4, paragraph (a), provides specific license requirements for promoters, matchmakers, corporations, or other business entities, including providing the commission with a copy of any agreement with a contestant that requires the promoter to pay the contestant a fixed fee or percentage of gate receipts, and to provide the commission with a copy of the latest financial statements for the business entity. Also requires the promoter to provide the commission with copies of insurance policies required by section 14 of this bill. Paragraph (b) provides specific license requirements for promoters, including the deposit of a bond to cover performance by the promoter of its legal obligations. Paragraph (c) provides specific license requirements for boxers, including medical examination requirements.

Section 11. SIMULCAST LICENSES. requires persons or organizations who exhibit simultaneous telecasts of boxing within Minnesota, regardless of where the contest originates, to obtain a license in advance from the commission before showing the contest.

Section 12. LICENSE FEES. authorizes the commission to establish licenses requiring collection of advance fees for promoters, matchmakers, managers, judges, referees, ring announcers, ringside physicians, timekeepers, boxers, boxers' trainers, boxers' seconds, and business entities, including their officers, who file for a license to hold a boxing contest. Provides an annual expiration date for these licenses and the terms for their renewal. If a licensee fails to apply within the 30-day grace period after the expiration of a license, the licensee must apply for a new license.

Section 13. CONTESTANTS AND REFEREES; PHYSICAL EXAMINATIONS. requires all boxers and nontraditional fighters and referees to be examined by a physician within three hours before beginning a contest. Requires the examining physician to file a written report of the examination immediately upon completion of the examination. Authorizes the examining physician to prohibit a contestant from entering the ring if it is in the best interest of the health of the contestant. Requires the person or entity conducting the contest to pay the cost of the examination. Authorizes the Boxing Commission to establish the fee schedule for attending physicians.

Section 14. INSURANCE. requires boxers to have at least \$100,000 of health insurance coverage and \$50,000 of life insurance coverage applying to accidental death resulting from injuries sustained in a contest. Makes the promoter liable for the cost of all insurance required by this law.

Section 15. PENALTIES FOR NONLICENSED EXHIBITIONS. provides a misdemeanor penalty for a variety of activities in violation of this bill, including nonlicensed competition in boxing or acting as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistance, or attendant at a nonlicensed contest.

Section 16. GROSS RECEIPTS TAX. imposes a tax of five percent on the gross receipts from any boxing contest or exhibition covered by this legislation, including simulcasts that are regulated under section 11. Receipts from the tax are credited to the Minnesota Boxing Commission fund.

Section 17. APPROPRIATIONS. appropriates an undetermined amount from the general fund the Minnesota Boxing Commission for its activities under law.

Section 18. EFFECTIVE DATE. makes the bill effective July 1, 2007.

TSB/CBS:rdr/cs

1.1 A bill for an act

1.2 relating to boxing; regulation of boxing; establishing a boxing commission;
1.3 appropriating money; proposing coding for new law in Minnesota Statutes,
1.4 chapter 341.

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

1.6 Section 1. [341.21] DEFINITIONS.

1.7 Subdivision 1. Applicability. The definitions in this section apply to this chapter.

1.8 Subd. 2. Boxing. "Boxing" means the act of attack and defense with the fists, using
1.9 padded gloves, that is practiced as a sport under the rules of the World Boxing Association,
1.10 the World Boxing Council, the International Boxing Federation, or equivalent.

1.11 Subd. 3. Commission. "Commission" means the Minnesota Boxing Commission.

1.12 Subd. 4. Contest. "Contest" means any boxing or nontraditional fighting contest,
1.13 match, or exhibition.

1.14 Subd. 5. Nontraditional fighting contest. "Nontraditional fighting contest" means
1.15 any competition between two or more persons, with or without gloves, who use any
1.16 combination of fighting skills, including boxing, wrestling, hitting, kicking, martial arts,
1.17 and other combative full contact techniques. Nontraditional fighting contests include, but
1.18 are not limited to, ultimate fighting, extreme fighting, elimination contests, cage fighting,
1.19 mixed martial arts fighting, tough man contests, shoot fighting, and the like, but do not
1.20 include kick boxing or any recognized martial arts competition.

1.21 Subd. 6. Professional. "Professional" means any person who competes for any
1.22 money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in
the practice of boxing or nontraditional fighting as a means of obtaining a livelihood
1.24 or pecuniary gain.

2.1 Subd. 7. Director. "Director" means the executive director of the commission.

2.2 Subd. 8. Tough man contest. "Tough man contest" means any boxing match
2.3 consisting of one-minute rounds between two or more persons who use their hands or
2.4 their feet, or both, in any manner. Tough man contest does not include kick boxing, any
2.5 recognized martial arts competition, or boxing as defined in subdivision 2.

2.6 **Sec. 2. [341.22] BOXING COMMISSION.**

2.7 There is hereby created the Minnesota Boxing Commission, consisting of five
2.8 members who are citizens of this state. One member of the commission shall be a retired
2.9 judge of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme
2.10 Court, the United States District Court for the District of Minnesota, or the Eighth Circuit
2.11 Court of Appeals; one member shall be a licensed medical professional; and three
2.12 members shall be involved in the boxing industry. Membership terms, compensation of
2.13 members, removal of members, the filling of membership vacancies, and fiscal year and
2.14 reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of
2.15 staff, administrative services, and office space; the review and processing of complaints;
2.16 the setting of fees; and other provisions relating to commission operations shall be as
2.17 provided in chapter 214.

2.18 **Sec. 3. [341.23] LIMITATIONS.**

2.19 No member of the boxing commission shall directly or indirectly promote any
2.20 boxing or nontraditional fighting contest, or directly or indirectly engage in the managing
2.21 of any boxer or fighter or be interested in any manner in the proceeds from any boxing
2.22 match or nontraditional fighting contest.

2.23 **Sec. 4. [341.24] EXECUTIVE DIRECTOR.**

2.24 The commission may appoint, and at its pleasure remove, an executive director
2.25 and prescribe the powers and duties of the office. The executive director shall not be a
2.26 member of the commission. The commission may employ personnel necessary to the
2.27 performance of its duties.

2.28 **Sec. 5. [341.25] RULES.**

2.29 (a) The commission may adopt rules that include standards for the physical
2.30 examination and condition of boxers, nontraditional fighters, and referees.

3.1 (b) The commission may adopt other rules necessary to carry out the purposes of this
3.2 chapter, including, but not limited to, the conduct of boxing exhibitions, bouts, fights, and
3.3 nontraditional fighting contests and events, and their manner, supervision, time, and place.

3.4 **Sec. 6. [341.26] MEETINGS.**

3.5 The commission shall hold a regular meeting quarterly and in addition may hold
3.6 special meetings. Except as otherwise provided in law, all meetings of the commission
3.7 shall be open to the public and reasonable notice of the meetings shall be given under
3.8 chapter 13D.

3.9 **Sec. 7. [341.27] COMMISSION DUTIES.**

3.10 The commission shall:

3.11 (1) issue, deny, renew, suspend, or revoke licenses;

3.12 (2) make and maintain records of its acts and proceedings including the issuance,
3.13 denial, renewal, suspension, or revocation of licenses;

3.14 (3) keep public records of the commission open to inspection at all reasonable times;

3.15 (4) assist the director in the development of rules to be implemented under this
3.16 chapter; and

3.17 (5) conform to the rules adopted under this chapter.

3.18 **Sec. 8. [341.28] REGULATION OF BOXING AND NONTRADITIONAL**
3.19 **FIGHTING CONTESTS.**

3.20 Subdivision 1. **Regulatory authority; boxing.** All boxing contests are subject to
3.21 this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at
3.22 least eight ounces. The commission shall, for every boxing contest:

3.23 (1) direct a commission member to be present; and

3.24 (2) direct the attending commission member to make a written report of the contest.

3.25 All boxing contests within this state shall be conducted according to the requirements
3.26 of this chapter.

3.27 Subd. 2. **Regulatory authority; tough man contests.** All tough man contests,
3.28 including amateur tough man contests, are subject to this chapter. Every contestant in a
3.29 tough man contest shall wear padded gloves that weight at least 12 ounces.

3.30 Subd. 3. **Regulatory authority; nontraditional fighting.** All nontraditional
3.31 fighting, including amateur nontraditional fighting contests, are subject to this chapter and
3.32 the rules adopted by the commission. Contestants in nontraditional fighting contests shall

4.1 not strike other contestants in the spinal column or in the back of the head, and shall not
4.2 strike with their knees or elbows.

4.3 **Sec. 9. [341.29] JURISDICTION OF COMMISSION.**

4.4 The commission shall:

4.5 (1) have sole direction, supervision, regulation, control, and jurisdiction over all
4.6 boxing contests, tough man contests, and nontraditional fighting contests held within this
4.7 state unless a contest is exempt from the application of this chapter under federal law;

4.8 (2) have sole control, authority, and jurisdiction over all licenses required by this
4.9 chapter; and

4.10 (3) grant a license to an applicant if, in the judgment of the commission, the financial
4.11 responsibility, experience, character, and general fitness of the applicant are consistent
4.12 with the public interest, convenience, or necessity and the best interests of boxing and
4.13 conforms with this chapter and the commission's rules.

4.14 **Sec. 10. [341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN**
4.15 **LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

4.16 Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers,
4.17 promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers,
4.18 nontraditional fighters, boxers' managers, and boxers' seconds are required to be licensed
4.19 by the commission. The commission shall not permit any of these persons to participate
4.20 in the holding or conduct of any boxing contest unless the commission has first issued
4.21 the person a license.

4.22 Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any
4.23 boxing or nontraditional fighting contest, a corporation, partnership, limited liability
4.24 company, or other business entity organized and existing under law, its officers and
4.25 directors, and any person holding 25 percent or more of the ownership of the corporation
4.26 shall obtain a license from the commission and must be authorized to do business under
4.27 the laws of this state.

4.28 Subd. 3. **Background investigation.** The commission shall require referees,
4.29 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish
4.30 fingerprints and background information under commission rules before licensure. The
4.31 commission shall charge a fee for receiving fingerprints and background information
4.32 in an amount determined by the commission. The commission may require referees,
4.33 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish
4.34 fingerprints and background information before license renewal if the commission

5.1 determines that the fingerprints and background information are desirable or necessary.
 5.2 The fee may include a reasonable charge for expenses incurred by the commission or the
 5.3 Department of Public Safety. For this purpose, the commission and the Department of
 5.4 Public Safety may enter into an interagency agreement pursuant to section

5.5 Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to
 5.6 a promoter, matchmaker, corporation, or other business entity, the applicant shall:

5.7 (1) provide the commission with a copy of any agreement between a contestant
 5.8 and the applicant which binds the applicant to pay the contestant a certain fixed fee or
 5.9 percentage of the gate receipts;

5.10 (2) show on the application the owner or owners of the applicant entity and the
 5.11 percentage of interest held by each owner holding a 25 percent or more interest in the
 5.12 applicant;

5.13 (3) provide the commission with a copy of the latest financial statement of the
 5.14 entity; and

5.15 (4) provide the commission with a copy or other proof acceptable to the commission
 5.16 of the insurance contract or policy required by this chapter.

5.17 (b) Before the commission issues a license to a promoter, the applicant shall deposit
 5.18 with the commission a cash bond or surety bond in an amount set by the commission.
 5.19 The bond shall be executed in favor of this state and shall be conditioned on the faithful
 5.20 performance by the promoter of the promoter's obligations under this chapter and the
 5.21 rules adopted under it.

5.22 (c) Before the commission issues a license to a boxer or nontraditional fighter, the
 5.23 applicant shall submit to the commission the results of a current medical examination on
 5.24 forms furnished or approved by the commission. The medical examination must include
 5.25 an ophthalmological and neurological examination. The ophthalmological exam must be
 5.26 designed to detect any retinal defects or other damage or condition of the eye that could
 5.27 be aggravated by boxing or nontraditional fighting. The neurological examination must
 5.28 include an electroencephalogram or medically superior test if the boxer or nontraditional
 5.29 fighter has been knocked unconscious in a previous boxing, nontraditional fighting, or
 5.30 other athletic competition. The commission may also order an electroencephalogram or
 5.31 other appropriate neurological or physical exam before any contest, match, or exhibition
 5.32 if it determines that the examination is desirable to protect the health of the boxer or
 5.33 nontraditional fighter.

5.34 Sec. 11. **[341.31] SIMULCAST LICENSES.**

6.1 The commission shall issue a license to a person or organization holding, showing,
6.2 or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or
6.3 sparring match or nontraditional fighting exhibition or performance on a closed circuit
6.4 telecast or subscription television program viewed within the state, whether originating
6.5 in this state or elsewhere, and for which a charge is made. Each person or organization
6.6 shall apply for such a license in advance of each showing. No showing may be licensed
6.7 unless the person or organization applying for the license:

6.8 (1) certifies that the match is subject to the jurisdiction and regulation of a boxing or
6.9 athletic regulatory authority in another state or country;

6.10 (2) certifies the match is in compliance with the requirements of the authority;

6.11 (3) identifies the authority; and

6.12 (4) provides any information the commission may require.

6.13 **Sec. 12. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

6.14 Subdivision 1. Annual licensure. The commission may establish and issue annual
6.15 licenses subject to the collection of advance fees by the commission for: promoters,
6.16 matchmakers, managers, judges, referees, ring announcers, ringside physicians,
6.17 timekeepers, boxers, nontraditional fighters, boxers' trainers, boxers' seconds, business
6.18 entities filing for a license to participate in the holding of any boxing contest, and officers,
6.19 directors, or other persons affiliated with the business entity.

6.20 Subd. 2. Expiration and renewal. A license expires December 31 at midnight in
6.21 the year of its issuance and may be renewed on filing an application for renewal of a
6.22 license with the commission and payment of the license fee required in subdivision 1. An
6.23 application for a license and renewal of a license shall be on a form provided by the
6.24 commission. There is a 30-day grace period during which a license may be renewed if a
6.25 late filing penalty fee equal to the license fee is submitted with the regular license fee.
6.26 A licensee that files late shall not conduct any activity regulated by this chapter until the
6.27 commission has renewed the license. If the licensee fails to apply to the commission within
6.28 the 30-day grace period the licensee must apply for a new license under subdivision 1.

6.29 **Sec. 13. [341.33] CONTESTANTS AND REFEREES; PHYSICAL**
6.30 **EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES;**
6.31 **INSURANCE.**

6.32 Subdivision 1. Examination by physician. All boxers, nontraditional fighters,
6.33 and referees shall be examined by a physician licensed by this state within three hours
6.34 before entering the ring, and the examining physician shall immediately file with the

7.1 commission a written report of the examination. The physician's examination shall report
7.2 on the condition of the boxer's heart and general physical and neurological condition. The
7.3 physician's report may record the condition of the boxer's nervous system and brain as
7.4 required by the commission. The physician may prohibit the boxer from entering the ring
7.5 if, in the physician's professional opinion, it is in the best interest of the boxer's health.
7.6 The cost of the examination is payable by the person or entity conducting the contest
7.7 or exhibition.

7.8 Subd. 2. Attendance of physician. Every person holding or sponsoring any boxing
7.9 or nontraditional fighting contest shall have in attendance at every boxing contest a
7.10 physician licensed by this state. The commission may establish a schedule of fees to be
7.11 paid to each attending physician by the person holding or sponsoring the contest.

7.12 **Sec. 14. [341.34] INSURANCE.**

Subdivision 1. Required insurance. The commission shall:

7.14 (1) require insurance coverage for a boxer or nontraditional fighter to provide for
7.15 medical, surgical, and hospital care for injuries sustained in the ring in an amount of at
7.16 least \$100,000 with \$25 deductible and payable to the boxer or nontraditional fighter
7.17 as beneficiary; and

7.18 (2) require life insurance for a boxer or nontraditional fighter in the amount of at least
7.19 \$50,000 payable in case of accidental death resulting from injuries sustained in the ring.

7.20 Subd. 2. Payment for insurance. The cost of the insurance required by this section
7.21 is payable by the promoter.

7.22 **Sec. 15. [341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

7.23 Any person or persons who send or cause to be sent, published, or otherwise made
7.24 known, any challenge to fight what is commonly known as a prize fight, or engage in any
7.25 public boxing or sparring match, or nontraditional exhibition or contest, with or without
7.26 gloves, for any prize, reward or compensation, or for which any admission fee is charged
7.27 directly or indirectly, or go into training preparatory for such fight, exhibition, or contest,
7.28 or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or
7.29 attendant at such fight, exhibition, or contest, or in any preparation for same, and any
7.30 owner or lessee of any ground, building, or structure of any kind permitting the same to
7.31 be used for any fight, exhibition, or contest, is guilty of a misdemeanor unless a license
7.32 for the holding of the fight, exhibition, or contest has been issued by the commission in
7.33 compliance with the rules adopted by it.

8.1 Sec. 16. [341.46] GROSS RECEIPTS TAX.

8.2 The promoter or promoters of all boxing or nontraditional fighting contests, shows,
8.3 or exhibitions held under this chapter shall pay to the commissioner of finance, for credit
8.4 to the Minnesota Boxing Commission fund, a tax of five percent of the gross receipts
8.5 from the contest or exhibition. This section also applies to all boxing, kick boxing, and
8.6 nontraditional fighting contests or exhibitions that are simulcast or shown over closed
8.7 circuit television and for which a fee is charged for the right to view the event in this state.

8.8 Sec. 17. APPROPRIATIONS.

8.9 \$..... is appropriated from the general fund to the Minnesota Boxing Commission
8.10 for purposes in sections 1 to 16.

8.11 Sec. 18. EFFECTIVE DATE.

8.12 Sections 1 to 16 are effective July 1, 2007.

1.1 Senator moves to amend S.F. No. 3022 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. [341.21] DEFINITIONS.

1.4 Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

1.5 Subd. 2. **Boxing.** "Boxing" means the act of attack and defense with the fists, using
1.6 padded gloves, that is practiced as a sport under the rules of the World Boxing Association,
1.7 the World Boxing Council, the International Boxing Federation, or equivalent.

1.8 Subd. 3. **Commission.** "Commission" means the Minnesota Boxing Commission.

1.9 Subd. 4. **Contest.** "Contest" means any boxing match or exhibition.

1.10 Subd. 5. **Professional.** "Professional" means any person who competes for any
1.11 money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in the
1.12 practice of boxing as a means of obtaining a livelihood or pecuniary gain.

1.13 Subd. 6. **Director.** "Director" means the executive director of the commission.

1.14 Subd. 7. **Tough man contest.** "Tough man contest" means any boxing match
1.15 consisting of one-minute rounds between two or more persons who use their hands or
1.16 their feet, or both, in any manner. Tough man contest does not include kick boxing, any
1.17 recognized martial arts competition, or boxing as defined in subdivision 2.

1.18 Sec. 2. **[341.22] BOXING COMMISSION.**

1.19 There is hereby created the Minnesota Boxing Commission, consisting of five
1.20 members who are citizens of this state. One member of the commission shall be a retired
1.21 judge of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme
1.22 Court, the United States District Court for the District of Minnesota, or the Eighth Circuit
1.23 Court of Appeals; one member shall be a licensed medical professional; and three
1.24 members shall be involved in the boxing industry. Membership terms, compensation of
1.25 members, removal of members, the filling of membership vacancies, and fiscal year and
1.26 reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of
1.27 staff, administrative services, and office space; the review and processing of complaints;
1.28 the setting of fees; and other provisions relating to commission operations shall be as
1.29 provided in chapter 214.

1.30 Sec. 3. **[341.23] LIMITATIONS.**

1.31 No member of the boxing commission shall directly or indirectly promote any
1.32 boxing contest, or directly or indirectly engage in the managing of any boxer or fighter or
1.33 be interested in any manner in the proceeds from any boxing match.

1.34 Sec. 4. **[341.24] EXECUTIVE DIRECTOR.**

2.1 The commission may appoint, and at its pleasure remove, an executive director
2.2 and prescribe the powers and duties of the office. The executive director shall not be a
2.3 member of the commission. The commission may employ personnel necessary to the
2.4 performance of its duties.

2.5 **Sec. 5. [341.25] RULES.**

2.6 (a) The commission may adopt rules that include standards for the physical
2.7 examination and condition of boxers and referees.

2.8 (b) The commission may adopt other rules necessary to carry out the purposes of
2.9 this chapter, including, but not limited to, the conduct of boxing contests and their manner,
2.10 supervision, time, and place.

2.11 **Sec. 6. [341.26] MEETINGS.**

2.12 The commission shall hold a regular meeting quarterly and in addition may hold
2.13 special meetings. Except as otherwise provided in law, all meetings of the commission
2.14 shall be open to the public and reasonable notice of the meetings shall be given under
2.15 chapter 13D.

2.16 **Sec. 7. [341.27] COMMISSION DUTIES.**

2.17 The commission shall:

2.18 (1) issue, deny, renew, suspend, or revoke licenses;

2.19 (2) make and maintain records of its acts and proceedings including the issuance,
2.20 denial, renewal, suspension, or revocation of licenses;

2.21 (3) keep public records of the commission open to inspection at all reasonable times;

2.22 (4) assist the director in the development of rules to be implemented under this
2.23 chapter; and

2.24 (5) conform to the rules adopted under this chapter.

2.25 **Sec. 8. [341.28] REGULATION OF BOXING CONTESTS.**

2.26 Subdivision 1. Regulatory authority; boxing. All boxing contests are subject to
2.27 this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at
2.28 least eight ounces. The commission shall, for every boxing contest:

2.29 (1) direct a commission member to be present; and

2.30 (2) direct the attending commission member to make a written report of the contest.

2.31 All boxing contests within this state shall be conducted according to the requirements
2.32 of this chapter.

2.33 Subd. 2. Regulatory authority; tough man contests. All tough man contests,
2.34 including amateur tough man contests, are subject to this chapter. Every contestant in a
2.35 tough man contest shall wear padded gloves that weight at least 12 ounces.

3.1 **Sec. 9. [341.29] JURISDICTION OF COMMISSION.**

3.2 The commission shall:

3.3 (1) have sole direction, supervision, regulation, control, and jurisdiction over all
3.4 boxing contests and tough man contests held within this state unless a contest is exempt
3.5 from the application of this chapter under federal law;

3.6 (2) have sole control, authority, and jurisdiction over all licenses required by this
3.7 chapter; and

3.8 (3) grant a license to an applicant if, in the judgment of the commission, the financial
3.9 responsibility, experience, character, and general fitness of the applicant are consistent
3.10 with the public interest, convenience, or necessity and the best interests of boxing and
3.11 conforms with this chapter and the commission's rules.

3.12 **Sec. 10. [341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN**
3.13 **LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

3.14 Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers,
3.15 promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers, boxers'
3.16 managers, and boxers' seconds are required to be licensed by the commission. The
3.17 commission shall not permit any of these persons to participate in the holding or conduct
3.18 of any boxing contest unless the commission has first issued the person a license.

3.19 Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any
3.20 boxing contest, a corporation, partnership, limited liability company, or other business
3.21 entity organized and existing under law, its officers and directors, and any person holding
3.22 25 percent or more of the ownership of the corporation shall obtain a license from the
3.23 commission and must be authorized to do business under the laws of this state.

3.24 Subd. 3. **Background investigation.** The commission shall require referees, judges,
3.25 matchmakers, promoters, and boxers to furnish fingerprints and background information
3.26 under commission rules before licensure. The commission shall charge a fee for receiving
3.27 fingerprints and background information in an amount determined by the commission.
3.28 The commission may require referees, judges, matchmakers, promoters, and boxers to
3.29 furnish fingerprints and background information before license renewal if the commission
3.30 determines that the fingerprints and background information are desirable or necessary.
3.31 The fee may include a reasonable charge for expenses incurred by the commission or
3.32 the Department of Public Safety.

3.33 Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to
3.34 a promoter, matchmaker, corporation, or other business entity, the applicant shall:

4.1 (1) provide the commission with a copy of any agreement between a contestant
4.2 and the applicant which binds the applicant to pay the contestant a certain fixed fee or
4.3 percentage of the gate receipts;

4.4 (2) show on the application the owner or owners of the applicant entity and the
4.5 percentage of interest held by each owner holding a 25 percent or more interest in the
4.6 applicant;

4.7 (3) provide the commission with a copy of the latest financial statement of the
4.8 entity; and

4.9 (4) provide the commission with a copy or other proof acceptable to the commission
4.10 of the insurance contract or policy required by this chapter.

4.11 (b) Before the commission issues a license to a promoter, the applicant shall deposit
4.12 with the commission a cash bond or surety bond in an amount set by the commission.
4.13 The bond shall be executed in favor of this state and shall be conditioned on the faithful
4.14 performance by the promoter of the promoter's obligations under this chapter and the
4.15 rules adopted under it.

4.16 (c) Before the commission issues a license to a boxer, the applicant shall submit
4.17 to the commission the results of a current medical examination on forms furnished or
4.18 approved by the commission. The medical examination must include an ophthalmological
4.19 and neurological examination. The ophthalmological exam must be designed to detect
4.20 any retinal defects or other damage or condition of the eye that could be aggravated by
4.21 boxing. The neurological examination must include an electroencephalogram or medically
4.22 superior test if the boxer has been knocked unconscious in a previous boxing or other
4.23 athletic competition. The commission may also order an electroencephalogram or other
4.24 appropriate neurological or physical exam before any contest, match, or exhibition if it
4.25 determines that the examination is desirable to protect the health of the boxer.

4.26 **Sec. 11. [341.31] SIMULCAST LICENSES.**

4.27 The commission shall issue a license to a person or organization holding, showing,
4.28 or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or
4.29 sparring match or performance on a closed circuit telecast or subscription television
4.30 program viewed within the state, whether originating in this state or elsewhere, and for
4.31 which a charge is made. Each person or organization shall apply for such a license in
4.32 advance of each showing. No showing may be licensed unless the person or organization
4.33 applying for the license:

4.34 (1) certifies that the match is subject to the jurisdiction and regulation of a boxing or
4.35 athletic regulatory authority in another state or country;

4.36 (2) certifies the match is in compliance with the requirements of the authority;

- 5.1 (3) identifies the authority; and
- 5.2 (4) provides any information the commission may require.

5.3 **Sec. 12. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

5.4 Subdivision 1. Annual licensure. The commission may establish and issue annual
 5.5 licenses subject to the collection of advance fees by the commission for: promoters,
 5.6 matchmakers, managers, judges, referees, ring announcers, ringside physicians,
 5.7 timekeepers, boxers, boxers' trainers, boxers' seconds, business entities filing for a license
 5.8 to participate in the holding of any boxing contest, and officers, directors, or other persons
 5.9 affiliated with the business entity.

5.10 Subd. 2. Expiration and renewal. A license expires December 31 at midnight in
 5.11 the year of its issuance and may be renewed on filing an application for renewal of a
 5.12 license with the commission and payment of the license fee required in subdivision 1. An
 5.13 application for a license and renewal of a license shall be on a form provided by the
 5.14 commission. There is a 30-day grace period during which a license may be renewed if a
 5.15 late filing penalty fee equal to the license fee is submitted with the regular license fee.
 5.16 A licensee that files late shall not conduct any activity regulated by this chapter until the
 5.17 commission has renewed the license. If the licensee fails to apply to the commission within
 5.18 the 30-day grace period the licensee must apply for a new license under subdivision 1.

5.19 **Sec. 13. [341.33] CONTESTANTS AND REFEREES; PHYSICAL**
 5.20 **EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES;**
 5.21 **INSURANCE.**

5.22 Subdivision 1. Examination by physician. All boxers and referees shall be
 5.23 examined by a physician licensed by this state within three hours before entering the
 5.24 ring, and the examining physician shall immediately file with the commission a written
 5.25 report of the examination. The physician's examination shall report on the condition
 5.26 of the boxer's heart and general physical and neurological condition. The physician's
 5.27 report may record the condition of the boxer's nervous system and brain as required by
 5.28 the commission. The physician may prohibit the boxer from entering the ring if, in the
 5.29 physician's professional opinion, it is in the best interest of the boxer's health. The cost of
 5.30 the examination is payable by the person or entity conducting the contest or exhibition.

5.31 Subd. 2. Attendance of physician. Every person holding or sponsoring any boxing
 5.32 contest shall have in attendance at every boxing contest a physician licensed by this state.
 5.33 The commission may establish a schedule of fees to be paid to each attending physician
 5.34 by the person holding or sponsoring the contest.

5.35 **Sec. 14. [341.34] INSURANCE.**

6.1 Subdivision 1. Required insurance. The commission shall:

6.2 (1) require insurance coverage for a boxer to provide for medical, surgical, and
6.3 hospital care for injuries sustained in the ring in an amount of at least \$100,000 with \$25
6.4 deductible and payable to the boxer as beneficiary; and

6.5 (2) require life insurance for a boxer in the amount of at least \$50,000 payable in
6.6 case of accidental death resulting from injuries sustained in the ring.

6.7 Subd. 2. Payment for insurance. The cost of the insurance required by this section
6.8 is payable by the promoter.

6.9 **Sec. 15. [341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

6.10 Any person or persons who send or cause to be sent, published, or otherwise made
6.11 known, any challenge to fight what is commonly known as a prize fight, or engage in
6.12 any public boxing or sparring match, with or without gloves, for any prize, reward or
6.13 compensation, or for which any admission fee is charged directly or indirectly, or go into
6.14 training preparatory for such fight, exhibition, or contest, or act as a trainer, aider, abettor,
6.15 backer, umpire, referee, second, surgeon, assistant, or attendant at such fight, exhibition, or
6.16 contest, or in any preparation for same, and any owner or lessee of any ground, building,
6.17 or structure of any kind permitting the same to be used for any fight, exhibition, or contest,
6.18 is guilty of a misdemeanor unless a license for the holding of the fight, exhibition, or
6.19 contest has been issued by the commission in compliance with the rules adopted by it.

6.20 **Sec. 16. [341.46] GROSS RECEIPTS TAX.**

6.21 The promoter or promoters of all boxing contests, shows, or exhibitions held under
6.22 this chapter shall pay to the commissioner of finance, for credit to the Minnesota Boxing
6.23 Commission fund, a tax of five percent of the gross receipts from the contest or exhibition.
6.24 This section also applies to all boxing contests or exhibitions that are simulcast or shown
6.25 over closed circuit television and for which a fee is charged for the right to view the
6.26 event in this state.

6.27 **Sec. 17. APPROPRIATIONS.**

6.28 \$..... is appropriated from the general fund to the Minnesota Boxing Commission
6.29 for purposes in sections 1 to 16.

6.30 **Sec. 18. EFFECTIVE DATE.**

6.31 Sections 1 to 16 are effective July 1, 2007."

1.1 **Senator Scheid from the Committee on Commerce, to which was re-referred**

1.2 **S.F. No. 3022:** A bill for an act relating to boxing; regulation of boxing; establishing
1.3 a boxing commission; appropriating money; proposing coding for new law in Minnesota
1.4 Statutes, chapter 341.

1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Delete everything after the enacting clause and insert:

1.7 **"Section 1. [341.21] DEFINITIONS.**

1.8 **Subdivision 1. Applicability.** The definitions in this section apply to this chapter.

1.9 **Subd. 2. Boxing.** "Boxing" means the act of attack and defense with the fists, using
1.10 padded gloves, that is practiced as a sport under the rules of the World Boxing Association,
1.11 the World Boxing Council, the International Boxing Federation, or equivalent.

1.12 **Subd. 3. Commission.** "Commission" means the Minnesota Boxing Commission.

1.13 **Subd. 4. Contest.** "Contest" means any boxing match or exhibition.

1.14 **Subd. 5. Professional.** "Professional" means any person who competes for any
1.15 money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in the
1.16 practice of boxing as a means of obtaining a livelihood or pecuniary gain.

1.17 **Subd. 6. Director.** "Director" means the executive director of the commission.

1.18 **Subd. 7. Tough man contest.** "Tough man contest" means any boxing match
1.19 consisting of one-minute rounds between two or more persons who use their hands or
1.20 their feet, or both, in any manner. Tough man contest does not include kick boxing, any
1.21 recognized martial arts competition, or boxing as defined in subdivision 2.

1.22 **Sec. 2. [341.22] BOXING COMMISSION.**

1.23 There is hereby created the Minnesota Boxing Commission, consisting of five
1.24 members who are citizens of this state. One member of the commission shall be a retired
1.25 judge of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme
1.26 Court, the United States District Court for the District of Minnesota, or the Eighth Circuit
1.27 Court of Appeals; one member shall be a licensed medical professional; and three
1.28 members shall be involved in the boxing industry. Membership terms, compensation of
1.29 members, removal of members, the filling of membership vacancies, and fiscal year and
1.30 reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of
1.31 staff, administrative services, and office space; the review and processing of complaints;
1.32 the setting of fees; and other provisions relating to commission operations shall be as
1.33 provided in chapter 214.

1.34 **Sec. 3. [341.23] LIMITATIONS.**

2.1 (a) No member of the boxing commission shall directly or indirectly promote any
2.2 boxing contest, or directly or indirectly engage in the managing of any boxer or fighter or
3 be interested in any manner in the proceeds from any boxing match.

2.4 (b) No member of the boxing commission may make a wager on a contest held under
2.5 the auspices of the commission.

2.6 **Sec. 4. [341.24] EXECUTIVE DIRECTOR.**

2.7 The commission may appoint, and at its pleasure remove, an executive director
2.8 and prescribe the powers and duties of the office. The executive director shall not be a
2.9 member of the commission. The commission may employ personnel necessary to the
2.10 performance of its duties.

2.11 **Sec. 5. [341.25] RULES.**

2.12 (a) The commission may adopt rules that include standards for the physical
2.13 examination and condition of boxers and referees.

2.14 (b) The commission may adopt other rules necessary to carry out the purposes of
2.15 this chapter, including, but not limited to, the conduct of boxing contests and their manner,
2.16 supervision, time, and place.

2.17 **Sec. 6. [341.26] MEETINGS.**

2.18 The commission shall hold a regular meeting quarterly and in addition may hold
2.19 special meetings. Except as otherwise provided in law, all meetings of the commission
2.20 shall be open to the public and reasonable notice of the meetings shall be given under
2.21 chapter 13D.

2.22 **Sec. 7. [341.27] COMMISSION DUTIES.**

2.23 The commission shall:

2.24 (1) issue, deny, renew, suspend, or revoke licenses;

2.25 (2) make and maintain records of its acts and proceedings including the issuance,
2.26 denial, renewal, suspension, or revocation of licenses;

2.27 (3) keep public records of the commission open to inspection at all reasonable times;

2.28 (4) assist the director in the development of rules to be implemented under this
2.29 chapter; and

2.30 (5) conform to the rules adopted under this chapter.

2.31 **Sec. 8. [341.28] REGULATION OF BOXING CONTESTS.**

2.32 Subdivision 1. Regulatory authority; boxing. All boxing contests are subject to
2.33 this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at
2.34 least eight ounces. The commission shall, for every boxing contest:

3.1 (1) direct a commission member to be present; and
3.2 (2) direct the attending commission member to make a written report of the contest.
3.3 All boxing contests within this state shall be conducted according to the requirements
3.4 of this chapter.

3.5 Subd. 2. **Regulatory authority; tough man contests.** All tough man contests,
3.6 including amateur tough man contests, are subject to this chapter. Every contestant in a
3.7 tough man contest shall wear padded gloves that weight at least 12 ounces.

3.8 **Sec. 9. [341.29] JURISDICTION OF COMMISSION.**

3.9 The commission shall:

3.10 (1) have sole direction, supervision, regulation, control, and jurisdiction over all
3.11 boxing contests and tough man contests held within this state unless a contest is exempt
3.12 from the application of this chapter under federal law;

3.13 (2) have sole control, authority, and jurisdiction over all licenses required by this
3.14 chapter; and

3.15 (3) grant a license to an applicant if, in the judgment of the commission, the financial
3.16 responsibility, experience, character, and general fitness of the applicant are consistent
3.17 with the public interest, convenience, or necessity and the best interests of boxing and
3.18 conforms with this chapter and the commission's rules.

3.19 **Sec. 10. [341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN**
3.20 **LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

3.21 Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers,
3.22 promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers, boxers'
3.23 managers, and boxers' seconds are required to be licensed by the commission. The
3.24 commission shall not permit any of these persons to participate in the holding or conduct
3.25 of any boxing contest unless the commission has first issued the person a license.

3.26 Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any
3.27 boxing contest, a corporation, partnership, limited liability company, or other business
3.28 entity organized and existing under law, its officers and directors, and any person holding
3.29 25 percent or more of the ownership of the corporation shall obtain a license from the
3.30 commission and must be authorized to do business under the laws of this state.

3.31 Subd. 3. **Background investigation.** The commission shall require referees, judges,
3.32 matchmakers, promoters, and boxers to furnish fingerprints and background information
3.33 under commission rules before licensure. The commission shall charge a fee for receiving
3.34 fingerprints and background information in an amount determined by the commission.
3.35 The commission may require referees, judges, matchmakers, promoters, and boxers to

4.1 furnish fingerprints and background information before license renewal if the commission
4.2 determines that the fingerprints and background information are desirable or necessary.
The fee may include a reasonable charge for expenses incurred by the commission or
4.4 the Department of Public Safety.

4.5 Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to
4.6 a promoter, matchmaker, corporation, or other business entity, the applicant shall:

4.7 (1) provide the commission with a copy of any agreement between a contestant
4.8 and the applicant which binds the applicant to pay the contestant a certain fixed fee or
4.9 percentage of the gate receipts;

4.10 (2) show on the application the owner or owners of the applicant entity and the
4.11 percentage of interest held by each owner holding a 25 percent or more interest in the
4.12 applicant;

4.13 (3) provide the commission with a copy of the latest financial statement of the
4.14 entity; and

4.15 (4) provide the commission with a copy or other proof acceptable to the commission
4.16 of the insurance contract or policy required by this chapter.

4.17 (b) Before the commission issues a license to a promoter, the applicant shall deposit
4.18 with the commission a cash bond or surety bond in an amount set by the commission.
4.19 The bond shall be executed in favor of this state and shall be conditioned on the faithful
4.20 performance by the promoter of the promoter's obligations under this chapter and the
4.21 rules adopted under it.

4.22 (c) Before the commission issues a license to a boxer, the applicant shall submit
4.23 to the commission the results of a current medical examination on forms furnished or
4.24 approved by the commission. The medical examination must include an ophthalmological
4.25 and neurological examination. The ophthalmological exam must be designed to detect
4.26 any retinal defects or other damage or condition of the eye that could be aggravated by
4.27 boxing. The neurological examination must include an electroencephalogram or medically
4.28 superior test if the boxer has been knocked unconscious in a previous boxing or other
4.29 athletic competition. The commission may also order an electroencephalogram or other
4.30 appropriate neurological or physical exam before any contest, match, or exhibition if it
4.31 determines that the examination is desirable to protect the health of the boxer.

4.32 Sec. 11. **[341.31] SIMULCAST LICENSES.**

4.33 The commission shall issue a license to a person or organization holding, showing,
4.34 or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or
4.35 sparring match or performance on a closed circuit telecast or subscription television
4.36 program viewed within the state, whether originating in this state or elsewhere, and for

5.1 which a charge is made. Each person or organization shall apply for such a license in
5.2 advance of each showing. No showing may be licensed unless the person or organization
3 applying for the license:

5.4 (1) certifies that the match is subject to the jurisdiction and regulation of a boxing or
5.5 athletic regulatory authority in another state or country;

5.6 (2) certifies the match is in compliance with the requirements of the authority;

5.7 (3) identifies the authority; and

5.8 (4) provides any information the commission may require.

5.9 **Sec. 12. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

5.10 Subdivision 1. Annual licensure. The commission may establish and issue annual
5.11 licenses subject to the collection of advance fees by the commission for: promoters,
5.12 matchmakers, managers, judges, referees, ring announcers, ringside physicians,
5.13 timekeepers, boxers, boxers' trainers, boxers' seconds, business entities filing for a license
5.14 to participate in the holding of any boxing contest, and officers, directors, or other persons
5.15 affiliated with the business entity.

5.16 Subd. 2. Expiration and renewal. A license expires December 31 at midnight in
5.17 the year of its issuance and may be renewed on filing an application for renewal of a
5.18 license with the commission and payment of the license fee required in subdivision 1. An
5.19 application for a license and renewal of a license shall be on a form provided by the
5.20 commission. There is a 30-day grace period during which a license may be renewed if a
5.21 late filing penalty fee equal to the license fee is submitted with the regular license fee.
5.22 A licensee that files late shall not conduct any activity regulated by this chapter until the
23 commission has renewed the license. If the licensee fails to apply to the commission within
5.24 the 30-day grace period the licensee must apply for a new license under subdivision 1.

5.25 **Sec. 13. [341.33] CONTESTANTS AND REFEREES; PHYSICAL**
5.26 **EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES;**
5.27 **INSURANCE.**

5.28 Subdivision 1. Examination by physician. All boxers and referees shall be
5.29 examined by a physician licensed by this state within three hours before entering the
5.30 ring, and the examining physician shall immediately file with the commission a written
5.31 report of the examination. The physician's examination shall report on the condition
5.32 of the boxer's heart and general physical and neurological condition. The physician's
33 report may record the condition of the boxer's nervous system and brain as required by
5.34 the commission. The physician may prohibit the boxer from entering the ring if, in the

6.1 physician's professional opinion, it is in the best interest of the boxer's health. The cost of
6.2 the examination is payable by the person or entity conducting the contest or exhibition.

6.3 Subd. 2. Attendance of physician. Every person holding or sponsoring any boxing
6.4 contest shall have in attendance at every boxing contest a physician licensed by this state.
6.5 The commission may establish a schedule of fees to be paid to each attending physician
6.6 by the person holding or sponsoring the contest.

6.7 Sec. 14. [341.34] INSURANCE.

6.8 Subdivision 1. Required insurance. The commission shall:

6.9 (1) require insurance coverage for a boxer to provide for medical, surgical, and
6.10 hospital care for injuries sustained in the ring in an amount of at least \$100,000 with \$25
6.11 deductible and payable to the boxer as beneficiary; and

6.12 (2) require life insurance for a boxer in the amount of at least \$50,000 payable in
6.13 case of accidental death resulting from injuries sustained in the ring.

6.14 Subd. 2. Payment for insurance. The cost of the insurance required by this section
6.15 is payable by the promoter.

6.16 Sec. 15. [341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.

6.17 Any person or persons who send or cause to be sent, published, or otherwise made
6.18 known, any challenge to fight what is commonly known as a prize fight, or engage in
6.19 any public boxing or sparring match, with or without gloves, for any prize, reward or
6.20 compensation, or for which any admission fee is charged directly or indirectly, or go into
6.21 training preparatory for such fight, exhibition, or contest, or act as a trainer, aider, abettor,
6.22 backer, umpire, referee, second, surgeon, assistant, or attendant at such fight, exhibition, or
6.23 contest, or in any preparation for same, and any owner or lessee of any ground, building,
6.24 or structure of any kind permitting the same to be used for any fight, exhibition, or contest,
6.25 is guilty of a misdemeanor unless a license for the holding of the fight, exhibition, or
6.26 contest has been issued by the commission in compliance with the rules adopted by it.

6.27 Sec. 16. APPROPRIATIONS.

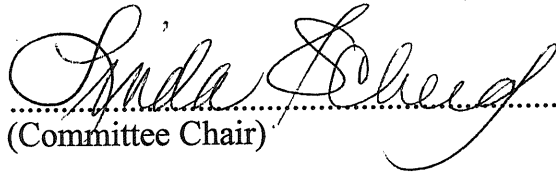
6.28 \$..... is appropriated from the general fund to the Minnesota Boxing Commission
6.29 for purposes in sections 1 to 15.

6.30 Sec. 17. EFFECTIVE DATE.

6.31 Sections 1 to 15 are effective July 1, 2007."

6.32 Amend the title accordingly

7.1 And when so amended the bill do pass and be re-referred to the Committee on
7.2 Finance. Amendments adopted. Report adopted.

7.3 .....
7.4 (Committee Chair)

7.5 March 27, 2006
7.6 (Date of Committee recommendation)

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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 3331 - Petroleum Fund Modifications

Author: Senator Dan Sparks

Prepared by: Matthew S. Grosser, Senate Research (651/296-1890) *MS*

Date: March 24, 2006

Section 1 amends the definition of a petroleum transport vehicle for the purpose of compensation from the petroleum release cleanup fund to include vehicles used during 2002 or 2003. This section also extends the time during which retrofits of retail gasoline locations and transport vehicles must be completed to qualify for compensation from the petroleum release cleanup fund from January 1, 2006, to September 1, 2006. This section is effective retroactively from August 1, 2003.

Section 2 appropriates \$477,500 in each fiscal year 2007 and 2008 from the petroleum release cleanup fund to the Commissioner of Transportation for reimbursable cost.

MSG:cs

MINNESOTA RENTAL CARS

A & A Auto Rental

Minneapolis
Pine City
Alexandria
Saint Cloud

Acar Auto Rental

Grand Rapids
Hibbing
Hermantown

Ace Car Rental Affiliate

Rochester

Ace Rent A Car

Saint Paul

Adare Car & Van Rentals

Saint Louis Park

Advantage Rental Co

Rochester

Alamo Rent A Car

Saint Paul
Minneapolis
Rochester
Adolph
Saint Cloud
Marshall
Forest Lake
Cambridge
East Gull Lake
Bemidji
Faribault
Willmar

Alliance Car Rental Inc.

New Hope
Saint Paul
Burnsville
Edina

Alternative Auto Rental

Prior Lake

Americar Car & Van Rental

Saint Louis Park

Americar Rent A Car

Inver Grove Heights
Hopkins

Automotive Rentals Inc

Edina

Avis Rent A Car

Owatonna
Saint Paul
New Hope
Golden Valley
Rochester
Adolph
Edina
Minnetonka
International Falls
Minneapolis
Saint Cloud
Burnsville
Bloomington
Saint Louis Park
Donaldson
Faribault
Chisholm
Albert Lea
Oak Park Heights
Cambridge
Lakeville
Brooklyn Center
Waite Park

Budget Car & Truck Rental

Minneapolis
Inver Grove Heights
New Brighton
Wayzata
Maple Grove
Saint Louis Park
Champlin
Saint Paul
Hastings
Bloomington

Willmar

Forest Lake
Oakdale
Prior Lake
Rochester
Thief River Falls
Hermantown
Minnetonka
Brooklyn Center
Woodbury
Rogers
Circle Pines
Hopkins
Coon Rapids
Rosemount
Eden Prairie
Mendota Heights
Appleton

Bushard Interprises

Minneapolis

CA Anderson Companies LC

Harris

Choice Auto Rental Inc

Brooklyn Park
Eden Prairie
Saint Paul
Maplewood
Apple Valley

Corporate Auto Rentals Inc

Eden Prairie

Courtesy Auto Rental

East Gull Lake

Courtesy Car Rental Of MN

Newport

Discount Car Rental Inc.

Buffalo

Dollar

Minneapolis

Enterprise Rent A Car

Brooklyn Center
Wayzata
Mankato
Bloomington
Saint Louis Park
White Bear Lake
Minnetonka
Coon Rapids
Circle Pines
Hopkins
New Brighton
Alexandria
Woodbury
Duluth
Anoka
Rosemount
Saint Paul
Savage
East Gull Lake
Cottage Grove
Hastings
Buffalo
Brooklyn Park
Oak Park Heights
Maple Grove
Two Harbors
Minneapolis
Fridley
Apple Valley
Owatonna
Roseville
Baxter
Plymouth
Rochester
Edina
Eden Prairie
Eagan
Burnsville
Bemidji
Moorhead
Inver Grove Heights
Monticello
Cloquet
Hamel
Willmar

Adolph
Saint Cloud
Blooming Prairie
Donaldson
Forest Lake -
Winona
Barnum
Red Wing
Houston
Faribault

Ford Rent A Car System

International Falls
Owatonna
Glenwood
Bloomington
Sauk Centre

Hertz

West Saint Paul
White Bear Lake
Richfield
Saint Cloud
Hermantown
Rochester
Winona
Eden Prairie
Grand Rapids
Apple Valley
Saint Paul
Hibbing
Saint Paul
Edina
International Falls
Wadena
Rochester
Adolph
Minneapolis

I Ra Car Rental Inc

Bloomington

Kuehn Rental

Rochester
Winona

Lowell Olsons Auto Sales & Rent
Dodge Center**McDonald Rentals Incorporated**
Cloquet**Mesquite Auto Rental**
Owatonna**National Car Rental**

International Falls
Minneapolis
Rochester
Bemidji
East Gull Lake
Edina
Hermantown
Adolph
Edina

Parade Car Rental

Albertville
Minneapolis

Payless Car Rental

Richfield

Reddy Rents

Saint Louis Park

Rent A Ride

Mankato

Rent A Wreck

Hinckley

Rent N Travel

Fridley

Ryder Truck Rental One Way Inc

Saint Paul

Sears Car & Truck Rental

Saint Paul
Grand Rapids

Star Auto Rental

Frazee

Sunbelt Auto Rental

Cottage Grove

Thrifty

Minneapolis

Saint Paul

Rochester

U Save Auto Rental

Bloomington

Monticello

Roseville

Moorhead

Red Wing

Moorhead

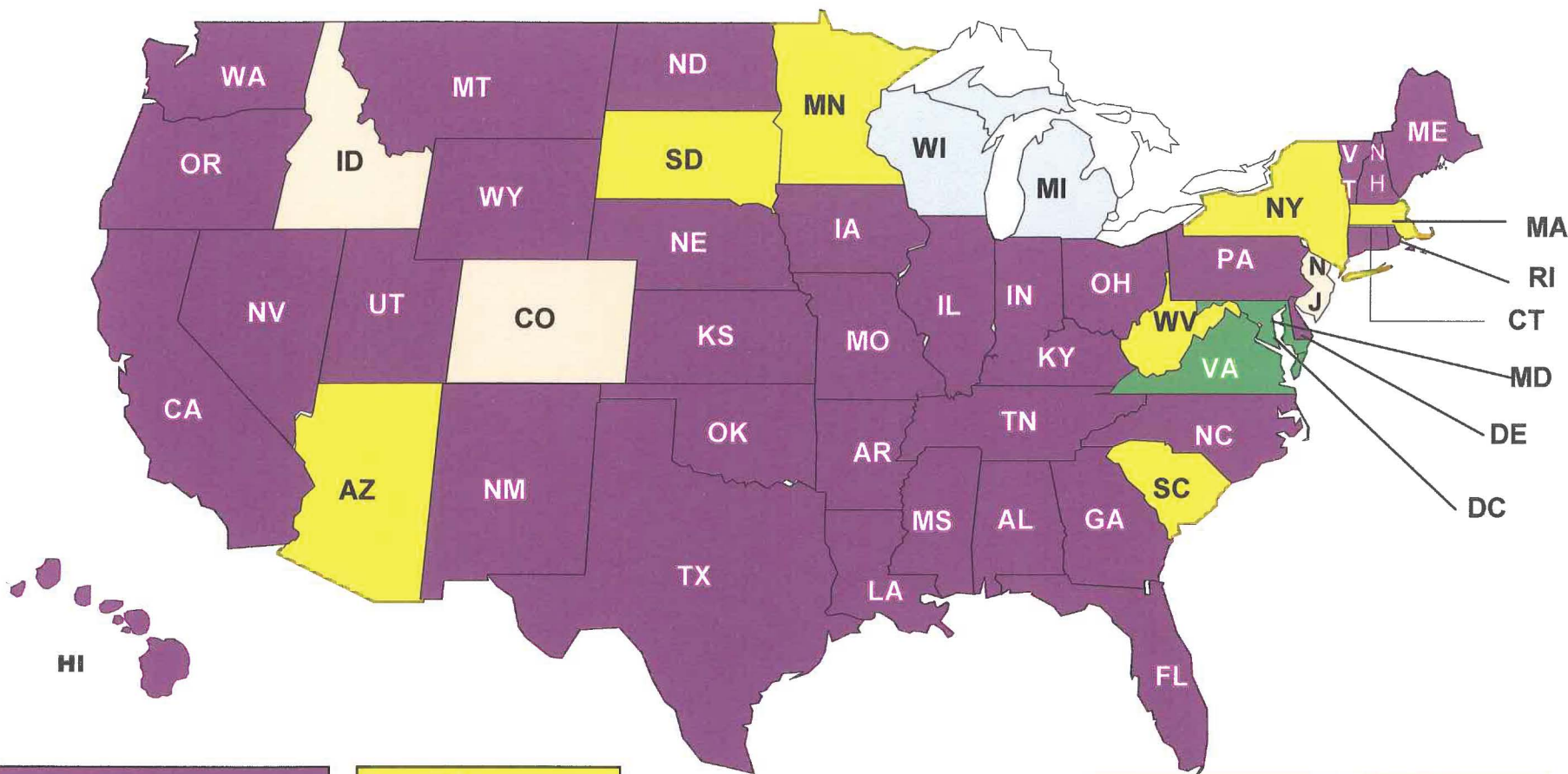
Vanguard Car Rental

Saint Paul

Zap Auto Pick Up & Van Rental

Minneapolis

AK



Non-Primary
Non-Primary On Replacements
Co-Primary

Primary
Primary with Subrogation Rights

Current Liability Position for
Rental Car Industry by State
as of March 2006

Choice
AUTO RENTAL

Plus

(Towing)

Robin Ellevoid
Account Representative
cell: 651-755-1452



Choice One Call Tow...
1-877 596-3456

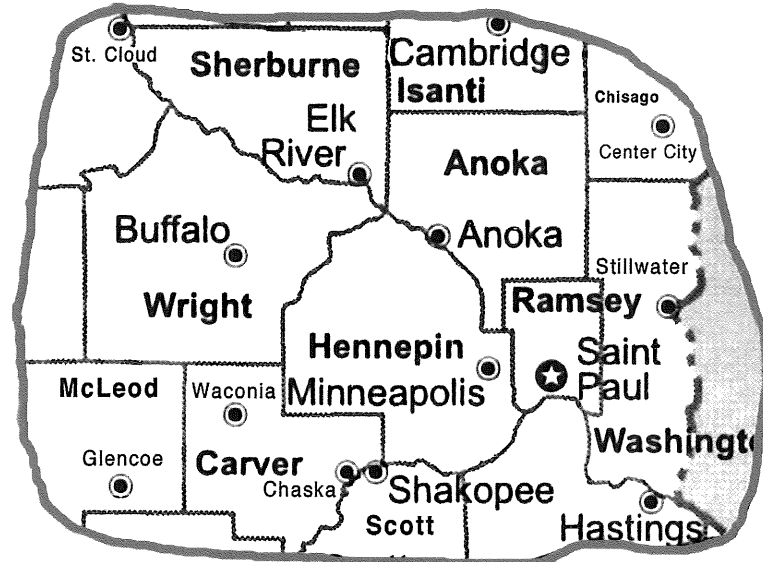
www.choiceautorental.com

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**Delivers to the entire Metropolitan
and outlying areas!**

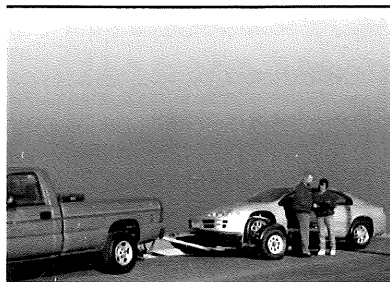
Brooklyn Park
763-391-8099

Maplewood
651-766-7807



Eden Prairie
952-946-1213

Apple Valley
952-891-3343



NEW!

**Delivery of rental & pickup
of damaged vehicle**

PRIMARY COVERAGE ON RENTAL VEHICLES IN MINNESOTA

The Issue:

When the driver of a rental car is involved in an accident, should the driver's own insurance policy or the rental car company provide liability coverage for damages?

Background:

Currently in the State of Minnesota, rental car companies must respond to third party claims on a primary basis, up to the Minimum Financial Responsibility (MFR) of 30/60/10. The renter of a vehicle, even if insured under a policy for which they have paid a premium to be covered, is not held responsible for their actions while operating a rental vehicle. On January 28, 1998, the MN Supreme Court forced rental car companies to take a primary stance for the actions of their customers. In the dissenting opinion among the justices, it is mentioned that this decision "is wrong, fundamentally unfair, and poor public policy." The dissention also mentions that "the cost of that protection is likely to be passed on...to all...rental car customers" and that "there is no sound reason why individual renters should not be required to bear the cost of their own liability...." Since 1998, owners of repair shops that provide loaner vehicles and dealers who provide leased vehicles have convinced the legislature the driver's own policy should be primary. These amendments apply the same public policy that all vehicle drivers should be responsible for their own actions as long as the driver has automobile insurance coverage.

The Proposal:

The delete everything amendment to SF 1674/HF 1975 provides that the driver's policy of a rented car will provide primary liability coverage. The bill mandates that automobile insurance policies issued in Minnesota provide primary liability coverage for damages when the driver rents a car anywhere in the United States. The bill requires notice to consumers at the time they rent a car of the coverage provided by a personal automobile insurance policy which extends that policy's basic economic loss benefits, a residual liability insurance, to the operation of the rented motor vehicle.

The Rationale:

When reviewing this issue, here are some key points to remember:

- **This Change will not decrease the benefits to an injured person.** The injured third party would still have the benefit of the MFR and more, depending on the amount of coverage the renter has on their own automobile insurance policy. This legislation does not affect whether insurance coverage will be available to pay for property damage and personal injuries in an accident involving a rental car. It merely deals with which policy will be primary and pay first. (For example: Steven Jones lives in Minnesota and rents a car while his vehicle is being repaired by a dealership. His personal policy limits are 100/300/50. If he is at fault in an accident while driving a rental, the benefit to the third party would be 130/360/60—his policy combined with the rental company's financial responsibility as defined under MN Statute 65B.49 Subd. 5a.)
- **Approximately 60-70% of all vehicles rented in Minnesota are rented by citizens of Minnesota.** What this means: The residents of Minnesota are not only being asked to pay twice for their own coverage while renting a vehicle (first through their insurance policy, and second through increased rental rates that reflect this additional cost), but to absorb the cost for those who travel into Minnesota from other states. For example, John Smith lives in Iowa. He flies into Minneapolis to conduct business and is at fault in an accident while operating a rental car. The MN rental company must pay the first 30/60/10 of the loss under the current system. (In fact, if the renter had a policy in Iowa, that policy

would pay first, but MN law does not currently allow rental companies to pursue that policy).

- **Currently, the liability cost in Minnesota for rental companies is significantly higher than in neighboring states:** \$22 more per vehicle per month than in Wisconsin, roughly \$17 more per vehicle per month than in Iowa, \$21 more per vehicle per month than in North Dakota, and \$16 more per vehicle per month than in Chicago just to name a few examples.
- **A change sets good public policy.** If we were to ask Minnesota residents if an at-fault party should be responsible for their actions while operating a motor vehicle, we believe they would agree with the dissention opinion of the MN Supreme Court. People who do not drive safely or cause accidents should be held accountable for their own actions. The legislation has already agreed with this policy by allowing loaner vehicles and leased vehicles to be the primary responsibility of the driver's insurance policy.
- **Residents of Minnesota stand to benefit the most by a change.** Under the current set of laws, the only alternative left for rental companies to compensate for the growing liability expense is to increase rental rates for residents of Minnesota. This bill will allow rental car companies to mitigate the rising costs of renting a vehicle and lower barriers of entry to the industry. This will in turn put downward pressure on rental rates.
- **86% of other states, including Iowa, Wisconsin, North Dakota, Illinois and Nebraska allow for the renter's insurance policy to be the primary payer in the event of a loss.**
- **An insurance company is better able to evaluate risk than a rental company.** The insurance company has the time and resources available to it (driver's loss history, driving record, etc.) at its disposal in determining the risk and an appropriate premium. Rental car companies do not have this kind of access and cannot assess this risk.
- **Insurance rates should not increase as a result of this change.**
According to the MN Department of Public Safety and the Department of Commerce, there are about 3.7 million auto policies in Minnesota. According to rental car industry data, the rental car industry attributed about \$5 million dollars towards the total economic loss from traffic crashes. This amount includes all liability from all possible exposures including no-fault losses, general liability losses and vicarious liability.

APPROXIMATE COST SHIFT TO INSURANCE COMPANIES

\$5 million in damages from rentals / 3.7 million auto policies = maximum possible increase to each policy holder of \$1.35 per policy per year

Senator Sparks introduced-

S.F. No. 3331: Referred to the Committee on Commerce.

1 A bill for an act
1.2 relating to commerce; modifying provisions relating to petroleum fund
1.3 compensation for transport vehicles; appropriating money; amending Minnesota
1.4 Statutes 2005 Supplement, section 115C.09, subdivision 3j.

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

1.6 Section 1. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j,
1.7 is amended to read:

1.8 Subd. 3j. **Retail locations and transport vehicles.** (a) As used in this subdivision,
1.9 "retail location" means a facility located in the metropolitan area as defined in section
1.10 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in
1.11 automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver
1.12 gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

1.13 (b) Notwithstanding any other provision in this chapter, and any rules adopted under
1.14 this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of
1.15 retail locations and transport vehicles completed between January 1, 2001, and ~~January~~
1.16 September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the
1.17 board determines the costs were incurred and reasonable. The reimbursement may not
1.18 exceed \$3,000 per retail location and \$3,000 per transport vehicle.

1.19 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2003.

1.20 **Sec. 2. APPROPRIATION.**

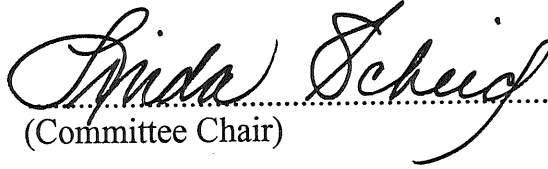
1.21 Notwithstanding Minnesota Statutes, section 115C.09, subdivision 2a, \$477,500 in
1.22 fiscal year 2007 and \$477,500 in fiscal year 2008 are appropriated from the petroleum

- 2.1 tank release cleanup fund to the commissioner of transportation for costs reimbursable
- 2.2 under Minnesota Statutes, section 115C.09, that were incurred before January 1, 2004.

1.1 **Senator Scheid from the Committee on Commerce, to which was referred**

1.2 **S.F. No. 3331:** A bill for an act relating to commerce; modifying provisions relating
3 to petroleum fund compensation for transport vehicles; appropriating money; amending
4 Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j.

1.5 Reports the same back with the recommendation that the bill do pass and be
1.6 re-referred to the Committee on Finance. Report adopted.

1.7 
1.8 (Committee Chair)

1.9 March 27, 2006
1.10 (Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 1674 - Rental Vehicle Insurance Coverage (A06-
1130 delete-everything amendment)**

Author: Senator Dan Sparks

Prepared by: Matthew S. Grosser, Senate Research (651/296-1890) *MS*

Date: March 24, 2006

The bill, as amended, requires that residual liability, economic loss benefits, and uninsured and underinsured motorist coverage of a personal automobile insurance policy extend to the operation and use of a rental vehicle, and requires motor vehicle rental contracts to contain notice to that effect. The bill also specifies that the policy of insurance or self-insurance of the owner of a rental vehicle applies whenever the operator of the rental vehicle is not covered by a plan of reparation security.

MSG:cs

Senators Sparks, Metzen, Michel and Scheid introduced--
S.F. No. 1674: Referred to the Committee on Commerce.

1 A bill for an act

2 relating to insurance; regulating certain rental
3 vehicle coverage; amending Minnesota Statutes 2004,
4 section 65B.49, subdivision 5a.

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

6 Section 1. Minnesota Statutes 2004, section 65B.49,
7 subdivision 5a, is amended to read:

8 Subd. 5a. [RENTAL VEHICLES.] (a) Every plan of reparation
9 security insuring a natural person as named insured, covering
10 private passenger vehicles as defined under section 65B.001,
11 subdivision 3, and pickup trucks and vans as defined under
12 section 168.011 must provide that all of the obligation for
13 damage and loss of use to a rented private passenger vehicle,
14 including pickup trucks and vans as defined under section
15 168.011, and rented trucks with a registered gross vehicle
16 weight of 26,000 pounds or less would be covered by the property
17 damage liability portion of the plan. This subdivision does not
18 apply to plans of reparation security covering only motor
19 vehicles registered under section 168.10, subdivision 1a, 1b,
20 1c, or 1d, or recreational equipment as defined under section
21 168.011. The obligation of the plan must not be contingent on
22 fault or negligence. In all cases where the plan's property
23 damage liability coverage is less than \$35,000, the coverage
24 available under the subdivision must be \$35,000. Other than as
25 described in this paragraph or in paragraph (j), nothing in this

1 section amends or alters the provisions of the plan of
2 reparation security as to primacy of the coverages in this
3 section.

4 (b) A vehicle is rented for purposes of this subdivision:

5 (1) if the rate for the use of the vehicle is determined on
6 a monthly, weekly, or daily basis; or

7 (2) during the time that a vehicle is loaned as a
8 replacement for a vehicle being serviced or repaired regardless
9 of whether the customer is charged a fee for the use of the
10 vehicle.

11 A vehicle is not rented for the purposes of this
12 subdivision if the rate for the vehicle's use is determined on a
13 period longer than one month or if the term of the rental
14 agreement is longer than one month. A vehicle is not rented for
15 purposes of this subdivision if the rental agreement has a
16 purchase or buyout option or otherwise functions as a substitute
17 for purchase of the vehicle.

18 (c) The policy or certificate issued by the plan must
19 inform the insured of the application of the plan to private
20 passenger rental vehicles, including pickup trucks and vans as
21 defined under section 168.011, and that the insured may not need
22 to purchase additional coverage from the rental company.

23 (d) Where an insured has two or more vehicles covered by a
24 plan or plans of reparation security containing the rented motor
25 vehicle coverage required under paragraph (a), the insured may
26 select the plan the insured wishes to collect from and that plan
27 is entitled to a pro rata contribution from the other plan or
28 plans based upon the property damage limits of liability. If
29 the person renting the motor vehicle is also covered by the
30 person's employer's insurance policy or the employer's
31 automobile self-insurance plan, the reparation obligor under the
32 employer's policy or self-insurance plan has primary
33 responsibility to pay claims arising from use of the rented
34 vehicle.

35 (e) A notice advising the insured of rental vehicle
36 coverage must be given by the reparation obligor to each current

1 insured with the first renewal notice after January 1, 1989.
2 The notice must be approved by the commissioner of commerce.
3 The commissioner may specify the form of the notice.

4 (f) When a motor vehicle is rented in this state, there
5 must be attached to the rental contract a separate form
6 containing a written notice in at least 10-point bold type, if
7 printed, or in capital letters, if typewritten, which states:

8 Under Minnesota law, a personal automobile insurance policy
9 issued in Minnesota must cover the rental of this motor
10 vehicle against damage to the vehicle and against loss of
11 use of the vehicle. Therefore, purchase of any collision
12 damage waiver or similar insurance affected in this rental
13 contract is not necessary if your policy was issued in
14 Minnesota.

15 No collision damage waiver or other insurance offered as part of
16 or in conjunction with a rental of a motor vehicle may be sold
17 unless the person renting the vehicle provides a written
18 acknowledgment that the above consumer protection notice has
19 been read and understood.

20 (g) When damage to a rented vehicle is covered by a plan of
21 reparation security as provided under paragraph (a), the rental
22 contract must state that payment by the reparation obligor
23 within the time limits of section 72A.201 is acceptable, and
24 prior payment by the renter is not required.

25 (h) Compensation for the loss of use of a damaged rented
26 motor vehicle is limited to a period no longer than 14 days.

27 (i)(1) For purposes of this paragraph, "rented motor
28 vehicle" means a rented vehicle described in paragraph (a),
29 using the definition of "rented" provided in paragraph (b).

30 (2) Notwithstanding section 170.54, an owner of a rented
31 motor vehicle is not vicariously liable for legal damages
32 resulting from the operation of the rented motor vehicle in an
33 amount greater than \$100,000 because of bodily injury to one
34 person in any one accident and, subject to the limit for one
35 person, \$300,000 because of injury to two or more persons in any
36 one accident, and \$50,000 because of injury to or destruction of

1 property of others in any one accident, if the owner of the
2 rented motor vehicle has in effect, at the time of the accident,
3 a policy of insurance or self-insurance, as provided in section
4 65B.48, subdivision 3, covering losses up to at least the
5 amounts set forth in this paragraph. Nothing in this paragraph
6 alters or affects the obligations of an owner of a rented motor
7 vehicle to comply with the requirements of compulsory insurance
8 through a policy of insurance as provided in section 65B.48,
9 subdivision 2, or through self-insurance as provided in section
10 65B.48, subdivision 3; or with the obligations arising from
11 section 72A.125 for products sold in conjunction with the rental
12 of a motor vehicle. Nothing in this paragraph alters or affects
13 liability, other than vicarious liability, of an owner of a
14 rented motor vehicle.

15 (3) The dollar amounts stated in this paragraph shall be
16 adjusted for inflation based upon the Consumer Price Index for
17 all urban consumers, known as the CPI-U, published by the United
18 States Bureau of Labor Statistics. The dollar amounts stated in
19 this paragraph are based upon the value of that index for July
20 1995, which is the reference base index for purposes of this
21 paragraph. The dollar amounts in this paragraph shall change
22 effective January 1 of each odd-numbered year based upon the
23 percentage difference between the index for July of the
24 preceding year and the reference base index, calculated to the
25 nearest whole percentage point. The commissioner shall announce
26 and publish, on or before September 30 of the preceding year,
27 the changes in the dollar amounts required by this paragraph to
28 take effect on January 1 of each odd-numbered year. The
29 commissioner shall use the most recent revision of the July
30 index available as of September 1. Changes in the dollar
31 amounts must be in increments of \$5,000, and no change shall be
32 made in a dollar amount until the change in the index requires
33 at least a \$5,000 change. If the United States Bureau of Labor
34 Statistics changes the base year upon which the CPI-U is based,
35 the commissioner shall make the calculations necessary to
36 convert from the old base year to the new base year. If the

1 CPI-U is discontinued, the commissioner shall use the available
2 index that is most similar to the CPI-U.

3 (j) The plan of reparation security covering the owner of a
4 rented motor vehicle is excess of any residual liability
5 coverage insuring an operator of a rented motor vehicle if the
6 vehicle is loaned as a replacement for a vehicle being serviced
7 or repaired, regardless of whether a fee is charged for use of
8 the vehicle, ~~provided that the vehicle so loaned is owned by the~~
9 ~~service or repair business.~~

1.1 Senator moves to amend S.F. No. 1674 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2005 Supplement, section 65B.49, subdivision
1.4 5a, is amended to read:

1.5 Subd. 5a. **Rental vehicles.** (a) Every plan of reparation security, wherever issued,
1.6 insuring a natural person as named insured, covering private passenger vehicles as defined
1.7 under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section
1.8 168.011 must: (1) provide that all of the obligation for damage and loss of use to a rented
1.9 private passenger vehicle, including pickup trucks and vans as defined under section
1.10 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less
1.11 would be covered by the property damage liability portion of the plan; and (2) extend
1.12 the plan's basic economic loss benefits, residual liability insurance, and uninsured and
1.13 underinsured motorist coverages to the operation or use of the rented motor vehicle. This
1.14 subdivision does not apply to plans of reparation security covering only motor vehicles
1.15 registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment
1.16 as defined under section 168.011. The obligation of the plan must not be contingent on
1.17 fault or negligence. In all cases where the plan's property damage liability coverage is less
1.18 than \$35,000, the coverage available under the subdivision must be \$35,000. Other than
1.19 as described in this paragraph ~~or in~~; paragraph (i), clause (2); or paragraph (j), nothing
1.20 in this section amends or alters the provisions of the plan of reparation security as to
1.21 primacy of the coverages in this section.

1.22 (b) A vehicle is rented for purposes of this subdivision:

1.23 (1) if the rate for the use of the vehicle is determined on a monthly, weekly, or
1.24 daily basis; or

1.25 (2) during the time that a vehicle is loaned as a replacement for a vehicle being
1.26 serviced or repaired regardless of whether the customer is charged a fee for the use
1.27 of the vehicle.

2.1 A vehicle is not rented for the purposes of this subdivision if the rate for the vehicle's
 2.2 use is determined on a period longer than one month or if the term of the rental agreement
 2.3 is longer than one month. A vehicle is not rented for purposes of this subdivision if the
 2.4 rental agreement has a purchase or buyout option or otherwise functions as a substitute for
 2.5 purchase of the vehicle.

2.6 (c) The policy or certificate issued by the plan must inform the insured of the
 2.7 application of the plan to private passenger rental vehicles, including pickup trucks and
 2.8 vans as defined under section 168.011, and that the insured may not need to purchase
 2.9 additional coverage from the rental company.

2.10 (d) Where an insured has two or more vehicles covered by a plan or plans of
 2.11 reparation security containing the rented motor vehicle coverage required under paragraph
 2.12 (a), the insured may select the plan the insured wishes to collect from and that plan is
 2.13 entitled to a pro rata contribution from the other plan or plans based upon the property
 2.14 damage limits of liability. If the person renting the motor vehicle is also covered by the
 2.15 person's employer's insurance policy or the employer's automobile self-insurance plan,
 2.16 the reparation obligor under the employer's policy or self-insurance plan has primary
 2.17 responsibility to pay claims arising from use of the rented vehicle.

2.18 (e) A notice advising the insured of rental vehicle coverage must be given by the
 2.19 reparation obligor to each current insured with the first renewal notice after January 1,
 2.20 1989. The notice must be approved by the commissioner of commerce. The commissioner
 2.21 may specify the form of the notice.

2.22 (f) When a motor vehicle is rented in this state, ~~there must be attached to the rental~~
 2.23 ~~contract a separate form containing~~ must contain a written notice in at least 10-point bold
 2.24 type, if printed, or in capital letters, if typewritten, which states:

2.25 Under Minnesota law, a personal automobile insurance policy ~~issued in Minnesota~~
 2.26 must : (1) cover the rental of this motor vehicle against damage to the vehicle and
 2.27 against loss of use of the vehicle ; and (2) extend the policy's basic economic loss
 2.28 benefits; residual liability insurance, and uninsured and underinsured motorist
 2.29 coverages to the operation or use of a rented motor vehicle. Therefore, purchase of
 2.30 any collision damage waiver or similar insurance affected in this rental contract is
 2.31 not necessary ~~if your policy was issued in Minnesota.~~ In addition, purchase of any
 2.32 additional liability insurance is not necessary if your policy was issued in Minnesota
 2.33 unless you wish to have coverage for liability that exceeds the amount specified in
 2.34 your personal automobile insurance policy.

2.35 No collision damage waiver or other insurance offered as part of or in conjunction with
 2.36 a rental of a motor vehicle may be sold unless the person renting the vehicle provides a

3.1 written acknowledgment that the above consumer protection notice has been read and
3.2 understood.

3.3 (g) When damage to a rented vehicle is covered by a plan of reparation security as
3.4 provided under paragraph (a), the rental contract must state that payment by the reparation
3.5 obligor within the time limits of section 72A.201 is acceptable, and prior payment by
3.6 the renter is not required.

3.7 (h) Compensation for the loss of use of a damaged rented motor vehicle is limited to
3.8 a period no longer than 14 days.

3.9 (i)(1) For purposes of this ~~paragraph~~ subdivision, "rented motor vehicle" means a
3.10 rented vehicle described in paragraph (a), using the definition of "rented" provided in
3.11 paragraph (b).

3.12 (2) Notwithstanding section 169.09, subdivision 5a, an owner of a rented motor
3.13 vehicle is not vicariously liable for legal damages resulting from the operation of the
3.14 rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one
3.15 person in any one accident and, subject to the limit for one person, \$300,000 because of
3.16 injury to two or more persons in any one accident, and \$50,000 because of injury to or
3.17 destruction of property of others in any one accident, if the owner of the rented motor
3.18 vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as
3.19 provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set
3.20 forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an
3.21 owner of a rented motor vehicle to comply with the requirements of compulsory insurance
3.22 through a policy of insurance as provided in section 65B.48, subdivision 2, or through
3.23 self-insurance as provided in section 65B.48, subdivision 3, which policy of insurance or
3.24 self-insurance must apply whenever the operator is not covered by a plan of reparation
3.25 security as provided under paragraph (a); or with the obligations arising from section
3.26 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in
3.27 this paragraph alters or affects liability, other than vicarious liability, of an owner of
3.28 a rented motor vehicle.

3.29 (3) The dollar amounts stated in this paragraph shall be adjusted for inflation
3.30 based upon the Consumer Price Index for all urban consumers, known as the CPI-U,
3.31 published by the United States Bureau of Labor Statistics. The dollar amounts stated
3.32 in this paragraph are based upon the value of that index for July 1995, which is the
3.33 reference base index for purposes of this paragraph. The dollar amounts in this paragraph
3.34 shall change effective January 1 of each odd-numbered year based upon the percentage
3.35 difference between the index for July of the preceding year and the reference base index,
3.36 calculated to the nearest whole percentage point. The commissioner shall announce and

4.1 publish, on or before September 30 of the preceding year, the changes in the dollar
4.2 amounts required by this paragraph to take effect on January 1 of each odd-numbered
4.3 year. The commissioner shall use the most recent revision of the July index available as
4.4 of September 1. Changes in the dollar amounts must be in increments of \$5,000, and no
4.5 change shall be made in a dollar amount until the change in the index requires at least
4.6 a \$5,000 change. If the United States Bureau of Labor Statistics changes the base year
4.7 upon which the CPI-U is based, the commissioner shall make the calculations necessary
4.8 to convert from the old base year to the new base year. If the CPI-U is discontinued, the
4.9 commissioner shall use the available index that is most similar to the CPI-U.

4.10 (j) The plan of reparation security covering the owner of a rented motor vehicle is
4.11 excess of any residual liability coverage insuring an operator of a rented motor vehicle ~~if~~
4.12 ~~the vehicle is loaned as a replacement for a vehicle being serviced or repaired, regardless~~
4.13 ~~of whether a fee is charged for use of the vehicle, provided that the vehicle so loaned is~~
4.14 ~~owned by the service or repair business."~~

4.15 Delete the title and insert:

4.16 "A bill for an act

4.17 relating to insurance; regulating certain rental car coverage; amending Minnesota
4.18 Statutes 2005 Supplement, section 65B.49, subdivision 5a."

1.1 Senator Sparks moves to amend the delete-everything amendment (A06-1130)
1.2 as follows:

1.3 Page 4, after line 14, insert:

1.4 "(k) Notwithstanding any other law to the contrary, the owner of a rented private
1.5 passenger vehicle is responsible for all damages and loss of use to a rented private
1.6 passenger vehicle, which is caused by weather-related natural phenomena."

1.1 **Senator Scheid from the Committee on Commerce, to which was referred**

1.2 **S.F. No. 1674:** A bill for an act relating to insurance; regulating certain rental
1.3 vehicle coverage; amending Minnesota Statutes 2004, section 65B.49, subdivision 5a.

1.4 Reports the same back with the recommendation that the bill be amended as follows:

1.5 Delete everything after the enacting clause and insert:

1.6 "Section 1. Minnesota Statutes 2005 Supplement, section 65B.49, subdivision
1.7 5a, is amended to read:

1.8 Subd. 5a. **Rental vehicles.** (a) Every plan of reparation security, wherever issued,
1.9 insuring a natural person as named insured, covering private passenger vehicles as defined
1.10 under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section
1.11 168.011 must: (1) provide that all of the obligation for damage and loss of use to a rented
1.12 private passenger vehicle, including pickup trucks and vans as defined under section
1.13 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less
1.14 would be covered by the property damage liability portion of the plan; and (2) extend
1.15 the plan's basic economic loss benefits, residual liability insurance, and uninsured and
1.16 underinsured motorist coverages to the operation or use of the rented motor vehicle. This
1.17 subdivision does not apply to plans of reparation security covering only motor vehicles
1.18 registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment
1.19 as defined under section 168.011. The obligation of the plan must not be contingent on
1.20 fault or negligence. In all cases where the plan's property damage liability coverage is less
1.21 than \$35,000, the coverage available under the subdivision must be \$35,000. Other than
1.22 as described in this paragraph ~~or in~~; paragraph (i), clause (2); or paragraph (j), nothing
1.23 in this section amends or alters the provisions of the plan of reparation security as to
1.24 primacy of the coverages in this section.

1.25 (b) A vehicle is rented for purposes of this subdivision:

1.26 (1) if the rate for the use of the vehicle is determined on a monthly, weekly, or
1.27 daily basis; or

1.28 (2) during the time that a vehicle is loaned as a replacement for a vehicle being
1.29 serviced or repaired regardless of whether the customer is charged a fee for the use
1.30 of the vehicle.

1.31 A vehicle is not rented for the purposes of this subdivision if the rate for the vehicle's
1.32 use is determined on a period longer than one month or if the term of the rental agreement
1.33 is longer than one month. A vehicle is not rented for purposes of this subdivision if the
1.34 rental agreement has a purchase or buyout option or otherwise functions as a substitute for
1.35 purchase of the vehicle.

1.36 (c) The policy or certificate issued by the plan must inform the insured of the
1.37 application of the plan to private passenger rental vehicles, including pickup trucks and

2.1 vans as defined under section 168.011, and that the insured may not need to purchase
2.2 additional coverage from the rental company.

2 (d) Where an insured has two or more vehicles covered by a plan or plans of
2.4 reparation security containing the rented motor vehicle coverage required under paragraph
2.5 (a), the insured may select the plan the insured wishes to collect from and that plan is
2.6 entitled to a pro rata contribution from the other plan or plans based upon the property
2.7 damage limits of liability. If the person renting the motor vehicle is also covered by the
2.8 person's employer's insurance policy or the employer's automobile self-insurance plan,
2.9 the reparation obligor under the employer's policy or self-insurance plan has primary
2.10 responsibility to pay claims arising from use of the rented vehicle.

2.11 (e) A notice advising the insured of rental vehicle coverage must be given by the
2.12 reparation obligor to each current insured with the first renewal notice after January 1,
2.13 1989. The notice must be approved by the commissioner of commerce. The commissioner
2.14 may specify the form of the notice.

2.15 (f) When a motor vehicle is rented in this state, ~~there must be attached to the rental~~
2.16 ~~contract a separate form containing~~ must contain a written notice in at least 10-point bold
2.17 type, if printed, or in capital letters, if typewritten, which states:

2.18 Under Minnesota law, a personal automobile insurance policy ~~issued in Minnesota~~
2.19 must: (1) cover the rental of this motor vehicle against damage to the vehicle and
2.20 against loss of use of the vehicle; and (2) extend the policy's basic economic loss
2.21 benefits, residual liability insurance, and uninsured and underinsured motorist
2.22 coverages to the operation or use of a rented motor vehicle. Therefore, purchase of
2.23 any collision damage waiver or similar insurance affected in this rental contract is
2.24 not necessary ~~if your policy was issued in Minnesota.~~ In addition, purchase of any
2.25 additional liability insurance is not necessary if your policy was issued in Minnesota
2.26 unless you wish to have coverage for liability that exceeds the amount specified in
2.27 your personal automobile insurance policy.

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2.29 with a rental of a motor vehicle may be sold unless the person renting the vehicle provides
2.30 a written acknowledgment that the above consumer protection notice has been read and
2.31 understood.

2.32 (g) When damage to a rented vehicle is covered by a plan of reparation security as
2.33 provided under paragraph (a), the rental contract must state that payment by the reparation
2.34 obligor within the time limits of section 72A.201 is acceptable, and prior payment by
2.35 the renter is not required.

3.1 (h) Compensation for the loss of use of a damaged rented motor vehicle is limited to
3.2 a period no longer than 14 days.

3 (i)(1) For purposes of this ~~paragraph~~ subdivision, "rented motor vehicle" means a
3.4 rented vehicle described in paragraph (a), using the definition of "rented" provided in
3.5 paragraph (b).

3.6 (2) Notwithstanding section 169.09, subdivision 5a, an owner of a rented motor
3.7 vehicle is not vicariously liable for legal damages resulting from the operation of the
3.8 rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one
3.9 person in any one accident and, subject to the limit for one person, \$300,000 because of
3.10 injury to two or more persons in any one accident, and \$50,000 because of injury to or
3.11 destruction of property of others in any one accident, if the owner of the rented motor
3.12 vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as
3.13 provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set
3.14 forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an
3.15 owner of a rented motor vehicle to comply with the requirements of compulsory insurance
3.16 through a policy of insurance as provided in section 65B.48, subdivision 2, or through
3.17 self-insurance as provided in section 65B.48, subdivision 3, which policy of insurance or
3.18 self-insurance must apply whenever the operator is not covered by a plan of reparation
3.19 security as provided under paragraph (a); or with the obligations arising from section
3.20 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in
3.21 this paragraph alters or affects liability, other than vicarious liability, of an owner of
3.22 a rented motor vehicle.

3.23 (3) The dollar amounts stated in this paragraph shall be adjusted for inflation
3.24 based upon the Consumer Price Index for all urban consumers, known as the CPI-U,
3.25 published by the United States Bureau of Labor Statistics. The dollar amounts stated
3.26 in this paragraph are based upon the value of that index for July 1995, which is the
3.27 reference base index for purposes of this paragraph. The dollar amounts in this paragraph
3.28 shall change effective January 1 of each odd-numbered year based upon the percentage
3.29 difference between the index for July of the preceding year and the reference base index,
3.30 calculated to the nearest whole percentage point. The commissioner shall announce and
3.31 publish, on or before September 30 of the preceding year, the changes in the dollar
3.32 amounts required by this paragraph to take effect on January 1 of each odd-numbered
3.33 year. The commissioner shall use the most recent revision of the July index available as
3.34 of September 1. Changes in the dollar amounts must be in increments of \$5,000, and no
3.35 change shall be made in a dollar amount until the change in the index requires at least
3.36 a \$5,000 change. If the United States Bureau of Labor Statistics changes the base year

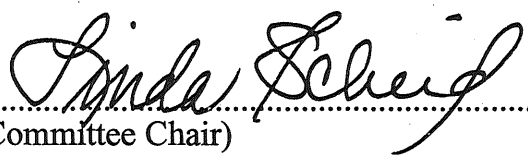
4.1 upon which the CPI-U is based, the commissioner shall make the calculations necessary
 4.2 to convert from the old base year to the new base year. If the CPI-U is discontinued, the
 4.3 commissioner shall use the available index that is most similar to the CPI-U.

4.4 (j) The plan of reparation security covering the owner of a rented motor vehicle is
 4.5 excess of any residual liability coverage insuring an operator of a rented motor vehicle ~~if~~
 4.6 ~~the vehicle is loaned as a replacement for a vehicle being serviced or repaired, regardless~~
 4.7 ~~of whether a fee is charged for use of the vehicle, provided that the vehicle so loaned is~~
 4.8 ~~owned by the service or repair business.~~

4.9 (k) Notwithstanding any other law to the contrary, the owner of a rented private
 4.10 passenger vehicle is responsible for all damages and loss of use to a rented private
 4.11 passenger vehicle, which is caused directly by weather-related natural phenomena."

4.12 Amend the title accordingly

4 And when so amended the bill do pass. Amendments adopted. Report adopted.

4.14 
 4.15 (Committee Chair)

4.16 March 27, 2006
 4.17 (Date of Committee recommendation)