



S.F. No. 978 – Sports betting provision and authorization (as proposed to be amended by the A-1 amendment)

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Overview of SF 978

SF 978 authorizes legal betting on sporting events. The bill is organized as follows:

- Article 1 – Authorizes and regulates the conduct of mobile sports betting
- Article 2 – Provides for taxation of mobile sports betting
- Article 3 – Establishes crimes related to sports betting
- Article 4 – Appropriations
- Article 5 – Selection of platform providers

Article 1 – Lawful Sports Betting

Overview of Article 1

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

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

Wagerers must be at least 21 years old.

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

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

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

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

The terms and fees for licenses are as follows:

Type of License	Term	Fee
Mobile sports betting operator license	20 years	\$2,125 annually
Mobile sports betting platform provider and service provider	Three years	\$6,000 application fee; \$38,250 license fee; \$25,500 renewal fee
Supplier License	Three years	\$6,000 application fee; \$38,250 license fee; \$25,500 renewal fee

License fees are deposited in a sports betting revenue account in the special revenue fund.

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

Section by Section Summary

Section 1. Advance Deposit Wager. Modifies the definition of “advance deposit wager” to mean a wager placed through advance deposit wagering provider on any horse race. Current law limits advance deposit wagering to horse races outside the state.

Section 2. Definitions. Defines terms for purposes of a new sports betting chapter. Of note:

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

“**Sporting event**” means an athletic event, esports event, or other event approved by the commissioner to be an event eligible for wagering.

“**Sports betting**” means wagering on the outcome of a sporting event or portions thereof or individual performance statistics that is organized by a professional sports organization,

internationally recognized sports organization, or amateur sports organization. The commissioner must approve an event to be eligible for wagering

Section 3. Scope. Authorizes a person over 21 to participate in mobile sports betting by placing a wager with a licensed entity, unless the person is personally prohibited from wagering. States that it is unlawful to wager on sporting events except in accord with authorized sports wagering or sports wagering conducted by an Indian Tribe under a Tribal-state compact. Makes regulation inapplicable to sports wagering under Tribal-state compacts.

Section 4. Powers and Duties of Commissioner. Assigns responsibilities related to regulating sports betting to the commissioner of public safety.

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

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

Subd. 3. Delegation. Authorizes the commissioner to delegate authority to the director of alcohol and gambling enforcement.

Subd. 4. Requests for restrictions on wager types. Establishes a process for a sports governing body to request restrictions or prohibitions on certain sports wagering.

Subd. 5. Helpline. Requires the commissioner to provide a helpline to assist people with gambling disorders.

Subd. 6. Methods for identifying people at risk for gambling disorders. Requires the commissioner to monitor the sports betting industry for the most effective methods to identify people with a gambling disorder and to adopt rules to implement best practices to prevent sports betting by people with, or being at risk to develop, a gambling disorder.

Subd. 7. Exclusion list audits. Requires the commissioner to conduct periodic audits of platform providers and operators for compliance with certain sports betting restrictions on individuals.

Subd. 8. Mobile sports betting start date. Precludes mobile sports betting before a start date. Provides for all applicants for operator licenses who filed applications within 30 days of the opening of applications for platform provider and supplier licenses may start offering sports betting on the same day.

Section 5. License Types; Transfers Prohibited. Requires the commissioner to issue three types of licenses for operators, platform providers, and suppliers. Licenses, other than platform provider licenses, may not be transferred. Platform provider licenses may be transferred with the commissioner's approval.

Section 6. General Licensing Requirements; Disqualifications; Background Investigations. Sets requirements for applications for licenses to offer mobile sports betting, including background investigations and criminal history record checks on applicants and certain individuals associated

with the applicants, with exceptions. Precludes issuing a license to a person in a certain position who has been convicted of specified crimes. An elected or appointed representative of an Indian Tribe is exempt from requirements unless the person is also a full-time employee of an applicant or licensee for mobile sports betting.

Section 7. License Application and Renewal; General Requirements; Procedure. Sets requirements for applications and license renewal.

Section 8. Duty to Update. Requires applicants and licensees to update application and license information.

Section 9. Mobile Sports Betting Operator License. Authorizes the commissioner to issue up to 11 mobile sports betting operator licenses to Indian Tribes that conduct class III gaming. This section specifies requirements for a mobile sports betting operator license and authorized actions of a licensee. Requires operators to report monthly to the commissioner on wager activity during the month. Specifies that this section does not apply to Tribal gaming operations, Tribal government records or class III gaming on Tribal lands.

Section 10. Mobile Sports Betting Platform Provider License. Authorizes the commissioner to issue up to 11 mobile sports betting platform provider licenses. This section specifies platform provider licensing requirements and authorized actions of a licensee. A license is valid for three years.

Section 11. Sports Betting Supplier License. Authorizes the commissioner to issue sports betting supplier licenses to offer information and support. This section specifies supplier licensing requirements.

Section 12. Partnership Allowed. Authorizes a mobile sports betting operator to contract with one platform provider to provide, create, or operate sports betting platforms, sports betting technology, sports betting applications, or associated mobile sports betting hardware, software, or equipment. If the operator opts not to contract with a platform provider, the operator must comply with reporting and regulatory requirements imposed on platform providers. Requires a platform provider that has contracted with an operator to display a brand of the operator within its mobile application in addition to other brands that the platform provider uses to offer mobile sports betting in the state.

Section 13. Deposit of Fees. Provides that all application, license, and renewal fees are deposited in the sports betting revenue account in the special revenue fund.

Section 14. Advertising. Prohibits targeting sports betting advertisements to people under 21, people who are prohibited from wagering for various reasons. Prohibits advertising on public property. Requires a helpline and other specified information to be provided in advertising for mobile sports betting, and prohibits other specified content in ads. Prohibits false or misleading claims and the use of certain terminology in advertising.

Section 15. Wagering.

Subd. 1. Placing wagers. Allows a person over 21 to place wagers, unless disqualified, prohibited, or excluded from wagering.

Subd. 2. Wager type. Authorizes operators and platform providers to accept wagers of types previously approved by the commissioner. This section lists types of wagers the commissioner may approve.

Subd. 3. Wager types prohibited. Lists types of wagers that are prohibited.

Subd. 4. Mobile sports betting account; establishment. Allows a person to establish a mobile sports betting account by electronic means from any location. The account must provide a way for a person to set limits on their own use of their account for wagering.

Subd. 5. Consideration; mobile sports betting account. Specifies the required forms of consideration. Requires that consideration for wagers must be from a mobile sports betting account that a person may fund from any location. Requires verification of age and identify when establishing an account. Authorizes a person to withdraw the balance of their funds from the account at any time with proof of identify.

Subd. 6. Wager location. Requires that a person placing a wager online be located in the state and not be within a geofenced area. The geofenced area is within a specified distance of elementary or secondary school buildings or higher education institutions. Requires platform providers to incorporate geofencing to make sports betting from a mobile application unavailable in those areas.

Subd. 7. Information provided at the time of wager. Requires an operator to provide the betting line and terms of a wager prior to accepting a wager.

Subd. 8. Outcome determined. Prohibits an operator or platform provider from accepting a wager on the outcome of an event or proposition that has already been determined.

Subd. 9. Receipt. Requires an operator or platform provider to provide a wagerer a receipt for their wager with specified information.

Subd. 10. Wager data; safeguards necessary. Requires operators and platform providers to use commercially reasonable methods to maintain security of data.

Section 16. Push Notifications. Prohibits operators and platform providers from sending a message through a betting application or website when the application or website is inactive or when a user is on the exclusion list or under self-imposed restrictions, unless a user opts in or for notice of fraudulent activity on the user's account.

Section 17. Exclusion List, Prohibition on Wagering, and Red Flag Warnings.

Subd. 1. Exclusion list. Requires the commissioner to maintain a list of people who are not eligible to wager. A person may voluntarily add his or her name to the list for a specified time; a legal guardian can place a person on the list; operators, platform providers and suppliers can place a person's name on the list for good cause; and sports governing bodies can submit names. In addition, this section requires an operator or platform provider to allow a person to set an exclusion period during which time the person is not allowed to wager.

Subd. 2. Prohibited wagers by certain persons. Precludes people in particular positions from wagering on events in which the person might have inside knowledge or influence over the outcome.

Subd. 3. Personal limits on wagering. Requires operators and platform providers to allow an individual to set certain types of limits on their own wagering. Requires that operators and platform providers set default limits as specified that apply until a wagerer changes their own limits. Requires an operator to report to the commissioner when a person reaches a self-imposed limit and the commissioner must communicate this to other platform providers.

Subd. 4. Prohibition on accepting wagers. Prohibits an operator or platform provider from allowing an account to be established by, and from accepting a wager from, a person on an exclusion list. Makes it a license violation to accept a wager from someone on the exclusion list.

Subd. 5. Notice. Requires the commissioner to notify a person when the person's name is added to the exclusion list.

Subd. 6. Prohibition on advertising. Prohibits a provider and operator from certain advertising practices to a person during the person's self-imposed betting restriction period, or after that period before the person places a wager.

Subd. 7. Red flag warnings. Establishes a process for a family member to report concerns about another person's problematic sports wagering. Requires the commissioner to confirm the family status of the reporting person and to report the person to licensees with approval of the reporting family member. Neither the commissioner nor the licensee may communicate to the wagerer that a warning has been made.

Section 18. Financial Responsibility. Makes operators or platform providers responsible for the risk of loss on wagers for one year after the outcome of the bet is determined. Requires that operators maintain cash reserves or provide collateral in the form of a bond, securities, or a letter of credit to protect the financial interests of wagerers.

Section 19. Integrity Monitoring. Requires those offering sports betting to contract with an integrity monitoring provider to identify unusual betting activity or patterns and to report suspicious wagering to the commissioner of public safety, other operators and platform providers, and the sports governing body that governs the implicated sporting event. Specifies how the information must be maintained and disclosed.

Section 20. Record Keeping; Information Sharing. Requires operators or platform providers to maintain records of wagers and abnormal betting activity for three and a half years. Requires anonymization of specified information about wagerers and wagers. Provides for sharing certain information with sports governing bodies.

Section 21. Inspection and Auditing. Authorizes the commissioners of public safety and revenue and the director of the Division of Alcohol and Gambling Enforcement to inspect accounting records of operators and platform providers related to mobile sports betting operations, with 24 hour notice. Exempts records related to Tribal gaming operators, Tribal governmental records, or class III sports betting operations conducted on Indian lands. Requires mobile operators and platform providers to submit annual financial audits to the commissioner of public safety.

Section 22. License Violations; Enforcement. Requires the commissioner to adopt rules that provide a graduated schedule of penalties for violations of license requirements. Authorizes the commissioner of public safety to take actions to enforce license requirements and penalize noncompliance.

Section 23. Duty to Warn; Duty of Care. Establishes duties owed to wagerers by platform providers. These include a duty to warn of risks associated with sports betting, a duty to monitor betting behavior and intervene when a person shows signs of hazardous or addiction behavior; and a duty to take reasonable measures to reduce harm associated with sports betting. Establishes a civil cause of action for damages and other relief against a platform provider for violation of these duties. Allows treble damages for failing to restrict a person's wagering after receiving a red flag warning. Evidence of taking action to restrict wagering after receiving a red flag warning does not reduce liability. Precludes waiver or modification of these rights and duties by agreement.

Section 24. Private Remedies; Deceptive Practices. Creates a civil cause of action against a platform provider for violating the advertising restrictions in this act, committing deceptive trade practices with regard to advertising or marketing gambling, or a violation of the false advertising statute. Specifies potential remedies.

Section 25. Reporting. Requires the commissioner of public safety to report to the legislature on specified topics.

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

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

Section 26. Study on the Prevalence of Gambling. Requires a baseline study on the prevalence of gambling before the implementation of sports betting and thereafter requires periodic studies on the prevalence of gambling, and the incidence and level of problem gambling.

Section 27. Study on the Impact of Sports Betting on Problem Gambling, Gambling Disorders, Youth Gambling, and Suicide. Requires a study on the impact of sports betting on specified topics related to effects of sports betting.

Section 28. Data Protections. Classifies certain data on individuals and authorizes the commissioner to revoke a license if the licensee sells data on individuals that is classified as private that is collected through the practice of sports betting.

Section 29. Local Restrictions; Prohibition on Local Taxes or Fees. Prohibits political subdivisions from requiring a license or imposing a tax or fee to conduct sports betting.

Section 30. Review of Other States' Restrictions. Requires the commissioner to review laws of other states, to adopt rules to implement advisable restrictions, and to report annually to the legislature with draft legislation to implement additional restrictions or safeguards.

Section 31. Attorney general’s actions. Eliminates a preclusion on private actions for committing deceptive trade practices in regard to gambling advertising and marketing.

Section 32. Indian Tribes; Compacts to the Negotiated. Requires the governor to negotiate new Tribal-state compacts regulating the conduct of class III sports betting on Indian lands. Precludes modifying existing compact.

Section 30. Appropriations. Appropriates unspecified amounts from the general fund to the commissioner of public safety for studies required in the bill. These are onetime appropriations.

Article 2 – Taxation of Sports Betting

Article 2 establishes requirements pertaining to the taxation of sports betting. All sections are effective for sports betting net revenue received after December 31, 2025.

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

- cash paid out as winnings in a month;
- cash equivalent of noncash prizes paid out as winnings in a month;
- cash and cash equivalents received for activities other than sports betting; and
- excise taxes paid to the federal government;

Section 2. Tax on sports betting net revenue.

Subd. 1. Tax imposed. Imposes a tax on sports betting net revenue at the rate established under the bidding process in Article 5, section 1. Wagers placed on Indian lands are not subject to the tax.

Subd. 2. Sports betting net revenue in lieu of other taxes. Provides that income derived from sports wagering net revenue is not subject to income tax and that wagers accepted by a mobile sports betting operator are not subject to sales or charitable gambling taxes. Allows a mobile sports betting operator or mobile sports betting platform provider to carry forward losses of sports betting net revenue from the previous month on its return for subsequent months, but losses may not be carried back.

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

Subd. 4. Public information. Classifies records concerning administration of the sports betting tax as public information.

Subd. 5. Refunds. Provides for filing claims for refunds and appropriates the amount necessary to pay refunds.

Subd. 6. Extensions. Allows extensions for filing returns for up to six months if good cause exists.

Subd. 7. Distribution of funds. Establishes the sports betting revenue account in the special revenue fund. All tax revenue is deposited to the account and is distributed as follows, after issuing refunds:

50 percent to the commissioner of human services for a compulsive gambling treatment program and for grants to increase public awareness of problem gambling, education and training for effective treatment services for problem gamblers and their families, and research related to problem gambling;

25 percent to the general fund; and

25 percent to the commissioner of education for grants for addition prevention and mental health services in public schools and charter schools.

Section 3. Mobile Sports Betting Operator Reports and Records.

Subd. 1. Business records. Requires mobile sports betting operators and mobile sports betting platform providers to maintain records supporting sports betting activity and taxes owed. Records must be preserved for 3 ½ years after each return is due or filed, whichever is later, and are subject to inspection by the commissioner.

Subd. 2. Audits. Provides that the commissioner may require an audit of a mobile sports betting operator or mobile sports betting platform provider's sports betting activities in case of failure to comply with the requirements set forth in the chapter, and sets forth the requirements for conducting audits.

Section 4. Other Provisions Apply. Specifies that the extension, limitation, civil and criminal penalty, and interest provisions in the charitable gambling chapter apply to the sports betting tax.

Article 3 – Crimes Related to Sports Betting

Article 3 establishes various penalties for illegal sports wagering ranging from a misdemeanor to a felony.

Article 4 – Appropriations

Section 1. Program. Extends a human services program for compulsive gamblers to families of gamblers and requires the program to include up to 60 hours of intervention services for a family member or concerned significant other who is a resident of Minnesota and who is negatively impacted by problem or compulsive gambling.

Section 2. Study on Motivations and Beliefs of Young Adult Gamblers; Appropriation.

Appropriates an unspecified amount in fiscal year 2026 from the sports betting revenue account in the special revenue fund to the commissioner of public safety for a grant to a nonprofit organization to study gambling motivations and beliefs of young adult gamblers. This appropriation is onetime. Specifies requirements for the study and requires a report to the legislature.

Section 3. Department of Public Safety; Appropriation. Appropriates an unspecified amount in fiscal year 2026 from the general fund and an unspecified amount in fiscal year 2027 from the sports betting revenue account in the special revenue fund to the commissioner of public safety to establish the regulation of mobile sports betting.

Section 4. Department of Revenue; Appropriation. Appropriates an unspecified amount in fiscal year 2026 from the general fund and an unspecified amount in fiscal year 2027 from the sports betting revenue account in the special revenue fund to the commissioner of revenue to establish and enforce taxation on mobile sports betting.

Article 5 – Selection of Platform Providers

Section 1. Requests for Proposals for Platform Providers. Establishes a reverse auction process to award licenses to two platform providers. The process provides for a competitive bidding process through which applicants submit bids to the commissioner of public safety. This article specifies factors by which the commissioner must evaluate providers, including the percentage of mobile sports betting net revenue to be paid to the state under different scenarios. Licenses are awarded to the two highest scoring applications, with the option to award additional licenses. The tax rate or rates to be paid will be the highest percentage of sports betting net revenue that is bid by either of the two highest rated providers, but not less than 40 percent. All providers will pay the same tax rate or rates. The commissioner must attempt to ensure that mobile sports betting operators that meet license requirements provide mobile sports betting.

Section 2. Felony to Collude or Cooperate. Makes it a felony for two or more platform providers to communicate about their bids or applications for licenses under this act prior to selection of license awards.



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