

1.1 A bill for an act
1.2 relating to gaming; authorizing savings promotion raffles conducted by qualifying
1.3 financial institutions and regulated by the Gambling Control Board; amending
1.4 Minnesota Statutes 2010, sections 48.15, subdivision 1; 52.04, subdivision
1.5 1; 325F.755, subdivision 6; 609.75, subdivision 3; 609.761, by adding a
1.6 subdivision; proposing coding for new law in Minnesota Statutes, chapter 349.

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

1.8 Section 1. Minnesota Statutes 2010, section 48.15, subdivision 1, is amended to read:

1.9 Subdivision 1. **Authority.** In addition to the inherent and granted powers of
1.10 corporations in general, any such bank shall have power to exercise, by its board of
1.11 directors, or duly authorized officers and agents, subject to law, all such powers as
1.12 shall be necessary to carry on the business of banking by discounting bills, notes, and
1.13 other evidences of debt, by receiving deposits, by buying and selling gold and silver
1.14 bullion, foreign coin, promissory notes, mortgages, and other evidences of debt legal
1.15 for investment, and foreign and inland bills of exchange, by lending money on real and
1.16 personal securities and receiving interest on any of the same in advance, by conducting
1.17 savings promotion raffles under chapter 349, and by exercising all the usual and incidental
1.18 powers and privileges belonging to the business; but it shall not transact any business,
1.19 except such as is incidental and necessarily preliminary to its establishment, until
1.20 authorized by the commissioner to commence business.

1.21 Sec. 2. Minnesota Statutes 2010, section 52.04, subdivision 1, is amended to read:

1.22 Subdivision 1. **Generally.** A credit union has the following powers:

1.23 (1) to offer its members and other credit unions various classes of shares, share
1.24 certificates, deposits, or deposit certificates;

2.1 (2) to receive the savings of its members either as payment on shares or as
2.2 deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift
2.3 organizations within its membership. Trust funds received by a real estate broker or the
2.4 broker's salespersons in trust may be deposited in a credit union;

2.5 (3) to make loans to members for provident or productive purposes as provided in
2.6 section 52.16;

2.7 (4) to make loans to a cooperative society or other organization having membership
2.8 in the credit union;

2.9 (5) to deposit in state and national banks and trust companies authorized to receive
2.10 deposits;

2.11 (6) to invest in any investment legal for savings banks or for trust funds in the state
2.12 and, notwithstanding clause (3), to invest in and make loans of unsecured days funds
2.13 (federal funds or similar unsecured loans) to financial institutions insured by an agency
2.14 of the federal government and a member of the Federal Reserve System or required to
2.15 maintain reserves at the Federal Reserve;

2.16 (7) to borrow money as hereinafter indicated;

2.17 (8) to adopt and use a common seal and alter the same at pleasure;

2.18 (9) to make payments on shares of and deposit with any other credit union chartered
2.19 by this or any other state or operating under the provisions of the Federal Credit Union
2.20 Act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets.

2.21 However, payments on shares of and deposit with credit unions chartered by other states
2.22 are restricted to credit unions insured by the National Credit Union Administration. The
2.23 restrictions imposed by this clause do not apply to share accounts and deposit accounts
2.24 of the Minnesota corporate credit union in United States central credit union or to share
2.25 accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

2.26 (10) to contract with any licensed insurance company or society to insure the lives
2.27 of members to the extent of their share accounts, in whole or in part, and to pay all or a
2.28 portion of the premium therefor;

2.29 (11) to indemnify each director, officer, or committee member, or former director,
2.30 officer, or committee member against all expenses, including attorney's fees but excluding
2.31 amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in
2.32 connection with or arising out of any action, suit, or proceeding to which that person is a
2.33 party by reason of being or having been a director, officer, or committee member of the
2.34 credit union, except with respect to matters as to which that person is finally adjudged in
2.35 the action, suit, or proceeding to be liable for negligence or misconduct in the performance

3.1 of duties. The indemnification is not exclusive of any other rights to which that person
3.2 may be entitled under any bylaw, agreement, vote of members, or otherwise;

3.3 (12) upon written authorization from a member, retained at the credit union, to make
3.4 payments to third parties by withdrawals from the member's share or deposit accounts or
3.5 through proceeds of loans made to such member, or by permitting the credit union to make
3.6 those payments from the member's funds prior to deposit; to permit draft withdrawals
3.7 from member accounts, but a credit union proposing to permit draft withdrawals shall
3.8 notify the commissioner of commerce, in the form prescribed, of its intent not less than
3.9 90 days prior to authorizing draft withdrawals. The board of directors of a credit union
3.10 may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or
3.11 transferred except upon termination of membership in the credit union;

3.12 (13) to inform its members as to the availability of various group purchasing plans
3.13 which are related to the promotion of thrift or the borrowing of money for provident and
3.14 productive purposes by means of informational materials placed in the credit union's
3.15 office, through its publications, or by direct mailings to members by the credit union;

3.16 (14) to facilitate its members' voluntary purchase of types of insurance incidental
3.17 to promotion of thrift or the borrowing of money for provident and productive purposes
3.18 including, but not limited to the following types of group or individual insurance:
3.19 Fire, theft, automobile, life and temporary disability; to be the policyholder of a group
3.20 insurance plan or a subgroup under a master policy plan and to disseminate information
3.21 to its members concerning the insurance provided thereunder; to remit premiums to an
3.22 insurer or the holder of a master policy on behalf of a credit union member, if the credit
3.23 union obtains written authorization from the member for remittance by share or deposit
3.24 withdrawals or through proceeds of loans made by the members, or by permitting the
3.25 credit union to make the payments from the member's funds prior to deposit; and to
3.26 accept from the insurer reimbursement for expenses incurred or in the case of credit
3.27 life, accident and health, and involuntary unemployment insurance within the meaning
3.28 of chapter 62B commissions for the handling of the insurance. The amount reimbursed
3.29 or the commissions received may constitute the general income of the credit union. The
3.30 directors, officers, committee members and employees of a credit union shall not profit on
3.31 any insurance sale facilitated through the credit unions;

3.32 (15) to contract with another credit union to furnish services which either could
3.33 otherwise perform. Contracted services under this clause are subject to regulation and
3.34 examination by the commissioner of commerce like other services;

3.35 (16) in furtherance of the twofold purpose of promoting thrift among its members
3.36 and creating a source of credit for them at legitimate rates of interest for provident

4.1 purposes, and not in limitation of the specific powers hereinbefore conferred, to have all
4.2 the powers enumerated, authorized, and permitted by this chapter, and such other rights,
4.3 privileges and powers incidental to, or necessary for, the accomplishment of the objectives
4.4 and purposes of the credit union;

4.5 (17) to rent safe deposit boxes to its members if the credit union obtains adequate
4.6 insurance or bonding coverage for losses which might result from the rental of safe
4.7 deposit boxes;

4.8 (18) notwithstanding the provisions of section 52.05, to accept deposits of public
4.9 funds in an amount secured by insurance or other means pursuant to chapter 118A or
4.10 section 9.031 or other applicable law and to receive deposits of trust funds provided that
4.11 either the provider or the beneficial owner of the funds is a member of the credit union
4.12 accepting the deposit;

4.13 (19) to accept and maintain treasury tax and loan accounts of the United States and
4.14 to pledge collateral to secure the treasury tax or loan accounts, in accordance with the
4.15 regulations of the Department of Treasury of the United States;

4.16 (20) to accept deposits pursuant to section 149A.97, subdivision 5, notwithstanding
4.17 the provisions of section 52.05, if the deposits represent funding of prepaid funeral
4.18 plans of members;

4.19 (21) to sell, in whole or in part, real estate secured loans provided that:

4.20 (a) the loan is secured by a first lien;

4.21 (b) the board of directors approves the sale;

4.22 (c) if the sale is partial, the agreement to sell a partial interest shall, at a minimum:

4.23 (i) identify the loan or loans covered by the agreement;

4.24 (ii) provide for the collection, processing, remittance of payments of principal and
4.25 interest, taxes and insurance premiums and other charges or escrows, if any;

4.26 (iii) define the responsibilities of each party in the event the loan becomes subject
4.27 to collection, loss or foreclosure;

4.28 (iv) provide that in the event of loss, each owner shall share in the loss in proportion
4.29 to its interest in the loan or loans;

4.30 (v) provide for the distribution of payments of principal to each owner proportionate
4.31 to its interest in the loan or loans;

4.32 (vi) provide for loan status reports;

4.33 (vii) state the terms and conditions under which the agreement may be terminated or
4.34 modified; and

4.35 (d) the sale is without recourse or repurchase unless the agreement:

- 5.1 (i) requires repurchase of a loan because of any breach of warranty or
5.2 misrepresentation;
- 5.3 (ii) allows the seller to repurchase at its discretion; or
5.4 (iii) allows substitution of one loan for another;
- 5.5 (22) in addition to the sale of loans secured by a first lien on real estate, to sell,
5.6 pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan
5.7 or group of loans, other than a self-replenishing line of credit; provided, that within a
5.8 calendar year beginning January 1 the total dollar value of loans sold, other than loans
5.9 secured by real estate or insured by a state or federal agency, shall not exceed 25 percent
5.10 of the dollar amount of all loans and participating interests in loans held by the credit
5.11 union at the beginning of the calendar year, unless otherwise authorized in writing by
5.12 the commissioner;
- 5.13 (23) to designate the par value of the shares of the credit union by board resolution;
- 5.14 (24) to exercise by resolution the powers set forth in United States Code, title
5.15 12, section 1757. Before exercising each power, the board must submit a plan to the
5.16 commissioner of commerce detailing implementation of the power to be used;
- 5.17 (25) to offer self-directed individual retirement accounts and Keogh accounts and
5.18 act as custodian and trustee of these accounts if:
- 5.19 (1) all contributions of funds are initially made to a deposit, share or share certificate
5.20 account in the credit union;
- 5.21 (2) any subsequent transfer of funds to other assets is solely at the direction of
5.22 the member and the credit union exercises no investment discretion and provides no
5.23 investment advice with respect to plan assets; and
- 5.24 (3) the member is clearly notified of the fact that National Credit Union Share
5.25 Insurance Fund coverage is limited to funds held in deposit, share or share certificate
5.26 accounts of National Credit Union Share Insurance Fund-insured credit unions;
- 5.27 (26) to impose reasonable charges for the services it provides to its members;
- 5.28 (27) to impose financing charges and reasonable late charges in the event of default
5.29 on loans, and recover reasonable costs and expenses, including, but not limited to, actual
5.30 collection costs and attorneys' fees incurred both before and after judgment, incurred
5.31 in the collection of sums due, if provided for in the note or agreement signed by the
5.32 borrower; ~~and~~
- 5.33 (28) to acquire, lease, hold, assign, pledge, sell, or otherwise dispose of interests in a
5.34 loan or groups of loans other than a self-replenishing line of credit; and
- 5.35 (29) to conduct savings promotion raffles under chapter 349.

6.1 Sec. 3. Minnesota Statutes 2010, section 325F.755, subdivision 6, is amended to read:

6.2 Subd. 6. **Exemptions for regulated activities.** This section does not apply to
6.3 advertising permitted and regulated under chapter 82A, concerning membership camping
6.4 practices; advertising permitted and regulated under chapter 83, concerning subdivided
6.5 lands and interests in subdivided lands; pari-mutuel betting on horse racing permitted and
6.6 regulated under chapter 240; lawful gambling permitted and regulated under chapter 349;
6.7 savings promotion raffles permitted and regulated under chapter 349; or the state lottery
6.8 created and regulated under chapter 349A.

6.9 Sec. 4. **[349.63] DEFINITIONS.**

6.10 Subdivision 1. **Scope.** For the purposes of sections 349.63 to 349.67, the following
6.11 terms have the meanings given.

6.12 Subd. 2. **Board.** "Board" means the Gambling Control Board.

6.13 Subd. 3. **Nonqualifying account.** "Nonqualifying account" means a savings
6.14 account, share account, certificate of deposit, or other savings program that is not a
6.15 qualifying account.

6.16 Subd. 4. **Qualifying account.** "Qualifying account" means a savings account,
6.17 share account, certificate of deposit, or other savings program offered by a sponsor
6.18 through which depositors may obtain chances to win prizes in a savings promotion raffle
6.19 by depositing specified sums of money.

6.20 Subd. 5. **Qualifying financial institution.** "Qualifying financial institution" means
6.21 any bank, trust company, savings association, credit union, or other institution, whether
6.22 federally chartered or state chartered, that is authorized by law to offer savings accounts,
6.23 share accounts, certificates of deposit, or other savings programs to individual customers.

6.24 Subd. 6. **Savings promotion raffle.** "Savings promotion raffle" means a contest
6.25 in which a chance of winning designated prizes is obtained by the deposit of a specified
6.26 amount of money in a savings account, share account, certificate of deposit, or other
6.27 savings program.

6.28 Subd. 7. **Sponsor.** "Sponsor" means a qualifying financial institution that has been
6.29 licensed or otherwise authorized by this chapter to conduct a savings promotion raffle.

6.30 Subd. 8. **Transition period.** "Transition period" means the period of time starting
6.31 July 1, 2011, and ending December 31, 2012.

6.32 Sec. 5. **[349.64] SAVINGS PROMOTION RAFFLES.**

6.33 A savings promotion raffle is not a lottery or gambling within the meaning of
6.34 sections 609.75 to 609.76 if it is conducted under this chapter.

7.1 Sec. 6. [349.65] AUTHORITY OF THE GAMBLING CONTROL BOARD.

7.2 Subdivision 1. Powers. The board shall have the power and duties to:

7.3 (1) establish rules for the operation of savings promotion raffles;

7.4 (2) establish licensing requirements and procedures for qualifying financial
7.5 institutions intending to conduct savings promotion raffles;

7.6 (3) determine the nature and frequency of reports required from sponsors; and

7.7 (4) collect and deposit fees due under this chapter.

7.8 Subd. 2. Limitations. Notwithstanding the other provisions of this chapter, the
7.9 board shall not, directly or indirectly:

7.10 (1) limit the size or quantity of prizes that may be awarded in a savings promotion
7.11 raffle;

7.12 (2) prohibit or limit the hiring of third-party operators to conduct or assist in
7.13 conducting savings promotion raffles; or

7.14 (3) regulate the interest rates offered or fees charged in connection with qualifying
7.15 accounts.

7.16 Sec. 7. [349.66] LICENSES AND FEES.

7.17 Subdivision 1. Licenses. Prior to conducting a savings promotion raffle, a qualifying
7.18 financial institution shall obtain a license from the board. The board shall require a single
7.19 annual license for each qualifying financial institution regardless of how many savings
7.20 promotion raffles it intends to conduct in a given year. A group of qualifying financial
7.21 institutions wishing to conduct joint savings promotion raffles may apply for a joint license.

7.22 Subd. 2. Fees. The board shall set annual fees required to be paid in connection
7.23 with a license application under this section. Annual fees shall not exceed \$500 per
7.24 application or \$1,000 for a joint license.

7.25 Subd. 3. Transition period. Notwithstanding subdivision 1, during the transition
7.26 period, a qualifying financial institution may conduct a savings promotion raffle without
7.27 obtaining a license or paying a fee. After the transition period, a savings promotion raffle
7.28 may be conducted only with a license and under rules established by the board.

7.29 Sec. 8. [349.67] OPERATION OF A SAVINGS PROMOTION RAFFLE.

7.30 Subdivision 1. No additional consideration. Participants in a savings promotion
7.31 raffle shall not be required to provide any consideration, other than the deposit of a sum of
7.32 money in a qualifying account, to obtain chances to win prizes in a savings promotion
7.33 raffle. For purposes of this subdivision, participants shall not be deemed to have provided
7.34 such consideration merely because the interest rate, if any, associated with a qualifying

8.1 account is lower than the interest rate associated with nonqualifying accounts offered by
8.2 the sponsor or by other financial institutions. Participants shall not be deemed to have
8.3 given consideration as a consequence of paying any fees associated with a qualifying
8.4 account, so long as the fees are approximately of a kind and approximately in an amount
8.5 charged in connection with nonqualifying accounts offered by the sponsor or other
8.6 qualifying financial institutions.

8.7 Subd. 2. **Equal chances to win.** Savings promotion raffles shall be conducted so
8.8 that each entry in the raffle has an equal chance of being drawn.

8.9 Subd. 3. **Presence not required.** Participants in a savings promotion raffle shall not
8.10 be required to be present at a prize drawing in order to win.

8.11 Subd. 4. **Records.** Sponsors shall maintain records sufficient to facilitate an audit of
8.12 each savings promotion raffle conducted by the sponsor.

8.13 Subd. 5. **Use of profits.** Any profits from a savings promotion raffle may be used by
8.14 the sponsor for ordinary expenditures of the business or for any other lawful purpose.

8.15 Subd. 6. **Prize limit during transition period.** During the transition period, the
8.16 maximum prize amount of any single prize awarded in a savings promotion raffle shall
8.17 not exceed \$100,000 and the aggregate sum of all prizes awarded in any single savings
8.18 promotion raffle shall not exceed \$200,000.

8.19 Sec. 9. Minnesota Statutes 2010, section 609.75, subdivision 3, is amended to read:

8.20 Subd. 3. **What are not bets.** The following are not bets:

8.21 (1) a contract to insure, indemnify, guarantee or otherwise compensate another for a
8.22 harm or loss sustained, even though the loss depends upon chance;

8.23 (2) a contract for the purchase or sale at a future date of securities or other
8.24 commodities;

8.25 (3) offers of purses, prizes or premiums to the actual contestants in any bona fide
8.26 contest for the determination of skill, speed, strength, endurance, or quality or to the bona
8.27 fide owners of animals or other property entered in such a contest;

8.28 (4) the game of bingo when conducted in compliance with sections 349.11 to 349.23;

8.29 (5) a private social bet not part of or incidental to organized, commercialized, or
8.30 systematic gambling;

8.31 (6) the operation of equipment or the conduct of a raffle under sections 349.11 to
8.32 349.22, by an organization licensed by the Gambling Control Board or an organization
8.33 exempt from licensing under section 349.166;

8.34 (7) pari-mutuel betting on horse racing when the betting is conducted under chapter
8.35 240; and

9.1 (8) the purchase and sale of state lottery tickets under chapter 349A; and
9.2 (9) the conduct of or participation in a savings promotion raffle, as defined in chapter
9.3 349.

9.4 Sec. 10. Minnesota Statutes 2010, section 609.761, is amended by adding a subdivision
9.5 to read:

9.6 Subd. 6. Savings promotion raffles. Sections 609.755 and 609.76 do not prohibit
9.7 a savings promotion raffle, as defined in chapter 349, so long as the savings promotion
9.8 raffle is conducted according to chapter 349.

9.9 Sec. 11. **EFFECTIVE DATE.**

9.10 This act is effective July 1, 2011.

