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S.F. No. 1609 - Racino (Delete-Everything Amendment)

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Date: March 30, 2005

This bill authorizes the State Lottery to operate gaming machines at a licensed racetrack, and allows the racetrack to conduct blackjack card games. The racetrack will make a onetime payment of \$100,000,000 upon entering a location contract with the lottery, to be deposited in the general fund. Once the gaming machines are operational, 55 percent of the revenue (total wager minus payouts) will go to the racetrack. The racetrack is required to pay the city and the county where the racetrack is located one percent of that amount, and is also required to use at least 7.25 percent of its share for horse racing purses and the Minnesota breeders fund. The bill requires 35 percent of adjusted gross gaming machine revenue, 20 percent of the revenue from blackjack, and five percent of the card club rake to be deposited monthly in the general fund.

Section 1 [Purses; Gaming Machines.] requires a racetrack with gaming machines to set aside at least 7.25 percent of adjusted gross gaming machine revenue for horse racing purses. Twenty percent of this amount must go to the breeders fund for purse supplements. The racetrack and the majority horsepersons' organization may negotiate a different percentage.

Section 2 [Taxes Imposed.] imposes a five percent tax on the amount annually received from charges for card playing services in card clubs, less amounts set aside for purses and the breeders fund.

Section 3 [Limitations.] eliminates the statutory limitation on the number of tables permitted at a card club (currently a maximum of 50 tables).

Section 4 [Generally.] permits the Racing Commission's director of racing security or a licensed security officer to detain someone if they have probable cause to believe the person committed a gambling crime at the racetrack.

Section 5 [Lottery Gaming Machines; In Lieu Tax.] requires the lottery to pay 35 percent of adjusted gross gaming machine revenue to the Commissioner of Revenue, in lieu of sales tax.

Section 6 [Exclusions.] exempts gambling devices possessed by the lottery from the general prohibition against possession of gambling devices.

Section 7 [Restrictions.] allows licensed gambling device manufacturers and distributors to sell, lease, or rent gambling devices to the lottery.

Section 8 [Gambling Prohibited.] exempts gambling devices at racetracks from the prohibition against gambling devices at establishments licensed for retail liquor sales.

Section 9 [Lottery Procurement Contract.] adds contracts for gaming machines to the definition of "lottery procurement contract."

Section 10 [Gaming Machine.] defines "gaming machine" as a machine, system, or device, which upon payment of consideration to play a game, may award or entitle a player to a prize by reason of skill, chance, or both.

Section 11 [Gaming Machine Game.] defines "gaming machine game" as a game operated by a gaming machine.

Section 12 [Gaming Machine Play.] defines "gaming machine play" as an electronic record that proves participation in a gaming machine game.

Section 13 [Adjusted Gross Gaming Machine Revenue.] defines "adjusted gross gaming machine revenue" as all money received by the lottery from gaming machine plays, less prizes paid out.

Section 14 [Lottery Operations.] disregards amounts transferred or retained by a racetrack under a location contract when calculating the 15 percent of gross revenue the lottery may spend on lottery operations. The director may credit up to ten percent of adjusted gross gaming machine revenue to the lottery operations account in a fiscal year.

Section 15 [Budget; Plans.] excludes from lottery operating expenses (which are capped by law): (1) amounts paid to an outside vendor to operate a central communications system for gaming machines; and (2) amounts paid to acquire and maintain gaming machines.

Section 16 [Restrictions.] allows the lottery to operate gaming machines pursuant to a location contract.

Section 17 [Gaming Machines.] provides for the operation of gaming machines by the lottery at a racetrack.

Subdivision 1 [Location Contract.] Paragraph (a) authorizes the lottery director to enter into a contract with a class A licensee who has conducted at least 50 days of live racing each year for the past five years, under which the licensee provides a location for gaming machines.

Paragraph (b) requires a contract provision terminating the contract if the licensee failed to conduct at least 50 days of live racing in the previous year.

Paragraph (c) requires the contract to provide for compensation to the racetrack of at least 55 percent of adjusted gross gaming machine revenue and requires the racetrack to annually pay one percent of its share of the adjusted gross gaming machine revenue to both the city or town and the county where it is located.

Paragraph (d) allows the director to cancel, suspend, or refuse to renew a contract, or to impose a civil penalty, if the licensee loses its license; does not account for gaming machine proceeds; fails to remit funds as required; violates a law, rule, or order of the director; fails to comply with any terms of the contract; or acts in a manner that hurts public confidence in the integrity of the gaming machines. A termination of a location contract is a contested case under the Administrative Procedures Act.

Paragraph (e) prohibits the location of gaming machines in a city or town unless the governing body adopts a resolution approving the location.

Paragraph (f) requires the licensee to make a onetime payment of \$100,000,000 to the Racing Commissioner by June 30, 2007, for deposit in the general fund, as a condition of entering the contract. The contract must include a refund provision if this section is repealed by the Legislature, revoked by a constitutional amendment, or held unconstitutional in court.

Paragraph (g) requires the contract to include a liquidated damages provision to recover the licensee's investment if the state revokes, by legislation or constitutional amendment, gambling authorized by this section. The contract must specify that the licensee bears all costs associated with managing the day-to-day activity of gaming machines.

Subdivision 2 [Operation.] requires the lottery to: (1) operate, control, maintain, and own or lease the gaming machines; (2) maintain a central communications system that monitors each machine; (3) approve general security arrangements; and (4) approve all advertising related to gaming machines.

Subdivision 3 [Games.] requires the director to specify the games that may be played on gaming machines.

Subdivision 4 [Prizes.] makes gaming machine prizes subject to rules and game procedures adopted by the director. It exempts gaming machine prizes from the law that authorizes withholding of unpaid taxes from lottery prizes.

Subdivision 5 [Prohibitions.] prohibits persons under age 18, the lottery director, and lottery employees and their immediate families, from playing or receiving a prize from gaming machines.

Subdivision 6 [Compulsive Gambling; Report.] requires the racetrack to post the compulsive gambling hot line number at gaming machine locations. The director and racetrack must develop a proactive plan relating to problem gambling and report to the Legislature on this plan by January 15 of each year. The racetrack may establish a self-exclusion program by which persons may request to be excluded from gaming machine locations.

Subdivision 7 [Local Licenses.] prohibits political subdivisions from licensing, regulating, or taxing gaming machines.

Subdivision 8 [Reimbursement; Racing Commission.] requires the Racing Commission to require the racetrack to reimburse the commission for its costs of regulating the licensee.

Section 18 [Recovery of Money Lost.] exempts card games conducted at the racetrack from the law that allows persons to sue to recover gambling losses.

Section 19 [Commitments For Gambling Debt Void.] exempts gaming machine play and card games from the law that makes gambling debts void.

Section 20 [What Are Not Bets.] adds gaming machine plays to the list of gambling activities that are not bets for purposes of state laws prohibiting gambling.

Section 21 [State Lottery.] exempts the manufacture, possession, sale, and operation of gaming machines from antigambling laws.

Section 22 [Other Games.] allows the racing commission to authorize a racetrack with a location contract to conduct card games that Indian casinos in Minnesota are authorized to conduct. The commission must adopt game procedures and take other actions necessary to regulate the conduct and ensure the integrity of the card games.

A tax of 20 percent of gross gaming receipts is imposed on any games conducted under this section. The section requires the racetrack to set aside at least 7.25 percent of gross gaming receipts for racing purses, 20 percent of which must be transferred to the breeders fund.

Section 23 [Lottery Budget; Gaming Machines.] requires the director to submit a budget for gaming machine operation to the Commissioner of Finance. It allows the director to expend amounts necessary to operate gaming machines, notwithstanding the statutory provision allowing the Legislature to cap lottery operating expenses.

Section 24 [Severability; Savings.] provides that if any provision of the bill is found unconstitutional or otherwise invalid, all other provisions remain in effect.

Section 25 [Effective Date.] makes the act effective the day following final enactment.

CEB:rer

1 Senator moves to amend S.F. No. 1609 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 240.13, is
4 amended by adding a subdivision to read:

5 Subd. 5a. [PURSES; GAMING MACHINES.] From the compensation
6 received by a licensee pursuant to a gaming machine location
7 contract entered into under section 349A.17, the licensee must
8 set aside at least 7.25 percent of the adjusted gross gaming
9 machine revenue as defined under chapter 349A, for purses for
10 live horse races conducted by the licensee. Purse payments made
11 pursuant to this subdivision are in addition to purse payments
12 otherwise established by law or contract. Twenty percent of the
13 money set aside for purses pursuant to this subdivision shall be
14 transferred to the commission and used for the purposes in
15 section 240.18, subdivisions 2, paragraph (d), and 3, paragraph
16 (b), subject to the proportionality requirement in section
17 240.18, subdivision 1. The licensee and the horseperson's
18 organization representing the majority of horsepersons who have
19 raced horses at the racetrack during the preceding 12 months may
20 negotiate percentages different from those stated in this
21 section if the agreement is in writing and filed with the
22 commission.

23 Sec. 2. Minnesota Statutes 2004, section 240.15,
24 subdivision 1, is amended to read:

25 Subdivision 1. [TAXES IMPOSED.] (a) There is imposed a tax
26 at the rate of six percent of the amount in excess of
27 \$12,000,000 annually withheld from all pari-mutuel pools by the
28 licensee, including breakage and amounts withheld under section
29 240.13, subdivision 4. For the purpose of this subdivision,
30 "annually" is the period from July 1 to June 30 of the next year.

31 In addition to the above tax, the licensee must designate
32 and pay to the commission a tax of one percent of the total
33 amount bet on each racing day, for deposit in the Minnesota
34 breeders fund.

35 The taxes imposed by this clause must be paid from the
36 amounts permitted to be withheld by a licensee under section

1 240.13, subdivision 4.

2 (b) The commission may impose an admissions tax of not more
3 than ten cents on each paid admission at a licensed racetrack on
4 a racing day if:

5 (1) the tax is requested by a local unit of government
6 within whose borders the track is located;

7 (2) a public hearing is held on the request; and

8 (3) the commission finds that the local unit of government
9 requesting the tax is in need of its revenue to meet
10 extraordinary expenses caused by the racetrack.

11 (c) There is imposed a tax at the rate of five percent on
12 amounts annually received from charges authorized under section
13 240.30, subdivision 4, less amounts set aside for purse payments
14 and the breeders fund, as required by section 240.135.

15 Sec. 3. Minnesota Statutes 2004, section 240.30,
16 subdivision 8, is amended to read:

17 Subd. 8. [LIMITATIONS.] The commission may not approve any
18 plan of operation under subdivision 6 that exceeds any of the
19 following limitations:

20 ~~(1) the maximum number of tables used for card playing at~~
21 ~~the card club at any one time, other than tables used for~~
22 ~~instruction, demonstrations, or tournament play, may not exceed~~
23 ~~50. The table limit exception for tournament play is allowed~~
24 ~~for only one tournament per year that lasts for no longer than~~
25 ~~14 days;~~

26 ~~(2)~~ except as provided in clause ~~(3)~~ (2), no wager may
27 exceed \$60;

28 ~~(3)~~ (2) for games in which each player is allowed to make
29 only one wager or has a limited opportunity to change that
30 wager, no wager may exceed \$300.

31 Sec. 4. Minnesota Statutes 2004, section 240.35,
32 subdivision 1, is amended to read:

33 Subdivision 1. [GENERALLY.] A licensee of the commission
34 may detain a person if the licensee has probable cause to
35 believe that the person detained has violated section 609.76
36 while at a card club authorized by section 240.30 or at a

1 facility where gaming machines are located under section
2 349A.17. For purposes of this section, "licensee" means the
3 commission's director of racing security or a security officer
4 licensed under Minnesota Rules, chapter 7878.

5 Sec. 5. [297A.651] [LOTTERY GAMING MACHINES; IN-LIEU TAX.]
6 Adjusted gross gaming machine revenue is exempt from the
7 tax imposed under section 297A.62. The state lottery must on or
8 before the 20th day of each month transmit to the commissioner
9 an amount equal to the adjusted gross gaming machine revenue, as
10 defined in section 349A.01, for the previous month multiplied by
11 35 percent. The commissioner shall deposit the money
12 transmitted under this paragraph in the state treasury in the
13 general fund.

14 Sec. 6. Minnesota Statutes 2004, section 299L.07,
15 subdivision 2, is amended to read:

16 Subd. 2. [EXCLUSIONS.] Notwithstanding subdivision 1, a
17 gambling device:

18 (1) may be sold by a person who is not licensed under this
19 section, if the person (i) is not engaged in the trade or
20 business of selling gambling devices, and (ii) does not sell
21 more than one gambling device in any calendar year;

22 (2) may be sold by the governing body of a federally
23 recognized Indian tribe described in subdivision 2a, paragraph
24 (b), clause (1), which is not licensed under this section, if
25 (i) the gambling device was operated by the Indian tribe, (ii)
26 the sale is to a distributor licensed under this section, and
27 (iii) the licensed distributor notifies the commissioner of the
28 purchase, in the same manner as is required when the licensed
29 distributor ships a gambling device into Minnesota;

30 (3) may be possessed by a person not licensed under this
31 section if the person holds a permit issued under section
32 299L.08; and

33 (4) may be possessed by a state agency, with the written
34 authorization of the director, for display or evaluation
35 purposes only and not for the conduct of gambling; and

36 (5) may be possessed by the state lottery as authorized

1 under chapter 349A.

2 Sec. 7. Minnesota Statutes 2004, section 299L.07,
3 subdivision 2a, is amended to read:

4 Subd. 2a. [RESTRICTIONS.] (a) A manufacturer licensed
5 under this section may sell, offer to sell, lease, or rent, in
6 whole or in part, a gambling device only to a distributor
7 licensed under this section or to the state lottery as
8 authorized under chapter 349A.

9 (b) A distributor licensed under this section may sell,
10 offer to sell, market, rent, lease, or otherwise provide, in
11 whole or in part, a gambling device only to:

12 (1) the governing body of a federally recognized Indian
13 tribe that is authorized to operate the gambling device under a
14 tribal state compact under the Indian Gaming Regulatory Act,
15 Public Law 100-497, and future amendments to it;

16 (2) a person for use in the person's dwelling for display
17 or amusement purposes in a manner that does not afford players
18 an opportunity to obtain anything of value;

19 (3) another distributor licensed under this section; ~~or~~

20 (4) a person in another state who is authorized under the
21 laws of that state to possess the gambling device; or

22 (5) the state lottery as authorized under chapter 349A.

23 Sec. 8. Minnesota Statutes 2004, section 340A.410,
24 subdivision 5, is amended to read:

25 Subd. 5. [GAMBLING PROHIBITED.] (a) Except as otherwise
26 provided in this subdivision, no retail establishment licensed
27 to sell alcoholic beverages may keep, possess, or operate, or
28 permit the keeping, possession, or operation on the licensed
29 premises of dice or any gambling device as defined in section
30 349.30, or permit gambling therein.

31 (b) Gambling equipment may be kept or operated and raffles
32 conducted on licensed premises and adjoining rooms when the use
33 of the gambling equipment is authorized by (1) chapter 349, (2)
34 a tribal ordinance in conformity with the Indian Gaming
35 Regulatory Act, Public Law 100-497, or (3) a tribal-state
36 compact authorized under section 3.9221.

1 (c) Lottery tickets may be purchased and sold within the
2 licensed premises as authorized by the director of the lottery
3 under chapter 349A.

4 (d) Dice may be kept and used on licensed premises and
5 adjoining rooms as authorized by section 609.761, subdivision 4.

6 (e) Gambling devices may be operated on the premises of a
7 licensed racetrack as authorized by chapter 349A.

8 Sec. 9. Minnesota Statutes 2004, section 349A.01,
9 subdivision 10, is amended to read:

10 Subd. 10. [LOTTERY PROCUREMENT CONTRACT.] "Lottery
11 procurement contract" means a contract to provide lottery
12 products, gaming machines, maintenance of gaming machines,
13 computer hardware and software used to monitor sales of lottery
14 tickets and gaming machine plays, and lottery tickets. "Lottery
15 procurement contract" does not include a contract to provide an
16 annuity or prize payment agreement or materials, supplies,
17 equipment, or services common to the ordinary operation of a
18 state agency.

19 Sec. 10. Minnesota Statutes 2004, section 349A.01, is
20 amended by adding a subdivision to read:

21 Subd. 14. [GAMING MACHINE.] "Gaming machine" means any
22 machine, system, or device which, upon payment of consideration
23 in order to play a game, may award or entitle a player to a
24 prize by reason of skill of the player or application of the
25 element of chance, or both.

26 Sec. 11. Minnesota Statutes 2004, section 349A.01, is
27 amended by adding a subdivision to read:

28 Subd. 15. [GAMING MACHINE GAME.] "Gaming machine game"
29 means a game operated by a gaming machine as authorized by the
30 director.

31 Sec. 12. Minnesota Statutes 2004, section 349A.01, is
32 amended by adding a subdivision to read:

33 Subd. 16. [GAMING MACHINE PLAY.] "Gaming machine play"
34 means an electronic record that proves participation in a gaming
35 machine game.

36 Sec. 13. Minnesota Statutes 2004, section 349A.01, is

1 amended by adding a subdivision to read:

2 Subd. 17. [ADJUSTED GROSS GAMING MACHINE REVENUE.]

3 "Adjusted gross gaming machine revenue" means the sum of all
4 money received by the lottery for gaming machine plays, less the
5 amount paid out in prizes for gaming machine games.

6 Sec. 14. Minnesota Statutes 2004, section 349A.10,
7 subdivision 3, is amended to read:

8 Subd. 3. [LOTTERY OPERATIONS.] (a) The director shall
9 establish a lottery operations account in the lottery fund. The
10 director shall pay all costs of operating the lottery, including
11 payroll costs or amounts transferred to the state treasury for
12 payroll costs, but not including lottery prizes, from the
13 lottery operating account. The director shall credit to the
14 lottery operations account amounts sufficient to pay the
15 operating costs of the lottery.

16 (b) Except as provided in paragraph (e), the director may
17 not credit in any fiscal year thereafter amounts to the lottery
18 operations account which when totaled exceed 15 percent of gross
19 revenue to the lottery fund in that fiscal year. In computing
20 total amounts credited to the lottery operations account under
21 this paragraph the director shall disregard amounts transferred
22 to or retained by lottery retailers as sales commissions or
23 other compensation and amounts transferred or retained by a
24 racetrack pursuant to a location contract under section 349A.17.

25 (c) The director of the lottery may not expend after July
26 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal
27 year for contracts for the preparation, publication, and
28 placement of advertising.

29 (d) Except as the director determines, the lottery is not
30 subject to chapter 16A relating to budgeting, payroll, and the
31 purchase of goods and services.

32 (e) In addition to the amounts credited to the lottery
33 operations account under paragraph (b), the director is
34 authorized, if necessary, to meet the current obligations of the
35 lottery and to credit up to 25 percent of an amount equal to the
36 average annual amount which was authorized to be credited to the

1 lottery operations account for the previous three fiscal years
2 but was not needed to meet the obligations of the lottery.

3 (f) Notwithstanding the provisions of this subdivision, the
4 director may credit up to ten percent of adjusted gross gaming
5 machine revenue to the lottery operations account in a fiscal
6 year.

7 Sec. 15. Minnesota Statutes 2004, section 349A.10,
8 subdivision 6, is amended to read:

9 Subd. 6. [BUDGET; PLANS.] The director shall prepare and
10 submit a biennial budget plan to the commissioner of finance.
11 The governor shall recommend the maximum amount available for
12 the lottery in the budget the governor submits to the
13 legislature under section 16A.11. The maximum amount available
14 to the lottery for operating expenses and capital expenditures
15 shall be determined by law. Operating expenses shall not
16 include expenses that are a direct function of lottery sales,
17 which include the cost of lottery prizes, amounts paid to
18 lottery retailers as sales commissions or other compensation,
19 amounts paid to produce and deliver scratch lottery games, and
20 amounts paid to an outside vendor to operate and maintain an
21 online gaming system, amounts paid to an outside vendor to
22 operate and maintain a central communications system for gaming
23 machines, and amounts paid to acquire and maintain gaming
24 machines. In addition, the director shall appear at least once
25 each fiscal year before the senate and house of representatives
26 committees having jurisdiction over gambling policy to present
27 and explain the lottery's plans for future games and the related
28 advertising and promotions and spending plans for the next
29 fiscal year.

30 Sec. 16. Minnesota Statutes 2004, section 349A.13, is
31 amended to read:

32 349A.13 [RESTRICTIONS.]

33 Nothing in this chapter:

34 (1) authorizes the director to conduct a lottery game or
35 contest the winner or winners of which are determined by the
36 result of a sporting event other than a horse race conducted

1 under chapter 240;

2 (2) authorizes the director to install or operate a lottery
3 device operated by coin or currency which when operated
4 determines the winner of a game except as authorized under
5 section 349A.17; and

6 (3) authorizes the director to sell pull-tabs as defined
7 under section 349.12, subdivision 32.

8 Sec. 17. [349A.17] [GAMING MACHINES.]

9 Subdivision 1. [LOCATION CONTRACT.] (a) The director may
10 enter into a contract with a person to provide a location for
11 gaming machines. Contracts entered into under this section are
12 not subject to chapter 16C. The director may only enter a
13 contract under this subdivision with a person that holds a class
14 A license under chapter 240. The gaming machines may only be
15 placed at the racetrack for which the class A license under
16 chapter 240 was issued.

17 (b) In order to be eligible for a contract under this
18 section, the class A licensee must have conducted at least 50
19 days of live racing at the racetrack each year within the last
20 five preceding calendar years. A contract under this section
21 must contain a provision under which the contract terminates on
22 the first day of any calendar year following a calendar year
23 during which the class A licensee has not conducted at least 50
24 days of live racing at the licensee's racetrack.

25 (c) Contracts entered into must provide for compensation to
26 the racetrack in an amount equal to at least 55 percent of
27 adjusted gross gaming machine revenue. From the amount received
28 by the racetrack under this section, the racetrack shall
29 annually remit an amount equal to one percent of the adjusted
30 gross gaming machine revenue to both the city or town and the
31 county where the racetrack is located.

32 (d) The director may cancel, suspend, or refuse to renew
33 the location contract or impose a civil penalty if the licensee:

34 (1) no longer holds a class A license under chapter 240;

35 (2) fails to account for proceeds from the gaming machines;

36 (3) fails to remit funds to the director in accordance with

1 the location contract;

2 (4) violates a law, rule, or order of the director;

3 (5) fails to comply with any of the terms of the location
4 contract; or

5 (6) has acted in a manner prejudicial to public confidence
6 in the integrity of the operation of the gaming machines.

7 The cancellation, suspension, or refusal to renew the
8 location contract or imposition of a civil penalty under this
9 paragraph is a contested case under sections 14.57 to 14.69.

10 (e) No gaming machines may be located within a statutory or
11 home rule charter city or town, unless the governing body of the
12 city or town adopts a resolution approving the location of the
13 gaming machines within the city or town.

14 (f) As a condition of entering into a contract under this
15 section, the licensee must make to the commission, for deposit
16 in the general fund, a onetime payment of \$100,000,000 by June
17 30, 2007. A contract must include a provision to refund this
18 payment if this section is repealed by the legislature, revoked
19 by constitutional amendment, or held unconstitutional by a court
20 of competent jurisdiction.

21 (g) The contract entered into under this section must
22 include the following provisions:

23 (1) liquidated damages to recover the initial investment by
24 the licensee in the event the state, through legislation or
25 constitutional amendment, revokes all or substantially all of
26 the forms of gambling authorized under this section. The
27 liquidated damages must include the onetime payment under
28 paragraph (f) and the unpaid balance of costs incurred by the
29 licensee for construction or acquisition of the gaming facility
30 less the present market value of that property. Any liquidated
31 damages provision must expire within ten years; and

32 (2) all costs associated with managing the day-to-day
33 activity of gaming machines, including, but not limited to,
34 routine and minor service and maintenance, security monitoring,
35 verifying winners, paying winners, collecting money from gaming
36 machines, and advertising and marketing of gaming machines must

1 be borne by the licensee.

2 Subd. 2. [OPERATION.] (a) All gaming machines that are
3 placed at a racetrack pursuant to subdivision 1 must be operated
4 and controlled by the director.

5 (b) Gaming machines must be owned or leased by the director.

6 (c) Gaming machines must be maintained by the lottery, or
7 by a vendor that is under the control and direction of the
8 director.

9 (d) The director must have a central communications system
10 that monitors activities on each gaming machine. The central
11 communications system must be located at a lottery office.

12 (e) The director must approve the general security
13 arrangements associated with and relating to the operation of
14 the gaming machines.

15 (f) Advertising and promotional material produced by the
16 racetrack relating to gaming machines located at its facility
17 must be approved by the director.

18 (g) The director may implement such other controls as are
19 deemed necessary for the operation of gaming machines pursuant
20 to this section.

21 Subd. 3. [GAMES.] The director shall specify the games
22 that may be played on a gaming machine according to section
23 349A.04. Gaming machines may conduct pari-mutuel wagering and
24 display horse races pursuant to the director's specifications.

25 Subd. 4. [PRIZES.] A person who plays a gaming machine
26 agrees to be bound by the rules and game procedures applicable
27 to that particular gaming machine game. The player acknowledges
28 that the determination of whether the player has won a prize is
29 subject to the rules and game procedures adopted by the
30 director, claim procedures established by the director for the
31 game, and any confidential or public validation tests
32 established by the director for that game. A prize claimed from
33 the play of a gaming machine game is not subject to the
34 provisions of section 349A.08, subdivision 8.

35 Subd. 5. [PROHIBITIONS.] (a) A person under the age of 18
36 years may not play a game on or claim a prize from a gaming

1 machine.

2 (b) The director or any employee of the lottery, or a
3 member of their immediate family residing in the same household,
4 may not play a game on a gaming machine or receive a prize from
5 the operation of a gaming machine.

6 Subd. 6. [COMPULSIVE GAMBLING; REPORT.] (a) The licensee
7 shall prominently post, in the area where the gaming machines
8 are located, the toll-free telephone number established by the
9 commissioner of human services in connection with the compulsive
10 gambling program established under section 245.98. The
11 licensee, with the approval of the director, shall establish a
12 proactive plan relating to problem gambling.

13 (b) By January 15 of each year, the director shall submit a
14 report to the legislature, of not more than five pages in
15 length, setting forth the performance objectives of the plan and
16 the progress that was made toward those objectives during the
17 prior calendar year. The licensee may establish a
18 self-exclusion program by which persons, at their request, may
19 be excluded from the facility where the gaming machines are
20 located.

21 Subd. 7. [LOCAL LICENSES.] Except as provided in
22 subdivision 1, no political subdivision may require a license to
23 operate a gaming machine, restrict or regulate the placement of
24 gaming machines, or impose a tax or fee on the business of
25 operating gaming machines.

26 Subd. 8. [REIMBURSEMENT; RACING COMMISSION.] The Minnesota
27 Racing Commission shall require the licensee to reimburse the
28 commission's actual costs, including personnel costs, of
29 regulating the licensee under this section. Amounts received
30 under this subdivision must be deposited as provided in section
31 240.155, subdivision 1.

32 Sec. 18. Minnesota Statutes 2004, section 541.20, is
33 amended to read:

34 541.20 [RECOVERY OF MONEY LOST.]

35 Every person who, by playing at cards, dice, or other game,
36 or by betting on the hands or sides of such as are gambling,

1 shall lose to any person so playing or betting any sum of money
2 or any goods, and pays or delivers the same, or any part
3 thereof, to the winner, may sue for and recover such money by a
4 civil action, before any court of competent jurisdiction. For
5 purposes of this section, gambling shall not include pari-mutuel
6 wagering or other wagering conducted under a license issued
7 pursuant to chapter 240, purchase or sale of tickets in the
8 state lottery, or gambling authorized under chapters 349 and
9 349A.

10 Sec. 19. Minnesota Statutes 2004, section 541.21, is
11 amended to read:

12 541.21 [COMMITMENTS FOR GAMBLING DEBT VOID.]

13 Every note, bill, bond, mortgage, or other security or
14 conveyance in which the whole or any part of the consideration
15 shall be for any money or goods won by gambling or playing at
16 cards, dice, or any other game whatever, or by betting on the
17 sides or hands of any person gambling, or for reimbursing or
18 repaying any money knowingly lent or advanced at the time and
19 place of such gambling or betting, or lent and advanced for any
20 gambling or betting to any persons so gambling or betting, shall
21 be void and of no effect as between the parties to the same, and
22 as to all persons except such as hold or claim under them in
23 good faith, without notice of the illegality of the
24 consideration of such contract or conveyance. The provisions of
25 this section shall not apply to: (1) pari-mutuel or other
26 wagering conducted under a license issued pursuant to chapter
27 240; (2) purchase of tickets in the state lottery or other
28 wagering authorized under chapter 349A; (3) gaming activities
29 conducted pursuant to the Indian Gaming Regulatory Act, 25
30 U.S.C. 2701 et seq.; or (4) lawful gambling activities permitted
31 under chapter 349.

32 Sec. 20. Minnesota Statutes 2004, section 609.75,
33 subdivision 3, is amended to read:

34 Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

35 (1) A contract to insure, indemnify, guarantee or otherwise
36 compensate another for a harm or loss sustained, even though the

1 loss depends upon chance.

2 (2) A contract for the purchase or sale at a future date of
3 securities or other commodities.

4 (3) Offers of purses, prizes or premiums to the actual
5 contestants in any bona fide contest for the determination of
6 skill, speed, strength, endurance, or quality or to the bona
7 fide owners of animals or other property entered in such a
8 contest.

9 (4) The game of bingo when conducted in compliance with
10 sections 349.11 to 349.23.

11 (5) A private social bet not part of or incidental to
12 organized, commercialized, or systematic gambling.

13 (6) The operation of equipment or the conduct of a raffle
14 under sections 349.11 to 349.22, by an organization licensed by
15 the Gambling Control Board or an organization exempt from
16 licensing under section 349.166.

17 (7) Pari-mutuel betting on horse racing when the betting is
18 conducted under chapter 240.

19 (8) The purchase and sale of state lottery tickets and
20 plays on a gaming machine under chapter 349A.

21 Sec. 21. Minnesota Statutes 2004, section 609.761,
22 subdivision 2, is amended to read:

23 Subd. 2. [STATE LOTTERY.] Sections 609.755 and 609.76 do
24 not prohibit the operation of the state lottery or the sale,
25 possession, or purchase of tickets for the state lottery under
26 chapter 349A, or the manufacture, possession, sale, or operation
27 of a gaming machine under chapter 349A.

28 Sec. 22. [OTHER GAMES.]

29 (a) The Minnesota Racing Commission may authorize a person
30 with a gaming machine location contract under Minnesota
31 Statutes, section 349A.17, to conduct other card games that
32 Indian gaming casinos within this state are authorized by
33 compact or law to conduct. The Minnesota Racing Commission
34 shall adopt game procedures and take other actions necessary to
35 regulate the conduct and ensure the integrity of the games. A
36 tax is imposed on games conducted under this section at the rate

1 of 20 percent of the gross gaming receipts. For purposes of
2 this section, "gross gaming receipts" means all revenue received
3 by the licensee from card games authorized under this section,
4 less winnings paid to players.

5 (b) Of the gross gaming receipts, the licensee must set
6 aside at least 7.25 percent for purses for live horse races
7 conducted by the licensee. Purse payments under this section
8 are in addition to any other purse payments established by law
9 or contract. Twenty percent of the amount set aside for purses
10 shall be transferred to the Minnesota Racing Commission and used
11 for the purposes in Minnesota Statutes, section 240.18. The
12 licensee and the horseperson's organization representing the
13 majority of horsepersons who have raced horses at the racetrack
14 during the preceding 12 months may negotiate percentages
15 different from those stated in this section if the agreement is
16 in writing and filed with the racing commission.

17 Sec. 23. [LOTTERY BUDGET; GAMING MACHINES.]

18 The director of the State Lottery shall submit a budget for
19 the operation of gaming machines authorized under Minnesota
20 Statutes, section 349A.17, to the commissioner of finance.
21 Notwithstanding Minnesota Statutes, section 349A.10, subdivision
22 6, the director of the State Lottery may expend amounts
23 necessary to operate the gaming machines. Amounts expended by
24 the director of the State Lottery for the operation of gaming
25 machines in fiscal years 2006 and 2007 are not subject to the
26 maximum amount set in law for the operation of the lottery.

27 Sec. 24. [SEVERABILITY; SAVINGS.]

28 If any part of this act is found to be invalid because it
29 is in conflict with a provision of the Constitution of the state
30 of Minnesota or the Constitution of the United States, or for
31 any other reason, all other provisions of this act shall remain
32 valid and any rights, remedies, and privileges that have been
33 otherwise accrued by this act, shall remain in effect and may be
34 proceeded with and concluded under the provisions of this act.

35 Sec. 25. [EFFECTIVE DATE.]

36 This act is effective the day following final enactment."

1 Amend the title accordingly

1 Senator moves to amend S.F. No. 1609 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 240.13, is
4 amended by adding a subdivision to read:

5 Subd. 5a. [PURSES; GAMING MACHINES.] From the compensation
6 received by a licensee pursuant to a gaming machine location
7 contract entered into under section 349A.17, the licensee must
8 set aside at least 7.25 percent of the adjusted gross gaming
9 machine revenue as defined under chapter 349A, for purses for
10 live horse races conducted by the licensee. Purse payments made
11 pursuant to this subdivision are in addition to purse payments
12 otherwise established by law or contract. Twenty percent of the
13 money set aside for purses pursuant to this subdivision shall be
14 transferred to the commission and used for the purposes in
15 section 240.18, subdivisions 2, paragraph (d), and 3, paragraph
16 (b), subject to the proportionality requirement in section
17 240.18, subdivision 1. The licensee and the horseperson's
18 organization representing the majority of horsepersons who have
19 raced horses at the racetrack during the preceding 12 months may
20 negotiate percentages different from those stated in this
21 section if the agreement is in writing and filed with the
22 commission.

23 Sec. 2. Minnesota Statutes 2004, section 240.15,
24 subdivision 1, is amended to read:

25 Subdivision 1. [TAXES IMPOSED.] (a) There is imposed a tax
26 at the rate of six percent of the amount in excess of
27 \$12,000,000 annually withheld from all pari-mutuel pools by the
28 licensee, including breakage and amounts withheld under section
29 240.13, subdivision 4. For the purpose of this subdivision,
30 "annually" is the period from July 1 to June 30 of the next year.

31 In addition to the above tax, the licensee must designate
32 and pay to the commission a tax of one percent of the total
33 amount bet on each racing day, for deposit in the Minnesota
34 breeders fund.

35 The taxes imposed by this clause must be paid from the
36 amounts permitted to be withheld by a licensee under section

1 240.13, subdivision 4.

2 (b) The commission may impose an admissions tax of not more
3 than ten cents on each paid admission at a licensed racetrack on
4 a racing day if:

5 (1) the tax is requested by a local unit of government
6 within whose borders the track is located;

7 (2) a public hearing is held on the request; and

8 (3) the commission finds that the local unit of government
9 requesting the tax is in need of its revenue to meet
10 extraordinary expenses caused by the racetrack.

11 (c) There is imposed a tax at the rate of five percent on
12 amounts annually received from charges authorized under section
13 240.30, subdivision 4, less amounts set aside for purse payments
14 and the breeders fund, as required by section 240.135.

15 Sec. 3. Minnesota Statutes 2004, section 240.30,
16 subdivision 8, is amended to read:

17 Subd. 8. [LIMITATIONS.] The commission may not approve any
18 plan of operation under subdivision 6 that exceeds any of the
19 following limitations:

20 ~~(1) the maximum number of tables used for card playing at~~
21 ~~the card club at any one time, other than tables used for~~
22 ~~instruction, demonstrations, or tournament play, may not exceed~~
23 ~~50. The table limit exception for tournament play is allowed~~
24 ~~for only one tournament per year that lasts for no longer than~~
25 ~~14 days;~~

26 ~~(2)~~ except as provided in clause ~~(3)~~ (2), no wager may
27 exceed \$60;

28 ~~(3)~~ (2) for games in which each player is allowed to make
29 only one wager or has a limited opportunity to change that
30 wager, no wager may exceed \$300.

31 Sec. 4. Minnesota Statutes 2004, section 240.35,
32 subdivision 1, is amended to read:

33 Subdivision 1. [GENERALLY.] A licensee of the commission
34 may detain a person if the licensee has probable cause to
35 believe that the person detained has violated section 609.76
36 while at a card club authorized by section 240.30 or at a

1 facility where gaming machines are located under section
2 349A.17. For purposes of this section, "licensee" means the
3 commission's director of racing security or a security officer
4 licensed under Minnesota Rules, chapter 7878.

5 Sec. 5. [297A.651] [LOTTERY GAMING MACHINES; IN-LIEU TAX.]

6 Adjusted gross gaming machine revenue is exempt from the
7 tax imposed under section 297A.62. The state lottery must on or
8 before the 20th day of each month transmit to the commissioner
9 an amount equal to the adjusted gross gaming machine revenue, as
10 defined in section 349A.01, for the previous month multiplied by
11 35 percent. The commissioner shall deposit the money
12 transmitted under this paragraph in the state treasury in the
13 general fund.

14 Sec. 6. Minnesota Statutes 2004, section 299L.07,
15 subdivision 2, is amended to read:

16 Subd. 2. [EXCLUSIONS.] Notwithstanding subdivision 1, a
17 gambling device:

18 (1) may be sold by a person who is not licensed under this
19 section, if the person (i) is not engaged in the trade or
20 business of selling gambling devices, and (ii) does not sell
21 more than one gambling device in any calendar year;

22 (2) may be sold by the governing body of a federally
23 recognized Indian tribe described in subdivision 2a, paragraph
24 (b), clause (1), which is not licensed under this section, if
25 (i) the gambling device was operated by the Indian tribe, (ii)
26 the sale is to a distributor licensed under this section, and
27 (iii) the licensed distributor notifies the commissioner of the
28 purchase, in the same manner as is required when the licensed
29 distributor ships a gambling device into Minnesota;

30 (3) may be possessed by a person not licensed under this
31 section if the person holds a permit issued under section
32 299L.08; and

33 (4) may be possessed by a state agency, with the written
34 authorization of the director, for display or evaluation
35 purposes only and not for the conduct of gambling; and

36 (5) may be possessed by the state lottery as authorized

1 under chapter 349A.

2 Sec. 7. Minnesota Statutes 2004, section 299L.07,
3 subdivision 2a, is amended to read:

4 Subd. 2a. [RESTRICTIONS.] (a) A manufacturer licensed
5 under this section may sell, offer to sell, lease, or rent, in
6 whole or in part, a gambling device only to a distributor
7 licensed under this section or to the state lottery as
8 authorized under chapter 349A.

9 (b) A distributor licensed under this section may sell,
10 offer to sell, market, rent, lease, or otherwise provide, in
11 whole or in part, a gambling device only to:

12 (1) the governing body of a federally recognized Indian
13 tribe that is authorized to operate the gambling device under a
14 tribal state compact under the Indian Gaming Regulatory Act,
15 Public Law 100-497, and future amendments to it;

16 (2) a person for use in the person's dwelling for display
17 or amusement purposes in a manner that does not afford players
18 an opportunity to obtain anything of value;

19 (3) another distributor licensed under this section; ~~or~~

20 (4) a person in another state who is authorized under the
21 laws of that state to possess the gambling device; or

22 (5) the state lottery as authorized under chapter 349A.

23 Sec. 8. Minnesota Statutes 2004, section 340A.410,
24 subdivision 5, is amended to read:

25 Subd. 5. [GAMBLING PROHIBITED.] (a) Except as otherwise
26 provided in this subdivision, no retail establishment licensed
27 to sell alcoholic beverages may keep, possess, or operate, or
28 permit the keeping, possession, or operation on the licensed
29 premises of dice or any gambling device as defined in section
30 349.30, or permit gambling therein.

31 (b) Gambling equipment may be kept or operated and raffles
32 conducted on licensed premises and adjoining rooms when the use
33 of the gambling equipment is authorized by (1) chapter 349, (2)
34 a tribal ordinance in conformity with the Indian Gaming
35 Regulatory Act, Public Law 100-497, or (3) a tribal-state
36 compact authorized under section 3.9221.

1 (c) Lottery tickets may be purchased and sold within the
2 licensed premises as authorized by the director of the lottery
3 under chapter 349A.

4 (d) Dice may be kept and used on licensed premises and
5 adjoining rooms as authorized by section 609.761, subdivision 4.

6 (e) Gambling devices may be operated on the premises of a
7 licensed racetrack as authorized by chapter 349A.

8 Sec. 9. Minnesota Statutes 2004, section 349A.01,
9 subdivision 10, is amended to read:

10 Subd. 10. [LOTTERY PROCUREMENT CONTRACT.] "Lottery
11 procurement contract" means a contract to provide lottery
12 products, gaming machines, maintenance of gaming machines,
13 computer hardware and software used to monitor sales of lottery
14 tickets and gaming machine plays, and lottery tickets. "Lottery
15 procurement contract" does not include a contract to provide an
16 annuity or prize payment agreement or materials, supplies,
17 equipment, or services common to the ordinary operation of a
18 state agency.

19 Sec. 10. Minnesota Statutes 2004, section 349A.01, is
20 amended by adding a subdivision to read:

21 Subd. 14. [GAMING MACHINE.] "Gaming machine" means any
22 machine, system, or device which, upon payment of consideration
23 in order to play a game, may award or entitle a player to a
24 prize by reason of skill of the player or application of the
25 element of chance, or both.

26 Sec. 11. Minnesota Statutes 2004, section 349A.01, is
27 amended by adding a subdivision to read:

28 Subd. 15. [GAMING MACHINE GAME.] "Gaming machine game"
29 means a game operated by a gaming machine as authorized by the
30 director.

31 Sec. 12. Minnesota Statutes 2004, section 349A.01, is
32 amended by adding a subdivision to read:

33 Subd. 16. [GAMING MACHINE PLAY.] "Gaming machine play"
34 means an electronic record that proves participation in a gaming
35 machine game.

36 Sec. 13. Minnesota Statutes 2004, section 349A.01, is

1 amended by adding a subdivision to read:

2 Subd. 17. [ADJUSTED GROSS GAMING MACHINE REVENUE.]

3 "Adjusted gross gaming machine revenue" means the sum of all
4 money received by the lottery for gaming machine plays, less the
5 amount paid out in prizes for gaming machine games.

6 Sec. 14. Minnesota Statutes 2004, section 349A.10,
7 subdivision 3, is amended to read:

8 Subd. 3. [LOTTERY OPERATIONS.] (a) The director shall
9 establish a lottery operations account in the lottery fund. The
10 director shall pay all costs of operating the lottery, including
11 payroll costs or amounts transferred to the state treasury for
12 payroll costs, but not including lottery prizes, from the
13 lottery operating account. The director shall credit to the
14 lottery operations account amounts sufficient to pay the
15 operating costs of the lottery.

16 (b) Except as provided in paragraph (e), the director may
17 not credit in any fiscal year thereafter amounts to the lottery
18 operations account which when totaled exceed 15 percent of gross
19 revenue to the lottery fund in that fiscal year. In computing
20 total amounts credited to the lottery operations account under
21 this paragraph the director shall disregard amounts transferred
22 to or retained by lottery retailers as sales commissions or
23 other compensation and amounts transferred or retained by a
24 racetrack pursuant to a location contract under section 349A.17.

25 (c) The director of the lottery may not expend after July
26 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal
27 year for contracts for the preparation, publication, and
28 placement of advertising.

29 (d) Except as the director determines, the lottery is not
30 subject to chapter 16A relating to budgeting, payroll, and the
31 purchase of goods and services.

32 (e) In addition to the amounts credited to the lottery
33 operations account under paragraph (b), the director is
34 authorized, if necessary, to meet the current obligations of the
35 lottery and to credit up to 25 percent of an amount equal to the
36 average annual amount which was authorized to be credited to the

1 lottery operations account for the previous three fiscal years
2 but was not needed to meet the obligations of the lottery.

3 (f) Notwithstanding the provisions of this subdivision, the
4 director may credit up to ten percent of adjusted gross gaming
5 machine revenue to the lottery operations account in a fiscal
6 year.

7 Sec. 15. Minnesota Statutes 2004, section 349A.10,
8 subdivision 6, is amended to read:

9 Subd. 6. [BUDGET; PLANS.] The director shall prepare and
10 submit a biennial budget plan to the commissioner of finance.
11 The governor shall recommend the maximum amount available for
12 the lottery in the budget the governor submits to the
13 legislature under section 16A.11. The maximum amount available
14 to the lottery for operating expenses and capital expenditures
15 shall be determined by law. Operating expenses shall not
16 include expenses that are a direct function of lottery sales,
17 which include the cost of lottery prizes, amounts paid to
18 lottery retailers as sales commissions or other compensation,
19 amounts paid to produce and deliver scratch lottery games, and
20 amounts paid to an outside vendor to operate and maintain an
21 online gaming system, amounts paid to an outside vendor to
22 operate and maintain a central communications system for gaming
23 machines, and amounts paid to acquire and maintain gaming
24 machines. In addition, the director shall appear at least once
25 each fiscal year before the senate and house of representatives
26 committees having jurisdiction over gambling policy to present
27 and explain the lottery's plans for future games and the related
28 advertising and promotions and spending plans for the next
29 fiscal year.

30 Sec. 16. Minnesota Statutes 2004, section 349A.13, is
31 amended to read:

32 349A.13 [RESTRICTIONS.]

33 Nothing in this chapter:

34 (1) authorizes the director to conduct a lottery game or
35 contest the winner or winners of which are determined by the
36 result of a sporting event other than a horse race conducted

1 under chapter 240;

2 (2) authorizes the director to install or operate a lottery
3 device operated by coin or currency which when operated
4 determines the winner of a game except as authorized under
5 section 349A.17; and

6 (3) authorizes the director to sell pull-tabs as defined
7 under section 349.12, subdivision 32.

8 Sec. 17. [349A.17] [GAMING MACHINES.]

9 Subdivision 1. [LOCATION CONTRACT.] (a) The director may
10 enter into a contract with a person to provide a location for
11 gaming machines. Contracts entered into under this section are
12 not subject to chapter 16C. The director may only enter a
13 contract under this subdivision with a person that holds a class
14 A license under chapter 240. The gaming machines may only be
15 placed at the racetrack for which the class A license under
16 chapter 240 was issued.

17 (b) In order to be eligible for a contract under this
18 section, the class A licensee must have conducted at least 50
19 days of live racing at the racetrack each year within the last
20 five preceding calendar years. A contract under this section
21 must contain a provision under which the contract terminates on
22 the first day of any calendar year following a calendar year
23 during which the class A licensee has not conducted at least 50
24 days of live racing at the licensee's racetrack.

25 (c) Contracts entered into must provide for compensation to
26 the racetrack in an amount equal to at least 55 percent of
27 adjusted gross gaming machine revenue. From the amount received
28 by the racetrack under this section, the racetrack shall
29 annually remit an amount equal to one percent of the adjusted
30 gross gaming machine revenue to both the city or town and the
31 county where the racetrack is located.

32 (d) The director may cancel, suspend, or refuse to renew
33 the location contract or impose a civil penalty if the licensee:

34 (1) no longer holds a class A license under chapter 240;

35 (2) fails to account for proceeds from the gaming machines;

36 (3) fails to remit funds to the director in accordance with

1 the location contract;

2 (4) violates a law, rule, or order of the director;

3 (5) fails to comply with any of the terms of the location
4 contract; or

5 (6) has acted in a manner prejudicial to public confidence
6 in the integrity of the operation of the gaming machines.

7 The cancellation, suspension, or refusal to renew the
8 location contract or imposition of a civil penalty under this
9 paragraph is a contested case under sections 14.57 to 14.69.

10 (e) No gaming machines may be located within a statutory or
11 home rule charter city or town, unless the governing body of the
12 city or town adopts a resolution approving the location of the
13 gaming machines within the city or town.

14 (f) As a condition of entering into a contract under this
15 section, the licensee must make to the commission, for deposit
16 in the general fund, a onetime payment of \$100,000,000 by June
17 30, 2007. A contract must include a provision to refund this
18 payment if this section is repealed by the legislature, revoked
19 by constitutional amendment, or held unconstitutional by a court
20 of competent jurisdiction.

21 (g) The contract entered into under this section must
22 include the following provisions:

23 (1) liquidated damages to recover the initial investment by
24 the licensee in the event the state, through legislation or
25 constitutional amendment, revokes all or substantially all of
26 the forms of gambling authorized under this section. The
27 liquidated damages must include the onetime payment under
28 paragraph (f) and the unpaid balance of costs incurred by the
29 licensee for construction or acquisition of the gaming facility
30 less the present market value of that property. Any liquidated
31 damages provision must expire within ten years; and

32 (2) all costs associated with managing the day-to-day
33 activity of gaming machines, including, but not limited to,
34 routine and minor service and maintenance, security monitoring,
35 verifying winners, paying winners, collecting money from gaming
36 machines, and advertising and marketing of gaming machines must

1 be borne by the licensee.

2 Subd. 2. [OPERATION.] (a) All gaming machines that are
3 placed at a racetrack pursuant to subdivision 1 must be operated
4 and controlled by the director.

5 (b) Gaming machines must be owned or leased by the director.

6 (c) Gaming machines must be maintained by the lottery, or
7 by a vendor that is under the control and direction of the
8 director.

9 (d) The director must have a central communications system
10 that monitors activities on each gaming machine. The central
11 communications system must be located at a lottery office.

12 (e) The director must approve the general security
13 arrangements associated with and relating to the operation of
14 the gaming machines.

15 (f) Advertising and promotional material produced by the
16 racetrack relating to gaming machines located at its facility
17 must be approved by the director.

18 (g) The director may implement such other controls as are
19 deemed necessary for the operation of gaming machines pursuant
20 to this section.

21 Subd. 3. [GAMES.] The director shall specify the games
22 that may be played on a gaming machine according to section
23 349A.04. Gaming machines may conduct pari-mutuel wagering and
24 display horse races pursuant to the director's specifications.

25 Subd. 4. [PRIZES.] A person who plays a gaming machine
26 agrees to be bound by the rules and game procedures applicable
27 to that particular gaming machine game. The player acknowledges
28 that the determination of whether the player has won a prize is
29 subject to the rules and game procedures adopted by the
30 director, claim procedures established by the director for the
31 game, and any confidential or public validation tests
32 established by the director for that game. A prize claimed from
33 the play of a gaming machine game is not subject to the
34 provisions of section 349A.08, subdivision 8.

35 Subd. 5. [PROHIBITIONS.] (a) A person under the age of 18
36 years may not play a game on or claim a prize from a gaming

1 machine.

2 (b) The director or any employee of the lottery, or a
3 member of their immediate family residing in the same household,
4 may not play a game on a gaming machine or receive a prize from
5 the operation of a gaming machine.

6 Subd. 6. [COMPULSIVE GAMBLING; REPORT.] (a) The licensee
7 shall prominently post, in the area where the gaming machines
8 are located, the toll-free telephone number established by the
9 commissioner of human services in connection with the compulsive
10 gambling program established under section 245.98. The
11 licensee, with the approval of the director, shall establish a
12 proactive plan relating to problem gambling.

13 (b) By January 15 of each year, the director shall submit a
14 report to the legislature, of not more than five pages in
15 length, setting forth the performance objectives of the plan and
16 the progress that was made toward those objectives during the
17 prior calendar year. The licensee may establish a
18 self-exclusion program by which persons, at their request, may
19 be excluded from the facility where the gaming machines are
20 located.

21 Subd. 7. [LOCAL LICENSES.] Except as provided in
22 subdivision 1, no political subdivision may require a license to
23 operate a gaming machine, restrict or regulate the placement of
24 gaming machines, or impose a tax or fee on the business of
25 operating gaming machines.

26 Subd. 8. [REIMBURSEMENT; RACING COMMISSION.] The Minnesota
27 Racing Commission shall require the licensee to reimburse the
28 commission's actual costs, including personnel costs, of
29 regulating the licensee under this section. Amounts received
30 under this subdivision must be deposited as provided in section
31 240.155, subdivision 1.

32 Sec. 18. Minnesota Statutes 2004, section 541.20, is
33 amended to read:

34 541.20 [RECOVERY OF MONEY LOST.]

35 Every person who, by playing at cards, dice, or other game,
36 or by betting on the hands or sides of such as are gambling,

1 shall lose to any person so playing or betting any sum of money
2 or any goods, and pays or delivers the same, or any part
3 thereof, to the winner, may sue for and recover such money by a
4 civil action, before any court of competent jurisdiction. For
5 purposes of this section, gambling shall not include pari-mutuel
6 wagering or other wagering conducted under a license issued
7 pursuant to chapter 240, purchase or sale of tickets in the
8 state lottery, or gambling authorized under chapters 349 and
9 349A.

10 Sec. 19. Minnesota Statutes 2004, section 541.21, is
11 amended to read:

12 541.21 [COMMITMENTS FOR GAMBLING DEBT VOID.]

13 Every note, bill, bond, mortgage, or other security or
14 conveyance in which the whole or any part of the consideration
15 shall be for any money or goods won by gambling or playing at
16 cards, dice, or any other game whatever, or by betting on the
17 sides or hands of any person gambling, or for reimbursing or
18 repaying any money knowingly lent or advanced at the time and
19 place of such gambling or betting, or lent and advanced for any
20 gambling or betting to any persons so gambling or betting, shall
21 be void and of no effect as between the parties to the same, and
22 as to all persons except such as hold or claim under them in
23 good faith, without notice of the illegality of the
24 consideration of such contract or conveyance. The provisions of
25 this section shall not apply to: (1) pari-mutuel or other
26 wagering conducted under a license issued pursuant to chapter
27 240; (2) purchase of tickets in the state lottery or other
28 wagering authorized under chapter 349A; (3) gaming activities
29 conducted pursuant to the Indian Gaming Regulatory Act, 25
30 U.S.C. 2701 et seq.; or (4) lawful gambling activities permitted
31 under chapter 349.

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33 subdivision 3, is amended to read:

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35 (1) A contract to insure, indemnify, guarantee or otherwise
36 compensate another for a harm or loss sustained, even though the

1 loss depends upon chance.

2 (2) A contract for the purchase or sale at a future date of
3 securities or other commodities.

4 (3) Offers of purses, prizes or premiums to the actual
5 contestants in any bona fide contest for the determination of
6 skill, speed, strength, endurance, or quality or to the bona
7 fide owners of animals or other property entered in such a
8 contest.

9 (4) The game of bingo when conducted in compliance with
10 sections 349.11 to 349.23.

11 (5) A private social bet not part of or incidental to
12 organized, commercialized, or systematic gambling.

13 (6) The operation of equipment or the conduct of a raffle
14 under sections 349.11 to 349.22, by an organization licensed by
15 the Gambling Control Board or an organization exempt from
16 licensing under section 349.166.

17 (7) Pari-mutuel betting on horse racing when the betting is
18 conducted under chapter 240.

19 (8) The purchase and sale of state lottery tickets and
20 plays on a gaming machine under chapter 349A.

21 Sec. 21. Minnesota Statutes 2004, section 609.761,
22 subdivision 2, is amended to read:

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24 not prohibit the operation of the state lottery or the sale,
25 possession, or purchase of tickets for the state lottery under
26 chapter 349A, or the manufacture, possession, sale, or operation
27 of a gaming machine under chapter 349A.

28 Sec. 22. [OTHER GAMES.]

29 (a) The Minnesota Racing Commission may authorize a person
30 with a gaming machine location contract under Minnesota
31 Statutes, section 349A.17, to conduct other card games that
32 Indian gaming casinos within this state are authorized by
33 compact or law to conduct. The Minnesota Racing Commission
34 shall adopt game procedures and take other actions necessary to
35 regulate the conduct and ensure the integrity of the games. A
36 tax is imposed on games conducted under this section at the rate

1 of 20 percent of the gross gaming receipts. For purposes of
2 this section, "gross gaming receipts" means all revenue received
3 by the licensee from card games authorized under this section,
4 less winnings paid to players.

5 (b) Of the gross gaming receipts, the licensee must set
6 aside at least 7.25 percent for purses for live horse races
7 conducted by the licensee. Purse payments under this section
8 are in addition to any other purse payments established by law
9 or contract. Twenty percent of the amount set aside for purses
10 shall be transferred to the Minnesota Racing Commission and used
11 for the purposes in Minnesota Statutes, section 240.18. The
12 licensee and the horseperson's organization representing the
13 majority of horsepersons who have raced horses at the racetrack
14 during the preceding 12 months may negotiate percentages
15 different from those stated in this section if the agreement is
16 in writing and filed with the racing commission.

17 Sec. 23. [LOTTERY BUDGET; GAMING MACHINES.]

18 The director of the State Lottery shall submit a budget for
19 the operation of gaming machines authorized under Minnesota
20 Statutes, section 349A.17, to the commissioner of finance.
21 Notwithstanding Minnesota Statutes, section 349A.10, subdivision
22 6, the director of the State Lottery may expend amounts
23 necessary to operate the gaming machines. Amounts expended by
24 the director of the State Lottery for the operation of gaming
25 machines in fiscal years 2006 and 2007 are not subject to the
26 maximum amount set in law for the operation of the lottery.

27 Sec. 24. [SEVERABILITY; SAVINGS.]

28 If any part of this act is found to be invalid because it
29 is in conflict with a provision of the Constitution of the state
30 of Minnesota or the Constitution of the United States, or for
31 any other reason, all other provisions of this act shall remain
32 valid and any rights, remedies, and privileges that have been
33 otherwise accrued by this act, shall remain in effect and may be
34 proceeded with and concluded under the provisions of this act.

35 Sec. 25. [EFFECTIVE DATE.]

36 This act is effective the day following final enactment."

1 Amend the title accordingly

1 Senator Vickerman from the Committee on Agriculture,
2 Veterans and Gaming, to which was referred

3 S.F. No. 1891: A bill for an act relating to veterans
4 affairs; authorizing the commissioner of veterans affairs to
5 establish a program of outreach to minority veterans;
6 appropriating money; proposing coding for new law in Minnesota
7 Statutes, chapter 197.

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

11

12

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14

15

16

17

Jim Vickerman
.....
(Committee Chair)
March 30, 2005.....
(Date of Committee recommendation)

1 Senator Vickerman from the Committee on Agriculture,
2 Veterans and Gaming, to which was referred

3 S.F. No. 1893: A bill for an act relating to ethanol
4 fuels; establishing a program of small grants to stimulate
5 research on improved combustion of agriculturally derived
6 ethanol in motor vehicle engines; appropriating money; amending
7 Minnesota Statutes 2004, section 41A.09, by adding subdivisions.

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

11

12

13

14

15

16

17

Jim Vickerman
.....
(Committee Chair)

March 30, 2005.....
(Date of Committee recommendation)

Senators Ranum, Vickerman, Betzold, Senjem and Larson introduced--
S.F. No. 1891: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to veterans affairs; authorizing the
3 commissioner of veterans affairs to establish a
4 program of outreach to minority veterans;
5 appropriating money; proposing coding for new law in
6 Minnesota Statutes, chapter 197.

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

8 Section 1. [197.785] [OUTREACH TO UNDERSERVED VETERANS.]

9 The commissioner of veterans affairs must spend the amount
10 appropriated for this purpose to foster and support an
11 initiative of outreach and assistance to underserved veterans,
12 including, but not limited to, veterans of color, female
13 veterans, veterans of limited financial means, and the
14 dependents and eligible survivors of those veterans. The
15 purpose of this initiative is to assist those veterans,
16 dependents, and survivors in identifying and applying for
17 federal and state veterans benefits for which they may be
18 eligible.

19 Sec. 2. [APPROPRIATION.]

20 \$250,000 annually is appropriated from the general fund to
21 the commissioner of veterans affairs for fiscal years 2006 and
22 2007 for the outreach initiative in section 1. The commissioner
23 may employ up to two full-time equivalent outreach coordinators
24 and one administrative assistant to implement section 1.

25 Sec. 3. [EFFECTIVE DATE.]

26 Sections 1 and 2 are effective July 1, 2005.

Senator Murphy introduced--

S.F. No. 1893: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to ethanol fuels; establishing a program of
3 small grants to stimulate research on improved
4 combustion of agriculturally derived ethanol in motor
5 vehicle engines; appropriating money; amending
6 Minnesota Statutes 2004, section 41A.09, by adding
7 subdivisions.

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

9 Section 1. Minnesota Statutes 2004, section 41A.09, is
10 amended by adding a subdivision to read:

11 Subd. 9. [MOTOR VEHICLES; ETHANOL COMBUSTION EFFICIENCY
12 GRANTS.] From within the appropriation for each fiscal year to
13 the ethanol development program under this section, or from
14 other appropriated money, the commissioner shall make up to two
15 grants, each in an amount not exceeding \$50,000, to qualified
16 applicants proposing to do research on, but not limited to,
17 ethanol's effect on fuel system materials compatibility and ways
18 to improve the energy efficiency of ethanol fuel blends in motor
19 vehicles while meeting all requirements for control of tailpipe
20 emissions. A grant recipient may receive funding for no more
21 than two consecutive years. A research project must be matched
22 by \$2 of nonstate money for each \$3 of state grant money.

23 Sec. 2. Minnesota Statutes 2004, section 41A.09, is
24 amended by adding a subdivision to read:

25 Subd. 10. [GUIDELINES.] The commissioner shall establish
26 guidelines not subject to chapter 14 for the submission and

1 review of applications and the awarding of grants under
2 subdivision 9.

3 Sec. 3. [APPROPRIATION; ETHANOL EFFICIENCY RESEARCH
4 GRANTS.]

5 \$100,000 is appropriated in fiscal year 2006 and \$100,000
6 is appropriated in fiscal year 2007 from the general fund to the
7 commissioner of agriculture for grants to ethanol efficiency
8 research studies under Minnesota Statutes, section 41A.09,
9 subdivision 9.

10 Sec. 4. [EFFECTIVE DATE.]

11 Section 1 is effective January 1, 2006. Section 2 is
12 effective the day following final enactment. Section 3 is
13 effective July 1, 2005.



Who are the sponsors of
North Metro Harness Initiative LLC?

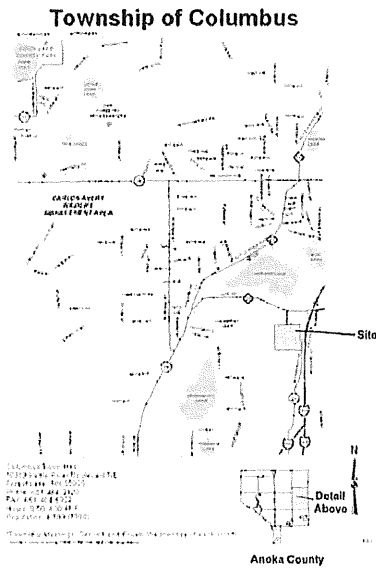
SOUTHWEST CASINO
AND HOTEL CORP.



MTR GAMING GROUP, INC.

**Southwest Casino & Hotel
Corp. a subsidiary of
Southwest Casino Corporation
(SWCC)**

- Founded in Minneapolis in 1992
- Principals
 - Jeff Halpern, Chairman of the Board
 - Jim Druck, CEO and Secretary
 - Tom Fox, President and CFO



North Metro
Harness Initiative, LLC



Preliminary Design
 Applicant:
Southwest Casino and Hotel Corp.
 Project Location:
 Columbus Township, Minnesota

Sheet:
SITE PROPERTY PHOTO & LOCATION MAP

Scale: Not To Scale
 Date: October 2003

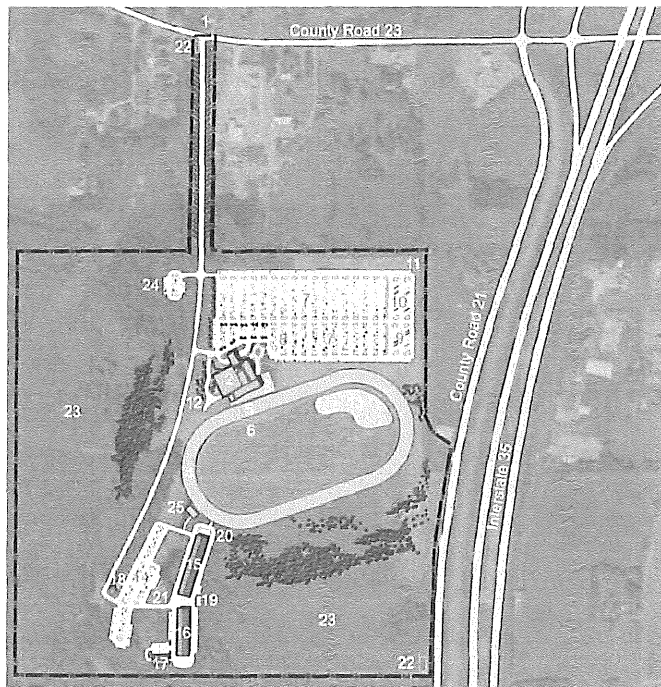


KK&K
 architects
 10000 Hennepin Avenue
 Minneapolis, MN 55424

KK&K Architects, Inc.
 1000 First Avenue North
 Minneapolis, MN 55424
 Phone: 612-338-4746
 Fax: 612-338-8767

Exhibit

A



Legend Key

- 1. Main Site Entrance
- 2. Grandstand
- 3. Outdoor Apron
- 4. 5/8 Mile Harness Track
- 5. Finish Line
- 6. Tote Board
- 7. Guest Parking
- 8. Office Parking
- 9. Bus Parking
- 10. RV Parking
- 11. RV Station
- 12. Service Entry
- 13. Pond
- 14. Horsemen Parking
- 15. Paddock & Detention Barn
- 16. Ship In Barn
- 17. Maintenance Building
- 18. Gate House
- 19. Animal Waste Area
- 20. Horse Cool Down Area
- 21. Horse & Trailer Ramp Area
- 22. Flyin Sign
- 23. Wetland
- 24. Park & Ride
- 25. Horsemen's Viewing Platform

North Acker
Harness Initiative, LLC



Preliminary Design
 Applicant:
Southwest Casino and Hotel Corp.
 Project Location:
 Columbus Township, Minnesota

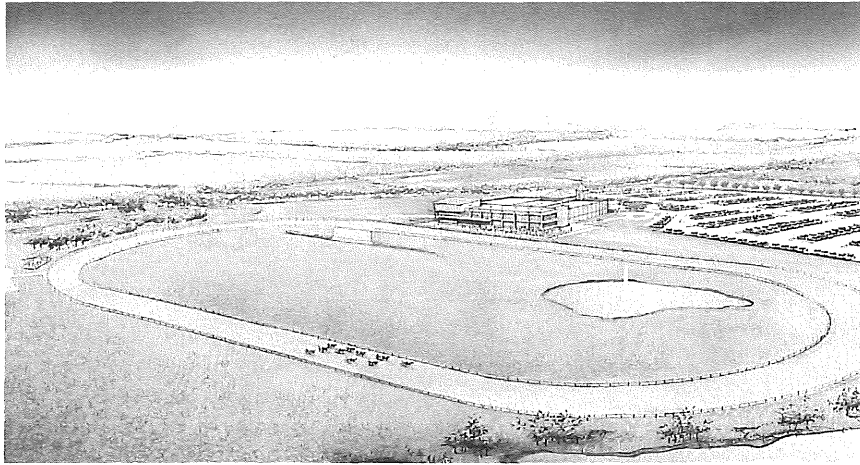
Sheet:
SITE PLAN
 Date: Not To Scale
 December 2003




KK&A
 architects
 10000 Highway 100
 Minneapolis, MN 55425
 Phone 612 339 4222
 Fax 612 339 1027

K&A Architects, Inc.
 200 First Avenue North
 Minneapolis, MN 55401
 Phone 612 339 4222
 Fax 612 339 1027

Exhibit
B



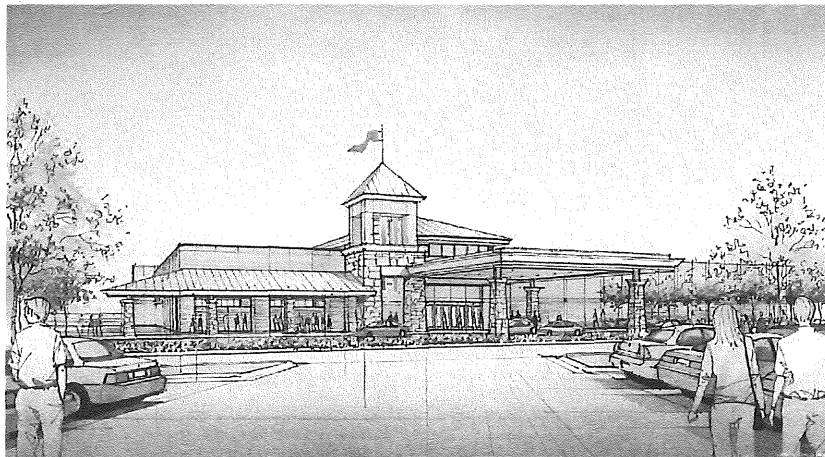

 With Peter
Harness Initiative, LLC

Preliminary Design
 Architect
Southwest Casino and Hotel Corp.
 Project Location
 Columbia Township, Missouri

02/04
**AERIAL RENDERING OF TRACK
 & GRANDSTAND**
 02/04 04/12 05/04
 02/04 05/04


KKK
 ARCHITECTS
 1000 N. 10th Street
 St. Louis, MO 63103
 (314) 433-1000

Exhibit
K



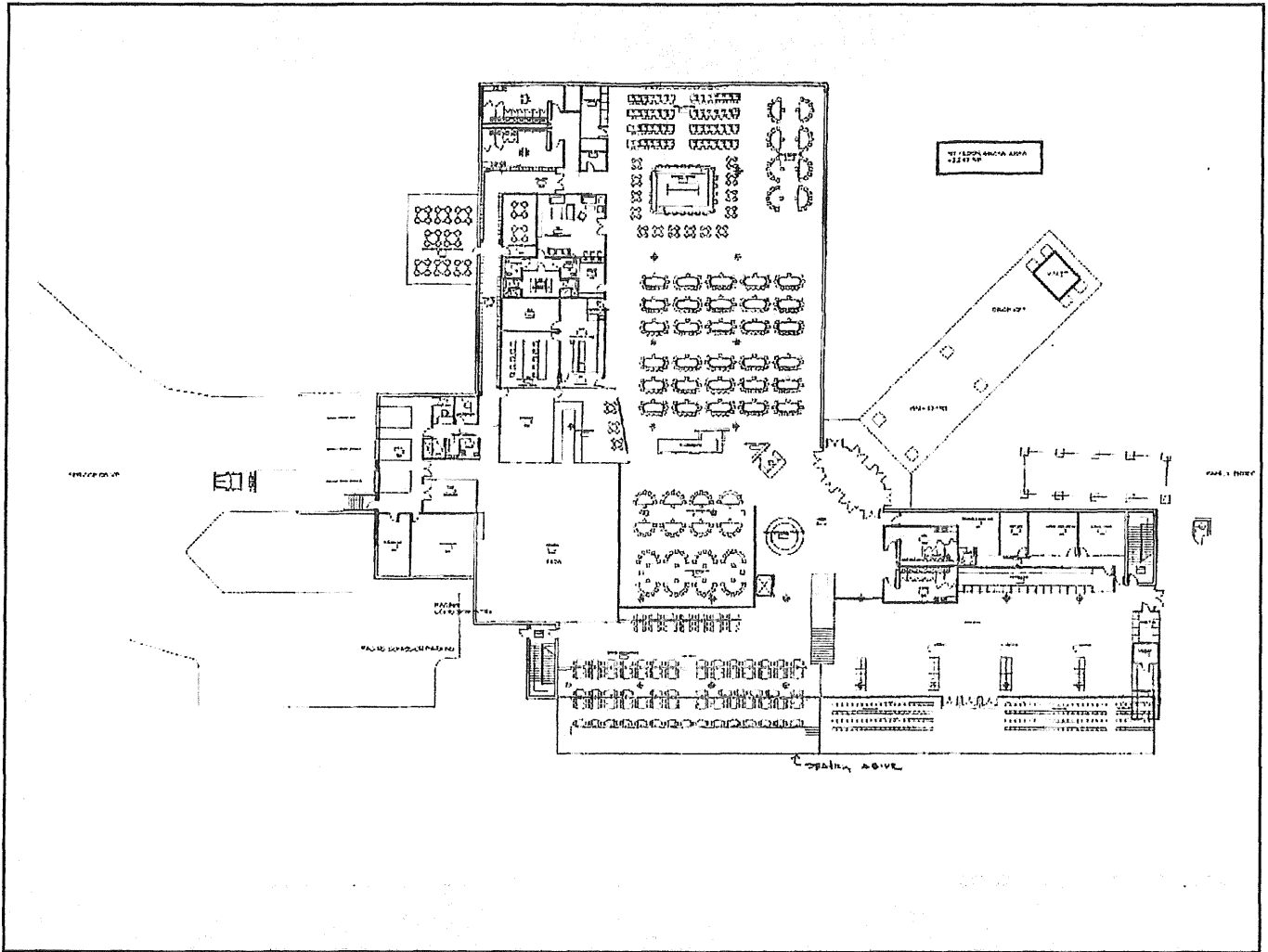

 With Peter
Harness Initiative, LLC

Preliminary Design
 Architect
Southwest Casino and Hotel Corp.
 Project Location
 Columbia Township, Missouri

02/04
**GRANDSTAND MAIN ENTRY
 PERSPECTIVE**
 02/04 04/12 05/04
 02/04 05/04


KKK
 ARCHITECTS
 1000 N. 10th Street
 St. Louis, MO 63103
 (314) 433-1000

Exhibit
L



What is offered

- Live racing 50 days during May thru Sept
- Simulcast Racing
- Card Room offering Poker and other popular player-banked card games
- Restaurant seating 180 people
- Grand Stand capacity for 1,800 people
- Parking for 1,000 to 1,200 vehicles

Direct Economic Benefits

- Construction of a \$25 - \$30 million facility
- Total project costs of \$45 - \$48 million
- Attendance near 7,000 people per week
- Create over 500 new jobs
- Yearly payroll over \$10.5 million
- \$9 million in expenditures
(much of it with local businesses)
- Community revenue in form of property, sales and income taxes

Jobs Created

- Fulltime jobs= 66 (salary range \$150,000 to \$25,000 per year)
- Fulltime equivalent jobs = 351 (dealer's wages are \$6.00/hr plus tips. Dealers can earn up to \$40,000/year)
- Seasonal jobs = 34 (positions include Announcers \$50/hr, Paddock Judges \$30/hr, track maintenance \$6/hr)
- Benefits include Health Insurance, 401(k) for fulltime employees = 32hrs/week
- Total Annual Payroll and benefits estimated to be approximately \$10,500,000

Indirect Economic Benefits

- Local business expansion – new inquiries regarding locating in Columbus Township (restaurants, gas stations, hotels, etc.)
- Increase in area property values
- Supports of local agricultural industries
- Promotion of standard bred horse breeders

Community Benefits

- Guarantee of \$227,000 in local taxes to Columbus Township
- Total Real Estate taxes of over \$800,000
- Commitment to provide a new Township road
- New turn lanes and stop light at entrance to our facility.
- Locate a secure Park 'N Ride lot on our property to relieve congestion at Hwy 23 & 21
- Easement for County Rd through our property
- Easement for Community water tower on our property
- Participate in development of sewer and water for Township

Community Benefits

- Annual contribution of \$88,300 to local organizations:

■ Law Enforcement	\$32,000
■ Fire Protection	\$23,500
■ County Rd 23 study	\$10,000
■ Park Fund	\$ 6,000
■ Senior Citizen Center	\$ 3,500
■ Other Township initiatives	\$13,300

Partnership with Township

- Provide off duty licensed law enforcement officers on race days to control traffic and crowds
- Promote location as Columbus Township
- Create quality restaurant for area residence
- Provide meeting space for local charitable and civic groups at reasonable cost.
- Insure security over activities inside outside and on the backside of the facility
- Provide quality entertainment and food in a county fair atmosphere for families to enjoy

Impact of Amendment Purses – First Year

	Current Law	Proposed Amendment
Purses from Simul- casting and Live Racing	\$ 1,000,000	\$ 1,800,000
Purses from Card Room Revenue	<u>\$ 2,300,000</u>	<u>\$ 3,900,000</u>
TOTAL:	\$ 3,300,000	\$ 5,700,000

Note: Amendment provides \$2,400,000 more for purses for horsemen.

NORTH METRO

Harness
INITIATIVE

DISCUSSION



FOREST LAKE AREA
Chamber of Commerce

Where Business and Success Meet

56 East Broadway • P.O. Box 474 • Forest Lake, MN 55025-0474
651-464-3200 • Fax 651-464-3201 • www.flacc.org

Whereas the North Metro Harness Initiative has identified a site for a future harness racing track in Columbus Township;

And whereas they are proceeding through all of the legal steps at all governmental levels;

And whereas this will be a private enterprise paying its fair share of taxes;

And whereas this project has the potential to be a valuable tourism and economic development tool for the northern metropolitan area;

Be it resolved that on February 12, 2004 the Forest Lake Area Chamber of Commerce Board of Directors voted to support the efforts of North Metro Harness Initiative in their bid for a harness racing track in Columbus Township.

Debra Oakes
Chair

Deborah A. Feist
President

3-30-05
"Attachment C"

Good afternoon ladies and gentleman,

My name is Don Steinke. I am from Columbus Township, near Forest Lake. I am the chairman of the Columbus Concerned Citizens. We are a 501c4 non-profit corporation formed to educate the citizens of our community on important issues. The 700 plus members of our organization signed a petition opposing the location of a harness track and card room in our community. The licensing of this facility by the Minnesota Racing Commission is currently being challenged by our organization in the court system. A separate challenge by another organization was also recently filed.

The Senate file before you today, SF 1723, would change at least 2 key provisions to the State Statue 240, which the Columbus track was licensed under.

We are very opposed to any change to the original 240 language to allow simulcasting of all breeds at this facility and to eliminate the requirement to run a season, or 50 days, of live racing before the card room can begin operation. Both of these provisions have been in the law since it was written. The applicant was always aware that these were the provisions that he was going to be operating under after he was licensed. In fact, he tried unsuccessfully to have these same provisions changed in the 2004 legislative session, before he was licensed..

Our group has been told from the beginning that this was a harness track with a card room, not a card room with a harness track. If this *is* all about racing horses, then let's have a year of racing and see how it goes. From everything we have been told, the race track will be a huge success. Canterbury was required to operate under these same provisions and did not come before you to get the provisions changed before they even began operations.

It is becoming clearer by the day that the horse racing industry is being used as a scapegoat to allow the expansion of gambling, where the real money is! If we are truly talking about a racetrack, then do not change the law to allow the developer to forget about racing. To allow the developer to focus only on the card room and the addition of a racino to the Columbus facility. The developer already has in his plans for the grandstand area 157,000 square feet for his racino.

We are asking you to defeat SF 1723. It has no reason to be passed, except to allow NMHI, the developer of the project in Columbus, the opportunity to substantially increase his profits and allow for the accelerated expansion of gambling in Minnesota!

Thank you for your time.

Don Steinke
8423 Lake Dr
Forest Lake, MN 55025
stein084@umn.edu

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

G-17 STATE CAPITOL
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.
ST. PAUL, MN 55155-1606
(651) 296-4791
FAX: (651) 296-7747
JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

S.F. No. 1723 - Horse Racing

Author: Senator Linda Scheid

Prepared by: Carol E. Baker, Senate Counsel (651/296-4395)

Date: March 30, 2005

Section 1 [Additional License; Metropolitan Area.] allows a class A licensee within the seven-county metropolitan area to enter into an agreement with a horsepersons' organization under which the licensee agrees to pay a percentage of simulcasting and card club revenues to the horse racing purse fund of another class A racetrack within the seven-county metropolitan area. The licensee may only enter an agreement with a horsepersons' organization that represents a breed other than the breed racing at the licensee's racetrack.

Section 2 [Simulcasting.] restricts the racing commission from authorizing a day for simulcasting at a class A standardbred racetrack, unless approval is obtained from the horsepersons' organization that represents the majority of the horsepersons who are racing or will race the breed at the facility. By striking the language in paragraph (f), it allows the standardbred racetrack to simulcast racing on breeds other than standardbreds.

Section 3 [Card Club Revenue.] allows a standardbred racetrack to negotiate percentages from card club revenue with the horsepersons' organization representing the majority of horsepersons' who will race horses at the racetrack in the first year of the racetrack's operation.

Section 4 [Limitation.] allows the racing commission to authorize the standardberd racetrack to operate a card club when the racetrack has been assigned at least 50 days of live racing for the year.

CEB:rd

SF 1723 (Scheid)

**Minnesota
Office of the Revisor of Statutes**[Legislature Home](#) | [Links to the World](#) | [Help](#) | [Advanced Search](#)[House](#) | [Senate](#) | [Joint Departments and Commissions](#) | [Bill Search and Status](#) | [Statutes, Laws, and Rules](#)**Minnesota Statutes 2004, 240.06**

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[Minnesota Statutes 2004, Table of Chapters](#)[Table of contents for Chapter 240](#)**240.06 Racetrack licenses.**

Subdivision 1. **Application.** The commission may issue one or more class A licenses, but not more than one to any one person. An application for a class A license must be on a form the commission prescribes and must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements. The application must contain:

(a) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders of the corporation and any of its holding corporations;

(b) if required by the commission, the names of any person or persons holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit executed by the applicant setting forth that no officer, director, or other person with a present or future direct or indirect financial or management interest in the racetrack, to the best of the applicant's knowledge:

(1) is in default in the payment of an obligation or debt to the state under this chapter;

(2) has ever been convicted of a felony in a state or federal court or has a state or federal felony charge pending;

(3) is or has been connected with or engaged in any illegal business;

(4) has ever been found guilty of fraud or misrepresentation in connection with racing or breeding;

(5) has ever been found guilty of a violation of a law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; or

(6) has ever knowingly violated a rule or order of the commission or a law of Minnesota relating to racing;

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363A, and in conformity with the goals established by the commission by rule.

Subd. 2. **Hearings.** Before granting a class A license the commission shall conduct one or more public hearings in the area where the racetrack is or will be located. The commission shall also request comments on the application from the city council or town board of the city or town where the track is or will be located, or from the county board if it is to be located outside a city or town and from the appropriate regional development commission or the Metropolitan Council, as the case may be.

Subd. 3. **Investigation.** Before granting a class A license the commission shall conduct, or request the Division of Alcohol and Gambling Enforcement to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the division of alcohol and gambling enforcement for its share of the cost of the investigation. The commission has access to all criminal history data compiled by the Division of Alcohol and Gambling Enforcement on class A licensees and applicants.

Subd. 4. **License issuance.** If after considering the information received at the hearing or hearings and the comments requested under subdivision 2, the commission determines that the license will not adversely affect the public health, welfare, and safety, that the racetrack will be operated in accordance with all applicable laws and rules, that the license will not create a competitive situation that will adversely affect racing and the public interest, and that the applicant is financially able to operate a licensed racetrack, it may issue a class A license to the applicant. The license is effective until revoked or suspended by the commission or relinquished by the licensee.

Subd. 5. **Prohibited locations.** A class A license may not be issued to any location where the operation of a racetrack is prohibited by a valid local zoning ordinance. Not more than one class A license may be issued by the commission within the

seven-county metropolitan area.

Subd. 5a. Additional license; metropolitan area.

Notwithstanding subdivision 5, the commission may issue one additional class A license within the seven-county metropolitan area, provided that the additional license may only be issued for a facility:

(1) located more than 20 miles from any other racetrack in existence on January 1, 1987;

(2) containing a track no larger than five-eighths of a mile in circumference;

(3) used exclusively for standardbred racing;

(4) not owned or operated by a governmental entity or a nonprofit organization; and

(5) that has a current road or highway system adequate to facilitate present and future vehicular traffic expeditiously to and from the facility.

The consideration of clause (5) shall prevail when two competing licensees are relatively equal regarding other considerations mandated by law or rule.

An application for an additional class A license within the seven-county metropolitan area may not delay or adversely affect an application for a class A license for a facility to be located outside the seven-county metropolitan area.

Subd. 6. Changes in ownership or management. If a change in the officers, directors, shareholders, or other persons with a present or future direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the application is filed or the license issued, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required by subdivision 1, clause (d).

Subd. 7. License suspension and revocation. The commission:

(1) may revoke a class A license for (i) a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application, or (ii) a willful failure to pay any money required to be paid by Laws 1983, chapter 214, and

(2) may revoke a class A license for failure to perform material covenants or representations made in a license application; and

(3) shall revoke a class A license if live racing has not been conducted on at least 50 racing days assigned by the commission during any period of 12 consecutive months, unless the commission authorizes a shorter period because of

circumstances beyond the licensee's control.

The commission may suspend a class A license for up to one year for a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, and may suspend a class A license indefinitely if it determines that the licensee has as an officer, director, shareholder, or other person with a direct, indirect, or beneficial interest a person who is in the commission's opinion inimical to the integrity of horse racing in Minnesota or who cannot be certified under subdivision 1, clause (d).

A license revocation or suspension under this subdivision is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 8. **Work areas.** A class A licensee must provide at no cost to the commission suitable work areas for commission members, officers, employees, and agents, including agents of the Division of Alcohol and Gambling Enforcement, who are directed or requested by the commission to supervise and control racing at the licensed racetrack.

HIST: 1983 c 214 s 6; 1984 c 654 art 3 s 80; 1985 c 212 s 6; 1987 c 68 s 1; 1987 c 384 art 2 s 1; 1989 c 334 art 1 s 8,9; 1991 c 233 s 91; 1991 c 330 s 1; 1991 c 336 art 1 s 13; 1994 c 633 art 1 s 2; 1997 c 129 art 2 s 15

Please direct all comments concerning issues or legislation
to your House Member or State Senator.

For Legislative Staff or for directions to the Capitol, visit the Contact Us page.

General questions or comments.

Senators Scheid, Betzold, Metzen, Wergin and Johnson, D.J. introduced--
S.F. No. 1723: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to horse racing; providing for agreements
3 between racetrack licensees and horsepersons'
4 organizations; modifying certain restrictions on
5 simulcasting and operating a card club; amending
6 Minnesota Statutes 2004, sections 240.06, subdivision
7 5a; 240.13, subdivision 6; 240.135; 240.30,
8 subdivision 5.

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

10 Section 1. Minnesota Statutes 2004, section 240.06,
11 subdivision 5a, is amended to read:

12 Subd. 5a. [ADDITIONAL LICENSE; METROPOLITAN AREA.] (a)
13 Notwithstanding subdivision 5, the commission may issue one
14 additional class A license within the seven-county metropolitan
15 area, provided that the additional license may only be issued
16 for a facility:

17 (1) located more than 20 miles from any other racetrack in
18 existence on January 1, 1987;

19 (2) containing a track no larger than five-eighths of a
20 mile in circumference;

21 (3) used exclusively for standardbred racing;

22 (4) not owned or operated by a governmental entity or a
23 nonprofit organization; and

24 (5) that has a current road or highway system adequate to
25 facilitate present and future vehicular traffic expeditiously to
26 and from the facility.

27 The consideration of clause (5) shall prevail when two

1 competing licensees are relatively equal regarding other
2 considerations mandated by law or rule.

3 (b) An application for an additional class A license within
4 the seven-county metropolitan area may not delay or adversely
5 affect an application for a class A license for a facility to be
6 located outside the seven-county metropolitan area.

7 (c) A class A licensee within the seven-county metropolitan
8 area may enter an agreement with a horsepersons' organization
9 under which the licensee agrees to pay a percentage of
10 simulcasting and card club revenues to the horse racing purse
11 fund of another class A racetrack within the seven-county
12 metropolitan area. The licensee may only enter such an
13 agreement with a horsepersons' organization that represents a
14 breed other than the breed racing at the licensee's racetrack.
15 All amounts contributed to a class A racetrack under such an
16 agreement must go to purses for races run at that racetrack.

17 Sec. 2. Minnesota Statutes 2004, section 240.13,
18 subdivision 6, is amended to read:

19 Subd. 6. [SIMULCASTING.] (a) The commission may permit an
20 authorized licensee to conduct simulcasting at the licensee's
21 facility on any day authorized by the commission. All
22 simulcasts must comply with the Interstate Horse Racing Act of
23 1978, United States Code, title 15, sections 3001 to 3007.

24 (b) The commission may not authorize any day for
25 simulcasting at a class A facility during the racing season, and
26 a licensee may not be allowed to transmit out-of-state telecasts
27 of races the licensee conducts, unless the licensee has obtained
28 the approval of the horsepersons' organization representing the
29 majority of the horsepersons racing the breed involved at the
30 licensed racetrack during the preceding 12 months. In the case
31 of a class A facility licensed under section 240.06, subdivision
32 5a, the approval must be obtained from the horsepersons'
33 organization that represents the majority of the horsepersons
34 who are racing or who will race the breed at the facility.

35 (c) The licensee may pay fees and costs to an entity
36 transmitting a telecast of a race to the licensee for purposes

1 of conducting pari-mutuel wagering on the race. The licensee
2 may deduct fees and costs related to the receipt of televised
3 transmissions from a pari-mutuel pool on the televised race,
4 provided that one-half of any amount recouped in this manner
5 must be added to the amounts required to be set aside for purses.

6 (d) With the approval of the commission and subject to the
7 provisions of this subdivision, a licensee may transmit
8 telecasts of races it conducts, for wagering purposes, to
9 locations outside the state, and the commission may allow this
10 to be done on a commingled pool basis.

11 (e) Except as otherwise provided in this section,
12 simulcasting may be conducted on a separate pool basis or, with
13 the approval of the commission, on a commingled pool basis. All
14 provisions of law governing pari-mutuel betting apply to
15 simulcasting except as otherwise provided in this subdivision or
16 in the commission's rules. If pools are commingled, wagering at
17 the licensed facility must be on equipment electronically linked
18 with the equipment at the licensee's class A facility or with
19 the sending racetrack via the totalizator computer at the
20 licensee's class A facility. Subject to the approval of the
21 commission, the types of betting, takeout, and distribution of
22 winnings on commingled pari-mutuel pools are those in effect at
23 the sending racetrack. Breakage for pari-mutuel pools on a
24 televised race must be calculated in accordance with the law or
25 rules governing the sending racetrack for these pools, and must
26 be distributed in a manner agreed to between the licensee and
27 the sending racetrack. Notwithstanding subdivision 7 and
28 section 240.15, subdivision 5, the commission may approve
29 procedures governing the definition and disposition of unclaimed
30 tickets that are consistent with the law and rules governing
31 unclaimed tickets at the sending racetrack. For the purposes of
32 this section, "sending racetrack" is either the racetrack
33 outside of this state where the horse race is conducted or, with
34 the consent of the racetrack, an alternative facility that
35 serves as the racetrack for the purpose of commingling pools.

36 ~~(f)-if-there-is-more-than-one-class-B-licensee-conducting~~

~~1 racing-within-the-seven-county-metropolitan-area, simulcasting
2 may-be-conducted-only-on-races-run-by-a-breed-that-ran-at-the
3 licensee's-class-A-facility-within-the-12-months-preceding-the
4 event.~~

5 Sec. 3. Minnesota Statutes 2004, section 240.135, is
6 amended to read:

7 240.135 [CARD CLUB REVENUE.]

8 (a) From the amounts received from charges authorized under
9 section 240.30, subdivision 4, the licensee shall set aside the
10 amounts specified in this section to be used for purse payments.
11 These amounts are in addition to the breeders fund and purse
12 requirements set forth elsewhere in this chapter.

13 (1) For amounts between zero and \$6,000,000, the licensee
14 shall set aside ten percent to be used as purses.

15 (2) For amounts in excess of \$6,000,000, the licensee shall
16 set aside 14 percent to be used as purses.

17 (b) From all amounts set aside under paragraph (a), the
18 licensee shall set aside ten percent to be deposited in the
19 breeders fund.

20 (c) The licensee and the horseperson's organization
21 representing the majority of horsepersons who have raced at the
22 racetrack during the preceding 12 months, or, in the case of a
23 racetrack licensed under section 240.06, subdivision 5a, will
24 race at the racetrack during the first calendar year of the
25 racetrack's operation, may negotiate percentages different from
26 those stated in this section if the agreement is in writing and
27 filed with the Racing Commission.

28 (e) (d) It is the intent of the legislature that the
29 proceeds of the card playing activities authorized by this
30 chapter be used to improve the horse racing industry by
31 improving purses. The commission shall annually review the
32 financial details of card playing activities and determine if
33 the present use of card playing proceeds is consistent with the
34 policy established by this paragraph. If the commission
35 determines that the use of the proceeds does not comply with the
36 policy set forth herein, then the commission shall direct the

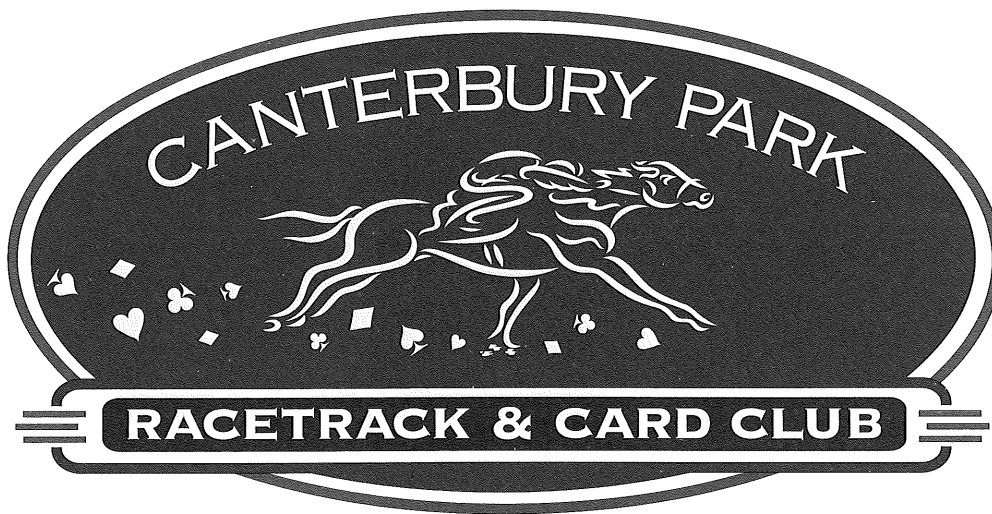
1 parties to make the changes necessary to ensure compliance. If
2 these changes require legislation, the commission shall make the
3 appropriate recommendations to the legislature.

4 Sec. 4. Minnesota Statutes 2004, section 240.30,
5 subdivision 5, is amended to read:

6 Subd. 5. [LIMITATION.] (a) Except as provided in paragraph
7 (b), the commission shall not authorize a licensee to operate a
8 card club unless the licensee has conducted at least 50 days of
9 live racing at a class A facility within the past 12 months or
10 during the preceding calendar year.

11 (b) In the case of a racetrack licensed under section
12 240.06, subdivision 5a, during the first calendar year of the
13 racetrack's operation, the commission may authorize the licensee
14 to operate a card club when the licensee has been assigned at
15 least 50 days of live racing by the commission for the calendar
16 year.

Attachment - Randy Simpson
"Attachment D"

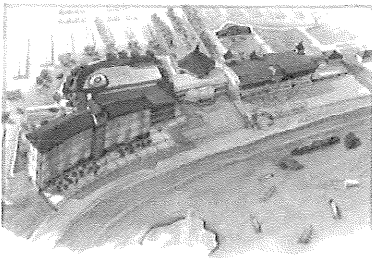


Racino At Canterbury Park

"The Vision"

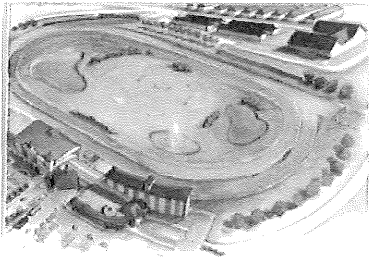
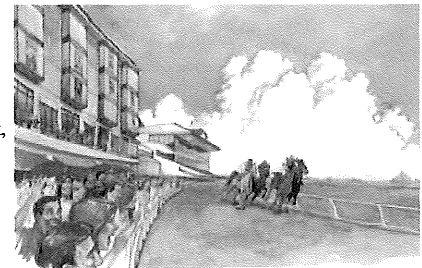
The vision for the Racino at Canterbury Park is broader than slot machines and tax revenue. Much broader. If passed, Canterbury Park would undergo a privately financed \$120 million construction project that would feature the addition of a 250-room hotel and conference center overlooking the racetrack, a world-class equestrian center featuring two indoor show venues and a trio of outdoor arenas, and a cross-country jumping course on the current racetrack infield.

The images are available for download on CD or via the web at www.mn-racino.com



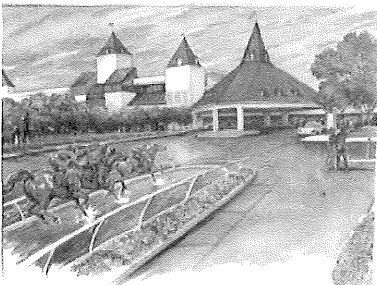
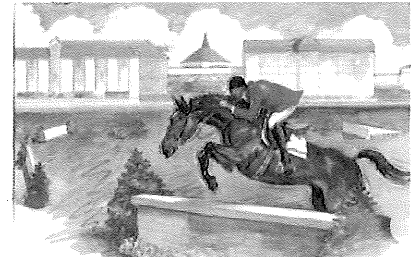
The existing Canterbury Park grandstand on the right connected by an atrium to the new 250-room hotel, conference center and casino.

Built overlooking the main track, the 250-room First Turn Hotel features private balconies where guests can comfortably view morning workouts as well as almost feel the racing action



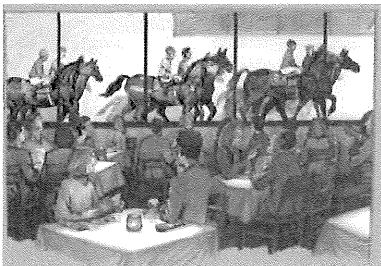
An overhead shot looking west at Canterbury Park with a view of the new hotel and casino in the foreground and the horse park arenas and stalls in the background.

Inside the main track and turf course, the infield features a beautifully landscaped cross country course. Television coverage of competitions will be shown on screens throughout the entire complex.



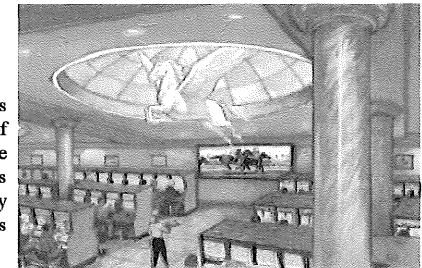
A bronze statue of a three-horse stretch run leads visitors along the main promenade to the entrance that connects the grandstand with the casino, hotel and conference center.

A show horse entertains the crowd at the new world-class horse show facility. The Racino proposal includes two indoor and three outdoor show arenas as well as a Western show arena and cross-country course.



Floor to ceiling windows inside the Casino's full menu restaurant provide patrons with an up close preview of the horses on post parade to the track.

A giant flying horse is suspended over the main floor of the Casino gaming area. Large video screens provide customers with coverage of Canterbury races and action from tracks around the country.





Racino at Canterbury

S.F. No. 1609

Bill Summary & Analysis

Delete-all Amendment (A05-0267)

This bill authorizes the State Lottery to operate gaming machines – video or electromechanical slot machines – on the premises of a licensed racetrack and allows the track to conduct blackjack card games. Proceeds from the operation of the gambling activities will be used to pay for purchase and maintenance of the machines, oversight activities conducted by the Lottery and use of the racetrack facilities where the machines are to be located.

Thirty-five percent of the "adjusted gross gaming machine revenues," twenty percent of the revenues from blackjack and five percent of the existing card club rake will be deposited each month into the state general fund.

The racetrack will receive at least 55 percent of the adjusted gross revenues. From this amount, 7.25 percent of the total adjusted gross revenue will be set aside for purses for live horse races conducted at the track, including an amount exclusively for Minnesota bred horses. In addition, the local city and county where the track is located will each receive 1 percent of the adjusted gross revenue.

The gaming machines used by the lottery must by certain specifications for recording and monitoring of machine activity. Persons under the age of 18 may not play a game on or claim a prize from a gaming machine. Lottery employees are prohibited from playing the machines. The lottery director must give notice of where compulsive gambling assistance is available.

Section-by-section analysis

Section 1. Requires the licensed racetrack that is the gaming machine location provider to set aside an amount equal to 7.25 percent of the "adjusted gross gaming machine revenues" for purses for live horse races conducted by the licensee. These payments are in addition to all others required by law or contract. Twenty percent of the money set aside must be transferred to the racing commission for administration through the breeder's fund. These amounts may be changed through negotiations between the racetrack and the majority horsemen's association.

Sec. 2. Imposes a tax of five percent on charges rake and seat charges from the card club, less amounts set aside for racing purses.

Sec. 3. Removes the limit on the maximum number of card tables allowed at a card club located at a racetrack.

Sec. 4. Allows licensees of the Racing Commission to detain persons who have committed gambling crimes at the facility where gaming machines are located.

Sec. 5. Exempts the gross revenue from the operation of the gaming machines from state sale taxation. However, 35 percent of the proceeds must be deposited each month into the state general fund

Sec. 6. Excludes the state lottery from the statutory prohibition on possession of a gambling device.

Sec. 7. Allows a licensed manufacturer to sell a gambling device to the state lottery.

Sec. 8. Allows gambling devices to be operated on at a licensed racetrack where liquor is served.

Sec. 9. Allows the state lottery to enter into contracts to procure gaming machines and provide for their maintenance and monitoring.

Sec. 10. Defines "gaming machine" as any machine in which a coin or other currency is deposited to play a game that uses a video display and microprocessors or electromechanical device with a spinning reel.

Sec. 11. Defines "gaming machine game" to mean a game operated by a gaming machine as authorized by the state lottery director.

Sec. 12. Defines "gaming machine play" to mean an electronic record that proves participation in a gaming machine game.

Sec. 13. Defines "adjusted gross gaming machine revenue" to mean the sum of all money received in gaming machine play less the amount paid out in prizes.

Sec. 14. As with payments made to lottery retailers, allows the director to deduct amounts paid to the racetrack under the location contract before crediting a maximum 10 percent of that annual gross lottery revenue to the lottery operations account.

Sec. 15. Excludes from the calculation of lottery's operating budget amounts paid to outside vendors for the operation and maintenance of a gaming machines and other lottery games.

Sec. 16. Amends the restrictions on what activities the state lottery may conduct to include the use of gaming machines as provided in this act.

Sec. 17. Provides requirements for the location of and specifications for gaming machines operated by the state lottery as follows:

Subdivision 1: Location Contract. Provides that the lottery director may contract for location of gaming machines with a class A racetrack that has conducted at least 50 days of live racing in the preceding five calendar years. The racetrack license holder is to be paid an amount equal to not less than 55 percent of the adjusted gross gaming machine revenue. From that amount the racetrack must pay one percent to both the city and county where the racetrack is located. The lottery director may fine, cancel, suspend, or refuse to renew a location contract if the track loses its class A license, fails to account for machine proceeds, fails to remit funds, violates laws or directors orders, fails to meet the terms of the locations contract or jeopardizes the public confidence in the operation of the machines.

Requires the local unit of government to adopt a resolution of support approving the location of the gaming machines.

Requires the licensee, by June 30, 2007, to make a one-time payment of \$100,000,000 to the racing commission for deposit in the general fund upon entering into a location contract. If the legislature repeals the statute or it is found unconstitutional, the payment must be refunded to the licensee.

Requires that the location contract include a liquidated damages contract to recover any initial investment made by the licensee if the state or a court revokes the authority for the lottery to conduct these newly authorized gambling activities. The damages will amount to no more than the unpaid balance on any outstanding debt incurred to build the gambling facility. This provision expires after ten years.

Costs associated with routine day-to-day operation of the gambling machines are to be borne by the track.

Subd. 2: Operation. Requires machines to be operated, controlled, and owned or leased by the lottery. Requires them to be maintained by the lottery or a lottery contractor. Requires a central communications system that monitors each machine. Requires the lottery to approve general security arrangements. Requires lottery to approve all advertising related to machines. Requires that all gaming machines be accessible to individuals with disabilities as defined in this section.

Subd. 3. Games. Requires the director to specify the games played on gaming machines, including horse racing.

Subd. 4. Prizes. Provides that players are bound by the rules and game procedures for any particular gaming machine game. The director alone is authorized to determine prize winners subject to these rules.

Subd. 5. Prohibitions. Prohibits persons under age 18, and the lottery director and lottery employees and their immediate families, from playing gaming machines.

Subd. 6. Compulsive gambling notice. Requires the licensee to post the compulsive gambling hotline number at gaming machine locations. The licensee must also develop a proactive plan relating to problem gambling. The director must report to the legislature each year on the plan's objectives and progress being made toward dealing with problem gamblers.

Subd. 7. No local license. Prohibits political subdivisions from licensing, regulating, or taxing gaming machines.

Subd. 8. Reimbursement to racing commission. Requires the racing commission to require the class A licensee to reimburse the commission for its costs of regulating the facility.

Subd. 9. Allows the director to collect proprietary data on the internal operations of the gaming machines. This data is classified nonpublic. The director may provide the data to the licensee or a vendor subject to a confidentiality agreement.

Sec. 18. Recovery of money lost. Exempts gaming machine play from the law that allows persons to sue to recover gambling losses.

Sec. 19. Gambling debts void. Exempts gaming machine play from the law that makes gambling debts void.

Sec. 20. Exemption from gambling laws. Adds gaming machine plays to the list of gambling activities that are not bets for purposes of state laws that prohibit gambling.

Sec.21. State Lottery. Exempts manufacture, possession, sale, and operation of gaming machines from anti-gambling laws.

Sec. 22. Other games. Allows the licensee to conduct other card games that Indian gaming casinos within the state are authorized to conduct. Twenty percent of the adjusted gross revenue from the games is to be paid to the state. Of the amount retained by the licensee, 7.25 percent is to be paid out as purses for live horse races.

Sec. 23. Lottery Budget. Requires the director to submit a budget for the operation of gaming machines and other lottery conducted at the racetrack. However, the director is allowed to expend those amounts necessary to operate any new facility in fiscal 2006 – 2007 without being subject to existing budget limitations.

Sec. 24. Severability. Provides that if any provision of the bill is found unconstitutional or otherwise invalid all other provisions remain in effect.

Sec. 25. Effective date. Makes all sections effective immediately.

**EXECUTIVE SUMMARY OF
MARKET STUDY FOR
A PROPOSED CASINO AT
CANTERBURY PARK**

Shakopee, Minnesota

January 2005

PREPARED FOR:

Canterbury Park Holding Corporation

PREPARED BY:

GVA MARQUETTE ADVISORS

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Suite 2300
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GVA File #04072

EXECUTIVE SUMMARY

The State of Minnesota's casino history began with high stakes bingo halls on several Native American reservations in the 1980's, which grew into casinos after the signing of compacts with the State in 1991. Today, the state has 19 operating Indian casinos with a total of 22,200 gaming positions (one table counts as seven positions).

Minnesota's sole racetrack, Canterbury Park, is seeking to construct and operate a racino at the track. The track presently offers simulcast wagering throughout the year and has successfully operated a card room for the last five years.

LOCATION

Canterbury Park is located just off Federal Highway 169 in Shakopee, a rapidly growing suburb in the southwest corner of the metropolitan area. Highway 169 provides excellent access to the I/494/694 beltway that encircles the Twin Cities, as well as to Interstates 35 and 94.

RECOMMENDED RACINO FACILITIES

The proposed racino will share the market with several successful Native American casinos, so that it must offer high quality facilities and supporting amenities. Based on the scope of competitive development and the size of the market available to the subject racino, we recommend the following racino facilities:

- 3,000 slot machines
- 40 Blackjack tables
- Buffet restaurant with approximately 250 to 300 seats
- 200-seat coffee shop open 24 hours a day
- Snack bar
- Entertainment-oriented restaurant and lounge with approximately 250 seats, offering brief entertainment evenings on the hour.
- Gift shop
- 250-Room Hotel
- 15,000-Square feet of meeting and banquet space

In conjunction with the proposed racino, an **Equestrian & Agricultural Event Facility** is planned for the racetrack that will include a 3,000-seat indoor arena with two show areas, four outdoor show arenas, a cross country course and supporting horse barns. The facility will be

capable of hosting regional and national horse shows with a projected attendance of 45,000 in its third year of operation.

DEMOGRAPHIC CHARACTERISTICS

The Twin Cities is surrounded by a large, mostly rural area, so that it functions as a commercial center for a very large trade area. There are 3.2 million people within 50 miles, 4.3 million within 100 miles and 7.3 million within 200 miles. The population within 50 and 100 miles is projected to increase by approximately 5 percent over the next five years. The median household income within 50 miles is relatively high at \$58,400 and these households spend approximately \$5.4 billion on entertainment and food away from home.

CONVENTIONS AND TOURISM

The Twin Cities is a popular destination for visitors from the region and throughout the country. The convention centers in both cities attracted 554,000 delegates in 2003. The area's many tourist attractions and its four professional sports teams draw millions of visitors annually, which represent an additional pool of gaming demand.

REGIONAL GAMING INDUSTRY

For purposes of our analysis the subject racino's primary market is defined as the population that lives within 50 miles of Canterbury Park in Shakopee. The area between 50 and 100 miles of the proposed racino is considered to be the secondary competitive market. The Canterbury racino is expected to occasionally draw from greater distances, particularly due to the rural nature of much of Minnesota and Iowa and the strength of the Twin Cities as an entertainment destination. Therefore, the subject racino's regional competitive market includes the 200-mile surrounding area that represents a reasonable daytrip distance.

The scope of gaming within the state is significant. While the Indian casinos are not required to report revenues, the state is able to support 19 casinos with a total of 20,000 slot machines and 400 table games. Canterbury Park reported simulcast handle of \$63 million and live on-track racing handle of \$18 million in 2003. The Minnesota State Lottery reported annual gross receipts of nearly \$362 million in 2004 and more than \$1.3 billion in pull-tabs were sold.

GAMING DEMAND FACTORS

The amount of gaming demand that exists in a market is a function of the following major factors:

- Population
- Income
- Quantity of gaming facilities
- Quality and amenities of gaming facilities
- Proximity and convenience of gaming facilities
- Variety and quality of entertainment alternatives

In evaluating the potential gaming market available for the proposed racino, each of these factors were weighed in relation to the particular characteristics of the market.

COMPETITIVE GAMING FACILITIES

The existing primary gaming competition for the Canterbury racino consists of three Native American casinos within 50 miles of Shakopee. Six more Native American casinos within approximately 100 miles represent secondary competition. Additional, but greatly reduced, competition for the proposed racino will come from eight more Native American casinos located within 200 miles. These include casinos in Wisconsin and Iowa.

FUTURE GAMING MARKET

We do not anticipate any new Native American casino locations will open within the market area. However, the existing casinos could expand at any time. Should another new casino or racino be authorized in the metropolitan area, the demand for the subject racino would be diluted and consequently its performance and tax revenues would be lowered.

The addition of the recommended number of gaming devices at the Canterbury Park racino would create the market conditions summarized in the table below.

Table 1

PROJECTED COMPETITIVE MARKET		
Gaming Positions*	Current	Projected
50 Miles	8,200	11,500
200 Miles	29,500	32,800
Population per Position		
50 Miles	395	296
200 Miles	249	231
*one table equals 7 positions		
Source: GVA Marquette Advisors		

HOTEL ANALYSIS

Hotels affiliated with casinos typically operate in a different manner than non-casino hotels. The hotels are usually ancillary facilities - they exist to serve casino patrons and boost casino demand, so they do not necessarily compete for the lodging demand present in the market area for other reasons. Because casino hotels are designed to attract gaming patrons, their primary competitors are other casino hotels, and their success is inextricably tied to the success of the gaming operation. Casino hotels serve as a marketing tool, with their performance dictated in large part by management decisions in relation to the competitive environment in the gaming market.

There exists a supply of 772 rooms within traditional hotels in and around Shakopee that are available to support the racino. There are eight hotels with a total of 586 rooms in Shakopee; one 75-room hotel in adjacent Savage and Chaska has two hotels with a total of 111 rooms. In the Shakopee market, the subject hotel would seek to capture some of the area's tourists, as they represent a new pool of potential gaming dollars. Similarly, the hotel would develop group business as well. The extent to which the racino hotel will market to these sectors of lodging demand in the future depends on its ability to attract alternative gaming patrons who typically spend more than do either tourists or people that attend group or social functions.

All but one of the primary and secondary competitive casinos have hotels. Room rates at these hotels range from \$59 to \$109 and increase \$10 to \$20 on weekends. Deep rate discounts are also typically available during slow business periods.

The competitive casino hotels would not disclose occupancy data. The occupancy of a casino hotel is determined mostly by the casino's marketing efforts. That is, through various promotional packages, discounts and outright comps, the casino can control the occupancy at the hotel. In our experience, we have found that casino hotels in rural areas generally achieve annual occupancies in the 70 to 75 percent range, while casinos located in or near a large population are typically able to achieve an annual occupancy of 80 to 85 percent.

HOTEL UTILIZATION

Based on the results of our market study, we estimate that a 250-room hotel located at Canterbury Park and supported by an effective marketing program utilizing its player club, could achieve an **85 percent** annual occupancy by its third year of operation.

In most markets, casino hotels are able to command higher room rates than most of the area hotels. We feel that the recommended hotel should be able to achieve room rates above those at traditional hotels in the immediate area and more in line with the casino hotels in the market area. On this basis, we expect the planned hotel could achieve a **\$92 average rate**, in current dollars.

PROJECTED GAMING MARKET PERFORMANCE

Any projection of future market performance involves comparisons, either with existing market performance or other gaming markets. There are two primary methods for making the necessary comparisons to develop future market projections. Both methods rely upon key demographic information and other market factors to identify those comparisons most relevant and to adjust the input to reflect the unique characteristics of the subject market.

One method relies primarily on comparisons to actual gaming win statistics in the existing market or in other comparable markets. Adjustments are made for differences in demographic characteristics, tourism potential, competition and other factors to yield projections of future gaming win. The advantage of this method is its reliance on actual, verifiable data, namely actual gaming revenue figures, as the key input in the comparison.

The other common method is a comparison of the underlying factors which drive market performance: what proportion of the area's population are likely to participate in casino gaming, how frequently will they gamble, and how much will they spend on their visits to the casinos. In this analysis technique, adjustments are made to the experience of comparable gaming markets that reflect local differences in the population base, level of competition and other key factors present in the subject market. These adjusted factors yield a sequence of inputs that produce the estimate of future market performance. The advantage of this method is the greater level of analysis of the underlying factors that actually drive performance, thereby reducing the risk of missing a key difference between the subject market and others used in the comparison.

In order to assess the likely future gaming market conditions in which the proposed racino will operate, we performed both a comparative analysis and a participation analysis.

COMPARATIVE ANALYSIS

With nearly 4.6 million residents within 100 miles when the racino opens, the Twin Cities market has a significant demographic base upon which to draw. Other sources of gaming demand are the tourists, conventioners and business travelers that visit the metropolitan area.

Based upon these considerations and a comparative analysis of the local and regional markets presented in Appendix B, we project the future **market** performance (four casinos within the primary market: Mystic Lake, Little Six, Treasure Island, Canterbury) to be approximately **\$200** per gaming position per day in 2009.

Based upon the future number of gaming positions expected to be available in the primary market, estimated to be about 11,500, the projected total gaming win in 2009 is estimated to be approximately **\$839 million**.

PARTICIPATION RATE ANALYSIS

The amount of gaming win which any population base can generate can be defined as the product of the propensity of that population to gamble (the proportion of the people that will gamble), the frequency of their gambling (visits per year) and the average amount they will spend at each visit (or conversely the average win per visit for the facility). The first two of these factors: propensity and frequency can be combined into a single **participation rate**, producing an estimate of the number of gaming visits that the designated population base will produce in a given year.

In evaluating the Twin Cities market, the following factors were considered:

- The existence of three gaming facilities in the metro area and six more in the region means that the participation rate of the population is expected to be relatively high compared to communities where fewer gaming venues exist.
- However, the broad array of entertainment alternatives available in the Twin Cities and the many outdoor activities, means that the participation rate tends to reduce somewhat the local participation rates in gaming, compared to communities where less entertainment exists.
- The area's tourist industry and active convention industry injects additional gaming demand into the market.

Based upon our analysis of the market we have projected the following performance factors for the primary gaming market (four casinos within 50 miles, including Canterbury racino):

Table 2

Participation Rate Analysis Summary for Primary Market Area

Origin	2009 Adults	Participation Rate	Annual Visits	Average Spend	Potential Revenue
0 - 50 Miles	2,485,000	5.5	13,668,000	\$55.00	\$751,700,000
50 - 100 Miles	866,000	3	2,598,000	\$60.00	\$155,900,000
100 - 200 Miles	2,286,000	1	2,286,000	\$65.00	\$148,600,000
Tourists	2,000,000	na	2,000,000	\$60.00	\$120,000,000
Totals	7,637,000		20,552,000	\$57.23	\$ 1,176,200,000

Source: GVA Marquette Advisors

Applying the above participation rates to the estimated future adult population figures for the market area, and adding an estimated \$120 million potential from tourism, the total market potential for the Twin Cities is estimated to be **\$1.2 billion** in 2009. The existence of six other casinos within the secondary market dilutes this demand for the primary market, however. Some of this demand will be captured by the other casinos in the surrounding area.

Because the proposed racino's market overlaps with the markets of at least four other casinos, we constructed a constrained gravity model that factored in both the distances of the competitive casinos relative to the population (measured by drive times), and the competitive advantages or drawing power of the individual casinos. The general premise of this technique is that the drawing power of a casino is directly related to its attractiveness and inversely related to the square of the travel distance.

This analysis found that the number and locations of competitive casinos around the perimeter of the Primary Market reduced the number of trips that the Twin City casinos could expect. Adjusting the market area's gaming model to include the impact of surrounding casinos results in lower participation rates. Applying the area's adjusted participation rates described above to the future adult population figures for these sub-markets and adding a factor for tourists and demand from beyond 200 miles, the total number of gaming visits to the four casinos in the primary market in 2009 is projected to be approximately 15,215,000.

Applying the same expenditure patterns to the available market produces a total projected gaming win for the casinos in the primary market of approximately **\$859 million**, as shown in the table below.

Table 3

Participation Rate Analysis Summary for Primary Market Area					
Origin	2009 Adults	Participation Rate	Annual Visits	Average Spend	Potential Revenue
0 - 50 Miles	2,485,000	4.6	11,431,000	\$55.00	\$628,700,000
50 - 100 Miles	866,000	1.4	1,212,400	\$60.00	\$72,700,000
100 - 200 Miles	2,286,000	0.25	571,500	\$65.00	\$37,100,000
Tourists	2,000,000	na	2,000,000	\$60.00	\$120,000,000
Totals	7,637,000		15,214,900	\$56.42	\$ 858,500,000

Source: GVA Marquette Advisors

Under both methods of analysis we have reached a similar projected performance for the primary market. Consequently, we project that the primary market's gaming win in 2009 (the third year of the Canterbury racino's operation) will range between **\$839 million** and **\$859 million**.

PROJECTED CANTERBURY RACINO UTILIZATION

The subject racino would share this market with the three other casinos in the primary market. A racino located at Canterbury Park will enjoy the following competitive advantages:

1. It will have the most convenient location among the primary competitive casinos with respect to most of the metropolitan area population.
2. The racing and other events held at Canterbury Park will expose large numbers of potential new patrons to the racino.
3. The racino will serve alcohol, in contrast to some of the Native American casinos that offer limited or no alcoholic beverage service.
4. Like the State Lottery, public awareness that a large portion of the racino's winnings will go back to the state will enhance the racino's attractiveness for some patrons.

Based on our evaluation of the project's location, facilities and other competitive advantages and disadvantages relative to the other casinos, we project that the proposed racino should capture about one third of this potential market, or **\$284 million** of gaming revenue, as shown in the table below. This revenue would be in addition to the gaming revenue captured by the card club located in the grandstand.

Table 4

Projected Casino Utilization

Origin	Annual Visits	Average Spend	Potential Revenue
0 - 50 Miles	3,677,000	\$55.00	\$202,200,000
50 - 100 Miles	421,000	\$60.00	\$25,300,000
100 - 200 Miles	191,000	\$65.00	\$12,400,000
Tourists	727,000	\$60.00	\$43,600,000
Totals	5,016,000	\$56.52	\$ 283,500,000

Source: GVA Marquette Advisors

Based on our projections of the market mix of patrons at the racino, and their respective expenditure patterns, the subject racino is projected to experience an average daily win per position ranging from \$217 to \$252 over the first five years of its operation.

Table 5

**Proposed Canterbury Racino
Projected Win (3,000 slots; 40 tables)**

	2007	2008	2009	2010	2011
Slot Revenue	\$232,524,000	\$243,203,000	\$254,314,000	\$261,943,000	\$269,801,000
Table Revenue	26,700,000	27,900,000	29,200,000	30,076,000	30,978,000
Total Gaming Revenue	\$259,224,000	\$271,103,000	\$283,514,000	\$292,019,000	\$300,779,000
Daily Win per Slot	\$212	\$222	\$232	\$239	\$246
Daily Win per Table	\$1,829	\$1,913	\$2,000	\$2,060	\$2,122

Source: GVA Marquette Advisors

CLASS III TABLE GAMES

We have also prepared projections for the racino in the event it was allowed to offer Class III table games on a non-exclusive basis.

Building upon the loyal following that Canterbury has developed with its card room, the racino could similarly establish itself as the premier casino with respect to table games. We have prepared financial projections for the racino under the assumption that it operates 45 table games at the racino:

- 4 Craps
- 2 Roulette
- 2 Mini-baccarat
- 37 Blackjack

The eight Class III games would out perform the blackjack tables, resulting in a higher average daily win per table, but would have little impact on the performance of the slot machines performance.

Table 6

**Proposed Canterbury Racino
Projected Win (3,000 slots; 45 tables)**

	2007	2008	2009	2010	2011
Slot Revenue	\$232,524,000	\$243,203,000	\$254,314,000	\$261,943,000	\$269,801,000
Table Revenue	36,042,000	37,698,000	39,420,000	40,603,000	41,821,000
Total Gamng Revenue	\$268,566,000	\$280,901,000	\$293,734,000	\$302,546,000	\$311,622,000
Daily Win per Slot	\$212	\$222	\$232	\$239	\$246
Daily Win per Table	\$2,194	\$2,295	\$2,400	\$2,472	\$2,546

Source: GVA Marquette Advisors

TEMPORARY RACINO

A new gaming facility would require approximately two years to design and construct. While the development of the racino is in process, Canterbury Park plans to open a temporary racino by installing slot machines within the existing grandstand area. Sufficient space exists for 1,200 machines and supporting amenities would be provided by the existing food and beverage facilities at the track.

This strategy will allow the Park to begin generating revenue (and tax revenue) by 2006. It will also provide an excellent opportunity to train gaming and surveillance staff, prior to the opening of the new large racino.

Based on a competitive analysis, we project that the temporary racino, with 1,200 slot machines, would be able to achieve an annual gaming win of **\$87 million** in 2006, with a full year of operation. This represents a utilization level of about **\$198 per slot machine** per day.

Projected slot revenue of \$87 million would produce an estimated **revenue sharing** amount equal to **\$48.6 million**.

REVENUE SHARING PAYMENTS

Revenue Sharing payments are estimated to be the following:

Table 7

Proposed Canterbury Racino Projected Revenue Sharing Payments							
	Share	2006	2007	2008	2009	2010	2011
General Fund (slots)	35.0%	\$30,353,000	\$81,383,000	\$85,121,000	\$89,010,000	\$91,680,000	\$94,430,000
General Fund (tables)	20.0%	-	5,340,000	5,580,000	5,840,000	6,015,000	6,196,000
MN. State Lottery (slots)	10.0%	8,672,000	23,252,000	24,320,000	25,431,000	26,194,000	26,980,000
Scott County (slots)	1.0%	867,000	2,325,000	2,432,000	2,543,000	2,619,000	2,698,000
City of Shakopee (slots)	1.0%	867,000	2,325,000	2,432,000	2,543,000	2,619,000	2,698,000
Purse Increases (slots & tables)	7.25%	6,287,000	18,794,000	19,655,000	20,555,000	21,171,000	21,806,000
Total revenue Share		\$47,046,000	\$133,419,000	\$139,540,000	\$145,922,000	\$150,298,000	\$154,808,000

Source: GVA Marquette Advisors

DIRECT ECONOMIC IMPACTS

Direct impacts are changes in the industry in which a final demand change is made. In the case of the racino operation, direct impacts would be those generated directly at the racino. These include employment, wages, and purchases of goods and services by the racino complex, as well as revenue sharing and payments in lieu of taxes paid to the local, state and/or federal governments.

Although not addressed in this study, there are additional rounds of benefits that would result from the racino operations that are frequently addressed when examining the total economic impact from a project. While direct impacts from a business venture are easy to understand, the concepts of secondary effects, known as indirect and induced impacts, are among the most widely used and most poorly understood tools in economic analysis. These impacts are frequently referred to as the “multiplier effect”. Fundamentally, they are based upon an extension of the direct expenditures by the racino operation. The revenues generated by the racino are redistributed back into the economy in the form of wages, taxes and expenditures for goods and services. In the same manner that the racino redistributes the revenue it receives, the people to whom those wages are paid and from whom the goods and services are purchased further redistribute the money they receive in the form of wages to their employees and purchases for their own operating needs. It is this on-going cycle of redistribution that estimates of indirect and induced impact attempt to quantify.

Our estimates of the direct impacts that the Canterbury Park racino will have on the community and the state (beyond the current impact of the racing facility), with respect to new jobs, earnings, purchases and tax revenue, are summarized in the following table:

Table 8

**Summary of Direct Impacts
Proposed Canterbury Racino**

Construction jobs	655
Jobs at casino/hotel	1,300
Employee earnings	\$35.8 million
Purchases of goods & services	\$78.1 million
Revenue sharing	\$145.9 million
Tax revenue:	
Property tax	\$2.3 million
Sales tax	\$7.3 million
State income tax	\$2.0 million

Source: GVA Marquette Advisors

**FINANCIAL PROJECTIONS FOR
A PROPOSED RACINO AT
CANTERBURY PARK**

Shakopee, Minnesota

January 2005

PREPARED FOR:

Canterbury Park Holding Corporation

PREPARED BY:

GVA MARQUETTE ADVISORS

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Minneapolis, Minnesota 55402
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GVA File #04072



GVA Marquette Advisors

International Hospitality and Gaming Consultants

Mr. Randall D. Sampson
President
Canterbury Park Holding Corporation
1100 Canterbury Road
Shakopee, Minnesota 55379

R.E.: Financial Projections for a Proposed Racino at Canterbury Park

Dear Mr. Sampson:

The Hospitality Group of GVA Marquette Advisors is pleased to present this letter report containing financial projections for the proposed racino at Canterbury Park in Shakopee, Minnesota. This report presents projections of cash flow from operations for the recommended project's first five years of operation. It also contains a projection scenario for Class III table games.

The financial projections have been developed from the market study we performed for the project that is documented in our report entitled: "*Market Study for a Proposed Racino at Canterbury Park*" dated January 27, 2005.

Our conclusions are based on information developed from research of the market, knowledge of the industry and meetings with representatives of the project team during which we were provided with significant information. The sources of information and bases of the estimates and assumptions are stated in the body of this report. This information and supporting documentation was assumed to be accurate and no attempt at independent verification was made. We have no responsibility to update this report for events and circumstances occurring after the conclusion of our fieldwork, which is concurrent with the report date, shown below.

The financial projections presented in this report are based on estimates and assumptions developed in connection with our market study. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our projections

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Mr. Randall Sampson

Page 2

and the variations may be material. Further, we are not responsible for future marketing efforts and other management actions upon which actual results will depend.

Our report and financial projections are intended for the use of Canterbury Holding Company and members of the project team. The report may be used in support of financing efforts and/or in support of legislative and regulatory submissions. However, neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, private placement memorandum, appraisal or other financial agreement or document without our prior review and written consent. Such consent will not be unreasonably withheld.

January 27, 2005

GVA Marquette Advisors

Stephen W. Sherf

Senior Vice President – Hospitality Group

RECOMMENDED FACILITIES

The proposed racino will share the market with Mystic Lake, one of the largest and most complete Native American gaming facilities in the country. Treasure Island, the other casino in the primary market, also has extensive gaming facilities and supporting amenities. Therefore, it is important that the proposed racino offer high quality facilities and supporting amenities as well.

Based on the scope of competitive development and the size of the market available to the subject racino, we recommend the following racino facilities:

- 3,000 slot machines
- 40 Blackjack tables
- Buffet restaurant with approximately 250 to 300 seats
- 200-seat coffee shop open 24 hours a day
- Snack bar
- Entertainment-oriented restaurant and lounge with approximately 250 seats, offering brief entertainment evenings on the hour.
- Gift shop
- 250-Room Hotel
- 15,000-Square feet of meeting and banquet space

A racino of this size will be sufficient to offer most weekend crowds a wide variety of games, yet still achieve an acceptable level of annual utilization.

Restaurants are an important part of the gaming experience and encourage more frequent visitation. They also provide a means for broadening the appeal of a casino, attracting people who otherwise may not participate in gaming. The planned food and beverage facilities will offer a total of about 800 restaurant seats in four outlets. A **buffet** of approximately 275 seats will be the heart of the racino's restaurant offerings. This outlet will offer breakfast lunch and dinner and should focus on providing good quality food rather than a bargain price. A **coffee shop** of about 200 seats should be open during all hours of racino operation to meet the patrons light dining and snacking needs.

A **cabaret-style restaurant and lounge** should be developed to enhance the entertainment experience of the racino patrons. We suggest that in-house entertainers be presented on a small central stage for brief shows on an hourly basis, as this format would be unique to the market. Open for lunch and dinner, this facility would function as both a restaurant and lounge for the racino.

A **gift shop** that sells cigarettes, candy, sundries, gaming novelties, gifts and logo items.

A **hotel** with meeting space would provide the racino with the opportunity to draw new patrons to the racino through lodging packages and group functions hosted at the hotel, and would hold patrons at the racino for a longer period of time. Hotels tend to expand the entertainment experience and therefore broaden the market for gaming.

Approximately 15,000 square feet of **meeting and banquet** space should be planned to accommodate social functions, meetings and other group events. A large ballroom of approximately 12,000 square feet, divisible by three to provide for smaller simultaneous functions, should be provided. This large space will provide facilities for exhibitions, charitable events and other large gatherings, and could be used in conjunction with the existing grandstand to host even larger functions. Such function space will provide the racino with the opportunity to build business during slower business periods.

FINANCIAL PROJECTIONS

We have prepared projections of revenue and operating expenses for the racino's first five years of business. These projections have been developed from the results of our market study and are based on the actual operating results of similar casinos.

REVENUE

Estimated revenue for the racino is based upon the utilization figures developed from our market study. Slot revenues are projected to range from \$212 to \$246 per day and table game revenue is expected to range from \$1,800 to \$2,100 per day. All figures for gaming represent the net win after distribution of prizes.

Table 1

**Proposed Canterbury Racino - Class II Tables
Projected Win (3,000 slots; 40 tables)**

	2007	2008	2009	2010	2011
Slot Revenue	\$232,524,000	\$243,203,000	\$254,314,000	\$261,943,000	\$269,801,000
Table Revenue	26,700,000	27,900,000	29,200,000	30,076,000	30,978,000
Total Gaming Revenue	\$259,224,000	\$271,103,000	\$283,514,000	\$292,019,000	\$300,779,000
Daily Win per Slot	\$212	\$222	\$232	\$239	\$246
Daily Win per Table	\$1,829	\$1,913	\$2,000	\$2,060	\$2,122

Source: GVA Marquette Advisors

Hotel revenues include income from room rentals and all miscellaneous associated income. As noted in our analysis, we estimate that the hotel should achieve rack rates of \$79 to \$109 for standard guest rooms and as much as \$250 for suites. We have projected an overall average daily

rate (ADR) of \$92 in year one. Occupancy is projected to stabilize at 85% by year three of the operation.

Projections of revenue from **food & beverage sales** are based upon available information on other casinos of comparable size and utilization. Food and beverage revenue was projected to be approximately 9.0 percent of gaming revenue.

Gift shop sales were estimated to be approximately 0.3 percent of gaming revenue.

Other revenue, net of expenses, includes ATM and check cashing fees, interest income, and other miscellaneous revenue. The net revenue in this category was estimated to be 1.0 percent of gaming revenue.

DEPARTMENTAL EXPENSES

Gaming departmental expenses include payroll and related expenses, supplies and other direct operating costs for the casino operation. Also included are the retail costs of food, beverage, coins or other materials given to patrons on a complimentary basis. Expenses were estimated separately on a percentage of sales or dollars per device basis as appropriate, in relation to the performance of other comparable casino operations. Payroll accounts for the largest share of gaming departmental expense in all casino operations. Total gaming departmental expenses are projected to equal approximately 22 percent of gaming revenue on a stabilized basis.

The gaming machines will be owned and maintained by the Minnesota State Lottery. Accordingly, the casino will not have to incur the considerable expense of on-staff slot technicians.

Revenue Sharing includes the estimated amounts that will be paid to the State of Minnesota, the Minnesota Lottery, various horse industry organizations and the local government by the casino. The revenue sharing payments assumed in the financial projections for the temporary and permanent racinos are shown in the following table.

Table 2

Proposed Canterbury Racino Projected Revenue Sharing Payments							
	Share	2006	2007	2008	2009	2010	2011
General Fund (slots)	35.0%	\$30,353,000	\$81,383,000	\$85,121,000	\$89,010,000	\$91,680,000	\$94,430,000
General Fund (tables)	20.0%	-	5,340,000	5,580,000	5,840,000	6,015,000	6,196,000
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Purse Increases (slots & tables)	7.25%	6,287,000	18,794,000	19,655,000	20,555,000	21,171,000	21,806,000
Total revenue Share		\$47,046,000	\$133,419,000	\$139,540,000	\$145,922,000	\$150,298,000	\$154,808,000

Source: GVA Marquette Advisors

Hotel departmental expenses also include payroll and related expenses, supplies and other direct operating costs for the lodge. Total hotel departmental expenses are projected to equal approximately 65 percent of hotel revenue on a stabilized basis.

Food & Beverage departmental expenses include payroll and related costs, the cost of food and beverage raw materials and the cost of supplies and other direct expenses in the food and beverage facilities. Food and beverage departmental expenses were estimated in relation to the performance of other comparable casino operations. Expenses were estimated based on an assumed product cost of 40 percent of food and beverage sales, a labor cost of 30 percent of food and beverage sales, a benefits cost equal to 25 percent of labor cost, and supplies and other expenses equal to 5 percent of sales. Food and beverage departmental costs were estimated to be approximately 83 percent of total food and beverage revenue for the period under analysis.

Gift Shop departmental expenses were projected based on an assumed merchandise cost equal to 65 percent of gift shop sales and a payroll and benefit expense equal to 27 percent of sales.

UNDISTRIBUTED OPERATING EXPENSES

Administrative & General expenses include the general operating costs associated with a casino and the other components of the complex, including administrative payroll and related expenses, credit card commissions, bank charges, professional fees, office supplies, insurance and other miscellaneous costs. Expenses are projected in relation the performance of other comparable casinos. Total administrative and general costs are projected to equal approximately 5.7 percent of total revenue on a stabilized basis.

Security expense includes payroll and related costs, the cost of supplies and other direct costs for the security and surveillance departments at the casino. Security costs were estimated in relation to comparable casino operations. Total security costs are projected to equal approximately 1.3 percent of total revenue on a stabilized basis.

Marketing expenses include marketing payroll and related costs and the cost of advertising, supplies, promotional materials, bus programs and other promotional expenditures. Due to the level of competition from other area casinos, an effective long-term marketing strategy will be critical to the success of the proposed casino. Marketing expense is projected to equal approximately 8.4 percent of total revenue on a stabilized basis.

Utilities include all expenditures related to the heating and cooling of the casino and the hotel, as well as electricity, water, sewer and waste removal. Estimates are based upon the performance of comparable casinos and hotels in other markets with a similar climate. Total utility costs are projected to equal approximately 1.2 percent of total revenue on a stabilized basis.

Property Operations and Maintenance expenses include maintenance payroll and related costs, repair costs, maintenance supplies and contracts, and grounds keeping. Property operations and

maintenance expenses are projected in relation comparable casinos throughout the U.S. This expense is projected to equal approximately 2.2 percent of total revenue on a stabilized basis.

Property Tax expense was based on an estimated \$107 million project valuation and the current assessment rate for commercial property within the City of Shakopee.

REPLACEMENT RESERVE

The projections presented in this report are intended to provide an estimate of the actual cash flow available for debt service. Consequently, no provision for depreciation is included. However, an allocation typically must be made for funds taken from operating cash flow to cover the cost of replacing and upgrading furnishings and fixtures in the facility to maintain its competitive standing in the market on an ongoing basis. A reserve for replacement of fixed assets of 2.0 to 3.0 percent of projected revenue annually is considered to be sufficient. For the purposes of this analysis, the replacement reserve is assumed to be subordinate to debt service. Consequently, no reserve has been included in the financial projections.

Table 3

**PROPOSED CANTERBURY RACINO
PROJECTED CASH FLOW FROM OPERATIONS
BEFORE DEBT SERVICE AND STATE SHARE
(Dollars in Thousands)**

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
REVENUE:										
GAMING	\$259,222	88.6%	\$271,127	88.6%	\$283,514	88.6%	\$292,019	88.6%	\$300,780	88.6%
HOTEL	7,048	2.4	7,506	2.5	7,882	2.5	8,118	2.5	8,362	2.5
FOOD & BEVERAGE	22,931	7.8	23,984	7.8	25,080	7.8	25,832	7.8	26,607	7.8
GIFT SHOP	778	0.3	813	0.3	851	0.3	876	0.3	902	0.3
OTHER(NET)	2,592	0.9	2,711	0.9	2,835	0.9	2,900	0.9	3,000	0.9
TOTAL REVENUE	292,571	100.0	306,143	100.0	320,161	100.0	329,745	100.0	339,651	100.0
DEPARTMENTAL EXPENSES:										
GAMING	56,608	21.8	59,046	21.8	61,582	21.7	63,429	21.7	65,332	21.7
REVENUE SHARING	133,419	51.5	139,540	51.5	145,922	51.5	150,298	51.5	154,808	51.5
HOTEL	4,629	65.7	4,900	65.3	5,103	64.7	5,256	64.7	5,414	64.7
FOOD & BEVERAGE	18,999	82.9	19,828	82.7	20,691	82.5	21,312	82.5	21,951	82.5
GIFT SHOP	719	92.5	752	92.5	787	92.5	810	92.5	834	92.5
TOTAL DEPARTMENTAL EXPENSES	214,374	73.3	224,066	73.2	234,085	73.1	241,105	73.1	248,339	73.1
DEPARTMENTAL PROFIT	78,197	26.7	82,077	26.8	86,076	26.9	88,640	26.9	91,312	26.9
UNDISTRIBUTED OPERATING EXPENSES:										
ADMINISTRATIVE & GENERAL	17,355	5.9	17,797	5.8	18,256	5.7	18,804	5.7	19,368	5.7
SECURITY	3,993	1.4	4,048	1.3	4,104	1.3	4,227	1.3	4,354	1.3
MARKETING	24,850	8.5	25,921	8.5	27,036	8.4	27,847	8.4	28,682	8.4
UTILITIES	3,689	1.3	3,744	1.2	3,800	1.2	3,914	1.2	4,031	1.2
PROPERTY OPERATIONS & MAINTENANCE	6,861	2.3	6,964	2.3	7,068	2.2	7,280	2.2	7,498	2.2
PROPERTY TAXES	2,169	0.7	2,212	0.7	2,257	0.7	2,302	0.7	2,348	0.7
TOTAL UNDISTRIBUTED EXPENSES	58,916	20.1	60,686	19.8	62,521	19.5	64,374	19.5	66,281	19.5
CASH FLOW FROM OPERATIONS BEFORE DEBT SERVICE AND REVENUE SHARING	\$19,282	6.6%	\$21,391	7.0%	\$23,555	7.4%	\$24,266	7.4%	\$25,031	7.4%

THE COMMENTS AND ASSUMPTIONS CONTAINED IN THE ACCOMPANYING REPORT ARE AN INTEGRAL PART OF THESE FINANCIAL PROJECTIONS

CLASS III TABLE GAMES

Class III table games, including craps, roulette and mini-baccarat, are not now allowed in Minnesota's Native American casinos, and are in the process of being negotiated for in Wisconsin. They are legal in the Iowa casinos. The ability for Canterbury to exclusively offer these games would create a considerable competitive advantage for the racino, however, we would expect the authorization for Class III table games would trigger the addition of equivalent table games at the Native American casinos.

The utilization levels projected above and the resulting financial projections assume that the racino will offer only slot machines and Blackjack. We have also prepared projections for the racino in the event it was allowed to offer Class III table games on a non-exclusive basis.

Building upon the loyal following that Canterbury has developed with its card room, the racino could similarly establish itself as the premier casino with respect to table games. We have prepared financial projections for the racino under the assumption that it operates 45 table games at the racino:

- o 4 Craps
- o 2 Roulette
- o 2 Mini-baccarat
- o 37 Blackjack

The eight Class III games would out perform the blackjack tables, resulting in a higher average daily win per table, but would have little impact on the performance of the slot machines.

Table 4

**Proposed Canterbury Racino - Class III Tables
Projected Win (3,000 slots; 45 tables)**

	2007	2008	2009	2010	2011
Slot Revenue	\$232,524,000	\$243,203,000	\$254,314,000	\$261,943,000	\$269,801,000
Table Revenue	36,042,000	37,698,000	39,420,000	40,603,000	41,821,000
Total Gamng Revenue	\$268,566,000	\$280,901,000	\$293,734,000	\$302,546,000	\$311,622,000
Daily Win per Slot	\$212	\$222	\$232	\$239	\$246
Daily Win per Table	\$2,194	\$2,295	\$2,400	\$2,472	\$2,546

Source: GVA Marquette Advisors

The financial projections for the racino with Class III table games are summarized below.

Table 5

Canterbury Park Racino - Class III Tables Projected Cash Flow (\$000)					
	2007	2008	2009	2010	2011
Gaming	\$268,566	\$280,901	\$293,734	\$302,546	\$311,622
Hotel	7,048	7,506	7,882	8,118	8,362
Food & Beverage	22,969	24,024	25,121	25,875	26,651
Gift Shop	806	843	881	908	935
Other (net)	2,686	2,809	2,937	3,000	3,100
Total Revenue	302,075	316,083	330,555	340,447	350,670
Departmental Expenses	-84,332	-88,040	-91,819	-94,575	-97,412
Revenue Sharing	-133,419	-139,540	-145,922	-150,298	-154,808
Undistributed Expenses	-60,298	-62,123	-64,015	-65,912	-67,867
Cash Flow Available For					
Debt Service	\$24,026	\$26,380	\$28,799	\$29,662	\$30,583

Source: GVA Marquette Advisors

TEMPORARY RACINO

A new gaming facility would require approximately two years to design and construct. While the development of the racino is in process, Canterbury Park plans to open a temporary racino by installing slot machines within the existing grandstand area. Sufficient space exists for 1,200 machines and supporting amenities would be provided by the existing food and beverage facilities at the track.

This strategy will allow the Park to begin generating revenue (and tax revenue) by 2006. It will also provide an excellent opportunity to train gaming and surveillance staff, prior to the opening of the new large racino.

Competitively, the multi-floored temporary racino would not be as convenient for patrons as the other competitive casinos that have all or their gaming devices located on the ground floor. The temporary racino would, however, enjoy a more convenient location than its competitors.

Based on a competitive analysis, we project that the temporary racino, with 1,200 slot machines, would be able to achieve an annual gaming win of \$87 million in 2006, with a full year of operation. This represents a utilization level of about \$198 per slot machine per day.

Projected slot revenue of \$87 million would produce an estimated revenue sharing amount equal to \$47.0 million.

Racino at Canterbury Park Finally A Jackpot for Minnesota!

	06-07 Biennium			08-09 Biennium			10-11 Biennium		
	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>Total Biennium</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>Total Biennium</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>Total Biennium</u>
<i>Number of Gaming Machines</i>	(1) 1,200	(2) 1,200/3,000		3,000	3,000		3,000	3,000	
<i>Daily win per slot</i>	\$ 198	\$198/\$212		\$ 222	\$ 232		\$ 239	\$ 246	
Blackjack Revenue	\$ -	\$ 13,950,000	\$ 13,950,000	\$ 27,900,000	\$ 29,200,000	\$ 57,100,000	\$ 30,076,000	\$ 30,978,000	\$ 61,054,000
Slot Revenue	\$ 43,362,000	\$ 159,432,000	\$ 202,794,000	\$ 243,203,000	\$ 254,314,000	\$ 497,517,000	\$ 261,943,000	\$ 269,801,000	\$ 531,744,000
Net Gaming Revenues	\$ 43,362,000	\$ 173,382,000	\$ 216,744,000	\$ 271,103,000	\$ 283,514,000	\$ 554,617,000	\$ 292,019,000	\$ 300,779,000	\$ 592,798,000
Purse Expense	\$ 3,143,745	\$ 12,570,195	\$ 15,713,940	\$ 19,654,968	\$ 20,554,765	\$ 40,209,733	\$ 21,171,378	\$ 21,806,478	\$ 42,977,855
			7%			7%			7%
Canterbury Park - net available for Operating expenses, Depreciation, Interest, Taxes and Debt Service	\$ 19,838,115	\$ 83,088,765	\$ 102,926,880	\$ 131,562,623	\$ 137,591,655	\$ 269,154,278	\$ 141,719,213	\$ 145,970,453	\$ 287,689,665
			47%			49%			49%
Scott County	\$ 433,620	\$ 1,594,320	\$ 2,027,940	\$ 2,432,030	\$ 2,543,140	\$ 4,975,170	\$ 2,619,430	\$ 2,698,010	\$ 5,317,440
City of Shakopee	\$ 433,620	\$ 1,594,320	\$ 2,027,940	\$ 2,432,030	\$ 2,543,140	\$ 4,975,170	\$ 2,619,430	\$ 2,698,010	\$ 5,317,440
Total Local Government	\$ 867,240	\$ 3,188,640	\$ 4,055,880	\$ 4,864,060	\$ 5,086,280	\$ 9,950,340	\$ 5,238,860	\$ 5,396,020	\$ 10,634,880
			2%			2%			2%
Lottery - 10%	\$ 4,336,200	\$ 15,943,200	\$ 20,279,400	\$ 24,320,300	\$ 25,431,400	\$ 49,751,700	\$ 26,194,300	\$ 26,980,100	\$ 53,174,400
State of Minnesota - BJ 20%	\$ -	\$ 2,790,000	\$ 2,790,000	\$ 5,580,000	\$ 5,840,000	\$ 11,420,000	\$ 6,015,200	\$ 6,195,600	\$ 12,210,800
State of Minnesota - Slots 35%	\$ 15,176,700	\$ 55,801,200	\$ 70,977,900	\$ 85,121,050	\$ 89,009,900	\$ 174,130,950	\$ 91,680,050	\$ 94,430,350	\$ 186,110,400
One-time fee		\$ 100,000,000	\$ 100,000,000			\$ -			\$ -
State General Fund	\$ 15,176,700	\$ 158,591,200	\$ 173,767,900	\$ 90,701,050	\$ 94,849,900	\$ 185,550,950	\$ 97,695,250	\$ 100,625,950	\$ 198,321,200
Total State and Lottery Revenues	\$ 19,512,900	\$ 174,534,400	\$ 194,047,300	\$ 115,021,350	\$ 120,281,300	\$ 235,302,650	\$ 123,889,550	\$ 127,606,050	\$ 251,495,600
			90%			42%			42%
			<i>% of Gaming Revenues</i>			<i>% of Gaming Revenues</i>			<i>% of Gaming Revenues</i>

Projected

Notes:

- 1) Temporary facility 1/1/06 to 6/30/06 ;
- 2) Temporary facility 7/1/06 to 12/31/06 and, Permanent facility 1/1/07 to 6/30/07;





KRAUS-ANDERSON CONSTRUCTION COMPANY
CONTRACTORS & CONSTRUCTION MANAGERS

February 7, 2005

Mr. Randall D. Sampson
President and General Manager
Canterbury Park Holding Corporation
1100 Canterbury Road
Shakopee, MN 55379-1873

Re: Racino at Canterbury Park
Preliminary Budget

Dear Mr. Sampson:

In response to your recent request, Kraus-Anderson Construction Company is pleased to provide you the enclosed budget proposal for the Racino Facility at Canterbury Park.

Our budget proposal is based on recent casino-hotel facilities we have constructed.

If you have any questions regarding our proposal, please contact me directly.

Very truly yours,

KRAUS-ANDERSON CONSTRUCTION COMPANY

Thomas J. Sackett
Vice President,
Construction Management

TJS/jlu

Enclosure



**RACINO AT CANTERBURY PARK
SHAKOPEE, MN
PRELIMINARY BUILDING PROGRAM AND BUDGET
February 7, 2005**

SITE IMPROVEMENTS (Allowance) \$6,500,000

- Site Earthwork
- Site Utilities
- Site Signage
- Landscaping
- Site Concrete
- Site Electrical
- Site Ponds for Storm Water Retention
- Site Bituminous Roads/Paving
- Cross Country Course
- Horse Polo and Training Field
- Miscellaneous Site Improvements

CASINO COMPLEX 190,900 S.F. \$41,120,000

- Gaming Floor – 3,000 Slot Machines 84,000 S.F. \$21,000,000
- Table Games 22,500 S.F. \$5,625,000
- Race Book 3,400 S.F. \$680,000
- Public Circulation 30,000 S.F. \$7,500,000
- Porte Cochere 6,000 S.F. \$1,140,000
- Back of House 45,000 S.F. \$5,175,000

RESTAURANT, FOOD, BEVERAGE 24,275 S.F. \$7,732,500

- Restaurant – 150 Seats 3,000 S.F. \$900,000
- Buffet – 350 Seats 7,000 S.F. \$2,100,000
- Snack Bar/Deli – 40 Seats 2,500 S.F. \$750,000
w/Kitchen/Serving
- Lounge – 150 Seats 2,250 S.F. \$675,000
- Bar – 35 Seats 525 S.F. \$157,500
- Kitchen/Serving/Storage 9,000 S.F. \$3,150,000

HOTEL 127,974 SF \$34,060,000

250 Guest Rooms – 277 Bays total

- 238 Standard Rooms
- 12 Suites

HOTEL FIRST FLOOR & BASEMENT	58,000 S.F.	\$8,880,000
• Retail	5,000 S.F.	\$625,000
• Spa, Exercise, Sauna	5,000 S.F.	\$1,250,000
• Swimming Pool/Shower/Toilets	8,000 S.F.	\$2,000,000
• Back of House/Mechanical/Electrical	30,000 S.F.	\$3,450,000
• Laundry	3,000 S.F.	\$750,000
• Storage	7,000 S.F.	\$805,000
 CONFERENCE CENTER	 50,000 S.F.	 \$9,250,000
• Main Ballroom – 750 Seats	15,000 S.F.	\$2,775,000
• Junior Ballroom – 500 Seats	10,000 S.F.	\$1,850,000
• Meeting Rooms 5/6 Rooms, 25/50 Seats each	10,000 S.F.	\$1,850,000
• Prefunction, Convention Services	15,000 S.F.	\$2,775,000
 • Casino, Hotel, Restaurants, Conference Center	 451,149 S.F.	 \$107,542,500
TOTAL PRELIMINARY PROGRAM AND COST		

HORSE FACILITY

HORSE SHOW BARN		\$5,500,000
• 400 Stalls		
 OUTDOOR SHOW ARENAS		 \$235,000
 WESTERN SHOW ARENAS & PENS		 \$65,000
 INDOOR HORSE SHOW ARENAS		 \$8,000,000
 TOTAL HORSE FACILITY		 \$13,800,000

**BOARD OF COUNTY COMMISSIONERS
SCOTT COUNTY, MINNESOTA**

Date:	March 11, 2003
Resolution No:	2003-032
Motion by Commissioner:	Hennen
Seconded by Commissioner:	Marschall

RESOLUTION 2003-032 – SUPPORTING SF576/HF646 ALLOWING THE MINNESOTA STATE LOTTERY TO CONDUCT SLOT MACHINE (“RACINO”) GAMING AT CANTERBURY PARK

WHEREAS, the Minnesota Legislature, per Senate File 576 (Senator Dick Day) and House File 646 (Representative Mark Buesgens), will be requested to allow the Minnesota State Lottery to administer slot machine gaming at Canterbury Downs racetrack in Shakopee, Minnesota; and

WHEREAS, the legislation currently stipulates that the affected local governmental jurisdictions (the City of Shakopee and the County of Scott) are each to be the recipients of 0.5 percent of the gaming revenue generated by the proposed slot machine gaming; and

WHEREAS, the County of Scott has pursued an aggressive policy of fiscal austerity and accountability over the course of the last several years, of which stability in the property tax levy has been determined to be of paramount importance;

THEREFORE BE IT RESOLVED that the Scott County Board of Commissioners officially supports the legislative initiatives put forth by Senator Dick Day and Representative Mark Buesgens to allow the Minnesota State Lottery to conduct slot machine gaming on the site of Canterbury Downs in Shakopee, Minnesota;

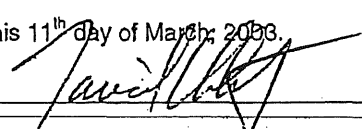
BE IT FURTHER RESOLVED that the Scott County Board of Commissioners will employ any revenue generated by the “racino” at Canterbury to offsetting County-incurred costs attributable to gaming activities at this facility.

COMMISSIONERS	VOTE			
Wagner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Vogel	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Hennen	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Marschall	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain
Ulrich	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Absent	<input type="checkbox"/> Abstain

**State of Minnesota)
County of Scott)**

I, David J. Unmacht, duly appointed qualified and County Administrator for the County of Scott, State of Minnesota, do hereby certify that I have compared the foregoing copy of a resolution with the original minutes of the proceedings of the Board of County Commissioners, Scott County, Minnesota, at their session held on the 11th day of March, 2003 now on file in my office, and have found the same to be a true and correct copy thereof.

Witness my hand and official seal at Shakopee, Minnesota, this 11th day of March, 2003.



County Administrator
Administrator's Designee

RESOLUTION NO. 5865

A RESOLUTION ENDORSING THE ESTABLISHMENT
OF A "RACINO" FACILITY AT CANTERBURY PARK,
SHAKOPEE, MINNESOTA

WHEREAS, in 1985, Canterbury Downs opened as Minnesota's pari-mutual horse racing facility; and

WHEREAS, since its opening as Canterbury Downs, the racetrack has seen significantly increased competition from other outlets for gambling; and

WHEREAS, in 2000, a Card Club was opened at Canterbury Park, which has provided increased purses to support the horse racing industry in Minnesota; and

WHEREAS, taxpayers in the State of Minnesota are not realizing a financial benefit from other forms of casino gambling in Minnesota; and

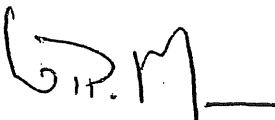
WHEREAS, the establishment of a "Racino" – style gaming facility at Canterbury Park could generate millions of dollars as revenues for the State of Minnesota, in addition to bolstering horse race purses for Canterbury; and

WHEREAS, as proposed, the County of Scott and City of Shakopee would split one per cent of the adjusted gross gaming machine revenues, which will help offset the additional public safety and transportation expenses which are experienced by these two units of government in hosting entertainment in the area; and

WHEREAS, Canterbury Park is the logical location for a casino to benefit the State of Minnesota, in that much of the infrastructure needed for a successful gambling operation is already in place, and its location in Shakopee is a natural addition to the other tourism attractions in the area.

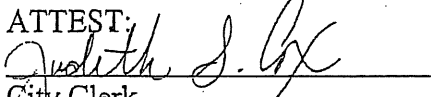
NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Shakopee, Minnesota that it hereby endorses the concept of casino-style slot machines to be added to the existing Canterbury Park facility (to be known as the "Racino at Canterbury Park").

Adopted in regular session of the City Council of the City of Shakopee, Minnesota held this 4th day of March 2003.



Mayor of the City of Shakopee

ATTEST:


City Clerk



Questions & Answers

Q: What is a Racino?

A: A racino is a racetrack that also offers casino games for the purpose of increasing live racing purses and generating gaming tax revenue for local and state government. Ten states have already approved Racinos, and they have been proven to be an effective gaming model because of the enormous benefits they generate beyond the new tax revenues.

For example, Iowa authorized its first Racino in 1994. According to an Iowa State University study, between 1994 and 1999 the amount spent on the care and maintenance of horses in the state more than doubled, providing needed growth for the state's rural economy.

Iowa is only one of many states reaping the vast benefits of racinos. A 2003 survey of New Mexico Horse Breeders reports that since New Mexico authorized Racinos in 1998, it has witnessed:

- 216% growth in the amount spent on alfalfa and grain.
- 324% growth in the amount spent on veterinarian care.
- 413% growth in the amount spent on horse trailers.

Based on the success of racinos in states across the country, many others are now considering legislation to add slot gaming at their racetracks, including: Florida, Kansas, Kentucky, Maryland, and Ohio.

Q: Why is an equestrian center part of the Racino proposal?

A: The vision of the Racino is to transform Canterbury Park into the centerpiece for Minnesota's race and show horse industries. As part of the Racino proposal, Canterbury Park is planning to build a world-class equestrian park capable of hosting local, regional and national show events.

Despite having a large show horse community, Minnesota lacks a premier national equestrian park. While the equestrian center does not require legislative approval, passage of the Racino would provide Canterbury Park with the revenue necessary to construct the facility, allowing Minnesota to draw shows and the accompanying tourism dollars from around the country.

Q: Will horse racing suffer if slot machines are introduced at Canterbury Park?

A: No. To the contrary, slot machines at Canterbury Park will provide an additional boost to live racing and Minnesota's horse industry:

- Purses at Canterbury Park will increase nearly \$18 million each year with the addition of slot machines, nearly tripling the amount of current purses. Of this amount, approximately \$3.6 million will go to the Minnesota Breeders' Fund, which promotes Minnesota's racing and breeding industry.
- Based on the experience in other states, growing racing purses will fuel the investment in breeding and foaling in Minnesota. As the number of horses bred in Minnesota grows, positive effects will ripple through the rest of Minnesota's agricultural industry.

Q: Can the Racino meet Governor Pawlenty's gaming revenue goals?

A: When fully operational, the Racino will generate more than \$200 million every biennium in new state gaming tax revenues, according to recent estimates by GVA Marquette Advisors.

Q: Why do other gaming proposals anticipate greater revenues for the state?

A: There are a few reasons. Canterbury Park's estimates reflect a more modest gaming proposal with 3,000 slot machines and 40 table games, while most other proposals project 4,000 or more slots.

In addition, Canterbury Park has chosen to be more conservative in our win estimates, forecasting \$212 - \$246 per machine each day compared to \$295 in the Governor's proposal. However, the Racino bill proposes providing a higher percentage of the revenue to state and local governments than other gaming proposals before the legislature.

Q: The Governor's proposal has a \$200 million up front fee. Why is the Racino's proposed fee only \$100 million?

A: The Racino at Canterbury Park proposal provides 47% of the net gaming revenues to state and local government, one of the largest percentages in the country. Based on the financial projections for the Racino, a \$100 million up-front fee is prudent if the State is to receive \$200 million each biennium in new state gaming tax revenues once the Racino is fully operational.

Q: Will the Racino generate revenue for the state in the coming biennium?

A: Yes. The Racino proposal includes a \$100 million up front fee. Additionally, Canterbury Park could have a temporary facility operational and generating revenue for the state within 7-9 months of passage of the bill. If the legislature approves this proposal in May, the Racino could generate over \$175 million in new state gaming tax revenues for the state in the coming biennium.

Q: How much support does the Racino have statewide?

A: The Racino is the gaming proposal with the broadest public support because of the wide range of benefits extending to the horse and agriculture industry. Numerous statewide polls confirm that 70% of Minnesotans support the Racino. Support among the public stretches across ideological lines and to all regions of the state.

Q: Can the Racino meet the Governor's requirement for local support?

A: The Racino at Canterbury Park already enjoys strong local support.

- The Racino is endorsed by both the City of Shakopee and Scott County
- According to a 2004 poll by Decision Resources Ltd., the Racino is supported by 74% of Scott County residents

Q: The Governor says that Canterbury Park may become the site of the state-tribal partnership casino. How does Canterbury Park feel about that scenario?

A: Canterbury Park will consider any proposal that can help grow the horse industry in Minnesota. However, at this point Canterbury Park is advocating for the Racino proposal, which would nearly triple live racing purses and allow for the construction of a world-class equestrian park at Canterbury.

Q: Is gambling a good way to raise money for needed state services?

A: Currently 87% of Minnesotans participate in some form of gambling. Gambling has already been used in Minnesota to raise funds for a variety of local and state needs, and racinos have proven to be a tremendously effective way for other states to raise new gaming tax revenues. For example, according to the Iowa Racing and Gaming Commission, Iowa has raised well over \$650 million in revenue from racino gaming over the past 10 years that has been used for needed services and programs - in a much smaller market!

Q: Would passing the Racino mean breaking the existing tribal compacts?

A: No. The existing tribal compacts allow the state to authorize gaming outside of tribal casinos if the legislature deems fit. While the tribal casinos have enjoyed a monopoly on some casino gaming since they opened, exclusivity was not guaranteed in the agreement.

Q: Will the Racino proposal automatically authorize slot machines at the newly licensed harness track in Anoka County?

A: No. The Racino bill deals only with currently operating racetracks.

Q: Won't the Racino ultimately hurt business at existing tribal casinos?

A: That's very unlikely. Business at tribal casinos has exploded in recent years as more and more Minnesotans and tourists are looking for gaming options. Since 1996, the number of slot machines at Minnesota's tribal casinos has increased over 50 percent, according to annual surveys by the *Business Journal*. There is no reason to believe that trend will end soon.

The *Shakopee Valley News*, the local newspaper in the area which is home to both Canterbury Park and Mystic Lake Casino, concluded in an editorial that the demand for gaming and entertainment in Minnesota has reached a point that Mystic Lake would not be harmed by the presence of a Racino at Canterbury Park.

Q: Would passing the Racino bring "Las Vegas" to Minnesota like opponents keep saying?

A: According to popular estimates, Minnesota already has 21,000 slot machines at its 18 casinos owned by tribal governments. Canterbury Park is proposing to add an additional 3,000 slot machines in a location that already offers horse racing, simulcast racing and a 24-hour card club.

Ten other states have passed Racinos to generate needed revenue and improve their agricultural economies, and they have succeeded. That's exactly what a Racino would do for Minnesota.

Besides, when was the last time you heard anyone say "what happens in Altoona stays in Altoona?"

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

Horse Industry Generates Nearly \$1 Billion in Minnesota

An analysis released last year by the University of Minnesota found that the equine industry has a significant impact on Minnesota's agricultural economy. Minnesota's horse industry generates nearly \$1 billion in economic activity every year in Minnesota, and could have even more economic impact with further investments in horse racing and horse shows.

The report, authored by Brian Buhr, Associate Professor of Applied Economics at the University of Minnesota, found that Minnesota ranks 9th in the country in number of horses, which result in \$930 million in direct and indirect economic benefit.

"Minnesota has a thriving horse population," said Buhr. "With 155,000 horses currently being raised here, we have significant horse activity in every county. That means lots of work for horse trainers, veterinarians and farmers throughout Minnesota."

Potential For Growing Our Horse & Agricultural Economy

While the horse industry already generates nearly \$1 billion in economic impact, the report found there is plenty of room for industry growth. Even though Minnesota ranks 9th in the total number of horses, it ranks 45th in sales value per horse.

"If we want to increase the total value and economic impact of horses, the best investment would be in stronger horse racing and horse shows," explained Buhr. "Show horses generate twice the economic value of pleasure horses, and race horses generate nearly five times the impact."

University of Minnesota Horse Industry Analysis Highlights

- Minnesota's horse industry generates \$930 million of economic impact annually for the state.
- Minnesota ranks 9th nationally in the total number of horses (155,000), with a significant horse population in all 87 Minnesota counties.
- The value of Minnesota's horse population ranks a distant 45th in the country.
- Investments in both the show and race horse industries would raise the value and impact of Minnesota's horse industry.

Racino Would Grow The Race & Show Horse Industries
The Racino at Canterbury Park would provide a major boost for Minnesota's horse industry with new horse racing and showing opportunities.

- The Racino would add an additional \$16 million annually to racing purses, nearly tripling their current value. Purse growth would spark increased breeding levels throughout Minnesota and enhance the economic impact of Minnesota's horse industry.
- The Racino would allow for the construction of a world-class equestrian center at Canterbury Park capable of hosting local, regional and national shows.
- The equestrian park would draw substantial tourism dollars into Minnesota as well as provide a centerpiece for Minnesota's show horse community.

Curtis Gardner
Gardner Fence Company
Minneapolis, Minnesota

Racino Supporter



Craig Bishop
Bishop Family Farm
Blooming Prairie, Minnesota

Racino Supporter



CANTERBURY PARK

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

The Vision

The Racino at Canterbury Park would be the first entertainment and gaming facility of its kind in Minnesota.

Currently Offered at Canterbury Park:

Live Horse Racing

Conducted at one of the nation's finest facilities for racing, Canterbury Park's live racing meet is enjoyed by over 300,000 Minnesotans annually. Canterbury Park's 2005 live racing meet will stretch from Kentucky Derby Day through Labor Day.

Simulcast Racing

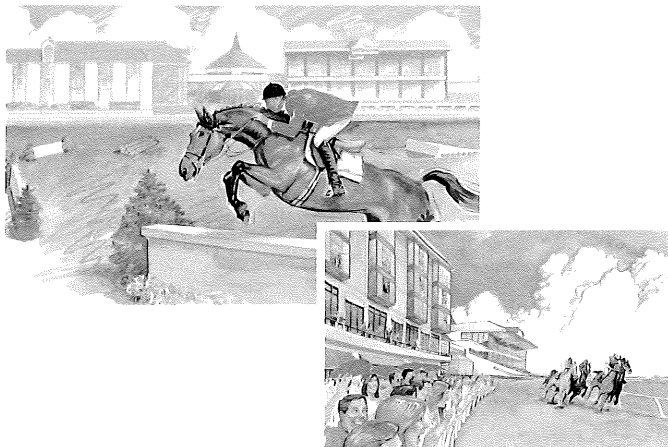
Year round, patrons can watch and wager on races from horse tracks around the country. From the Breeders' Cup to the Belmont Stakes, Canterbury Park offers opportunities for horse racing fans 364 days a year.

Card Club

The Card Club at Canterbury Park offers Texas Hold 'em, along with other traditional poker and casino card games. Approved in 1999, the Canterbury Card Club has allowed the track to increase Thoroughbred and Quarter Horse racing purses by over 75% since its inception.

Special Events

Canterbury Park is home to special events year round, ranging from WSA snowmobile racing to the Upper Midwest's largest craft show. Over 100,000 people visit Canterbury Park each year for special events alone.



The Racino Would Add the Following:

World-Class Equestrian Park

Despite having an enormous show horse industry in Minnesota, the state lacks a large regional or national equestrian center. Passage of the Racino would change that. As part of the Racino proposal, Canterbury Park would construct a major horse show facility.

The equestrian center would:

- Include two indoor arenas, three outdoor arenas (including a working western arena), a cross-country jumping course, and new stalls specifically for show horse events.
- Be capable of hosting a litany of local, regional and national equestrian events that are currently going to other states, along with the economic impact they generate.
- In comparison, WestWorld, an equestrian center in Scottsdale, Ariz., created nearly \$25 million in direct spending in the community from events at the facility.

Slot and Card Gaming

The Racino would authorize slot gaming and banked blackjack at Canterbury Park to complement its current games.

Canterbury Park would privately finance the construction of a casino adjacent to the existing racing grandstand to house the 3,000 slot machines and table games. The separate casino facility would allow Canterbury Park to retain the family-friendly live horse racing atmosphere Minnesotans have grown to love.

250-Room Hotel With Conference Facilities

Built overlooking the main track, the 250-room First Turn Hotel would feature private balconies where guests could comfortably view morning workouts as well as almost feel the racing action. The hotel and conference center would help accommodate patrons of live racing, casino gaming and the equestrian center.

Fine Restaurants

The Racino project will include the construction of additional dining options at the Racino and the hotel.



Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

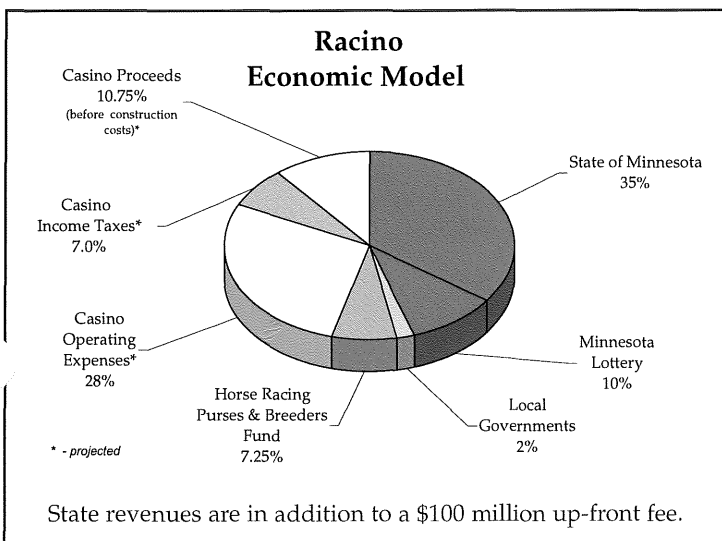
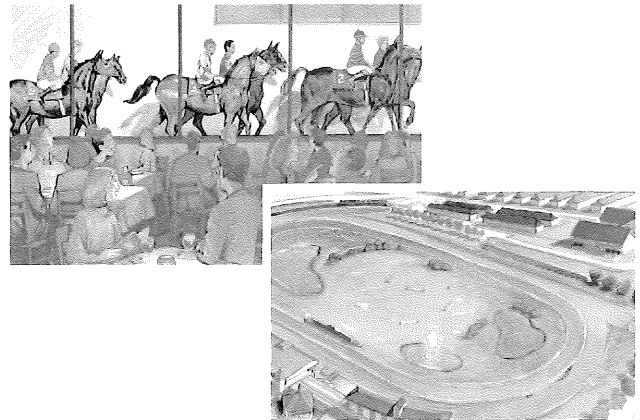
The Proposal

Some of the Legislative Highlights of the Racino Proposal Include:

- The Racino would authorize the Minnesota Lottery to operate slot machines at a licensed racetrack and allow for banked blackjack and other games authorized at tribal casinos.
- The Racino would be tightly regulated by the Minnesota State Lottery and the Minnesota Racing Commission.
- The Racino would provide a one-time fee of \$100 million to be paid to the state's general fund.
- Approval of the local governing body would be required for the Racino.
- The facility would be privately financed and would not require any state bonding or operating subsidies.
- The Racino would create jobs and significant new state tax revenue as well as spur growth in the racing and show industries through increased racing purses and a new Olympic-caliber show arena.
- Without expanding the number of gaming locations, the Racino would help meet a quickly growing demand for gaming and entertainment by Minnesota residents and tourists.

A Minnesota Model for Gaming

Benefits	The Racino at Canterbury Park
A Minnesota-owned company	✓
New Minnesota jobs and investment	✓
New state gaming tax revenues	✓
Stronger rural economy	✓
Supported by 70% of Minnesotans	✓
Endorsed by the host city and county	✓
Backed by Minnesota labor unions	✓



The **RACINO** would generate over **\$175 MILLION** for the state in the **COMING BIENNIUM.**

Racino 
CANTERBURY PARK

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

The Benefits

Generate Substantial New Gaming Tax Revenues.

According to a conservative market analysis based on the addition of 3,000 slot machines and banked blackjack at Canterbury Park, the Racino would generate \$100 million every year in new state tax revenue once fully operational.

Combined with a \$100 million up front fee, the Racino could net the state over \$175 million in revenue in the coming biennium.

Create New Jobs.

According to the market study, the Racino would directly create 1,300 new full and part-time jobs at the Shakopee facility, as well as the equivalent of over 650 full-time jobs during the construction of the Racino. Canterbury Park has signed a card-check neutrality agreement with the Hotel Employees and Restaurant employees Union Local No. 17 and has the support of a number of unions throughout Minnesota.

Energize Minnesota's Horse and Agriculture Economy.

A University of Minnesota report recently concluded that Minnesota's horse industry is worth nearly \$1 billion to the state's economy each year. However, the economic value and impact of horses could grow substantially with additional investments in racing and horse shows. The Racino at Canterbury Park would do both.

The Racino would more than double purses for live racing at Canterbury Park, which would spur growth in horse breeding levels throughout the state. Every state that has authorized a Racino has experienced substantial growth in the size and impact of its horse industry. Additionally, as part of the Racino project, Canterbury Park would construct a world class equestrian park, igniting growth in Minnesota's show horse community.

Minnesotans Support the Racino at Canterbury Park.

Four separate statewide polls have found that over 70 percent of Minnesotans support the Racino at Canterbury Park and want to use the new state gaming tax revenues for critical services such as local education and funding for nursing homes.

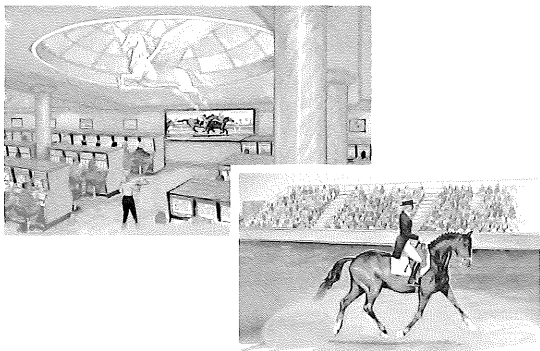
According to surveys, more than 80 percent of Minnesotans gamble in some form each year. The market for gaming in Minnesota is growing, as evidenced by the continual expansion of Tribal casinos.

\$100

Million

in new state tax revenue

every year!



Racino

CANTERBURY PARK

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

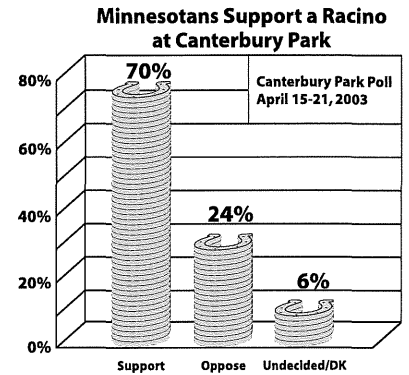
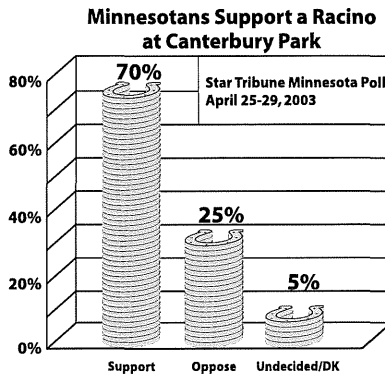
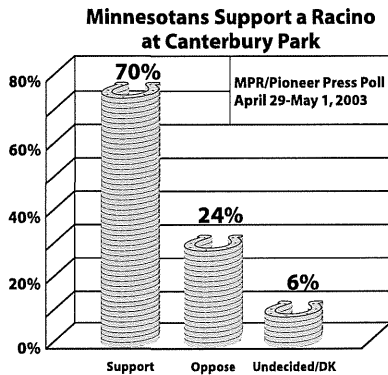
Support for the Racino



Statewide Support

The Racino at Canterbury Park is not the biggest or the flashiest gaming proposal before the Minnesota Legislature, but it is the proposal with the strongest measure of support statewide.

Poll after poll confirms that 70% of Minnesotans support the Racino at Canterbury Park.



Horse Industry Support

Because of the tremendous benefit the Racino would bring to race and show horse enthusiasts alike, the project is supported by a broad range of Minnesota's horse community.

The Racino at Canterbury Park is Endorsed by:

- The Minnesota Horse Council
- Minnesota Thoroughbred Association
- American Quarter Horse Association
- Minnesota Quarter Horse Racing Association
- The Horsemen's Benevolent and Protective Association
- The Tri-State Horsemen's Association
- The Central State's Dressage and Eventing Association

Local Support

- Backed by the entire Scott County legislative delegation
- Endorsed by both the city of Shakopee and Scott County
- Supported by 74% of Scott County residents*

*According to a January 2004 poll conducted by Decision Resources Ltd.

Union Support

The Racino Proposal is Supported by Many Minnesota Labor Unions:

- Building & Construction Trades Council - Mpls.
- Hotel Employees & Restaurant Employees Local 17
- IBEW
- PACE International
- United Auto Workers
- Communication Workers of America
- International Association of Machinists
- Iron Workers Local 512
- Minneapolis Central Labor Union
- MN State Pipe Trades
- Teamsters DRIVE

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

Racinos In Other States



Racinos are a proven model for gaming across the country. Ten states have already approved Racinos, and are enjoying the benefits of enhanced state tax revenues, a stronger horse and agriculture industry, and the creation of new jobs and investment.

Since the Minnesota legislature adjourned last May, two more states – Oklahoma and Pennsylvania - have added the growing list of states approving Racinos.

Unlike other gaming models, Racinos have a significant impact on a state's horse and agriculture economy. Since 1999, the year Racinos were approved in New Mexico, the state has witnessed:

- 216% growth in the amount of money spent on alfalfa and grain;
- 324% growth in the amount spent on veterinary services; and
- 413% growth in the amount spent on horse trailers.

In every state where they have been implemented, Racinos have enhanced the agriculture economy while delivering vital tax revenues to the state coffers. A glance at the tax rates of Racinos across the country shows the Canterbury Park model would be one of the most successful at raising new tax revenue for the state.

Other States considering authorizing Racinos

Florida	Maryland
Indiana	New Hampshire
Kansas	Texas
Kentucky	

And the list keeps growing . . .

10 STATES
 have already
APPROVED
RACINOS

Racinos - Where Does the Revenue Go?

	State Share	Local Share	Total Share to Governments
Minnesota	45%	2%	47%
National Average	36%	1%	37%
Delaware	41%	0%	41%
Iowa	25%	1%	26%
Louisiana	30%	3%	33%
Maine	19%	1%	20%
New Mexico	25%	0%	25%
New York	60-73%	0%	60-73%
Oklahoma*	19-39%	0%	19-39%
Pennsylvania	39%	4%	43%
Rhode Island	53-58%	1%	54-59%
West Virginia	35%	2%	37%

* Oklahoma uses a sliding scale based on revenue.

Iowa Racino Flourishes

A closer look at our neighbors

Racino Stats

Authorized: 1994

Slots: 3,513

'04 Gross State Revenue: \$89.0 million

Prairie Meadows Racetrack was bankrupt and its doors were closed when the addition of slots was approved in 1994. Since then, the racino has produced huge benefits for the Iowa's horse industry.

From 1995 to 1997, Iowa became the nation's fastest-growing thoroughbred breeding state, jumping from 28th to 12th nationally in total foals bred. The annual spending for the care and maintenance of horses increased from \$41 million in 1995 to \$97 million in 1999 according to Iowa State University.

In 2002, Polk County residents voted to approve the racino for another eight years. Sixty-six percent of the voters supported the racino – a larger margin of victory than was originally achieved in 1994.



CANTERBURY PARK

Racino

At Canterbury Park

A JACKPOT FOR ALL MINNESOTANS

History of Canterbury Park

Early Years at the Downs

Horse racing came to Minnesota in 1985 when Canterbury Downs opened its gates in Shakopee. The track opened to enthusiastic acclaim and high expectation for development of a new industry in Minnesota – horse racing.

But in the late 1980s and early 1990s, pressure from additional gaming had a devastating effect on track operations. During the 1980s, Minnesota saw significant growth in the charitable gambling sector, followed by the authorization of the Minnesota Lottery in 1989. Tribal gaming compacts were first signed with the state in 1988, and Mystic Lake opened its doors in 1992 just 5 miles from Canterbury Downs.

The odds were too much to overcome, and after the 1992 racing season Canterbury Downs closed.

Racing Revival Under New Management

That's when several local horsemen, led by Curtis and Randy Sampson and Dale Schenian, stepped in. They weren't interested in owning the track, but after a year of struggling to find investors they decided to do it themselves. The Canterbury Park Holding Corporation was formed and the track was purchased in 1994. Canterbury Park is a publicly traded company (Amex: ECP) with over 2,500 shareholders, the majority of whom are Minnesotans.

Live racing returned to Canterbury Park in 1995 and the track made a small profit in 1996. Purses gradually increased and the racing season lengthened as customer support continued to grow. Today, over 1 million visitors attend horse racing, concerts, fairs and other live events at Canterbury Park, with more than 1,000 people employed at the facility.

Card Club Injection

In 1999, the Minnesota Legislature agreed that racing purses needed a boost, and authorized the Canterbury Card Club. In just under four years, the Card Club has helped revive Minnesota's horse industry. Race purses have increased by more than \$4 million, which drives Minnesota's breeding industry. Although still not back to the levels of the mid-1980's, the number and value of Minnesota-bred horses has risen since the opening of the club.

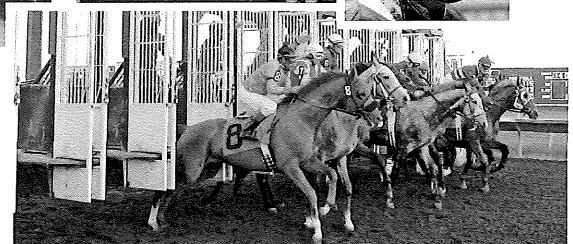
Canterbury Park is about to start its eleventh year of managing gaming in Minnesota. Its success as a responsible manager of gaming and entertainment has been recognized nationally. In 2001, Forbes Magazine named Canterbury Park as one of the 200 best small companies in America.

Commitment To Community

In 2003, Canterbury Park Holding Corporation upped the ante in our long tradition of charitable giving, pledging through the Minnesota Keystone Program to give back at least five percent of pre-tax profits to charity annually.

As part of that initiative, Canterbury Park founded the Canterbury Park Minnesota Fund, a donor-advised community fund. Under the mission of giving to organizations that benefit equine and agricultural causes, local communities and responsible gaming programs, the fund approved over \$100,000 in grant monies during its initial round of giving.

In the past two years alone, Canterbury Park has given over \$600,000 in money, merchandise and services to charities across Minnesota.

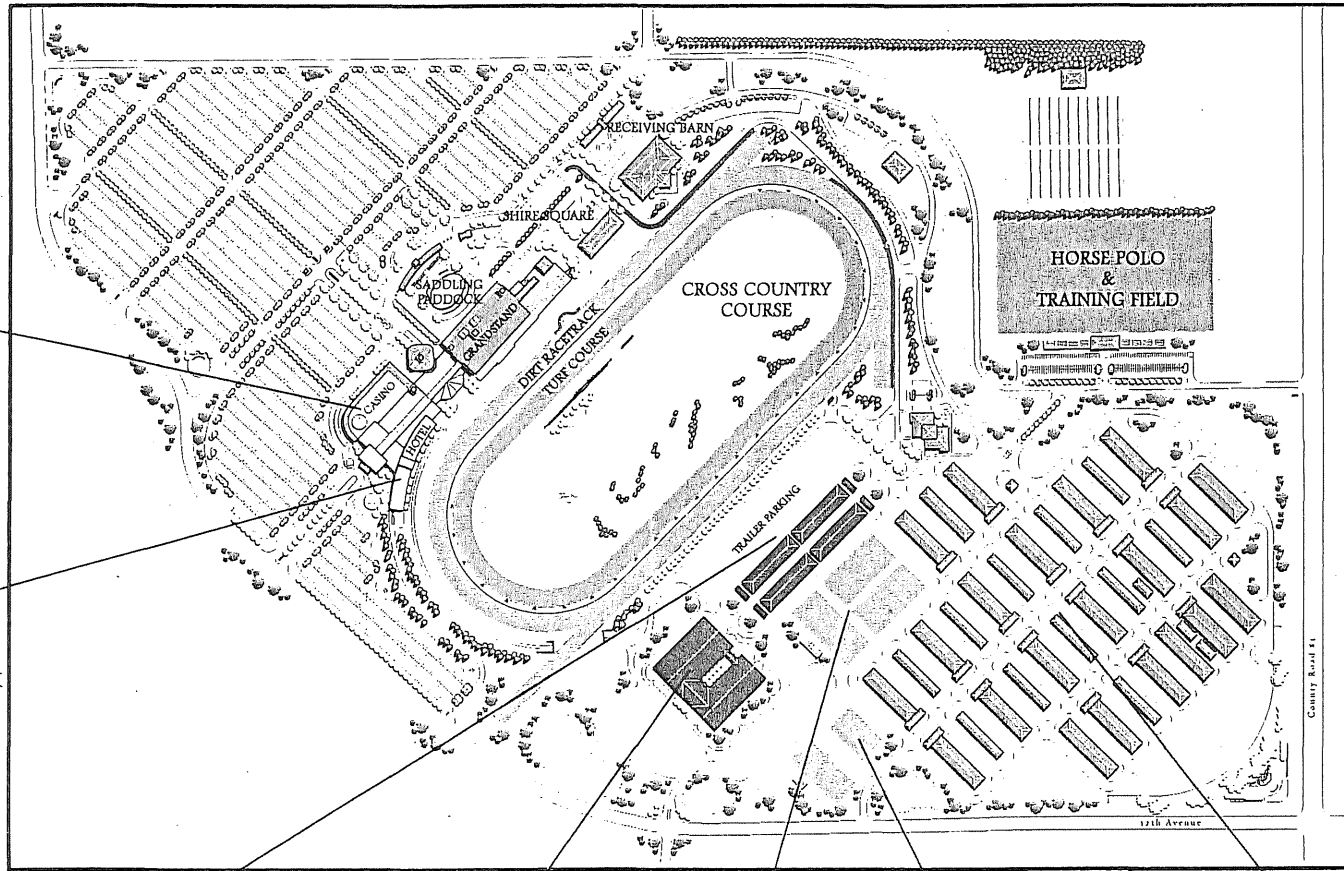


Racino 
CANTERBURY PARK

RACINO AT CANTERBURY PARK ~ MASTERPLAN

150,000 SQ FT
CASINO WITH TABLE
AND SLOT GAMING

250 ROOM HOTEL
BALCONY ROOMS
OVERLOOKING TRACK



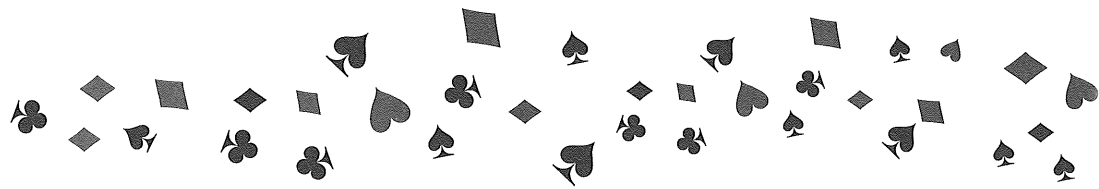
HORSE SHOW BARNs -
400 STALLS

(2) INDOOR HORSE SHOW ARENAS
175' X 300'
& 140' X 300'

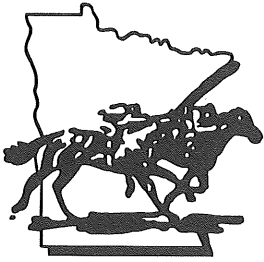
3 OUTDOOR
SHOW ARENAS
130' X 300'

WESTERN SHOW
ARENAS & PENS
125' X 275'

RACEHORSE BARN AREA -
1650 STALLS FOR LIVE RACING



Canterbury Park Holding Corporation
1100 Canterbury Road
Shakopee, MN 55379
www.canterburypark.com
(952) 445-7223



MTA Minnesota Thoroughbred Association

Dedicated to the improvement of thoroughbred breeding and racing in Minnesota

Economic Impact of Minnesota's Horse Industry

According to an analysis by the University of Minnesota, the state's horse industry generates nearly \$1 billion in economic activity every year in Minnesota and could have even more economic impact with further investments in horse racing and horse shows.

The findings in the report include:

Horses are a critical part of Minnesota's agricultural industry

- Horses are bred and raised in all of Minnesota's 87 metro and rural counties.
- Horses are responsible for nearly \$1 billion of economic activity in Minnesota each year – generating \$930 million in direct and indirect economic benefit.
- Minnesota's 155,000 horses produce work for horse breeders, trainers, veterinarians and farmers.

Minnesota's horse industry is high in volume and low in relative economic impact

- Minnesota ranks 9th in the country in number of horses.
- However, the economic impact of Minnesota's horse industry is low relative to its economic impact. For example, Minnesota ranks only 45th in horse value at \$1,200 per horse. Kentucky leads the country with an average horse value of more than \$23,000 -- the national average for horse value is \$3,145.

The most effective way to increase the value of Minnesota's horse industry is to invest in horse racing and show horses

- Show horses generate *twice* the economic value of pleasure horses.
- Race horses generate nearly *five times* the economic value of pleasure horses.
- An increase in horse racing and horse shows will result in an increase in investments for horses (i.e. feed, training, boarding, hardware, etc.).
- Further investment in horse racing and horse shows increases the overall value of horse stock.

Brian Buhr, Associate Professor of Applied Economics at the University of Minnesota, authored the analysis, which was a follow-up to a 2003 University of Minnesota report that examined the value of livestock in Minnesota. Copies of the livestock report can be obtained at <http://www.apec.umn.edu/faculty/bbuhr/mnhorse.pdf>.



Jaye Rykunyk
"Attachment F"
Hotel Employees and Restaurant Employees Union
Local No. 17
of Minneapolis and St. Paul, MN

March 30, 2005

President & Principal Officer
Jaye Rykunyk

Director of Organization
Martin Goff

Secretary-Treasurer
Nancy Goldman

Vice President
Uriel Pérez Espinoza

Trustees
Laurie Fossen
Patt Fornshell
Steve Mohr

Executive Board at Large
Desiree King
Rita Silk Leckie
Wade Luneburg
Claire Baker
Art Poepping

Dear Senate Members,

UNITE HERE in Minnesota represents 10,000 people in the hospitality industry and allied trades. UNITE HERE has 500,000 members across North America with nearly 90,000 members in gaming. Hospitality jobs in general are the gateway to America's workforce. Historically, the industry allowed incomes that supported whole families and provided opportunity to many. As the Minnesota economy moves more to the 'service sector' it is important that these jobs be of higher quality and standards than is currently offered in the Minnesota gaming industry.

UNITE HERE knows that workers in the industry lead better lives when offered the opportunity to collectively bargain their wages, health benefits and workplace standards. UNITE HERE has the necessary experience in and with the industry to make sure that the jobs offered in these proposals are not just transitional in nature but offer real opportunity going forward.

UNITE HERE Local 17 is pleased to have agreements with the owners of Canterbury Park in the event that they are allowed to proceed with the expansion of a 'Racino' at their current facility. This Card Check Neutrality agreement allows workers to consider the union as an agent to assist them to collectively bargain. The 'Racino' at Canterbury Park could create up to 1400 high quality hospitality jobs allowing for a higher standard than available elsewhere in the area.

If gaming is meant to grow in Minnesota there is a responsibility to make sure that the jobs created be of high quality and sustainability. UNITE HERE fully supports and endorses the Racino legislation and asks for your support going forward.

Sincerely,

Jaye Rykunyk
President, UNITE HERE Local 17
International Vice President, UNITE HERE

Opeiu#12/WL/aa

TO: Honorable State Leaders

FROM: Matt Lehman
Shakopee City Council Member

DATE: March 16, 2005

SUBJECT: Canterbury Racino

I was unable to reschedule a work conflict to appear in person before this distinguished committee concerning a proposed Racino located in Shakopee. I have strong opinions of this proposal that I ask consideration for entering them into the record.

The Shakopee City Council approved a resolution in support of the currently proposed "as we know it" Racino at Canterbury Park in 2003. Many issues and items were discussed and studied at great length prior to resolution approval which included transportation related items, crime and law enforcement, social lifestyle impacts, noise mitigation, light flood, and the overall sentiments of the local general public.

The census of council, in my opinion, supports the Racino based on many key factors. Canterbury Park has a solid record of cooperation with the city of Shakopee both present and past that spans from Shakopee Showcase where the community comes together for an evening at the park to update each other on new or changing city programming, new local businesses, current and upcoming community events, and educational booths for all items like land use, crime prevention, utilities, etc.

Canterbury Park is a responsible partner in our community as shown by the direct partnership with our local law enforcement agencies in a proactive, preventative manner with many programs including tobacco/alcohol compliance sales training, gaming addiction warning signs and resource programs, crime prevention, and others. With no pun intended, the overall track record of Canterbury Park is very positive, accountable, and responsive. The greater visions and concerns expressed by Canterbury would indicate a forward sincerity to the overall health of the region through a program dedicated to the past and present horsemen and supportive related economies. The self initiated transportation routes and directional signage control planning with the city of Shakopee, and the existing and future local needs for meeting/conference spaces. I view both this proposal and the current operators of Canterbury Park as very positive. The potential jobs created and secondary patronage to regional business would be an economic benefit of excitement. This location has existing gaming and horse uses, it's located on the updated and improved 169 regional corridor, and has both the general public and elected support of the community.

Possible general concerns and planned future solutions:

Traffic: 169 is currently being refitted to a regional corridor, 83 was improved, Shakopee 17th ave is to be extended to 83 (realigned 16), 16 is to become a 4 lane, co. 21 is currently in right of way acquisition and public open house stage, local mass transit program has been partnered with Scott

County for efficiencies and growth opportunities. Future 41-river crossing is currently in the EIS phase.

Crime: Past and present law enforcement relationship is strong, working well, and very effective. It was my understanding that our approval included an understanding of a continued future proactive, preventative relationship towards crime related issues.

Gaming: It's already here with the tribe, state lottery, and pull-tabs. People must be responsible for their own actions whether it's drinking and driving, hunting, or any other individual decisions. To make all things that could be used improperly illegal would change the foundation of our country.

Tribe: I actually grew up poor with many of the Shakopee tribe and have a great respect for their history and heritage. I am sincere in being glad they have come to financial freedom after so many years of poverty, however it is not my intent nor do I believe this Racino proposal will have a sizable negative impact on the tribes current economic resources.

Financials: As you can see above, the possible revenue from a Racino is last to be considered pending reasonable solutions to the possible concerns listed above.

Summary: We have resolved the issues above at the local level and passed a resolution of support for a Racino at Canterbury Park. I believe the State has resolved many of the issues outlined above concerning traffic issues with the refitted 169 regional corridor concept, future 41 river crossing, expanded mass transit programs and routes, and other regional improvements.
On behalf of those I represent, I do support a Racino at Canterbury Park in Shakopee. I respectfully ask that any major modification made be reviewed and accepted by the local unit of government prior to approval. Thank you for your time on this matter.

Sincerely, Matt Lehman
Shakopee City Council member
Work 952-403-0700
Cell 612-237-0422

Cc: Mark McNeill (file)
Councilor Helkamp

"Attachment H"

*JOSEPH P. HELKAMP
SHAKOPEE CITY COUNCIL*

129 HOLMES STREET SOUTH
SHAKOPEE MINNESOTA 55379
jlhent6@att.net

March 28, 2005

Honorable State Representatives,

Thank you for taking the time to read this letter.

As a council member of the City of Shakopee I fully support the Racino at Canterbury Park. I understand the importance of local support to any gaming proposal, and I can assure you the city of Shakopee is ready, willing and able to be the host city for the Racino at Canterbury Park. The overwhelming majority of residents support the Racino. In addition the City of Shakopee and the Scott County Board have passed resolutions of support for the Racino.

Benefits the Racino will bring to Shakopee and the State of Minnesota are many, from a significant increase in tax base to an expanded regional tourism draw. With its hotels, restaurants, amusement and entertainment parks, Shakopee currently attracts tourists from all around the region; the Racino will expand the city's drawing power to the benefit of all, a positive impact for taxpayers, employers and employees across the region's entire economy. The Racino will also add a show horse arena at Canterbury, a facility I know from personal experience to be desperately needed in the region.

There has been much talk of the crime and social consequences of introducing gambling in a new location. Gambling is not new here; Mystic Lake Casino and Canterbury Park operate 24 hours a day. There were similar fears and concerns cited when the card club was authorized in 1999, and they have not materialized. I have not seen an increase in crime with the Card Club, nor has the City been able to make a correlation between crime and the operations of Canterbury Park.

Canterbury Park is a trusted and active member of our community and has been for more than a decade. I have worked closely with the management of Canterbury on numerous local issues, and they are always willing to work with the council and community. I know them to be forthright and sincere, and I welcome the opportunity to work with them to enhance Shakopee.

Shakopee supports and welcomes the passage of the Racino at Canterbury Park and we thank you for your support.

Respectfully Submitted,
Joseph P. Helkamp
Shakopee City Councilor



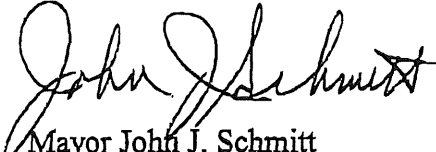
March 17, 2005

Representative Mark Buesgens
Minnesota House of Representatives
445 State Office Building
100 Rev. Dr. Martin King Boulevard
Saint Paul, Minnesota 55155

Dear Rep. Buesgens:

Thank you for this opportunity to clarify my statements that appeared in a recent metro-area press article. First, I would like to state that my position in support of the racino at Canterbury has not changed; I regret that there may have been some confusion about this fact. Second, my statements about any lingering uncertainty and/or unanswered questions were in response to the legislative process, not the racino concept itself. Canterbury has always been a reliable and responsive corporate citizen in all of its dealings with the City of Shakopee, and we eagerly await the state's final decision on their racino proposal.

Respectfully,


Mayor John J. Schmitt
City of Shakopee

March 30, 2005
Testimony on Expansion of Gambling
Agriculture, Veterans Affairs and Gaming
Holly Hoesli, Executive Assistant
Treasure Island Resort & Casino

Good Afternoon Mr. Chairman and Committee Members.

My name is Holly Hoesli and I am an employee of Treasure Island Resort & Casino, which is owned and operated by the Prairie Island Indian Community. I have worked at the casino for over 10 years. I started in November of 1994 after my previous employer reduced my hours and health care benefits. As a single mother, I needed full-time employment and benefits to support my young daughter.

I began working in the Finance department as an administrative assistant. Today, I continue to work in the Finance department as an executive assistant. In this role, I oversee the daily operations of Treasure Island's mailroom and reception desk and directly supervise two people. In addition, I administrate Treasure Island's contracts with outside vendors and work closely with the Prairie Island Gaming Commission in the vendor license process.

Having a job at Treasure Island has allowed me to provide for my daughter. My job also has allowed me to attend school functions, participate on the Parent Advisory Council and to simply be available to her. As a single mother, this was essential to me.

The Prairie Island Indian Community is a good employer. They have been generous and flexible with my schedule, which has allowed me to volunteer at the Red Wing Area Coalition for Transitional Housing. This organization oversees the operation of a shelter for victims of domestic violence, a transitional housing program, a skills for life program and an abused children's program. Volunteering in my community allows me to teach my child by example and to serve a community that has been generous to my family.

If the racino or the other proposed Twin Cities casinos are allowed to go forward, I am afraid I could possibly lose my job. In order to make a salary equivalent to what I am currently making at Treasure Island, I would be forced to commute to the Twin Cities everyday. Commuting to the Twin Cities would take time away from my daughter and my extended family, time that is very precious to me.

In addition to supporting my own family, my salary also goes to help other members of my family. My stepfather was forced to retire early due to heart problems and two years ago my mother lost her job due to downsizing at her company, a job that she had held for 34 years. Neither my mother nor stepfather is old enough to be covered by Medicare. And it has only been in the last few months that my mother became eligible for social security.

Furthermore, job losses have affected two of my three sisters and my third sister has three small children, two with rare genetic disorders. In total, I have 8 nieces and nephews. My salary helps to pay for diapers, school clothes, medications and to help with general expenses for my extended family.

I am telling you this because I want you to know the impact my job at Treasure Island has had on my entire family. My salary not only supports my family, but it has helped support my extended family as well. There are no other jobs in Red Wing that provide a salary commensurate to what I make at Treasure Island. I like my job. I like working for the Prairie Island Indian Community. I like being so close to my family, my home and my community.

In the past 10 years, I have made many advances in my life and I'm afraid an expansion of gambling would adversely affect my family and me. When you make your decision, please consider me, and the 1,500 employees who work at Treasure Island.

Thank you for your time. I am available to answer any questions you may have.

**Vendors in Support of the Jobs and Economic Stimuli
Created by the Mille Lacs Band of Ojibwe,
Grand Casino Mille Lacs, and Grand Casino Hinckley**

A healthy and prosperous economy is a high priority for our businesses. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. We appreciate the fact that the Band and its businesses purchase millions of dollars in products and services each year from vendors like us, and we appreciate how the Band and its businesses have spurred economic development throughout the area.

We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and vastly improved the lives of Mille Lacs Band members.

We strongly support the 3,600 jobs that have been created by the Mille Lacs Band, the retention of these jobs in rural Minnesota, and the ability of the Band to continue improving life for its members and others in the region.

A & M Group
American Bank
ASC-American Security
Asset Protection
Bankers Equipment
Ben's Wholesale
Bolger Concept to Print
C&D Auto
Cash Plus Media
Cassidy Technologies
City of Hinckley
Cole Paper Company
Cornerstone Consulting
Design Group
DryTech
Eagle Signs
East Central Energy
First Impression Printing
FirstSite Staffing
G.L. Berg Entertainment
Garrison Disposal
Gateway Family Health

Geyer Party Store
Goff & Howard
Grand American Bus Sales
Grand Market
Hillyard Service Systems
Hinckley Chevrolet
HLB Tautges Redpath, Ltd.
Hoffman Talent Agency
Hot Springs Spas
Independent Testing Technology
Jack's Fire Extinguisher
KLIZ
Krech Ojard & Associates
Kveton's Cleaning
Lakeland Printers
Lieberman Gaming
Lockridge, Grindal & Nauen
Lori Thompson & Associate
M.A. Apparel
Marketplace Productions
Marshal Group
Mather Heritage Group

McDonald Distributing Co.
Medica
Merrill Lynch
MG Carlson Construction
Mille Lacs Energy Cooperative
Mille Lacs Indian Museum
NAPA
New Horizon/Kids Quest
Pen & Ink
Pine Technical College
Prepaid Legal
Productive Alternatives, Inc.
Red Circle Advertising
Spartan Promotional
SunShine Flower Shoppe
Top of the Line Landscaping
TR Design
Upper Lakes Foods
Viacom Outdoor
WCMP Pine City
Willis of Minnesota, Inc.
Woodlands National Bank

Day's Bill -

**RESOLUTION OF SUPPORT
for Grand Casino Hinckley**

WHEREAS, Grand Casino Hinckley has had a positive and significant impact on the creation of jobs in the communities in Pine and Kanabec Counties; and

WHEREAS, one of the missions of the Hinckley Chamber of Commerce is to ensure and support job creation in our community and help support and sustain a strong local economy; and

WHEREAS, Grand Casino Hinckley employees more than 1,800 people at its Hinckley facility; and

WHEREAS, Grand Casino Hinckley is the largest property tax payer in Pine County and is in the process of building more facilities which will increase their property tax burden and benefit area residents; and

WHEREAS, Grand Casino Hinckley has had a positive economic impact on local businesses in the communities surrounding Hinckley; and

WHEREAS, Grand Casino Hinckley would be negatively impacted if a state sanctioned casino were constructed in the metro area, particularly the north metro area; and

WHEREAS, any business disruption or economic set-backs experienced by Grand Casino Hinckley due to actions of the Legislature or the Governor would also cause additional economic hardships to countless businesses located in the communities surrounding Hinckley; and

WHEREAS, Grand Casino Hinckley and the Mille Lacs Band of Ojibwe have given millions of dollars in charitable donations since 1991 to important community causes and organizations in the Hinckley area and throughout the region;

NOW THEREFORE BE IT RESOLVED, that the Hinckley Chamber of Commerce, support the efforts of Grand Casino Hinckley and the Mille Lacs Band of Ojibwe in their fight to preserve local jobs and economic development.

FURTHER, BE IT RESOLVED that, the Hinckley Chamber of Commerce send a copy of this resolution to area legislators and the Governor and urge them to oppose any state sanctioned casinos in the metro area because it would mean a loss of jobs in Pine and Kanabec Counties and shift them to the Metro area. Such job losses would have a negative impact on our local economy and stifle our current regional growth and development.

This Resolution was adopted at its regular business meeting on December 14, 2005.

Signed: *Betsy Mullen* Secretary *Glenn Grolly* President

Date: 12/14/04

**The Brainerd Lakes Area Chambers Recognizes
A Long Standing Relationship with
Grand Casino Mille Lacs**

Whereas, the Brainerd Lakes Area Chambers of Commerce supports a healthy and prosperous economy in the Brainerd Lakes Area; and

Whereas, the Brainerd Lakes Area Chambers of Commerce acknowledges that the Mille Lacs Band of Ojibwe has created more than 1,200 jobs in the Brainerd Lakes Area; and

Whereas, the Brainerd Lakes Area Chambers of Commerce acknowledges that the Mille Lacs Band of Ojibwe, through Grand Casino Mille Lacs and Grand Casino Hinckley, purchases products and services from vendors throughout the Brainerd Lakes Area; and

Whereas, the Brainerd Lakes Area Chambers of Commerce acknowledges that the Mille Lacs Band of Ojibwe, through Grand Casino Mille Lacs, provides excellent benefits such as health and life insurance, and beginning wages that are 26% higher than the state's minimum wage; and

Whereas, the Brainerd Lakes Area Chambers of Commerce acknowledges that Indian gaming has improved the infrastructure of the Mille Lacs Reservation and vastly improved the lives of Mille Lacs Band members.

Now Therefore Be It Recognized, that the Brainerd Lakes Area Chambers of Commerce supports the 1,200 jobs that have been created by Mille Lacs Band of Ojibwe.

Be It Further Resolved, that the Brainerd Lakes Area Chambers of Commerce supports the creation and retention of these jobs in rural Minnesota.

Resolution adopted by Chamber Board of Directors on May 20, 2004.

OFFICES IN CROSSLAKE & BRAINERD

P.O. Box 356 • Brainerd, Minnesota 56401-0356

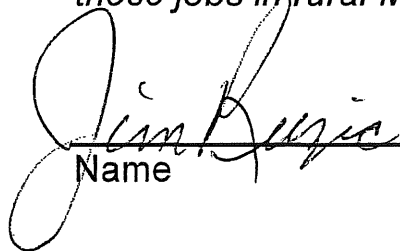
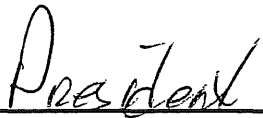

PHONE: (218) 829-2838 • FAX: (218) 829-8199 • E-MAIL: info@explorebrainerdlakes.com • WEBSITE: www.explorebrainerdlakes.com

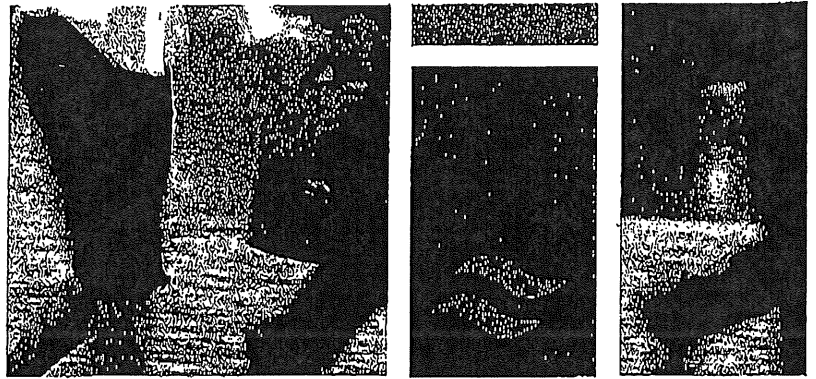
**Carlton Chamber of Commerce
Statement of Support**

*for the jobs and economic stimuli created by the Mille Lacs Band of Ojibwe,
Grand Casino Mille Lacs & Grand Casino Hinckley*

*A healthy and prosperous economy is a high priority for the **Carlton Chamber of Commerce**. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. The casinos' minimum wage is 26% higher than the state's minimum wage, and they provide excellent benefits such as health and life insurance. The Band and its businesses purchase millions of dollars in products and services each year from vendors, and have spurred economic development throughout the area. We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and have vastly improved the lives of Mille Lacs Band members.*

*The **CARLTON CHAMBER OF COMMERCE** strongly supports the 3,600 jobs that have been created by the Mille Lacs Band and the retention of these jobs in rural Minnesota.*

		
Name	Title	Date



moving.business.forward.

February 22, 2005

Resolution of Support

The Duluth Area Chamber of Commerce supports the current gaming compacts that exist between the State of Minnesota and the tribes and oppose Governor Pawlenty's attempts to renegotiate those compacts, or demand a significant share of gaming profits.



FOREST LAKE AREA
Chamber of Commerce

Where Business and Success Meet

Forest Lake Area Chamber of Commerce statement of support for the jobs and economic stimuli created by the Mille Lacs Band of Ojibwe, Grand Casino Mille Lacs, and Grand Casino Huckley

A healthy and prosperous economy is a high priority for the Forest Lake Area Chamber of Commerce. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. The casino's minimum wage is 26% higher than the state's minimum wage, and they provide excellent benefits such as health and life insurance. The Band and its businesses purchase millions of dollars in products and services each year from vendors, and have spurred economic development throughout the area. We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and have vastly improved the lives of Mille Lacs members.

The Forest Lake Area Chamber of Commerce commends the Mille Lacs Band of Ojibwe for creating and retaining jobs in Minnesota.

Deborah A. Trust President 1/13/05 Date

RESOLUTION OF SUPPORT
for Grand Casino Hinckley

WHEREAS, Grand Casino Hinckley has had a positive and significant impact on the creation of jobs in the communities in Pine and Kanabec Counties; and

WHEREAS, one of the missions of the Hinckley Chamber of Commerce is to ensure and support job creation in our community and help support and sustain a strong local economy; and

WHEREAS, Grand Casino Hinckley employs more than 1,800 people at its Hinckley facility; and

WHEREAS, Grand Casino Hinckley is the largest property tax payer in Pine County and is in the process of building more facilities which will increase their property tax burden and benefit area residents; and

WHEREAS, Grand Casino Hinckley has had a positive economic impact on local businesses in the communities surrounding Hinckley; and

WHEREAS, Grand Casino Hinckley would be negatively impacted if a state sanctioned casino were constructed in the metro area, particularly the north metro area; and

WHEREAS, any business disruption or economic set-backs experienced by Grand Casino Hinckley due to actions of the Legislature or the Governor would also cause additional economic hardships to countless businesses located in the communities surrounding Hinckley; and

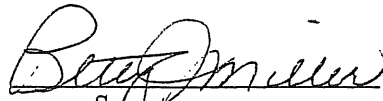
WHEREAS, Grand Casino Hinckley and the Mille Lacs Band of Ojibwe have given millions of dollars in charitable donations since 1991 to important community causes and organizations in the Hinckley area and throughout the region;

NOW THEREFORE BE IT RESOLVED, that the Hinckley Chamber of Commerce, support the efforts of Grand Casino Hinckley and the Mille Lacs Band of Ojibwe in their fight to preserve local jobs and economic development.

FURTHER, BE IT RESOLVED that, the Hinckley Chamber of Commerce send a copy of this resolution to area legislators and the Governor and urge them to oppose any state sanctioned casinos in the metro area because it would mean a loss of jobs in Pine and Kanabec Counties and shift them to the Metro area. Such job losses would have a negative impact on our local economy and stifle our current regional growth and development.

This Resolution was adopted at its regular business meeting on December 14, 2005.

Signed:


Secretary


President

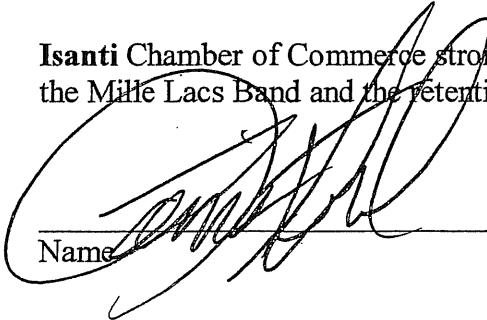
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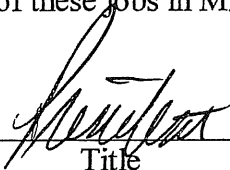
12/14/04

**Isanti Chamber of Commerce statement of support
for the jobs and economic stimuli created by
the Mille Lacs Band of Ojibwe,
Grand Casino Mille Lacs, and Grand Casino Hinckley**

A healthy and prosperous economy is a high priority for the **Isanti** Chamber of Commerce. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. The casino's minimum wage is 26% higher than the state's minimum wage, and they provide excellent benefits such as health and life insurance. The Band and its businesses purchase millions of dollars in products and services each year from vendors, and have spurred economic development throughout the area. We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and have vastly improved the lives of Mille Lacs members.

Isanti Chamber of Commerce strongly supports the 3,600 jobs that have been created by the Mille Lacs Band and the retention of these jobs in Minnesota.

 _____
Name

 _____
Title

11/29/04 _____
Date

Kanabec Chamber of Commerce statement of support
for the jobs and economic stimuli created by
the Mille Lacs Band of Ojibwe,
Grand Casino Mille Lacs, and Grand Casino Hinckley

A healthy and prosperous economy is a high priority for the **Kanabec** Chamber of Commerce. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. The casino's minimum wage is 26% higher than the state's minimum wage, and they provide excellent benefits such as health and life insurance. The Band and its businesses purchase millions of dollars in products and services each year from vendors, and have spurred economic development throughout the area. We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and have vastly improved the lives of Mille Lacs members.

Kanabec Chamber of Commerce strongly supports the 3,600 jobs that have been created by the Mille Lacs Band and the retention of these jobs in Minnesota.

<i>Madolyn E. Amundson</i>	<i>President</i>	<i>11-24-05</i>
Name	Title <i>Kanabec Area Chamber of Commerce</i>	Date

Moose Lake Chamber of Commerce
Statement of Support

*for the jobs and economic stimuli created by the Mille Lacs Band of Ojibwe,
Grand Casino Mille Lacs & Grand Casino Hinckley*

*A healthy and prosperous economy is a high priority for the **Moose Lake Chamber of Commerce**. We recognize that the Mille Lacs Band's government, casinos and other businesses employ 3,600 people in East Central Minnesota. The casinos' minimum wage is 26% higher than the state's minimum wage, and they provide excellent benefits such as health and life insurance. The Band and its businesses purchase millions of dollars in products and services each year from vendors, and have spurred economic development throughout the area. We also recognize that gaming revenues have improved the infrastructure of the Mille Lacs Reservation and have vastly improved the lives of Mille Lacs Band members.*

*The **MOOSE LAKE CHAMBER OF COMMERCE** strongly supports the 3,600 jobs that have been created by the Mille Lacs Band and the retention of these jobs in rural Minnesota.*

Liz Ellen Olson Chamber President 11/10/04
Name Title Date

The North Branch Area Chamber of Commerce statement of support for the jobs and economic stimuli created by Grand Casino Hinckley

A healthy and prosperous economy is a high priority for the North Branch Area Chamber of Commerce. We recognize that Grand Casino Hinckley and its other businesses employ a great number of people in East Central Minnesota. Grand Casino Hinckley and its businesses purchase products and services from local vendors that have spurred economic development throughout the area. The North Branch Area Chamber of Commerce supports Grand Casino Hinckley in its efforts to benefit the economy of our region.



North Branch Area Chamber President
December 17, 2004



WHITE BEAR AREA CHAMBER OF COMMERCE

Oak Ridge Centre • 4801 Highway 61, Suite 109 • White Bear Lake, MN 55110
Phone: 651.429.8593 • Fax: 651.429.8592 • www.whitebearchamber.com

The White Bear Area Chamber Recognizes A Long Standing Relationship with Grand Casino Mille Lacs Hinckley

Whereas, the White Bear Area Chamber of Commerce supports a healthy and prosperous economy in rural Minnesota; and

Whereas, the White Bear Area Chamber of Commerce acknowledges that the Mille Lacs Band of Ojibwe has created more than 3,000 jobs in East Central Minnesota; and

Whereas, the White Bear Area Chamber of Commerce acknowledges that the Mille Lacs Band of Ojibwe, through Grand Casino Mille Lacs and Grand Casino Hinckley, purchases millions of dollars from vendors throughout Minnesota; and

Whereas, the White Bear Area Chamber of Commerce acknowledges that the Mille Lacs Band of Ojibwe, through Grand Casino Mille Lacs and Grand Casino Hinckley, provides excellent benefits such as health and life insurance, and beginning wages that are 26% higher than the state's minimum wage; and

Whereas, the White ^{Bear} Area Chamber of Commerce acknowledges that Indian gaming has improved the infrastructure of the Mille Lacs Reservation and vastly improved the lives of Mille Lacs Band members.

Now Therefore Be It Recognized, that the White Bear Area Chamber of Commerce supports the 3,000 jobs that have been created by the Mille Lacs Band of Ojibwe.

Be It Further Resolved, that the White Bear Area Chamber of Commerce supports the creation and retention of these jobs in rural Minnesota.



We Mean Business ~ Area Wide

Birchwood • Dellwood • Gem Lake • Hugo • Mahtomedi • North Maplewood • North Oaks • Vadnais Heights • White Bear Lake • White Bear Township • Willer