

STATE OF MINNESOTA
MINNESOTA RACING COMMISSION

In the matter of the
Proposed Adoption of
Rules of the Minnesota
Racing Commission concerning
Amendments and Additions to
the Existing Rules Governing
Horse Racing and
Pari-Mutuel Wagering

STATEMENT OF NEED AND
REASONABLENESS

I. GENERAL

In an effort to improve the quality of horse racing in this state, the Minnesota Racing Commission ("Commission") proposed additions and amendments to the rules of racing. The proposed additions and amendments are consistent with rules in other racing jurisdictions and are necessary to make Minnesota competitive in the horse racing industry. The proposed additions and amendments are reasonable because they are customary in other racing jurisdictions and respond to racing industry participant inquiry. The burdens imposed on the participants are not undue, and compliance with similar rules has been obtained in other jurisdictions.

II. STATUTORY AUTHORITY

The Commission is empowered by Minn. Stat. §240.03 to:

1. Regulate horse racing in Minnesota to ensure that it is conducted in the public interest,
2. Enforce all laws and rules governing horse racing,
3. Supervise the conduct of pari-mutuel betting on horse races, and,
4. Take all necessary steps to insure the integrity of racing in Minnesota.

The Minnesota Racing Commission is also specifically authorized by Minn. Stat. §240.03 to promulgate rules governing the "conduct of horse racing held at licensed racetracks, including but not limited to the rules of racing, and any other aspect of horse racing or pari-mutuel betting, which in its opinion, effects the integrity of racing or the public health, welfare and safety".

III. RULE-BY-RULE ANALYSIS

7873.0185 TRIFECTA

7873.0185, subp. 1

This subpart adds the definition of trifecta wagering. The proposed addition is necessary to provide a definition as to the wagering selections required to wager in the trifecta betting pool. This proposed addition is necessary in that it distinguishes for the wagering patrons the trifecta wagering pool from the other wagering pools.

7873.0185, subp. 2

This proposed addition is necessary in that it stipulates the minimum denominations for trifecta wagering. This proposed addition is reasonable to provide the wagering patrons with the minimums for a trifecta and trifecta box wagering.

7873.0185, subp. 3

This proposed addition is necessary to prescribe what action must be taken in the event a horse (wagering entry) is scratched prior to running a trifecta race. This proposed addition is reasonable in that it provides to wagering patrons and racing officials the actions that must be followed in the event a horse is scratched from a race on which trifecta wagering is offered.

7873.0185, subp. 4

This proposed addition is necessary to prescribe trifecta payoff criteria in the event no patron correctly selects the official order of finish in a trifecta race. This proposed addition is reasonable in that it provides to patrons and racing and pari-mutuel officials specific eliminating criteria to make payoffs on wagering tickets in the event no patron correctly selects the official order of finish in a trifecta race.

7873.1085, subp. 5

This proposed addition is necessary and reasonable in that it provides precise action that must be taken in the event a trifecta race is cancelled.

7873.0185, subp. 6

This proposed addition is necessary to stipulate payoffs in the event of a dead heat for each of the places of finish in a trifecta race. This proposed addition is reasonable in that it provides to patrons and racing and wagering officials the winning combinations and payoff calculations in the event of a dead heat for each of the places of finish in a trifecta race.

7873.0185, subp. 7

This proposed addition is necessary in that it sets restrictions and criteria that must be complied with prior to the running of a trifecta race. The proposed addition is reasonable in that it provides wagering patrons and racing officials with the criteria that must be complied with prior to the running of a trifecta race.

7873.0185, subp. 8

This proposed addition is necessary and reasonable in that it provides access by wagering patrons to the rules governing trifecta wagering.

7873.0186 TWIN TRIFECTA

7873.0186, subp. 1

This subpart adds the definition of twin trifecta wagering. This proposed addition is necessary to provide a definition as to the wagering selections required to wager in the twin trifecta betting pool. This proposed addition is necessary in that it distinguishes for the wagering patrons the twin trifecta wagering pool from the other wagering pools.

7873.0186, subp. 2

This proposed addition is necessary in that it stipulates the minimum denomination for twin trifecta wagering. This proposed addition is reasonable in that it provides the wagering patrons with the minimum denominations necessary to participate in the twin trifecta wagering pool.

7873.0186, subp. 3

As the twin trifecta wager involves wagering in two consecutive races requiring the selection of the exact order of finish for the first three starters in each race, this wagering selection is complicated and sophisticated. The addition of these procedures is necessary to establish specific criteria for wagering in the twin trifecta pool, the thrust of which is determining which betting tickets are eligible to participate in the second race of the twin trifecta or to determine the occurrence of a carry-over. This proposed addition is reasonable in that it provides wagering patrons and racing and pari-mutuel officials the stipulations that must be met in order to calculate a winning payoff in the twin trifecta.

7873.0186, subp. 4

This proposed addition is necessary to prescribe twin trifecta payoff criteria in the event no patron correctly selects the official order of finish in either of the twin trifecta races. This proposed addition is reasonable in that it provides to patrons and racing and pari-mutuel officials specific eliminating criteria to make payoffs

on wagering tickets on the first race of the twin trifecta in the event no patron correctly selects the official order of finish in the first twin trifecta race as well as this proposed addition further prescribes the carry-over for the second race of the twin trifecta race in the event no patron correctly selects the official order of finish in the second trifecta race.

7873.0186, subp. 5

This proposed addition is necessary to prescribe what action must be taken in the event a horse (wagering entry) is scratched prior to running either of the twin trifecta races. This proposed addition is reasonable in that it provides to wagering patrons and racing and pari-mutuel officials the actions that must be followed in the event a horse is scratched from either race of the twin trifecta races.

7873.0186, subp. 6

This proposed addition is necessary to stipulate payoffs in the event of a dead heat for each of the places of finish in each of the twin trifecta races. This proposed addition is reasonable in that it provides to patrons and racing and pari-mutuel officials the winning combinations and payoff calculations in the event of a dead heat for each of the places of finish for each of the twin trifecta races.

7873.0186, subp. 7

In the event no patron, eligible to participate in the twin trifecta pool for the second race of the twin trifecta races, correctly selects the official order of finish, the net pool carries over to the second race twin trifecta on the next succeeding race day. This proposed addition is necessary to stipulate disposition of the carry-over for both the last day of a race meeting and after the carry-over exceeds a previously approved maximum payoff amount. This addition is reasonable in that it makes clear to patrons and racing and pari-mutuel officials when a carry-over must be paid out or carried over to the next race meeting.

7873.0186, subp. 8

This proposed addition is necessary and reasonable in that it stipulates the disposition of the twin trifecta pool in the event either the first or second race of the twin trifecta races is cancelled.

7873.0186, subp. 9

This proposed addition is necessary in that it sets restrictions and criteria that must be complied with prior to the running of either race of the twin trifecta races. This proposed addition is reasonable in that it provides wagering patrons and racing and pari-mutuel officials with the criteria that must be complied with prior to running either race of the twin trifecta. This proposed addition is further reasonable in that it stipulates disposition of the twin trifecta pool in the event these restrictions are not met on the final day of racing of a race meeting.

7873.0186, subp. 10

This proposed addition is necessary and reasonable in that it requires each association to provide twin trifecta rules to patrons upon request. Further this enables patrons access to all information to aid them in gaining sufficient knowledge about this wagering pool.

7877.0120 FEES

7877.0120, subp. 2

This proposed change is necessary in that Minnesota will be participating in a national uniform licensing procedure which will allow licensees to be fingerprinted only once each three years rather than being fingerprinted each time they apply for a license in each state. As the program will be coordinated under the auspices of the Association of Racing Commissioners International with the Federal Bureau of Investigation, it is reasonable to have flexibility in charging a fee that will be determined by either of those organizations.

7877.00170 DUTIES AND RESPONSIBILITIES OF CLASS C LICENSEES

7877.0170, subp. 3

This proposed change is necessary and reasonable in that it will prevent horse owners and jockeys from advertising on jockey apparel which would have a deleterious effect on horse racing from the perspective of image, class, and customs of the turf.

7877.0170, subp. 8

This proposed change is necessary in that it provides for more comprehensive control of the horseperson's purse account. This proposed change is reasonable in that it will prevent the seizure or mismanagement, for whatever reason, of purse monies earned by horsepersons competing at racetracks in the state as well as providing more timely recording and reporting of monies in horsepersons' bookkeepers' chart of accounts.

IV. OTHER STATUTORY REQUIREMENTS

Minn. Stat. §14.115 requires agencies, when proposing a new rule or amending existing rules which may affect small businesses, to consider certain methods for reducing the impact of the rule on small business.

The proposed additional amendments to the racing rules indirectly impact small businesses in that these rules will enhance economic activity and reduce potential inconveniences to small business operators. The rule does not affect small businesses disproportionately nor does the rule prevent small businesses from participating in horse racing. The commission considered the impacts of the amendments on small business and determined that because of the nature of the industry, the commission cannot be less rigorous in its regulation of one type of business than another.

Minn. Stat. §14.11, subd. 2 is inapplicable because the proposed amendments will not have any direct and substantial adverse impact on agricultural land. Sections §115.43, subd. 1, §116.07, subd. 6 and §16A.127, subd. 1 are not applicable. A fiscal note is not required pursuant to section 3.892 as the rule will not force any local agency or school district to incur costs.

CONCLUSION

Based on the foregoing, the Minnesota Racing Commission's proposed additions and amendments to the existing rules governing horse racing are both necessary and reasonable.



RICHARD G. KRUEGER
Minnesota Racing Commission

1/9/90
DATE/



MINNESOTA RACING COMMISSION

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January 31, 1990

Ms. Maryanne Hruby, Director
LCRAR
55 State Office Building
St. Paul, MN 55155

Dear Ms. Hruby:

Per your request by letter of January 30, I am enclosing a copy of the Statement of Need and Reasonableness (SONAR) for the Proposed Permanent Rules Relating to Trifecta and Twin Trifecta Wagering and Class "C" Licenses.

Please contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard G. Krueger".

Richard G. Krueger
Acting Director of Pari-Mutuel Racing
Department of Gaming

RGK/sk

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