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## MINNESOTA RACING COMMISSION

7825 Washington Avenue South, Suite 800  
Bloomington, Minnesota 55439  
Telephone: 612-341-7555  
Fax: 612-341-7563

Licensing Office (April - October)  
P.O. Box 315, Shakopee, Minnesota 55379  
Telephone: 612-496-7739 Fax: 612-496-7756  
Veterinary Office (April - October)  
P.O. Box 315, Shakopee, Minnesota 55379  
Telephone: 612-496-7753 Fax: 612-496-7762

March 16, 1995

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

Dear Ms. Hruby:

Enclosed you will find a copy of the Statement of Need and Reasonableness for the Proposed Permanent Rules relating to Amendments to Existing Rules for the Minnesota Racing Commission along with a copy of the rules and a copy of the dual notice of hearing. These rules will be published in the State Register on Monday, March 20, 1995.

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  
Executive Director

RGK:pjw

Enclosure

**STATE OF MINNESOTA**

**MINNESOTA RACING COMMISSION**

**STATEMENT OF NEED AND REASONABLENESS**

**In the Matter of the Proposed Adoption of the Rules of the Minnesota Racing Commission Relating to Minnesota Rules Chapters 7870, Licensure; 7871, Televised Racing Days; 7873, Pari-mutuel Rules; 7875, Facilities and Equipment; 7877, Class C Licenses; 7878, Security Officers; 7879, Stewards; 7883, Horse Races; 7884, Harness Races; 7892, Medical Testing; 7895, Breeders Fund; 7897, Prohibited Acts; 7899, Variances.**

**I. INTRODUCTION AND BACKGROUND**

The nature of the proposed rules of the Racing Commission contained in Minnesota Rules Chapters 7870 - 7899 is to continue to ensure the integrity of horse racing and pari-mutuel betting in Minnesota. The proposed amendments contained herein further the Commission's responsibilities in issuing of Class C (occupational) licenses by conforming with the standards set by the Association of Racing Commissioners International (ARCI), supervision and oversight of pari-mutuel betting, supervising the conduct of the races, adopting the requirements of the Americans With Disabilities Act as it pertains to licensees of the Commission, stipulating the use of public communications at licensed racetracks, revising qualifications for Stewards, stipulating certain requirements for harness racing at Class D (County Fairs) facilities by conforming with certain standards set by the United States Trotting Association (USTA), and calculating and making award payments from the Minnesota Breeders' Fund. Many of the proposed rules and amendments regarding Class D licensees are needed because of our experience with the first pari-mutuel county fair meet last summer and requested modifications by the standardbred (harness racing) industry.

A Notice of Solicitation of Outside Information and Opinion regarding the proposed rules was published in the State Register on July 25, 1994.

**II STATEMENT OF THE COMMISSION'S STATUTORY AUTHORITY**

The Commission's statutory authority to adopt these rules is set out in Minnesota Statutes, section 240.23. Among other provisions, this section authorizes the Commission to promulgate rules governing the conduct of horse races held at licensed racetracks in Minnesota, wire communications between the premises of a licensed racetrack and any

place outside the premises, auditing of the books and records of a licensee by an auditor employed or appointed by the Commission, entry fees and other funds received by a licensee in the course of conducting racing which the Commission determines must be placed in escrow accounts, affirmative action in employment and contracting by Class A, Class B, and Class D licensees, and any other aspects of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety. Minnesota Statutes, section 240.13 authorizes the Commission to promulgate rules regarding the types of betting allowed at licensed racetracks. Minnesota Statutes, section 240.16 authorizes the Commission to promulgate rules relative to Stewards.

### **III. PUBLIC ADVISORY COMMITTEE**

Although no formal advisory committee was appointed to work with the Commission's Rules Committee all industry groups were notified of all meetings of the Rules Committee along with the issues to be addressed during each meeting. The Rules Committee met on four occasions for the purpose of reviewing proposed rule amendments submitted by not only Commission staff but also Canterbury Park, the Thoroughbred Breeders' Fund Advisory Committee, the Minnesota Quarterhorse Racing Association, the Minnesota Thoroughbred Association, and Minnesota Harness Racing Inc.

The Commission's Rules Committee is comprised of Commissioners Jim Filkins, Chair, Cindy Piper, Mary Magnuson, Mark Custer, Carol Connolly, and Camille McArdle. Commission staff that participated in the meetings were Dick Krueger, Executive Director and Pam Webber, Office Manager and Breeders's Fund Coordinator, and legal counsel was provided by Assistant Attorney General E. Joseph Newton. Industry representatives participating were Stan Bowker, Canterbury Park General Manager, Gerry Herringer, President and Clyde Fuehrer, Executive Director of the Minnesota Horsemen's Benevolent and Protective Association, Dana Doherty, Executive Director and David Dayon, Board Member of the Minnesota Thoroughbred Association, Bobbie Knapper, Board Member of the Minnesota Quarterhorse Racing Association, and Susan Hanusa and Joan Wilson, members of Minnesota Harness Racing Inc.

### **IV. SMALL BUSINESS CONSIDERATIONS**

Minnesota Statutes, section 14.115 requires an agency, when proposing a new rule or amending an existing rule that may affect small businesses, to consider certain methods of reducing the impact of the rule on small businesses. It is the Commission's opinion that these rule amendments would not adversely affect small business other than those sections which require compliance with the Americans With Disabilities Act for any contractor with one of its licensees. Most of those affected by these rules are either Canterbury Park or individuals licensed to work at the racetrack and the majority of the rules presented here for amendment were proposed by the industry regulated by the rules.

## **V. COSTS TO LOCAL PUBLIC BODIES**

The Dual Notice of Intent to Adopt A Rule does not contain a statement of estimated costs to local public bodies pursuant to Minnesota Statutes, section 14.11, subdivision, 1 as there are no costs to local public bodies that would exceed \$100,000 for each of the two years following adoption.

## **VI AGRICULTURAL LAND IMPACT**

Minnesota Statutes, section 14.11, subdivision 2, is inapplicable because the proposed rules do not have a direct and substantial adverse impact on agricultural land in the state. If anything, with the renewal of live racing at Canterbury Park as well as a number of county fairs, along with the promulgation of these rules, there probably will be a beneficial impact on agricultural land, especially those located in close proximity to the racetracks.

## **VII DEPARTMENTAL CHARGES IMPOSED BY THE RULES**

Minnesota Statutes, section 16A.128, subdivision 1 applies inasmuch as rule chapter 7892.0160 sets departmental earnings so as to recover sample collection costs as a component of medical testing. Attached as Exhibit A are copies of the Commission's letters to the Chairs of the House Ways and Means Committee and the Senate Finance Committee as well as the Commissioner of Finance. Attached as Exhibit B is a copy of the reply from the Department of Finance.

## **VIII FISCAL IMPACT**

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.

## **IX. WITNESSES**

Should these rules be subjected to a public hearing, the witnesses listed below may testify on behalf of the Commission in support of the need for and reasonableness of the rules. The witnesses will be available to answer questions about the development and the content of the rules.

Richard G. Krueger, Executive Director, Racing Commission  
Pam Webber, Office Manager and Breeders' Fund Coordinator, Racing Comm.

The Racing Commission will be represented by E. Joseph Newton, Assistant Attorney General, at the Rules Hearing.

**X. DETAIL OF THE PROPOSED RULE AND STATEMENT OF NEED AND REASONABLENESS**

**M.R. 7869.0100, Subart 2a:**

This is a new definition suggested by the Office of the Revisor of Statutes. This new amendment is needed and reasonable as it provides a clear definition for "ADA" which is the basis for a number of the proposed amendmenst contained herein and it simplifies the drafting of these rules.

**M.R. 7870.0500, Subpart 1:**

M.S. 240.19 authorizes the Commission by rule to approve all contracts for goods and services entered into by a Class A, B, or D licensee. M.S. 240.19 further stipulates that each contract must include an affirmative action plan. This rule amendment is needed to include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. This rule amendment is reasonable in that it does not require more from a licensee of the Commission than what is already required by this Federal law.

**M.R. 7870.0510, Subpart 3:**

M.S. 240.06, subdivision 1 and 240.07, subdivision 1 require the filing of affirmative action plans as part of an application for a pari-mutuel license. In addition, the Commission adopted M.R. 7870.0510, Affirmative Action, so as to set guidelines and standards. This amendment is needed to include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. This rule amendment is reasonable in that it does not require more from a licensee of the Commission that what is already required by this Federal law.

**M.R. 7871.0010, Subpart 2(A,C, and F):**

The purpose of this amendment is to expedite the process of notification to others of a request for approval of pari-mutuel pools by a Class B licensee on an approved televised racing day and to remove obsolete language from the rule. Since no persons have registered with the Commission specifically desiring to be notified of a request from a Class B licensee for pari-mutuel pools on a televised racing day, this rule is needed to remove a superfluous requirement from the rule. It is reasonable because if retains the meaningful notification requirement to any other Class B and D licensees and gives them the opportunity to review their current business plan and make adjustments accordingly. For instance if Canterbury Park were to submit a request to the Commission to add simulcasting from another racetrack that is conducting a competitive race meet, another licensee of the Commission may decide to also add that program to their schedule by contracting for the signal from Canterbury Park or directly with the host racetrack; all of which must be submitted to the Commission for approval.

**M.R. 7871.0010, Subpart 2(E):**

The purpose of this amendment is to reduce the waiting period from the time a Class B licensee submits a request for pari-mutuel pools on a televised racing day until the first day the Commission may act on that request. This rule is needed since many times the Class B licensee may become aware of a race meet that it desires to add to its already approved simulcasting program that may commence within the current 25 day limitation causing the Class B licensee and its patrons to lose a number of days of wagering opportunities. This rule amendment is reasonable in that it allows a Class B licensee the flexibility to adjust its business plan and react readily to various wagering opportunities which may arise elsewhere in the country.

**M.R. 7871.0110, Subpart 1:**

Minnesota Statutes, section 240.13, subdivision 5 stipulates the amounts that must be set aside for purses from the amounts wagered on a televised racing day. This rule amendment is needed to bring the rule into conformance with statute. It is reasonable in that it brings the rule into compliance with Minnesota Statutes, section 240.13, subdivision 5, by removing obsolete language and it imposes nothing further than statute.

**M.R. 7871.0110, Subpart 2:**

This rule amendment is needed to allow a Class B or D licensee, with the approval of the horsemen's organization, to overpay purses during a live race meet knowing that the overpayment will be immediately repaid from the simulcasting taking place immediately after the conclusion of live racing. This rule is necessary to allow both the Class B or D licensee and the horsemen's organizations to plan a live race meet with a purse level that will attract the best racing product for this market. It is reasonable because it will provide opportunities to not only the horsepersons deciding to come to a Class B or D facility to compete for a sound purse structure but also to the wagering public in that they will have a more competitive racing program upon which to wager.

**M.R. 7873.0100, Subpart 2(A,C, and F):**

The purpose of this amendment is to expedite the process of notification to others of a request for approval of pari-mutuel pools by a Class B or D licensee on an approved live racing day and to remove obsolete language from the rule. No persons have registered with the Commission specifically desiring to be notified of a request from a Class B or D licensee for pari-mutuel pools on a live racing day. This rule is needed to remove an obsolete requirement from the rule. It is also necessary to expedite the notification time because of the need for prompt decisionmaking regarding simulcasting contracting. It is reasonable to provide notification to any other Class B or D licensees as this will give them the opportunity to review their current business plan and make adjustments accordingly and allows enough time to comment.

**M.R. 7873.0100, Subpart 2(E):**

The purpose of this amendment is to reduce the waiting period from the time a Class B or D licensee submits a request for pari-mutuel pools on a live racing day until the first day the Commission may act on that request. This rule is needed in that it will allow a Class B or D licensee to respond more expeditiously to its patrons and the types of wagering that they may desire to participate. This rule is reasonable in that it allows a Class B or D licensee the flexibility to adjust business plans more timely and to more readily respond to wagering opportunities desired by its patrons.

**M.R. 7873.0110, Subpart 4:**

This is a new rule that would allow Class B or D licensee to add money from its own resources to any pari-mutuel pool. The Commission has previously made this allowance in M.R. 7873.0110, Subpart 11 and M.R. 7873.0110, Subpart 11 regarding the Pick-6 and Pick-7 pools respectively. This rule is needed to permit a Class B or D licensee to add money to a pari-mutuel pool over and above the money that goes into a pool from the wagering by its patrons and to allow a Class B or D licensee to use its own financial resources to enhance the meet. By doing this the total in each pool is increased by the money added by the Class B or D licensee resulting in larger pool to be distributed to patrons holding winning tickets. This rule is reasonable in that it provides an additional marketing tool to each Class B or D licensee that should decide to add money to a pari-mutuel pool and would permit them to plan and adjust their business plan as to when this promotion would be offered based on the available of their own financial resources. It is also reasonable in that it will provide an opportunity to the patrons to bet into larger pools which will increase the payouts to holders of winning tickets.

**M.R. 7873.0130, paragraph B:**

The purpose of this rule is to stipulate the manner by which the exacta pool will be refunded in the case of a horse, racing as member of a coupled entry or field, that does not get a fair start due to a delay in the opening of the starting gate for its post position. This rule is necessary to eliminate the potential problem that arises when the horse running in a coupled entry or field that is delayed at the start should be an overwhelming favorite while its entry mate may be a long shot. The patrons made an exacta wager based on the starting of the better horse and in this case may be allowed to receive a refund of their pari-mutuel ticket should either horse in the coupled entry or field not finish first or second. This rule is reasonable in that it removes the absolute requirement that no refund shall be made in these instances by permitting the stewards to consider the facts described above and make a decision as to what is fairest to the patrons on a case by case basis.

**M.R. 7873.0150:**

The purpose of this rule is to stipulate the manner by which all pools except the daily double, pick-6, and pick-3 shall be refunded to the patrons because of a scratch (withdrawing a horse from a race after wagering has begun) or no horses finish a race. This rule amendment is needed as it eliminates the potential problem that arises when the horse that is scratched is an overwhelming favorite running as part of a coupled entry or field while its entry mate may be a long shot. The patrons made wagers based on the starting of the better horse and in this case may be allowed to receive a refund of their pari-mutuel ticket. This rule is reasonable in that it removes the absolute requirement that no refund shall be made in these instances by permitting the stewards to consider the facts described above and make a decision as to what is most fair to the patrons on a case by case basis.

**M.R. 7873.0192, Subpart 2:**

Minnesota Statutes, section 240.13, Subdivision 8 prohibits a licensee from accepting a bet of less than \$1. This rule amendment is needed to bring the price requirement for super-tri wagering into compliance with statute. This rule amendment is reasonable in that it permits a Class B or D licensee to offer super-tri wagers for less than \$2 as the patrons desire to participate in this wagering pool at less cost to them per bet and thereby give them the discretion to increase their combinations should they decide to do so.

**M.R. 7873.0192, Subpart 9:**

The purpose of this rule is to eliminate a restriction in super-tri races which prohibits wagering on one class of races. This rule is needed to remove that restriction and is reasonable because it involves only one class of race (handicap races) which are races conditioned for the best horses at the racetrack.

**M.R. 7873.0198, Subpart 4:**

The purpose of this rule is to define the requirements for winning the pick-7 pool by correctly picking the winners of the seven races comprising the pick-7. This rule amendment is needed to offer an additional betting option to the patrons desiring to participate in wagering on the pick-7. This rule amendment is reasonable in that it permits a Class B or D licensee to include this betting option in its business plan and to react to patron requests should additional options be preferred by them.

**M.R. 7873.0550, Subpart 3:**

Minnesota Statute, section 240.13, subdivision 5(a)(3)(f) stipulates that the allocation of money set aside for purses to particular racing meets may be adjusted,

relative to overpayments, by contract between the Class B or D licensee and horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility. This rule amendment is needed to bring the rule into compliance with statute. This rule amendment is reasonable in that it will permit a Class B or D licensee and horsepersons organization to negotiate the settlement of any overpayment from a race meeting so as to reduce its impact on any subsequent race meetings.

**M.R. 7875.0100, Subpart 1:**

The purpose of this rule is to stipulate the scope of facilities that must be provided by a Class B or D licensee to conduct pari-mutuel horse racing. This rule amendment is needed to include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. This rule amendment is reasonable in that it does not require more from a licensee of the Commission than what is already required by this Federal law.

**7875.0200, Subpart 1:**

The purpose of this rule is to stipulate the scope of equipment that must be provided by a Class B or D licensee to conduct pari-mutuel horse racing. This rule amendment is needed to include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. This rule amendment is reasonable in that it does not require more from a licensee of the Commission than what is already required by this Federal law.

**7875.0200, Subpart 9:**

The purpose of this rule is to stipulate the scope of external communications provided by and from a Class B or D licensee while conducting pari-mutuel horse racing as authorized by Minnesota Statutes, section 240.23 (b). Many patrons at the racetrack currently bring cellular phones with them while at the track. Since much of simulcasting takes place during the day on weekdays they desire to maintain contact with their place of business or employment. This rule amendment is needed to explicitly stipulate the precise manner in which these phones may be used or more precisely how they may not be used. This rule amendment is reasonable in that it allows patrons to bring cellular phones to the track but also discloses clearly to patrons that the phones cannot be used for transmitting wagering information of any kind and that any violation will be subject to disciplinary action.

With this in mind along with numerous patron complaints regarding the insufficient number and availability of public telephones, there is a need to allow more than one public telephone per floor at the racetrack. Within appropriate safeguards and surveillance, it is reasonable to allow more than one public telephone per floor as many

patrons have indicated the need for external communication with regard to family matters and not having access to a cellular phone.

Further rule amendments are needed in this subpart to include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. These rule amendments are reasonable in that they do not require more from a licensee of the Commission than what is already required by this Federal legislation.

**M.R. 7877.0120, Subpart 2:**

Minnesota Statutes, section 240.08, subdivision 3 authorizes the Commission by rule to require all applicants for an occupational license to work at a Class B or D licensed facility to be fingerprinted as a vital component to conducting a thorough background investigation on each applicant. The purpose of this rule is to clearly define the requirements needed to be fulfilled in order to be licensed by the Commission. This proposed amendment in total will also provide uniformity in licensing with other states as language is extracted from the uniform model rule adopted by the Association of Racing Commissioners International (ARCI), of which Minnesota is an active member. This rule is needed to authorize uniformity with other states in regard to fingerprint requirements and minimize the inconvenience of licensees being fingerprinted numerous times within any three year period and bearing the cost each time of fingerprinting. This rule amendment does not change any fees paid by the license applicants at the time of fingerprinting; the new language requires the same fee to be paid that was required by the stricken language. This rule is reasonable in that while it reduces the inconvenience and cost to the applicants it at the same time does not diminish the Commission's regulatory oversight over who is licensed and who is not.

**M.R. 7877.0125, Subpart 3:**

The purpose of this rule is to give to the Commission, through its licensing authority, jurisdiction for the enforcement of all federal and other state laws and rules that govern their conduct and business practices while working at the racetracks. This rule amendment is needed to clarify the inclusiveness of this authority and to specifically include the provisions of the Federal Americans with Disabilities Act which the Commission is required to adopt as a public agency. This rule is reasonable in that it does not require more from a licensee of the Commission than what is already required by federal or state legislation or rule.

**M.R. 7877.0130, Subpart 8:**

The purpose of this rule is to set standards that must be met by an individual desiring to be licensed as a harness driver. These standards are critical in that they assure a level of proficiency by those driving in a race so as to reduce the risk of serious injury to horses and humans, not only during the running of a race, but also during

training. It is the Commission's desire that, in the case of racing at a Class D facility (county fair) which has very few days of racing each year, the qualifications for licensure as a driver by the United States Trotting Association (USTA) be recognized as a reasonable assurance that an individual is properly qualified. This rule is needed to assure driver competence as well as to simplify Minnesota's licensing procedures for county fair racing. This rule amendment is reasonable in that it simplifies Minnesota's licensing process while maintaining the proficiency criteria set by the USTA and affirms those standards when an individual desires to be licensed in Minnesota.

**M.R. 7877.0130, Subpart 16:**

Minnesota Statutes, section 240.08, subdivision 1(h) authorizes the Commission by rule to determine certain occupations that require licensing to work at a pari-mutuel racetrack in Minnesota. This rule (new subpart) is needed to set specific criteria for licensure as a concessionaire/vendor so as to provide products or services to a Class A or D licensee. The rule is also needed to allow the Commission to forego licensing short term volunteer vending providers. However, with more extensive contracts and to ensure the integrity of horse racing, the Commission needs to know the business practices, financial stability, experience and any past record in racing, and other matters with regard to any individual or business that desires to contract with a racetrack. This rule is reasonable in that it does not impose greater standards than the Commission currently requires of other licensing categories. It also allows small one-time vendors the opportunity to engage in business without the necessity of obtaining a license.

**M.R. 7877.0155:**

This rule amendment is needed to change the terminology with regard to issuing licenses on a provisional basis until certain requirements are met at which time a permanent license can be issued. This rule amendment is reasonable in that it brings Minnesota's rule language into compliance with ARCI's standard terminology and does not require more from a licensee than is already required by rule.

**M.R. 7877.0155, C:**

In order to effectively enforce Minnesota's laws and rules regarding pari-mutuel horseracing, the Stewards and the Commission needs comprehensive information with regard to events that occur on racetrack grounds. This rule amendment is needed to specifically increase the scope of authority with regard to information provided on an occupational license application which is the first contact with an individual desiring to work on racetrack grounds. This rule amendment is reasonable because many times an individual application must be referred to during an investigation or inquiry and it assists the resolution of that investigation if the information provided on an application is accurate.

**M.R. 7877.0155, E(2):**

This purpose of this rule is to allow the Commission to have access to all facilities and vehicles located on racetrack grounds in order to effectively regulate this form of legalized gambling. This rule amendment is needed to include licensees working at a Class D facility. This rule amendment is reasonable in that it gives the Commission the powers that are currently authorized on the grounds of a Class B facility.

**M.R. 7877.0170, Subpart 3(D):**

This purpose of this rule is to restrict and control the movement of and access to the jockeys during the conduct of live horse racing so as to provide security and reduce the possibility where the integrity of racing could be questioned. Over and above the permission contained in this rule to have contact with others, on occasion such as the running of a stakes race, the media has requested to conduct interviews of jockeys that have competed in such a race. This rule is needed to allow to not only media access to the jockeys but also jockey access to the media as the publication of one's analysis and observation of a race will be more acute immediately after a race and to meet publication deadlines since stakes races are generally run later in the card. This rule amendment is reasonable because all requests for contact with a jockey would be done with the permission of and under the supervision of the Stewards and the jockeys' room custodian.

**M.R. 7877.0170, Subpart 3(M):**

The purpose of this rule is to require the wearing of protective head gear by a jockey during racing and training. This rule amendment is needed to also require an upper body protective vest. Recent developments in the racing industry indicate that the wearing of safety vests has dramatically reduced the severity of injury in the case of accidents on the racetrack. This rule amendment is reasonable in that it will provide more safety to the jockeys, the national Jockeys Guild has requested the various state racing commissions and boards to adopt rules making the wearing of safety vests mandatory, and it just plain makes sense.

**M.R. 7877.0180, Subpart 1:**

The purpose of this rule is to differentiate between certain racing officials owning stock in a privately held Minnesota racetrack versus a publicly held Minnesota racetrack. Employees of public corporations typically are given stock purchase or option opportunities as part of their compensation packages and such stock purchase is a matter of public record. This rule is needed to clearly stipulate the conditions as to when certain racing officials may own stock. This rule amendment is reasonable because stock purchases and options for a publicly held corporation will be available to all employees

and thereby provides incentives to those employees who participate. This will not affect the integrity of racing and should not be unreasonably withheld.

**M.R. 7878.0170, Subparts 1, 2, and 3:**

The purpose of this rule is to stipulate the provision of security during pari-mutuel racing at a Class D facility (county fair). Last August, for the pari-mutuel racing that occurred during the Traverse County Fair in Wheaton, Commission staff relied on not only the county sheriff's office to provide qualified security personnel but also the police department. This rule is needed to clarify and specify the coordination with and the assistance of local police departments in providing competent security on racetrack grounds during the time of pari-mutuel racing. This rule is reasonable in that all security will be coordinated by a representative of the Commission and all potential qualified security personnel within an area will be available for racetrack duty.

**M.R. 7879.0100, Subpart 1(A):**

The purpose of this rule is to assure adequate experience and training of an individual desiring to work as a steward for the Commission. This rule amendment is needed to expand the occupations that, by their nature, qualify an individual to assume the responsibilities of a Steward. As well this rule amendment is needed to include the educational component to achieve steward accreditation under the suggested policy of ARCI that all stewards meet a high standard of proficiency and testing prior to assuming the role and responsibilities of a steward. The ARCI has established a formal 60 hour accreditation program through the Universities of Louisville and Arizona. At the conclusion of which each candidate must show proficiency with regard to equine law, medication, hearings, film analysis, functioning of the racing secretary's office, administrative rule making, and other areas of competence. This rule amendment is reasonable in that it will increase the number of those who, through their racing experience, will be capable and qualified to work as a steward and as well to increase the competence level of those serving in the stewards' stand.

**M.R. 7883.0140, Subpart 22:**

Minnesota Statutes, section 240.23 (a) authorizes the Commission to promulgate rules governing the conduct of horse races including but not limited to the operation of claiming races. The purpose of this rule is to prevent the withdrawal of horses that have been claimed (purchased) during a race meet. Since most of the races run at a racetrack each day are claiming races (races in which the horses can be purchased for the stated claiming price) a shortage of horses could occur should the new owners decide to ship the claimed horse to another racetrack. This rule as currently written prevents the loss of any significant number of horses as the new owners are prevented from removing a claimed horse from the racetrack. This rule amendment is needed however in the case of horses racing in the low claiming brackets and perhaps are unable to compete with the

caliber of horse racing in Minnesota, limiting their opportunities to race because no races will be scheduled for their competitive bracket. Thus their potential to earn purse money is limited. In this case it would be beneficial to allow the owner to ship the horse to another track where it has a chance. This rule amendment is reasonable in that it would permit the racetrack management to decide on a case by case basis on the status of claimed horses and thereby giving management the opportunity to assure that they will be offering racing with full fields.

**M.R. 7883.0160, Subpart 2:**

Minnesota Statutes, section 240.23 (a) authorizes the Commission to promulgate rules governing the conduct of horse races including but not limited to the rules of racing. The purpose of this rule is to stipulate the manner by which the horses competing in a pari-mutuel race must be loaded in the starting gate. This rule amendment is needed to permit the loading of the starting gate in other than numerical order and thus lessen the risk of injury to horse and jockey. This rule amendment is reasonable in that by allowing the race starter with the approval of the stewards to load the starting gate other than in numerical order, it reduces the length of time the first horse loaded must remain in the starting gate prior to the start of the race. This is critical in some races when inexperienced horses are racing such as two year olds, the field to race contains one or more horses that may be fractious, or the field is large which requires considerable time to load the horses into the starting gate. The sooner the starter can get those horses in the gate and out, the better.

**M.R. 7884.0125:**

Minnesota Statutes, section 240.23 (a) authorizes the Commission to promulgate rules governing the conduct of horse racing including but not limited to the rules of racing and standards of entry. The purpose of this rule amendment is to establish separate race entering and drawing requirements for pari-mutuel racing at Class D facilities as opposed to those required at a Class B facility. Further these rules are being proposed for promulgation as a result of a request by the standardbred industry for a set of rules specifically addressing pari-mutuel racing at county fairs and are based on the model rules of the USTA for county fairs. This will provide uniformity for those horsepeople who race at county fairs in other states as well as Minnesota.

**M.R. 7884.0125, A:**

This is a new proposal that will provide security for all race entries that are made by the horsepersons desiring to participate in a particular race. This rule is necessary to require each Class D licensee to provide the racing secretary with a physical receptacle (entry box) within which entry forms can be securely placed. This rule is reasonable in that an entry box is customary in the racing industry and to maintain the security and confidentiality desired by the horsepersons making an entry.

**M.R. 7884.0125, B:**

This is a new proposal that specifically defines who has authority to open the entry box and draw post positions for the race and who may be present. This rule is needed so that the stewards at a Class D facility (which in most cases will have limited staffing) are able to maintain control over the entry process and the drawing of the races at a set time so that individual horse owners or their representatives may be present. This rule is reasonable in that it provides central control by the Commission's stewards in the entering and drawing process and thereby reduce the chance of error. The process is extremely vital to those horsepersons desiring to participate in racing and should not be open to questions of mishandling.

**M.R. 7884.0125, C:**

This is a new proposal that further delineates race entry and drawing procedures and controls at a Class D facility. This rule is needed to assign specific responsibility and authority to the Commission's steward for conducting the drawing of a race which includes assuring that the appropriate individuals are present, that eligibility of horses and preference of horses are determined and subsequently which horses will be allowed to start, and determining if should there be insufficient entries for a particular race that the entry box remain closed for further entries and reopened at a later time. This rule is reasonable in that it assures the Class D licensee that all steps will be taken to assure that all races will be run with full fields and that all horses that race are properly eligible and qualified and have met the conditions of the race in which they will compete.

**M.R.7884.0125, D:**

The purpose of this rule is to expedite the drawing process for elimination heats or dashes needed to determine qualification for a pari-mutuel race such as a stakes race or futurity race. This rule is needed in that whenever elimination heats or dashes are required or specified in the published condition book by the Class D licensee, the drawing of post positions for each heat or dash is conducted by the Stewards in accordance with USTA rules governing such draws. This rule is reasonable in that it assures fair and equal opportunity to all participants.

**M.R. 7884.0125, E:**

This is a new proposal that sets guidelines and procedures for race entries that are received by mail, telegraph, or telephone. In the case of pari-mutuel racing at a Class D facility, many times the horse owner or representative of the owner will not arrive at the track until the day of the race or the day before the race. Accordingly they will make entry by mail, telegraph, or telephone so as to be timely. This rule is needed so that the Commission steward can perform the responsibilities contained in paragraph C in a timely manner and thus not delay the Class D's racing program. This rule is reasonable

in that it takes into account the logistical situation of various horse owners whose plans do not permit them to arrive at the track in a more timely manner.

**M.R. 7884.0125, F:**

This is a new proposal that permits discretion to the Class D licensee to set a definite time deadline for entry of horses for certain racing events such as a stakes race. Failure to meet that deadline will make the horse ineligible to run in that race. This rule is needed in the case of a race in which the Class D licensee expects there to be a plethora of horses eligible to run and the Class D licensee's desire is to set the race as soon as possible so as to assure that all the criteria contained in paragraphs C and E have been complied with. This rule is reasonable in that those horsepeople who conduct their business in a timely and prompt manner will be assured of having their entry for a major race accepted and will be included the drawing for the race.

**M.R. 7884.0125, G:**

This is a new proposal that stipulates penalties to be imposed in the event an entered horse is withdrawn from a race at a Class D facility without the permission of the stewards. This rule is needed to assure that good faith has been made by the horse owner at the time owner submits an entry for a horse. It is necessary to prevent the practice of entering a horse and subsequently withdrawing the horse should the competition in the race not be suitable to the owner; this should have been anticipated prior to making an entry. This rule is reasonable in that it is intended to eliminate the disruption that would be caused to each day's racing and program publication should horsepeople be allowed to withdraw arbitrarily.

**M.R. 7884.0125, H:**

This is a new proposal that stipulates corrective action and guidelines in the event of an error in the drawing process at a Class D facility that stands on conclusive evidence that such an error took place. This rule is needed to recognize that errors can be made and to provide remedial procedures to be followed that will meet the satisfaction of all involved. This rule is reasonable in that provides fairness to all by providing clear standards so that everyone will be aware of as to the inclusion of the horse omitted in error or the need to redraw a particular race.

**M.R. 7884.0125, I:**

This is a new proposal that stipulates who the driver of a horse will be at the time a horse is entered in a harness race. This rule is needed so as to assure that indeed all requirements for participation in a race have been complied with of which a driver is essential. This rule is reasonable as it provides additional information to the betting

public as the competency of the driver together with the past performance of the horse are important in considering various betting options.

**M.R. 7884.0125, J:**

This is a new proposal for county fair racing requiring that information be included on the entry indicating the use of furosemide by a horse that will be racing. Furosemide is a diuretic that reduces the amount of bleeding that can occur in the air passages in some horses. Experience with this medication throughout the country shows inconclusively that performance may be enhanced when a horse races for the first time using furosemide. This rule is needed to assure that the use of this medication is disclosed to all at the time of entry and subsequently to the betting public. This rule is reasonable in that it is uniform across the country that this information be provided and would be also required to race at a Class B facility.

**M.R. 7884.0195:**

Minnesota Statutes, section 240.23 (a) authorizes the Commission to promulgate rules governing the conduct of horse racing including but not limited to the rules of racing. The purpose of this rule amendment is to establish separate qualifying race requirements for pari-mutuel racing at Class D facilities as opposed to those required at a Class B facility. Further these rules are being proposed for promulgation as a result of petitioning by the standardbred industry for a set of rules specifically addressing pari-mutuel racing at county fairs and are based on the model rules of the USTA for county fairs. This will provide uniformity for those horsepeople who race at county fairs in other states as well as Minnesota.

**M.R. 7884.0195, A:**

This is a new proposal that requires certain conditions be met to qualify to compete in a harness race at the gait (trot or pace) chosen. This rule is needed in that if a horse has been entered to compete in a race at a gait that it does not have a past performance chart (a chart that shows its finish in previous races), it must compete in a qualifying race for that gait prior to racing at a Class D facility. This rule is reasonable in that it will give complete information to the betting public as to expected performance of each horse at that gait while still allowing flexibility in entering a horse.

**M.R. 7884.0195, B:**

This is a new proposal that, regardless of the gait chosen for a harness race, any horse that is to compete must have a charted line within its last six starts or last racing season to be eligible to race, otherwise it must compete in a qualifying race. This includes the consolidation of uncharted races contested in heats or more than one dash. This rule is needed to require all horses racing to have past performance charts at the

gait chosen. This rule is reasonable in that it will give complete information to the betting public as to the expected performance of each horse that is racing at the conditioned gait and allow for flexibility in entering a horse.

**M.R. 7884.0195, C:**

This is a new proposal that further delineates August 1st each year as the time by which a horse must compete at a chartered meet and whereby lacking that the horse must compete in a qualifying race prior to competing in a harness race at a Class D facility. Again this rule is needed to require all horses racing to have past performance charts at the gait chosen. This rule is reasonable in that it will give complete information to the betting public as to the expected performance of each horse that is racing at the conditioned gait.

**M.R. 7884.0195, D:**

This is a new proposal that does not require a qualifying race should a horse have competed at a chartered harness meet and subsequently has also had any uncharted races summarized and consolidated. This rule is needed to establish criteria when no qualifying race is needed prior to competing in a race at a Class D facility. This rule is reasonable in that it relieves the horse and owner from having to endure the rigors of competing in any qualifying race prior to racing for purse money.

**M.R. 7884.0195, E:**

This is a new proposal that delineates the information required when a chartered line is consolidated due to racing at a distance of less than one mile at a harness meet where the races are not chartered. This rule is needed to acquire all the information regarding the eligibility of horses to compete in its class. This rule is reasonable in that it again will give complete information to the betting public as to the expected performance of each horse that is racing at the conditioned gait.

**M.R. 7884.0195, F:**

This is a new proposal that would allow the stewards at a Class D facility to require a horse that has been on the stewards' list to compete in a qualifying race prior to racing immediately after coming off the stewards' list. The stewards' list contains horses that are ineligible to race due to injury, illness, rank conduct in the gate, or poor performance in a race to the degree that its ability to race is questioned. This new proposal also requires that if a horse should move up in class and hasn't met the qualifying standards for that class, the horse may be required to compete in a qualifying race. Further this new proposal requires a horse that has not competed for 30 days and will be racing at a different gait, it must compete in a qualifying race. This rule is needed so as to acquire all the information regarding the eligibility of horses to compete

in its intended class. This rule is reasonable in that it will give complete information to the betting public as to the expected performance of each horse that is racing at the conditioned gait.

**M.R. 7884.0195, G:**

This is a new proposal that would allow a fast-class horse (stakes caliber horse) to qualify to race at a Class D facility by way of a timed workout should no horses in its class be available to compete in a qualifying race. Further, having done that, that horse would be restricted to competing in free-for-all preferred or invitational class races. This rule is needed to develop a chart on a top class horse and to acquire all the information regarding the eligibility of horses to compete in its intended class. This rule is reasonable in that it will give complete information to the betting public as to the expected performance of each horse that is racing at the conditioned gait.

**M.R. 7884.0195, H:**

This is a new proposal that would require all Class D licensees to conduct qualifying races immediately before and during the time it is conducting its pari-mutuel meet. This rule is needed so as to provide facilities to the horsepeople that will need to run in a qualifying race. This rule is reasonable in that it is standard practice in the industry and logistically will not cause any undue hardship to the Class D licensee to make its racetrack available for this purpose. It is reasonable to believe that use of the Class D facility for this purpose will have the potential of attracting additional horses to subsequently race during the Class D's pari-mutuel meet.

**M.R. 7884.0195, I:**

This proposed change does not require that a qualifying race run for the purpose of qualifying the driver needs to be a charted race. This new proposal further indicates that should a horse take a win race record in a qualifying race that record must be designated with a "Q" unless it has been subjected to a blood or urine test in which case the stewards must record the test on their records. This rule is needed to eliminate the need for a charter during qualifying races for drivers and to assure the proper notations and information is available regarding the testing of horses. This rule is reasonable in that it does not place further restrictions on the Class D licensee and the use of its facilities; it does enhance the competence of those drivers that do meet qualifying standards. Further the rule is reasonable by providing testing information regarding each horse as well as its performance information, all of which is helpful to the betting public.

**M.R.7884.0270, Subpart 1:**

This is a new proposal that would allow a Class D licensee with the approval of the Commission to expand its racetrack toward the inside rail by ten to fourteen feet.

Should this be implemented by a Class D licensee, it is expected to create the situation for more close finishes of a race as widening the track on the inside creates another lane within which horses to race. This rule is needed to permit a Class D licensee, should they so decide, to alter their racing surface to provide for this innovation. This rule is reasonable in that it has the potential to create a great deal more excitement at the finish line for the patrons while not sacrificing safety to the horses or drivers. It is also reasonable in that it offers flexibility to a Class D licensee.

**M.R. 7884.0270, Subpart 2 (A):**

Almost all county fair racing ovals are a half mile. This new proposal would not allow a horse and driver to use the new inside lane during the first pass by the grandstand and stipulates penalties for doing so. This rule is needed to permit a Class D licensee to explore the possibility of the potential preference for this by the racing participants and patrons. This rule is reasonable to assure safety to all horses and drivers as a horse in the new lane during the first pass down the homestretch would need to change lanes going into the clubhouse turn which could not be done without perhaps a great deal of difficulty.

**M.R. 7884.0270, Subpart 2 (B):**

Should a Class D licensee decide to expand its homestretch, after receiving Commission approval, this new proposal would set restrictions on the lead horse in the homestretch requiring it not to change lanes while racing down the homestretch and approaching the finish line. This rule is needed to require racing by the driver of the lead horse since, when coming out of the stretch turn, an inside lane opens as a result of the expanding of the homestretch. Whereas the driver was on the rail in the turn, now the driver is in the second lane from the rail allowing horses to gain ground on the inside. This rule is reasonable in that it has the potential to create more excitement for the patrons at the finish as well as to provide a winning opportunity for other competing horses and drivers.

**M.R. 7884.0270, Subpart 2 (C):**

With an expanded homestretch the purpose of this rule is to stipulate the manner of racing by a driver while in the new expanded inside lane and indicating penalties in the event of a violation. This rule is needed to indicate the clearance needed from the new markings of the new inside lane during the homestretch drive for the finish of a race. This rule is needed to indicate penalties in the event inadequate distance is maintained with the new inside lane markings. This rule is reasonable in order to provide a basis for maintaining safety to horses and drivers as well as to assure no horse and driver gets an unfair advantage.

**M.R. 7884.0270, Subpart 2 (D):**

With an expanded homestretch lane the purpose of this rule is to clear criteria for driving into the expanded homestretch lane during the final one-eighth mile of a race. This rule is needed so as to prevent the act of blocking another horse who may be gaining on the lead horse and to allow the stewards to make the presumption that a horse driven into the expanded homestretch lane without gaining ground did so with the intent to block another. This rule is also needed to set penalties in the event of a violation of this rule. This rule is reasonable in that it sets clear guidelines for the drivers in a race as to the conduct of racing in the new lane during the final one-eighth mile and as with other rules makes it clear to them that a penalty will be assessed in the event of a violation.

**M.R. 7892.0160:**

Minnesota Statutes, section 240.24, subdivision 3 authorizes the Commission to establish by rule a fee or schedule of fees to recover the costs of medical testing of horses running at racetracks licensed by the Commission. The rule proposed to be amended was adopted in 1985 and at this time is not in accord with statute. This rule amendment is needed to conform to current statute which has governed the manner by which reimbursements have been made. This rule is reasonable with regard to the accountability of both Class B and D licensees to bear the state's cost of providing drug testing services which assures this aspect of the integrity of racing and to assure the safety of horses and drivers and jockeys.

**M.R. 7895.0110, Subpart 4 (A):**

Minnesota Statutes, section 240.18, subdivision 4 authorizes the Commission to adopt rules governing the distribution of the Minnesota Breeders' Fund. The purpose of this rule is to stipulate the option of paying purse supplements from the Minnesota Breeders' Fund at the same time that the purse money is paid out. In prior years of racing at a Class B facility purse money has been paid to only the first five finishers in a race. The current licensee is electing to pay purse money for all overnight events to all starters in a race during the 1995 race meets. Advice to the Commission from the Thoroughbred Breeders' Fund Advisory Committee indicates that groups concern that the limited Breeders' Fund monies not be diluted with a disproportionate amount of payments in small amounts. As the purse money for stakes races (first five finishers) will not change from prior years, this rule amendment is needed to clarify the paying of purse supplements from the Breeders' Fund for those races. It is also needed to stipulate that the payments for overnight races will be paid only to the first three finishes rather than all starters. This rule amendment is reasonable in that it is designed to provide financial incentives to horsepeople to run their horses in all races in which they can meet the conditions.

**M.R. 7895.0110, Subpart 4 (B):**

The purpose of this rule is to stipulate the option of paying purse supplements from the Breeders' Fund at the same time of payment as breeders' and stallions awards, i.e. within 45 days after the conclusion of a live race meet. This rule amendment is needed to remove language restricting distribution of monies only to those paid out after the conclusion of a race meet. It is reasonable to adjust the distribution of these Breeders' Fund payments based upon both the options described in paragraphs A and B.

**M.R. 7895.0110, Subpart 4 (C):**

This is a new rule that is needed to assure that the payment of Breeders' Fund monies by one of the two options described in paragraphs A and B are given the same consideration for adjusting the earnings therefrom as a race meet progresses. This rule is reasonable in that it allows the Thoroughbred Breeders' Fund Advisory Committee to monitor purse money earnings during the course of a race meet and to advise the Commission as to any adjustments to the earning percentages so as to maximize the expenditure and distribution of the Breeders' Fund monies.

**M.R. 7895.0110, Subpart 5:**

The purpose of this rule is to authorize the Commission, on advice from the Thoroughbred Advisory Committee, to adjust the earnings percentages for payment of purse supplements from the Minnesota Breeders' Fund based on the handle performance of a race meet. This rule amendment is needed to clarify the adjustment of those percentages for payment from the Breeders' Fund for overnight races as the payout of total purses for those races will be to all starters. This rule amendment is also needed to clarify set amounts for stakes races. This rule is reasonable in that it allows the Commission, along with the industry, flexibility to maximize the incentives designed into this award program which directly benefits the horsepeople.

**M.R. 7895.0110, Subpart 6:**

This purpose of this rule is to designate a time by which awards and purse supplements shall be paid from the Minnesota Breeders' Fund to those horsepeople who have competed at a just completed race meet. This rule amendment is needed to clarify that the purse money paid hereunder are for those paid at the end of a meet rather than during a meet. This rule amendment is reasonable in that it makes it very clear as to which purse supplements will be paid at the end of a meet.

**M.R. 7895.0300, Subpart 2 (A):**

The purpose of this rule is to specify the percentage paid from the Quarter Horse Breeders' Fund as breeders' awards as well as the classification of horse eligible for such

awards. The rule amendment is needed to provide further definite clarification as to the classification eligible to receive these awards. This rule amendment is reasonable so as to remove any confusion within the industry as to application of this rule and payments.

**M.R. 7895.0300, Subpart 2 (B):**

This purpose of this rule is to specify the percentage paid from the Quarter Horse Breeders' Fund as purse supplements in accordance with the quality of the horses competing in a race. This rule amendment is needed so as to specifically designate which horses are eligible, as defined in M.R. 7895.0300, subpart 1, for these purse supplement payments. This rule amendment is reasonable in that it will remove the possibility for confusion within the industry by clearly identifying which horses are eligible for purse supplement payments.

**M.R. 7895.0300, Subpart 4:**

As with the thoroughbred payments the purpose of this rule is to stipulate that the payments from the Quarter Horse Breeders' Fund are paid out in the same percentage as the purse money for a race. However with the current management of the Class B facility deciding to pay all finishers in overnight events, it is the desire of the Quarter Horse Advisory Committee on advice to the Commission to restrict the distribution of the Breeders' Fund to the owners of those horses finishing third or better. This rule amendment is needed to make that restriction as well as stipulating that payments from the Breeders' Fund to owners of horses finishing fifth or better in stakes or handicap races as the track will pay purses only to the first five finishers in these races. This rule amendment is reasonable as it will assure the integrity of the incentive program to the horse owners and promote their participation in racing at licensed racetracks.

**M.R. 7897.0110, Subpart 1:**

This purpose of this rule is to prohibit the use of illegal substances by humans and to set criteria for various occupations at the track as to the concentration of alcohol and prescriptive medication permitted while on racetrack grounds. This rule is needed so as to include additional occupations within the stipulation that there shall be no concentration of alcohol in their system while on racetrack grounds during the performance of their duties so as to insure the safety of animals and humans. The occupations being included are those that require no impairment since their duties require contact with the horses and in almost all instances are hazardous. This rule amendment is reasonable in that safety will be maintained for both humans and horses which is critical for the running of each race.

**M.R. 7899.0100, Subpart 5:**

The purpose of M.R. chapter 7899 is to define procedures whereby a licensee of the Commission may request a variance from any of the other rules promulgated by the Commission. This rule is needed to make an exception to the requirement that a variance be submitted to the Commission in writing in those cases when the person submitting a variance request is unable to write. It is further needed to allow the Commission and the licensee to resolve as to what other means can be used to submit a request. This rule amendment is reasonable by permitting a person with a writing disability to still indeed be able to bring matters regarding a request for a variance before the Commission.

**XI. CONCLUSION**

Based on the foregoing, the proposed Minnesota Rules parts 7870 to 7899 are both necessary and reasonable.

DATED; March 3, 1995

  
\_\_\_\_\_  
RICHARD G. KRUEGER  
EXECUTIVE DIRECTOR  
MINNESOTA RACING COMMISSION

# Office Memorandum

Department: of Finance

Date: March 2, 1995

To: Richard G. Krueger, Executive Director  
Minnesota Racing Commission

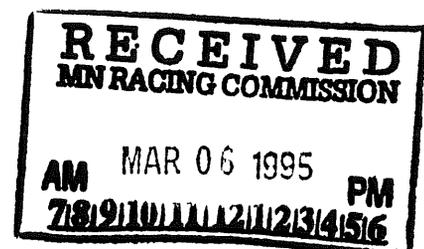
From: Michelle Harper   
Budget Operations

Phone: 296-7838

Subject: Departmental Earnings Rate Change Response - Cost of Medical Testing and FBI Fingerprint Fee

Pursuant to provisions of Laws 1993, sec. 56, subd. 5 (M.S. 16A.1285), the Department of Finance has reviewed and approved the attached departmental earnings proposal submitted by the Minnesota Racing Commission on 2/24/95. If you have any questions or concerns, please call me at the above number.

cc Bruce Reddemann  
Doug Watnemo



10.10 NU.UUZ.F.U4  
612 341 7563;# 2/ 3  
FINANCE  
9:10AM  
3-2-95  
SENT BY:

FI-00399-01

Department of Finance  
Departmental Earnings: Reporting/Approval

Part A: Explanation

|  |   |                     |
|--|---|---------------------|
| <b>Earnings Title:</b> Costs of Medical Testing  | <b>Statutory Authority:</b> Ch. 240.24, Sect. 3 | <b>Date:</b> 3/2/95 |
| <b>Brief Description of Item:</b> Current law authorizes the Commission to recover all costs of medical testing including: sample collection, laboratory costs, and other costs directly related to medical testing.   |   |                     |
| <b>Earnings Type (check one):</b><br>1. <input type="checkbox"/> Service/User    2. <input checked="" type="checkbox"/> Business/Industry Regulating    3. <input type="checkbox"/> Occupational Licensure<br>4. <input type="checkbox"/> Special Tax/Assessment    5. <input type="checkbox"/> Other (specify):   |   |                     |
| <b>Submission Purpose (check one):</b><br>1. <input type="checkbox"/> Chap. 14 Review and Comment    2. <input type="checkbox"/> Approval of Allowable Inflationary Adjustment<br>3. <input checked="" type="checkbox"/> Reporting of Agency Initiated Change in Departmental Earnings Rate<br>4. <input type="checkbox"/> Other (specify):  |   |                     |
| <b>If reporting an agency initiated action (option 3 above), does agency have explicit authority to retain and spend receipts?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><b>If yes, cite pertinent statutes:</b> Chapter 240.24, Section 3  |   |                     |
| <b>Impact of Proposed Change (change in unit rate, number of payees impacted, etc.):</b> This proposed change does <del>not</del> have a net affect on the state's general fund. What this rule does is to bring the current rule into line with a procedural and budgetary change beginning with the 1995 live racing meet. This rule will cover the State's cost of providing test barn technicians for sample collection at the detention barn at Canterbury Park. In prior years the technicians were employed by the track but worked under the direct supervision of the Commission's Veterinarian. The Commission's '96-'97 biennial budget and '95 deficiency requests include these positions as seasonal employees of the Commission. This proposal will permit the recovery of those costs.<br><sup>95</sup><br>(If '95 Deficiency request denied, then activity will be delayed until 7/1/95.) |   |                     |

#2



10-11 NU.UUZ F.UZ  
612 841 7563:# 2/ 3  
UZ 30  
FINANCE  
0-2-95 9:16AM  
0-2-95 9:16AM  
ILL.V.12 041-1000  
COMMISSION  
SENT BY:

FI-00395-01

Department of Finance  
**Departmental Earnings: Reporting/Approval**

**Part A: Explanation**

|   |  |                        |
|---|--|------------------------|
| <b>Earnings Title:</b><br>F.B.I. Fingerprint Fee  | <b>Statutory Authority:</b><br>Ch. 240.08, Section 3 | <b>Date:</b><br>3/2/95 |
| <b>Brief Description of Item:</b> All applicants for a Class C occupational license to work at a Minnesota racetrack must be fingerprinted at least once every 3 years. This has been done since 1985. This new language is being proposed only for the purpose of bringing Minnesota's rule into uniformity with the suggested rules of the Association of Racing Commissioners International. |  |                        |
| <b>Earnings Type (check one):</b><br>1. <input type="checkbox"/> Service/User    2. <input type="checkbox"/> Business/Industry Regulating    3. <input checked="" type="checkbox"/> Occupational License<br>4. <input type="checkbox"/> Special Tax/Assessment    5. <input type="checkbox"/> Other (specify):  |  |                        |
| <b>Submission Purpose (check one):</b><br>1. <input checked="" type="checkbox"/> Chap. 14 Review and Comment    2. <input type="checkbox"/> Approval of Allowable Inflationary Adjustment<br>3. <input type="checkbox"/> Reporting of Agency Initiated Change in Departmental Earnings Rate<br>4. <input type="checkbox"/> Other (specify):   |  |                        |
| <b>If reporting an agency initiated action (option 3 above), does agency have explicit authority to retain and spend receipts?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No<br><b>If yes, cite pertinent statute:</b>   |  |                        |
| <b>Impact of Proposed Change (change in unit rate, number of payees impacted, etc.):</b> There is no change either to the State or the F.B.I. The monies that will be collected, and that have been collected since 1985, are those needed to accompany the fingerprint card when it is sent to the F.B.I. to cover the cost of the F.B.I.'s processing and reporting.                          |  |                        |

#2



**STATE OF MINNESOTA**

**MINNESOTA RACING COMMISSION**

**IN THE MATTER OF THE PROPOSED ADOPTION OF THE RULES OF THE  
MINNESOTA RACING COMMISSION GOVERNING**

**M.R. 7869.0100, DEFINITIONS**

**M.R. 7870.0500, CONTRACT APPROVAL**

**M.R. 7870.0510, AFFIRMATIVE ACTION**

**M.R. 7871.0100, APPLICATION FOR PARI-MUTUEL POOLS**

**7871.0110, DISTRIBUTION OF PURSE MONEY**

**M.R. 7873. 0100, APPLICATION FOR PARI-MUTUEL POOLS**

**M.R. 7873.0110, APPROVAL OF PARI-MUTUEL POOLS**

**7873.0130 PREVENTION TO START**

**7873.0150, SCRATCHES**

**7873.0192, SUPER-TRI WAGERING AND POOLS**

**7873.0198 PICK SEVEN**

**7873.0550, DISTRIBUTION OF PURSE MONEY**

**7875.0110, FACILITIES**

**7875.0200, EQUIPMENT**

**M.R. 7877.0120 FEES**

**7877.0125, CRITERIA FOR DETERMINING ELIGIBILITY**

**7877.0130, STANDARDS REQUIRED FOR APPLICANTS FOR SPECIFIC LICENSES**

**7877.0155, CONDITIONS PRECEDENT TO LICENSING**

**7877.0180, CONFLICTS**

**M.R. 7878.0170, CLASS D SECURITY OFFICERS**

**M.R. 7879.0100, QUALIFICATION AND APPOINTMENT OF STEWARDS**

**M.R. 7883.0140, CLAIMING RACES**

**M.R. 7883.0140, CLAIMING RACES**

**M.R. 7883.0160, POST TO FINISH**

**M.R. 7884.0125, ENTERING AND DRAWING OF HORSE AT CLASS D  
FACILITIES**

**M.R. 7884.0195, QUALIFYING RACES AT CLASS D LICENSED FACILITIES**

**M.R. 7884.0270, EXPANDED HOMESTRETCH RACING**

**M.R. 7892.0160 COST RECOVERY**

**M.R. 7895.0110, THOROUGHBRED BREEDERS' FUND**

**M.R. 7895.0300 QUARTER HORSE BREEDERS' FUND**

**M.R. 7897.0110, USE OF DRUGS AND ALCOHOL**

**M.R. 7899.0100, VARIANCES**

**NOTICE OF INTENT TO ADOPT A RULE WITHOUT A PUBLIC HEARING UNLESS 25 OR  
MORE PERSONS REQUEST A HEARING; NOTICE OF HEARING IF 25 OR MORE  
PERSONS REQUEST A HEARING; AND NOTICE OF CANCELLATION OF HEARING IF  
25 OR MORE PERSONS DO NOT REQUEST A HEARING.**

1. **INTRODUCTION.** The Minnesota Racing Commission intends to adopt permanent rules without a public hearing following the procedures set forth in the Administrative Procedures Act, Minnesota Statutes, sections 14.22 to 14.28. If, however, 25 or more persons submit a written request for a hearing on the rules within 30 days or by April 18, 1995, a public hearing will be held on April 28, 1995. To find out whether the rules will be adopted without a hearing or if the hearing will be held, you should contact the agency contact person after April 18, 1995, the end of the 30-day comment period, and before April 28, 1995, the scheduled hearing date.

2. **AGENCY CONTACT PERSON.** Comments or questions on the rules and written requests for a public hearing on the rules must be submitted to:

Richard G. Krueger, Executive Director

Minnesota Racing Commission

7825 Washington Avenue South

Suite 800

Bloomington, MN 55439

612-341-7555

3. **SUBJECT OF RULE AND STATUTORY AUTHORITY.** The proposed rules relate to Class C licensing, supervision and oversight of pari-mutuel betting, stipulating the use of public communications at licensed racetracks, supervising the conduct of the races at both Class B and Class D (County Fairs) facilities and calculating and making award payments from the Minnesota Breeders' Fund. The statutory authority of the Commission to adopt the rules is Minnesota Statutes, §M.S. 240.23 (1994).

A copy of the proposed rules is published in the State Register on March 20, 1995 and attached to this notice as mailed. A copy is also available free of charge by contacting the agency contact person.

4. **COMMENTS.** You have until 4:30 P.M. on April 18, 1995 to submit written comment in support of or in opposition to a proposed rule or any part or subpart of the rule. Your comment must be in writing and received by the agency contact person by the due date. Comment is encouraged. Your comments should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

5. **REQUEST FOR A HEARING.** In addition to submitting comments, you may also request that a hearing be held on the rule. Your request for a public hearing must be in writing and must be received by the agency contact person by 4:30 P.M. on April 18, 1995. Your written request for a public hearing must include your name, address, and telephone number. You are encouraged to identify the portion of the proposed rule which caused your request, the reason for the request, and any changes you want to make to the proposed rule. If 25 or more persons submit a written request for a hearing, a public hearing will be held unless a sufficient number withdraw their requests in writing.

6. **MODIFICATIONS.** The proposed rule may be modified, either as a result of public comments or as a result of the rule hearing process. Modification must not result in a substantial change to the proposed rule as attached and printed in the State Register, and must be supported by data and views submitted to the agency or presented at the hearing. If the proposed rule affects you in any way, you are encouraged to participate in the rulemaking process.

7. **CANCELLATION OF HEARING.** The hearing scheduled for April 28, 1995 will be cancelled if the Commission does not receive requests from 25 or more persons that a hearing be held on the rule. If you requested a public hearing, the Commission will notify you before the scheduled hearing whether or not the hearing will be held. You may also call Richard G. Krueger at 612-341-7555 after April 18, 1995 to find out whether the hearing will be held.

8. **NOTICE OF HEARING.** If 25 or more persons submit written requests for a public hearing on the rules, a hearing will be held following the procedures in Minnesota Statutes, sections 14.14 to 14.20. The hearing will be held on April 28, 1995 in the B Level Conference Room, Olympic Place, Bloomington, Minnesota beginning at 9:00 A.M. and continuing until all interested persons have been heard. The hearing will continue, if necessary, at additional times and places as determined by the Administrative Law Judge. The Administrative Law Judge assigned to conduct the hearing is George A. Beck. Judge Beck can be reached at the Office of Administrative Hearings, #1700 Washington Square, 100 Washington Avenue South, Minneapolis, Minnesota 55401, telephone number 612-341-7600.

9. **HEARING PROCEDURE.** If a hearing is held, you and all interested or affected persons including representatives of associations or other interested groups, will have an opportunity to participate. You may present your view either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should relate to the proposed rule. You may also mail written material to the Administrative Law Judge to be recorded in the hearing record for five working days after the public hearing ends. This five-day comment period may be extended for a longer period not to exceed 20 calendar days if ordered by the Administrative Law Judge at the

hearing. Comments received during this period will be available for review at the Office of Administrative Hearings. You and the agency may respond in writing within five working days after the submission period ends to any new information submitted. All written materials and responses should be submitted to the Administrative Law Judge and must be received by the Office of Administrative Hearings no later than 4:30 P.M. on the due date. No additional evidence may be submitted during the five-day period. This rule hearing procedure is governed by Minnesota Rules, parts 1400.0200 to 1400.1200 and Minnesota Statutes, sections 14.14 to 14.20. Questions about procedure may be directed to the Administrative Law Judge.

10. **STATEMENT OF NEED AND REASONABLENESS.** A statement of need and reasonableness is now available from the agency contact person. This statement describes the need for and reasonableness of each provision of the proposed rule. It also includes a summary of all the evidence and argument which the Commission anticipates presenting at the hearing, if one is held. The statement may also be reviewed and copies obtained at the cost of reproduction from the Office of Administrative Hearings.

11. **SMALL BUSINESS CONSIDERATIONS.** The Minnesota Racing Commission is subject to Minnesota Statutes, section 14.115 (1992), regarding small business considerations in rulemaking. The Commission's evaluation of the applicability of the methods contained in Minnesota Statutes, section 14,115, subdivision 2, (1992) for reducing the impact of the proposed rules on small businesses have been considered and addressed in the Statement of Need and Reasonableness.

12. **EXPENDITURE OF PUBLIC MONEY BY LOCAL PUBLIC BODIES.** These rules will not require the expenditure of public money by local public bodies, therefore Minnesota Statutes, section 14.11, subd. 1 is not applicable.

13. **IMPACT ON AGRICULTURAL LANDS.** These rules will have no impact on agricultural lands, therefore Minnesota Statutes, section 14.11, subd. 5 is not applicable.

14. **NOTICE TO DEPARTMENT OF FINANCE.** In accordance with Minnesota Statutes, section 16A.1285, subdivision 5, pertaining to departmental charges, the Commission has notified the

Commissioner of Finance of the Commission's intent to adopt rules in the above-entitled matter.

15. **NOTICE TO CHAIRS OF LEGISLATIVE COMMITTEES.** In accordance with Minnesota Statutes, section 16A.1285, subdivision 5, pertaining to departmental charges the Commission has sent a copy of this notice and a copy of the proposed rules to the Chairs of the House Ways and Means Committee and the Senate Finance Committee prior to submitting this notice to the State Register.

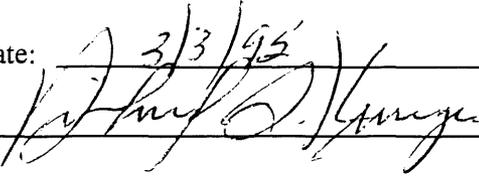
16. **LOBBYIST REGISTRATION.** Minnesota Statutes chapter 10A requires each lobbyist to register with the Ethical Practices Board. Questions regarding this requirement may be directed to the Ethical Practices Board at First Floor, Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155, telephone number 612-296-5148.

17. **ADOPTION PROCEDURE IF NO HEARING.** If no hearing is required, after the end of the comment period the Board may adopt the rules. The rules and supporting documents will then be submitted to the Attorney General for review as to legality and form to the extent form relates to legality. You may request to be notified of the date the rules are submitted to the Attorney General or to be notified of the Attorney General's decision on the rules. If you want to be so notified, or wish to receive a copy of the adopted rules, submit your request to the agency contact person listed above.

18. **ADOPTION PROCEDURE AFTER THE HEARING.** If a hearing is held, after the close of the hearing record, the Administrative Law Judge will issue a report on the proposed rule. You may request to be notified of the date on which the Administrative Law Judge's report will be available, after which date the Commission may not take any final action on the rule for a period of five working days. If you want to be notified about the report, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. You may also request notification of the date on which the rule is adopted and filed with the Secretary of State. The Commission's Notice of Adoption must be mailed on the same day that the rule is filed. If you want to be notified of the adoption, you may so indicate at the hearing or

send a request in writing to the agency contact person at any time prior to the filing of the rule with  
the Secretary of State.

Date:

3/3/95  


RICHARD G. KRUEGER, EXECUTIVE DIRECTOR

MINNESOTA RACING COMMISSION