



Minnesota Racing Commission

2004 Annual Report

**To:
Governor Tim Pawlenty
and The
Minnesota Legislature**



MINNESOTA RACING COMMISSION

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February 15, 2005

The Honorable Tim Pawlenty, Governor
State of Minnesota
130 State Capitol
St. Paul, MN 55155

Patrick E. Flahaven, Secretary of Senate
Minnesota Senate
State Capitol
St. Paul, MN 55155

Albin Mathiowetz, Chief Clerk
Minnesota House of Representatives
211 State Capitol
St. Paul, MN 55155

Dear Governor Pawlenty and Members of the Legislature:

As provided by Minnesota Statutes 240.02, Subd. 6, we herewith submit on behalf of the Minnesota Racing Commission its Annual Report for 2004. The information set forth will provide details on the Commission's activities, organizational structure, and disbursements.

The pari-mutuel racing industry in Minnesota represents an important segment of the state's economy, not only as reflected by the 2004 operations of Canterbury Park, but also through the economic/agri-business activity represented by the breeding, training and related support activities for the racing animals throughout the state.

Canterbury Park conducted 67 days of live racing for Thoroughbreds and Quarter Horses this past summer from May 14 through September 6.

During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a card club in addition to live racing and simulcasting. The clearly stated intent of that legislation was to increase purses, which immediately happened. Operation of the Card Club for calendar year 2004 added \$3,700,000. These purse increases caused increased horse populations at the track, more employment at the track, increased wagering handle, and thus increased revenues to the racetrack, the horsemen and women, and the state's breeders' funds.

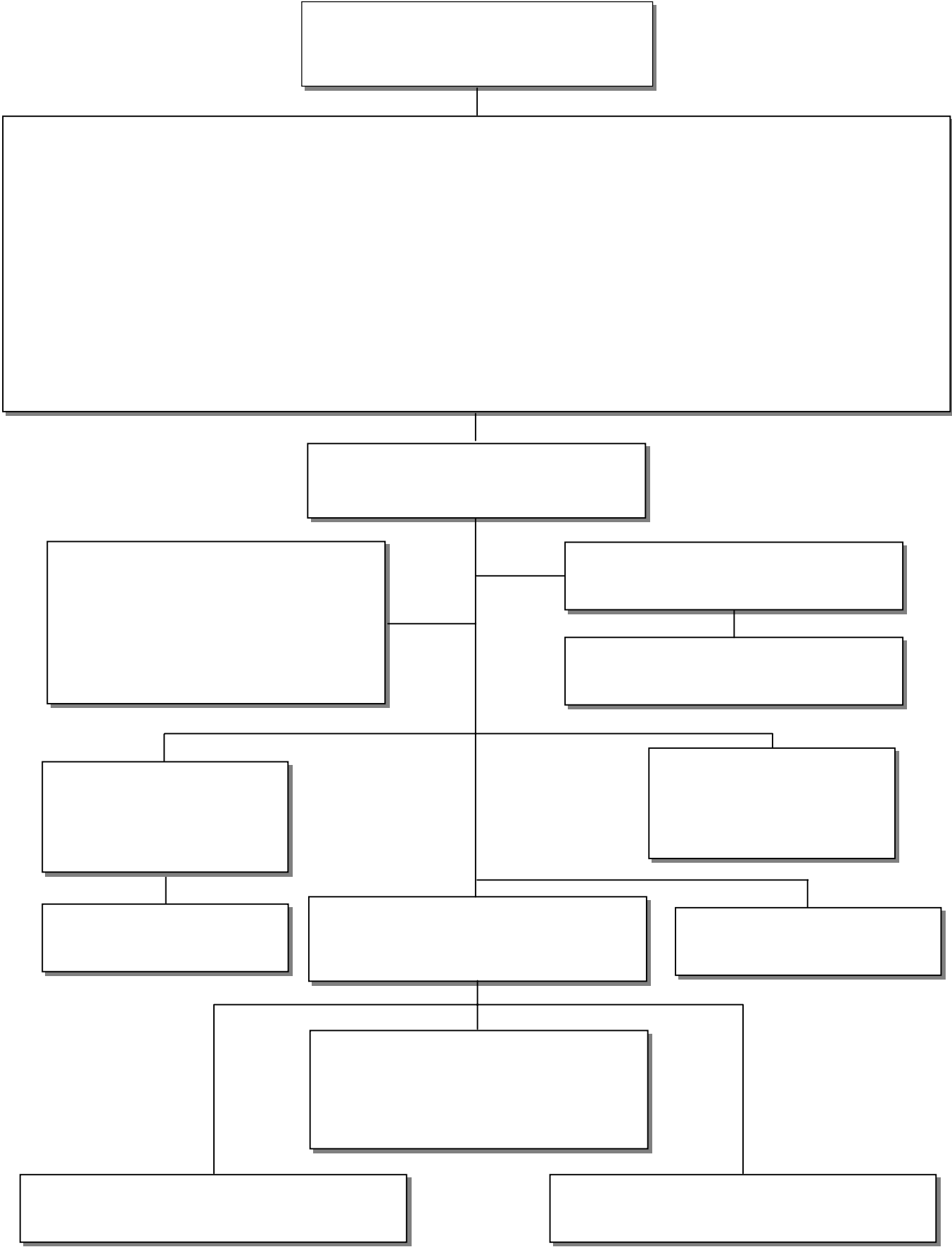
The Commission looks forward to working with you and your staff, the Legislature and other state agencies in carrying out its responsibilities in this important area.

The Minnesota Racing Commission and all the members of the industry appreciate the assistance provided by all levels of government and, most particularly, the Governor's office and the Legislature in addressing matters of interest and of significance to horse racing and pari-mutuel wagering. The Commission and its staff is working and will continue to work with all concerned to maintain the growth of live pari-mutuel horse racing and its integrity.

Regards,

Darcy Hitesman, Chair

The MINNESOTA RACING COMMISSION



MINNESOTA RACING COMMISSION

2004 ANNUAL REPORT

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I. MINNESOTA RACING COMMISSION

INTRODUCTION

This annual report is being submitted to the Governor and the Legislature pursuant to Minnesota Statutes §240.02, Subd. 6 and to the Secretary of the Senate, the Chief Clerk of the House of Representatives and the Legislative Reference Library pursuant to Minnesota Statutes §3.195. In compliance with the Laws of 1994, Chapter 559, Section 1, it is estimated that it cost \$1,286.97 to prepare this report.

CONSTITUTIONAL / LEGISLATIVE AUTHORITY

In November 1982, the Minnesota voters approved by an overwhelming majority a constitutional amendment allowing pari-mutuel horse racing. The amendment provides that:

"The Legislature may authorize on-track pari-mutuel betting on horse racing in a manner prescribed by law." Minnesota Constitution, Article X, Section 8.

In response to that public mandate, in 1983, the Minnesota Legislature enacted Minnesota Statute, Chapter 240, which created and empowered the Minnesota Racing Commission.

DUTIES OF THE COMMISSION

The legislature has empowered the Racing Commission with certain duties including, among others, the authority to:

1. Regulate horse racing and card club operation, in Minnesota, to ensure that it is conducted in the public interest;
2. Issue racetrack owner, operator, and occupational licenses;
3. Enforce all laws and rules concerning horse racing and the card club plan of operation;
4. Supervise the conduct of pari-mutuel betting on horse racing and collect and distribute all pari-mutuel taxes;
5. Conduct investigations and inquiries the Commission deems necessary to carry out its duties; and
6. Take all necessary steps to ensure the integrity of horse racing and card playing in Minnesota.

THE COMMISSIONERS

The Racing Commission is comprised of nine members appointed by the Governor and confirmed by the Senate for six-year terms. The names of the current commissioners are listed below along with city of residence and ending date of each of their respective terms.

| | | |
|---|-------------|---------------|
| Darcy Hitesman, Chair | Maple Grove | June 30, 2009 |
| Scott LeDoux, 1 st Vice Chair | Andover | June 30, 2007 |
| Kristine Sundberg, 2 nd Vice Chair | Minnetonka | June 30, 2009 |
| Camille McArdle, DVM | Corcoran | June 30, 2005 |
| Lynn Johnson | Minneapolis | June 30, 2005 |
| Robert McNamara | Edina | June 30, 2007 |
| William Robinson | Long Lake | June 30, 2007 |
| Kathleen Preece | Bemidji | June 30, 2009 |
| vacancy | | |

Pursuant to state law, the Commissioners are paid \$55 for each day spent on Racing Commission business.

THE COMMISSION STAFF

The Racing Commission is currently staffed by the following individuals:

| | |
|--------------------|---|
| Richard G. Krueger | Executive Director |
| Pamela Webber | Office Manager/Breeders' Fund Administrator |
| Colleen Hurlbert | Pari-mutuel Auditor/Licensing Coordinator |
| Sharon Beighley | Office Administration |
| Cynthia Urista | Licensing Clerk |
| Patrick L. Shannon | Security Director |
| Michelle Doyle | Investigator |

To further assist the Commission with its regulatory responsibilities, the following individuals were contracted or employed seasonally by the MRC for professional and technical services during the 2004 racing season:

| | |
|------------------------------|--|
| Stewards | James Higginbottom Noble Hay, Jr. David Moore |
| Veterinarians and Assistants | Chief Veterinarian Lynn Hovda, DVM Donald Newcomb, DVM Richard Bowman, DVM Jeanne French, Lead Test Barn Technician Sonja Field, Veterinary Office Administrator |

ORGANIZATION OF THE COMMISSION

The Racing Commission during September of 2004 appointed new standing committees, which are now comprised of the following commissioners:

RACING COMMITTEE

Medication, Stewards, Rules, Breeders' Fund

Camille McArdle, DVM, Chair
Kathleen Preece
Scott LeDoux
William Robinson

CARD CLUB COMMITTEE

Card Club Operations, Security/Surveillance, Internal Controls

Lynn Johnson, Chair
Robert McNamara

ADMINISTRATIVE AFFAIRS

Affirmative Action, Personnel, Financial Oversight, Licensing, Advisory Committees, Legislature, Public Information & Breeding Industry

Kristine Sundberg, Chair
Lynn Johnson
Camille McArdle

NEW APPLICATION COMMITTEE

Review of new Class A & B License Applications

Darcy Hitesman, Chair
Camille McArdle
Robert McNamara

The MRC encouraged involvement from the following advisory bodies during 2004

BREEDERS' FUND APPROPRIATIONS ADVISORY COMMITTEE

| | |
|-----------------------|---------------|
| Carin Offerman, Chair | Plymouth |
| Burt Dahlberg | Lakeville |
| Dave Dayon | St. Michael |
| Marlys Goebel | Cottage Grove |
| Kathy Kissoon | Bloomington |
| Dan Mjolsness | Red Wing |
| Jack Walsh | Stillwater |
| Charles Yahnke | LeSueur |
| Dan Cohen, Chair | Minneapolis |

COUNTY FAIR RACING ADVISORY COMMITTEE

| | |
|--------------------|------------|
| Ray Swanson, Chair | Stillwater |
| James Sweet | Blaine |
| vacancy | |

MEETINGS OF THE COMMISSION

The Racing Commission usually meets the third Wednesday of each month during the off-season and the third Thursday of each month during live racing. The committees meet at the call of their respective chairs.

COMMISSION OFFICE

The office of the Minnesota Racing Commission is located at:

**Canterbury Park
P.O. Box 630
1100 Canterbury Road
Shakopee, MN 55379
Telephone: (952) 496-7950
Telefax: (952) 496-7954
Website: <http://www.mnrace.commission.state.mn.us>
1-800-627-3529 (TDD-Voice Relay Service)**

II. COMMISSION ACTIVITIES

RULEMAKING

Of the many ongoing duties and responsibilities of the Minnesota Racing Commission, perhaps the most important is to promulgate the rules by which pari-mutuel racing and wagering will be conducted. All rules and amendments thereto have served well to regulate and control the industry. Through the events of past race meets, it becomes apparent that several rules, many of them unique to Minnesota, require certain revisions. As a result the Minnesota Racing Commission through its Racing Committee and other affected parties revises and updates its rules to meet the current needs of the industry.

The commission began a rulemaking process in November of 2004. This newest rulemaking process includes proposed amendments on the following subjects: removal of obsolete language regarding Class A license fees as addressed in Minnesota Statute 240.10.; a provision for the Jockey's Guild patch to be displayed on a jockey's attire; and new language prohibiting physical contact between jockeys and/or another jockey's horse before, during or after a race.

The major categories of rules for which the commission has direct authority and accountability for oversight include:

| | |
|----------------------------------|----------------------------------|
| Racetrack Licensure (Class A) | County Fair Licensure (Class D) |
| Racing Licensure (Class B) | Conduct of the Race |
| Pari-Mutuel Betting | Horse Medication and Examination |
| Racing Facilities and Stabling | Medical Testing |
| Occupational Licensure (Class C) | Breeders Fund |

During 1995, a Public Advisory Committee was formally organized to provide input to proposed rule changes as they are proposed. Members of the Advisory Committee are:

| | |
|-----------------|--|
| Kay King | Executive Director, MN Thoroughbred Association |
| Tom Metzen | President, MN H.B.P.A. |
| Ron Banks | President, MN Harness Racing Inc. |
| Eric Halstrom | Executive Director of Simulating Operations, Canterbury Park |
| Kelvin Childers | President, MN Quarter Horse Racing Association |

The overriding concern of the Minnesota Racing Commission is to provide the controls to build in safeguards for the patrons of Canterbury Park and the citizens of Minnesota. The Racing Committee has not overlooked the fact that the rules should also provide protection for the participants and allow them to conduct their business in an orderly fashion without the burden of undue over regulation or operating costs. Strict compliance with the Minnesota Administrative Procedures Act has been observed and participation by all persons has been encouraged.

SUMMARY OF CARD CLUB OPERATION

During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a Card Club in addition to live racing and simulcasting. The Card Club opened on April 19th of 2000. According to the law, 10% of the rake, up to \$6 million is set aside for purses and of that amount 10% is paid to the Commission for purse supplements from the Minnesota Breeders' Fund. Once the rake exceeds \$6 million, the purse set aside is 14% with again 10% of that amount for the Breeders' Fund. That legislation goes on to allow the racetrack and the horsemen's organizations to negotiate different percentages than stated in the law and, if so, to file an agreement with the Commission. There was agreement for all of 2004 that required 15% of the rake to be set aside for purses. The total rake for 2004 was \$27.6 million, up 24.66% from 2003, with \$3.7 million set aside for purses and \$414,473 paid to the Breeders' Fund for purse supplements for Minnesota bred horses.

LICENSING LICENSING, SECURITY AND INVESTIGATIONS

A primary function of the Minnesota Racing Commission security and licensing staff is to allow only qualified personnel to participate in racing in Minnesota. Another function is to ensure that the statutes and the Minnesota Racing Commission rules and regulations of racing are enforced. This requires communication with the Federal Bureau of Investigation; Minnesota Department of Public Safety, Alcohol and Gambling Enforcement Division; Minnesota Bureau of Criminal Apprehension; U.S. Department of Immigration; Internal Revenue Service; Minnesota Department of Revenue; Scott County Sheriff's Office; State Attorney General's Office; Shakopee Police; North American Pari-Mutuel Regulators Association (NAPRA); racing and gaming regulatory agencies in other jurisdictions; Board of Stewards; The Jockeys' Guild; The Jockey Club; Thoroughbred Racing Protective Bureau; U.S. Trotting Association; Minnesota Thoroughbred Association; Minnesota Quarter Horse Racing Association; Minnesota Harness Racing, Inc.; Arabian Racing Association of Minnesota and Canterbury Park's track security.

INVESTIGATIONS SUMMARY

The Minnesota Racing Commission relies on their Director of Security, investigators and agents from the Department of Public Safety's Alcohol and Gambling Enforcement Division. The investigators work on the backside to enforce the statutes and rules of racing in the community, and on the front side in the licensing office, to interview and screen applicants. The investigators and licensing staff are responsible for ensuring that Class C (occupational) licensees comply with all Minnesota statutes including applicant eligibility and workers' compensation requirements.

The card room requires additional investigative responsibility to ensure that all the card games are played in compliance with statutes, Commission rules and the card club plan of operation. The investigators work closely with the surveillance room personnel to monitor the behavior of

the patrons and the card room employees. The Minnesota Department of Public Safety, Alcohol and Gambling Enforcement Division is the primary agency to which the Commission reports any misconduct or procedure violations.

The majority of investigations consist of criminal history and background checks on licensees. Minnesota has strict laws about the eligibility of license applicants with criminal backgrounds. As a result, additional investigation may be required in the processing of an applicant. During live racing, surveillance of those directly involved in racing competition is necessary. Those individuals include jockeys, drivers, gate crewmembers, trainers, and other backstretch employees. The investigators work closely with the stewards in following up on complaints and instances where irregularities are noticed.

OCCUPATIONAL LICENSING

The Minnesota Racing Commission must license everyone who is employed at a racetrack in Minnesota. Applicants are fingerprinted and authorize the release of personal information to verify application content. The applicants must also complete a notarized Affidavit of Qualification stating that they are not in debt to the State of Minnesota, have never been convicted of a felony, have never been involved in illegal business or fraud, nor have they been convicted of a crime related to horse racing or gambling.

In 2004, 3840 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 3347 licenses were issued to individuals racing or working in various occupations at Canterbury Park. Licenses were issued to applicants from 41 different states as well as several different countries including Canada and Mexico. Table 1, page 8 summarizes by occupation, the licenses issued by the Commission since 1994. Table 2, page 9 summarizes licenses issued to Minnesotans by occupation since 1994.

Table 1**Occupational (Class C) License Summary by Year**

| LICENSE TYPE | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Commission/MRC Staff | 20 | 35 | 31 | 31 | 34 | 30 | 53 | 39 | 31 | 31 | 29 |
| Bloodstock Agent | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 2 | 1 | 1 | 1 |
| Vendor | 11 | 32 | 28 | 60 | 29 | 28 | 49 | 45 | 40 | 80 | 96 |
| Vendor, Sole Proprietor | 2 | 8 | 10 | 12 | 24 | 28 | 40 | 42 | 39 | 79 | 98 |
| Vendor Employee (included with Cby Association Emp prior to 1997) | | | 71 | | 47 | 54 | 104 | 92 | 98 | 101 | 108 |
| Detention Barn Technician | 0 | 12 | 17 | 20 | 11 | 12 | 19 | 15 | 16 | 17 | 14 |
| Driver | 0 | 0 | 4 | 15 | 14 | 7 | 6 | 15 | 0 | 13 | 0 |
| Exercise Rider | 0 | 71 | 66 | 40 | 46 | 45 | 46 | 60 | 52 | 44 | 64 |
| Farrier | 0 | 12 | 16 | 12 | 10 | 13 | 8 | 11 | 10 | 11 | 12 |
| Farrier's Assistant | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 2 | 0 | 2 | 0 |
| Gate Crew | 0 | 12 | 14 | 14 | 12 | 16 | 10 | 14 | 15 | 11 | 15 |
| Horsemen's Bookkeeper | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Groom/Hotwalker | 0 | 262 | 266 | 209 | 241 | 251 | 251 | 357 | 268 | 314 | 285 |
| Jockey | 0 | 72 | 54 | 60 | 61 | 61 | 69 | 84 | 58 | 80 | 76 |
| Jockey Agent | 0 | 7 | 12 | 6 | 8 | 8 | 12 | 17 | 11 | 11 | 8 |
| Jockey, Apprentice | 0 | 4 | 3 | 4 | 3 | 2 | 2 | 5 | 5 | 4 | 2 |
| Owner, Individual | 15 | 1061 | 1038 | 908 | 976 | 984 | 965 | 1055 | 906 | 1106 | 1051 |
| Owner, Multiple | 0 | 181 | 212 | 135 | 180 | 169 | 199 | 256 | 216 | 283 | 267 |
| Owner/Trainer | | | | | | | 111 | 116 | 81 | 101 | 93 |
| Owner/Trainer/Driver | 24 | 28 | 17 | 37 | 39 | 19 | 14 | 30 | 0 | 16 | 0 |
| Pari-mutuel Clerk | 132 | 228 | 151 | 147 | 136 | 164 | 165 | 145 | 126 | 131 | 138 |
| Pony Rider | 0 | 18 | 21 | 19 | 19 | 19 | 21 | 19 | 19 | 17 | 16 |
| Racing Official | 3 | 19 | 21 | 18 | 19 | 17 | 22 | 19 | 12 | 19 | 15 |
| Security Officer | 27 | 55 | 42 | 41 | 36 | 38 | 104 | 85 | 71 | 80 | 81 |
| Stable Foreman | 0 | 9 | 5 | 3 | 6 | 4 | 2 | 1 | 0 | 1 | 1 |
| Trainer | 0 | 186 | 172 | 180 | 185 | 201 | 105 | 112 | 65 | 110 | 85 |
| Trainer, Assistant | 0 | 52 | 42 | 40 | 38 | 38 | 38 | 48 | 39 | 57 | 41 |
| Valet | 0 | 10 | 9 | 11 | 10 | 10 | 14 | 12 | 15 | 17 | 12 |
| Veterinarian | 0 | 7 | 9 | 7 | 7 | 9 | 10 | 11 | 11 | 11 | 8 |
| Veterinary Assistant | 0 | 3 | 2 | 2 | 3 | 3 | 7 | 8 | 6 | 6 | 7 |
| Canterbury Association Employee | 306 | 579 | 515 | 434 | 392 | 417 | 729 | 632 | 601 | 639 | 674 |
| Canterbury Card Club Employees | | | | | | | 386 | 408 | 379 | 330 | 391 |
| Canterbury Medical | 0 | 39 | 27 | 38 | 40 | 50 | 35 | 5 | 5 | 4 | 3 |
| Stable | 0 | 42 | 52 | 36 | 47 | 39 | 52 | 48 | 37 | 49 | 46 |
| Authorized Agent | | | | | | | | | | | 84 |
| County Fair Volunteers | | | | | | | 24 | 27 | 0 | 0 | 0 |
| Other | 1 | 11 | 40 | 36 | 16 | 13 | 17 | 15 | 20 | 28 | 18 |
| Totals | 550 | 3057 | 2898 | 2648 | 2691 | 2751 | 3690 | 3853 | 3254 | 3805 | 3840 |

Table 2**Occupational (Class C) Licenses Issued to Minnesotans**

| LICENSE TYPE | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Commission/MRC Staff | 19 | 30 | 24 | 30 | 28 | 20 | 33 | 29 | 5 | 26 | 24 |
| Bloodstock Agent | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Vendor, Sole Proprietor | 1 | 8 | 8 | 10 | 18 | 23 | 32 | 31 | 32 | 64 | 81 |
| Vendor Employee (included with Cby Association Emp prior to 1997) | | | | 42 | 61 | 48 | 85 | 82 | 90 | 92 | 93 |
| Detention Barn Technician | 0 | 10 | 16 | 17 | 9 | 11 | 18 | 14 | 16 | 13 | 12 |
| Driver | 0 | 0 | 1 | 1 | 2 | 1 | 3 | 3 | 0 | 2 | 0 |
| Exercise Rider | 0 | 22 | 20 | 15 | 20 | 17 | 16 | 20 | 20 | 15 | 17 |
| Farrier | 0 | 4 | 3 | 4 | 1 | 2 | 3 | 4 | 3 | 3 | 3 |
| Farrier's Assistant | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 2 | 0 |
| Gate Crew | 0 | 1 | 3 | 4 | 2 | 1 | 0 | 3 | 5 | 3 | 2 |
| Horsemen's Bookkeeper | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Groom/Hotwalker | 3 | 112 | 88 | 71 | 80 | 84 | 82 | 131 | 97 | 127 | 81 |
| Jockey | 0 | 5 | 2 | 3 | 5 | 3 | 4 | 6 | 6 | 8 | 5 |
| Jockey Agent | 0 | 1 | 3 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 |
| Jockey, Apprentice | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 0 | 1 |
| Owner, Individual | 5 | 531 | 504 | 437 | 394 | 397 | 382 | 393 | 403 | 440 | 453 |
| Owner/Trainer | | | | | | | 20 | 27 | 23 | 27 | 21 |
| Owner/Trainer/Driver | 8 | 11 | 9 | 10 | 9 | 9 | 5 | 6 | 0 | 5 | 0 |
| Pari-mutuel Clerk | 130 | 224 | 148 | 141 | 129 | 131 | 155 | 141 | 121 | 128 | 132 |
| Pony Rider | 0 | 5 | 6 | 6 | 6 | 5 | 3 | 4 | 3 | 2 | 3 |
| Racing Official | 2 | 4 | 5 | 5 | 7 | 6 | 9 | 8 | 3 | 8 | 4 |
| Security Officer | 27 | 55 | 42 | 39 | 36 | 38 | 97 | 83 | 69 | 80 | 81 |
| Stable Foreman | 0 | 2 | 2 | | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trainer | 0 | 46 | 41 | 43 | 44 | 43 | 20 | 11 | 14 | 14 | 7 |
| Trainer, Assistant | 0 | 10 | 5 | 7 | 7 | 5 | 6 | 9 | 7 | 9 | 10 |
| Valet | 0 | 0 | 2 | 4 | 4 | 2 | 3 | 5 | 8 | 6 | 5 |
| Veterinarian | 0 | 7 | 7 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 8 |
| Veterinary Assistant | 0 | 3 | 2 | 1 | 2 | 3 | 3 | 3 | 3 | 5 | 6 |
| Canterbury Association Employee | 301 | 552 | 508 | 403 | 366 | 384 | 659 | 593 | 576 | 614 | 639 |
| Canterbury Card Club Employees | | | | | | | 350 | 379 | 354 | 297 | 363 |
| Canterbury Medical | 0 | 36 | 26 | 36 | 40 | 49 | 34 | 5 | 5 | 4 | 3 |
| Authorized Agent | | | | | | | | | | | 29 |
| County Fair Volunteers | | | | | | | 24 | 27 | 0 | 0 | 0 |
| Other | 1 | 6 | 34 | 21 | 14 | 11 | 14 | 11 | 17 | 26 | 17 |
| Totals | 497 | 1668 | 1511 | 1378 | 1278 | 1303 | 2071 | 2043 | 1893 | 2034 | 2103 |

VETERINARY DEPARTMENT

2004 YEAR-END REPORT

Each year the Minnesota Racing Commission's veterinary staff serves to protect the well being of the horse, riders or drivers, and betting public, and to maintain the integrity of horse racing in Minnesota. Established programs such as pre-race examinations and Salix[®] (furosemide) administration are refined and continued. New programs are discussed and added as needed. Some may be as short in duration as the one year West Nile Surveillance program and others, like the Because We Care horse rescue/rehabilitation program, was established in response to a defined need and continues to this day.

During the 2004 race meet at Canterbury Park, 1471 Thoroughbreds and Quarterhorses were admitted to the grounds. In compliance with state and federal regulations and to keep infectious diseases on the backside at a minimum, each horse allowed on the backside was accompanied by a Health Certificate with EIA (Equine Infectious Anemia or "Coggins") certification clearly stated. Health certificates were collected at the stable gate and examined by a Commission Veterinarian. Copies of health certificates with missing or incorrect information were forwarded to the Minnesota Board of Animal Health. Horses without Health Certificates or with outdated EIA certificates were held at the stable gate until examined by a licensed veterinarian and an appropriate certificate produced.

Pre-race examinations were performed on 5746 horses with 5364 horses leaving the starting gate. Veterinary pre-race examinations accounted for 98 sick or unsound horses that were scratched from racing by the Board of Stewards. These 98 horses along with 279 other horses were placed on the Veterinarian's List and not allowed to run until deemed fit by one of the Commission Veterinarians. This number appears to be relatively stable from year to year with the only variant being those horses receiving automatic time on the Veterinarian's List due to "bleeding" (Exercise Induced Pulmonary Hemorrhage). Thirty-nine horses required an observed workout by a Commission Veterinarian either to be removed from the Veterinarian's List or allowed to race after a lay-off of more than one year.

The Salix[®] administration program accounted for 1230 or roughly 85% of horses running on furosemide. This percentage has been stable for the past several years. One administration error out of 4560 injections occurred, demonstrating that the program is functioning well and should be continued in its present format.

Truesdail Laboratories in Tustin, California performed tests on 1374 urine and 1446 blood samples. The total number of medication violations (33) was up over the past three years. The majority of these violations (19) revolved around a new and more sophisticated laboratory test to detect race day use of corticosteroids. While use of the test created controversy, it also addressed an issue that needed attention. The Board of Stewards dealt with each of these 19 violations, along with the other 14 violations, in a fair manner.

Twelve horses died or were euthanized during the 2004 race meet. Three of these horses were humanely euthanized after a race resulting in a race related, traumatic breakdown rate of 0.056%. This number continues to be very low as compared to the accepted national rate of 0.15%- 0.5%. Three other horses died or were euthanized during training. No statistics are available for training horses, as the total number of horses training each day is not documented. The remaining horses succumbed to a variety of illnesses. Eleven horses dying

on the grounds were transported to the University of Minnesota Veterinary Diagnostic Laboratory for a complete necropsy; one horse was euthanized for abdominal colic several days after the meet was completed and was removed by a commercial hauler. All 12 horses were placed on the Veterinarian's List and the Jockey Club notified of their deaths.

This year 19 injured or retired racehorses were placed through our "Because We Care" adoption program. Thirteen horses were placed with local non-profit horse rescue programs and six in out reach, foster care programs. Two horses previously in foster care were sound enough to be placed in permanent homes and have gone on to successful careers.

The Veterinarian's office continues to accept responsibility for and support all animal related programs at Canterbury Park. The office was involved with the Weiner Dog Races, Little Pony Races, MTA sale, Don MacBeth fundraiser, and a variety of other projects. Extensive support was also provided for the Horsemen's Protective and Benevolent Association's Groom Elite program. This hands on program is designed to educate grooms on the basics of horse maintenance and care. All Commission Veterinarians and veterinary technicians as well as two detention barn technicians participated in the program.

The Minnesota Racing Commission's veterinary staff continued to have high visibility and presence at Canterbury Park. The office provided drug information and education while keeping controls tight. It insured the humane treatment of all animals on the backside and maintained the integrity of horse racing in Minnesota. Finally, in keeping with our mission statement, the office provided safeguards to protect the well being of horses, riders, and the betting public.

2004 PARI-MUTUEL STATISTICS

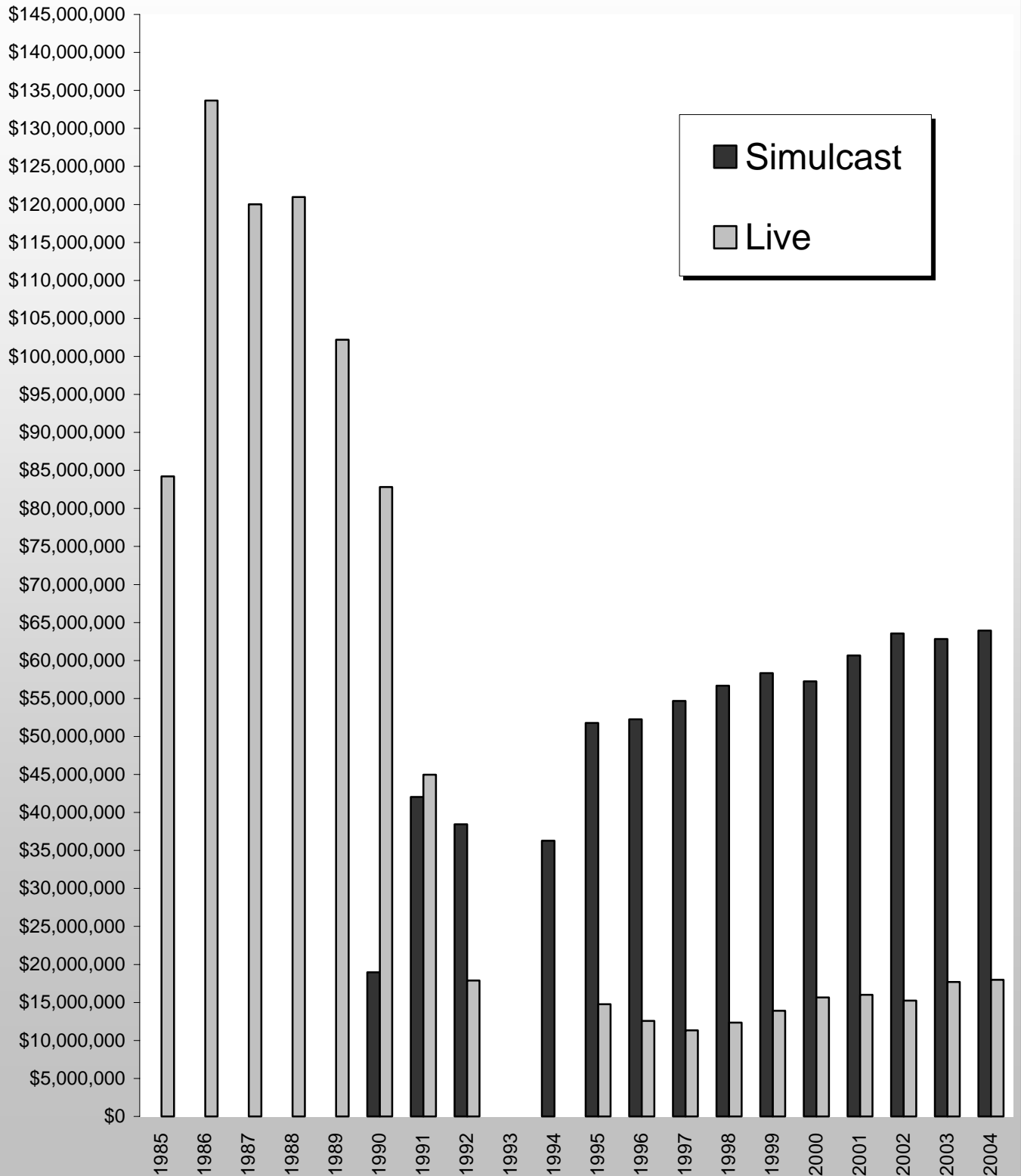
LIVE WAGERING

| 2004 Live Thoroughbred and Quarter Horse Races Thoroughbred Meet – May 14 – May 16, 2004 & July 15 – September 6, 2004 Mixed Meet (Thoroughbred & Quarter Horse) – May 21 – July 11, 2004 Festival of Champions – August 22, 2004 Claiming Crown – July 17, 2004 Total Attendance for Live Racing (May 16 – September 13, 2004 - 65 Days) 336,935 | | | | | |
|---|---------------------|--------------------|---------------------|---------------|-------------------------------|
| BREED | HANDLE | TAKEOUT | BETTOR RETURN | # OF RACES | AVERAGE HANDLE PER RACE |
| Thoroughbred | \$16,957,943 | \$3,439,210 | \$12,980,743 | 579 | \$29,288 |
| Quarter Horse | \$1,032,410 | \$207,473 | \$801,125 | 79 | \$13,068 |
| TOTAL | \$17,990,353 | \$3,646,683 | \$13,781,868 | 658 | \$27,341\$14 |

SIMULCAST WAGERING

| 2004 Full-Card Simulcast Meets January 1, 2004 – December 31, 2004 | | | | | |
|--|---------------------|---------------------|---------------------|-------------------|-----------------------------------|
| BREED | HANDLE | TAKEOUT | BETTOR RETURN | # OF RACE DAYS | AVERAGE HANDLE PER RACE DAY |
| Thoroughbred | \$59,355,291 | \$11,855,725 | \$47,328,505 | | |
| Quarter Horse | \$1,435,474 | \$293,750 | \$1,151,546 | | |
| Standardbred | \$2,961,533 | \$639,431 | \$2,171,664 | | |
| Arabian | \$198,853 | \$39,148 | \$154,755 | | |
| TOTAL | \$63,951,151 | \$12,828,054 | \$50,806,470 | 365 | \$175,209 |

CANTERBURY PARK HANDLE CALENDAR YEARS 1985 - 2004



**MINNESOTA RACING COMMISSION
SIX YEAR FINANCIAL SUMMARY
FISCAL YEARS 1999 - 2004**

APPROPRIATIONS

| | FY 2004 | FY 2003 | FY 2002 | FY 2001 | FY 2000 | FY 1999 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund Appropriation | | \$426,000 | \$414,000 | \$402,000 | \$390,000 | \$379,000 |
| 1) Special Revenue Appropriation | \$421,000 | | | | | |
| Statutory Carry Forward | -\$12,163 | \$1,647 | -\$1,647 | \$1,474 | -\$1,474 | \$7,717 |
| Unallotment | | -\$21,000 | \$0 | \$0 | \$0 | \$0 |
| Total | \$408,837 | \$406,647 | \$412,353 | \$403,474 | \$388,526 | \$386,717 |

EXPENSES

| | Actual 04 | Actual 03 | Actual 02 | Actual 01 | Actual 00 | Actual 99 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries, Benefits & Per Diem | \$313,980 | \$287,005 | \$295,495 | \$285,413 | \$262,848 | \$273,982 |
| Rents | \$220 | \$220 | \$175 | \$194 | \$194 | \$183 |
| Consultant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Professional/Technical Services | \$2,920 | \$46,284 | \$67,848 | \$56,855 | \$51,250 | \$44,585 |
| Data Processing & System Services | \$5,213 | \$2,701 | \$9,680 | \$8,641 | \$16,460 | \$4,415 |
| Communications | \$4,026 | \$4,365 | \$6,050 | \$6,464 | \$6,494 | \$6,064 |
| Travel | \$6,167 | \$3,102 | \$5,831 | \$6,917 | \$9,349 | \$15,139 |
| Supplies and Material | \$11,583 | \$10,807 | \$7,233 | \$9,432 | \$9,385 | \$7,721 |
| Equipment | \$9,355 | \$10,033 | \$7,449 | \$9,833 | \$15,583 | \$14,371 |
| Other (Repairs/Printing & Dues) | \$15,736 | \$12,182 | \$12,592 | \$16,986 | \$16,963 | \$16,914 |
| Total | \$408,837 | \$376,699 | \$412,353 | \$400,735 | \$388,526 | \$383,374 |

SUMMARY

| | Actual 04 | Actual 03 | Actual 02 | Actual 01 | Actual 00 | Actual 99 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Appropriation Balance | \$0 | \$29,948 | \$1,647 | -\$12,209 | \$1,474 | -\$383,374 |
| Revenues to General Fund & 212 ²⁾ | \$268,649 | \$390,800 | \$392,000 | \$321,175 | \$274,000 | \$185,000 |
| 3) Pari-Mutuel Taxes | \$259,924 | | | | | |
| 3) Fines | \$8,725 | | | | | |

- 1) For the 2004 - 2005 biennium, appropriations are from the special revenue fund financed by dedicated receipts from license fees.
- 2) Fund 212, Cambridge Bank Fund deposits prior to 6/30/01
- 3) Prior to FY04 these amounts were included in Revenues to General Fund & 212

BREEDERS' FUND

The primary purpose of the Minnesota Breeders' Fund is to provide incentive monies to enhance the horse racing industry in the State of Minnesota and to encourage Minnesotans to participate in the racing and breeding industry.

Minnesota Statute 240.15 and 240.13 require that the funds earn one percent of the total handle wagered on live racing and 5.5% of the take-out from full-card simulcasting. Minnesota Statute 240.135 requires that the Breeders' Fund receive ten percent of the card club rake that is set aside for purses. This amount is distributed to the Thoroughbred, Quarter Horse and Standardbred funds. Each breed has a separate fund. Breeders' Fund monies are distributed as both purse supplements and awards. During the Live Mixed Meet only, Breeders' Fund monies earned from full-card simulcasts, regardless of the breed racing, are apportioned between the Thoroughbred and Quarter Horse funds based on the number of live races for each breed as compared to the total number of races for both breeds.

In 2004 the Breeder's Fund earned \$885,447 from live and simulcast racing and earned \$414,473 from card club operations. One hundred and twenty-nine individuals and partnerships received \$317,300 in Thoroughbred, Quarter Horse, and Standardbred award payments from monies available at the end of the live racing season. Purse supplements paid out at pari-mutuel meets totaled \$823,294. Purse supplements of \$24,000 were paid out during four days of non pari-mutuel harness racing at county fair venues. The monies available for the 2004 purse supplements included carryovers from 2003.

Committees consisting of the industry participants advise the Commission on distribution of these funds. The committees review distribution alternatives on an ongoing basis.

EQUINE GRANT PROGRAMS

Pursuant to Minnesota Statute 240.15, after the cost of administering the Breeders' Fund program is deducted, twenty percent of the Breeders' Fund monies accumulated from live racing are expended in the form of grants for equine research and related education in the State of Minnesota.

Legislative changes enacted in 1991 to Minnesota Statute 240.18, Breeders' Fund, expanded and clarified the uses to which the equine grants portion of Breeders' Fund monies may be applied. One-half of the equine grant monies are dedicated specifically to equine research and education at the University of Minnesota's College of Veterinary Medicine. The remainder may be expended for any one or more of the following:

- (1) Additional equine research and related education;
- (2) Substance abuse programs for licensed personnel at racetracks in this state;
- (3) Promotion and public information regarding the industry, commission activities, ownership, breeding and the development and expansion of the economic benefits from racing. The Racing Commission awarded grants from the fund during 2004.

(1) The College of Veterinary Medicine received \$1,000 to help fund the Equine Neonatal Education Program and Colostrum Network. This service, which the Minnesota Racing Commission has helped support for several years, educates horse owners on the importance of protective antibodies transmitted to neonatal foals through the mare's first milk, the colostrum, and helps collect and freeze this substance and makes it available for orphan foals. The grant was to provide additional funding for the redesign and updating of informational pamphlets and their promotional display.

~~(1)~~(2) The Minnesota Equine Research Center (MERC) of the University of Minnesota received \$16,000 to help fund research proposals in the areas of equine health, performance and reproduction. MERC is an interdisciplinary program, administered through the office of the associate dean for research in the College of Veterinary Medicine, dedicated to the creation and dissemination of new knowledge leading to the improvement of health in performance horses. MERC's Advisory Council is comprised of horse owners and leaders in the horse industry and will advise the Center of research area priorities and in fund development. The Scientific Committee, made up of equine veterinarians and select lay people, will advise the Center on research project selection and funding.

The grant monies were used to help fund the following research studies:

- 1) Molecular and genetic studies of polysaccharide storage myopathy in Quarter Horses - \$5,000.
- 2) The effect of seminal plasma protein on the fertility of frozen semen - \$4,385.
- 3) Ultrasonographic changes of the large colon - \$6,615.

(3) The Groom Elite Program received \$9,000 and the Assistant Trainer Program received \$1,735 to help fund a training program for racetrack grooms and assistant trainers. Grooms are responsible for the daily care of the horses in training at the racetrack. Trainers and owners have a need for well-trained grooms because errors made in the areas of nutrition and recognition and treatment of injuries or illnesses can result in significant expense. The purpose of the Groom Elite Program is to offer classroom and/or hands on instruction regarding such topics as: performing a horse health check-up, horse behavior and grooming, anatomy and conformation, digestion and feeding, front and rear leg examination, and bandaging for first time grooms or individuals wanting to improve or add to their skills. The funds will be used for preparation of instructional materials, securing instructors and students, providing for bilingual translations and obtaining equipment.

2004 BREEDERS' FUND RECAP

| THOROUGHBRED | |
|---------------------------------------|--------------------|
| Live and Simulcast Racing | \$799,650 |
| Card Club Operations | \$373,026 |
| Total Earnings | \$1,172,676 |
| Less Administrative Cost | \$23,160 |
| = Net Breeders' Fund | \$1,149,516 |
| Less Equine Research | \$29,284 |
| = Net Available Breeders' Fund | \$1,120,232 |
| Less Purse Supplements | \$836,294 |
| = Balance Remaining for Awards | \$283,938 |

| QUARTER HORSE | |
|---------------------------------------|-----------------|
| Live and Simulcast Racing | \$48,475 |
| Card Club Operations | \$37,303 |
| Total Earnings | \$85,778 |
| Less Administrative Cost | \$3,160 |
| = Net Breeders' Fund | \$82,618 |
| Less Equine Research | \$1,433 |
| = Net Available Breeders' Fund | \$81,185 |
| Less Purse Supplements | \$57,050 |
| = Balance Remaining for Awards | \$24,135 |

| STANDARD BRED | |
|---------------------------------------|-----------------|
| Live and Simulcast Racing | \$35,169 |
| Card Club Operations | \$4,145 |
| Total Earnings | \$39,314 |
| Less Purse Supplements | \$28,763 |
| Less Equine Research | \$1,758 |
| Less Non-PM Development | \$1,758 |
| = Balance Remaining for Awards | \$7,035 |

| ARABIAN | |
|---------------------------------------|----------------|
| Total Earnings | \$2,153 |
| Less Purse Supplements | \$1,184 |
| = Balance Remaining for Awards | \$969 |

Effective November 1, 2001 all Breeders' Fund monies set aside from card club revenues were designated for purse supplements only.

| HORSE REGISTRATIONS | | | | | | | | | | |
|----------------------------|--------------|-------|-------|---------------|-------|-------|---------------|-------|--|--|
| Year | THOROUGHBRED | | | QUARTER HORSE | | | STANDARD BRED | | | |
| | Stallions | Mares | Foals | Stallions | Mares | Foals | Stallions | Foals | | |
| 1985 | 54 | 543 | 403 | 1 | | 97 | 1 | 17 | | |
| 1986 | 99 | 895 | 601 | 70 | 241 | 70 | 22 | 13 | | |
| 1987 | 112 | 988 | 648 | 73 | 178 | 78 | 15 | 20 | | |
| 1988 | 141 | 1261 | 760 | 94 | 229 | 109 | 18 | 23 | | |
| 1989 | 141 | 1333 | 844 | 119 | 272 | 143 | 22 | 28 | | |
| 1990 | 118 | 1145 | 653 | 95 | 257 | 134 | 19 | 30 | | |
| 1991 | 104 | 966 | 612 | 88 | 214 | 112 | 11 | 21 | | |
| 1992 | 85 | 735 | 450 | 72 | 175 | 90 | 7 | 16 | | |
| 1993 | 63 | 444 | 242 | 52 | 131 | 81 | 6 | 17 | | |
| 1994 | 49 | 253 | 160 | 40 | 85 | 64 | 3 | 14 | | |
| 1995 | 46 | 265 | 179 | 43 | 98 | 59 | 3 | 9 | | |
| 1996 | 44 | 275 | 168 | 47 | 105 | 54 | 3 | 8 | | |
| 1997 | 41 | 210 | 138 | 48 | 95 | 53 | 4 | 8 | | |
| 1998 | 40 | 211 | 140 | 49 | 103 | 75 | 7 | 8 | | |
| 1999 | 31 | 234 | 166 | 41 | 88 | 48 | 4 | 10 | | |
| 2000 | 26 | 232 | 171 | 35 | 91 | 41 | 3 | 10 | | |
| 2001 | 31 | 304 | 232 | 37 | 124 | 46 | 4 | 11 | | |
| 2002 | 34 | 319 | 259 | 35 | 102 | 56 | 8 | 9 | | |
| 2003 | 28 | 364 | 279 | 27 | 106 | 73 | 11 | 11 | | |
| 2004 | 34 | 384 | 315 | 21 | 84 | 65 | 0 | 0 | | |

* Pursuant to Racing Commission Rule 7895.0275, Subp. 2A. Standardbred foals, unlike Thoroughbreds and Quarter Horses, are not required to be registered in the year of foaling. The rule requires that they be registered before they are entered in restricted races.

III. LEGISLATION

At this time, the Commission does not anticipate proposing policy legislation for consideration by the 2004 session of the Legislature.

IV. NORTH METRO HARNESS INITIATIVE

As reported in the 2003 Annual Report, the Commission had received an application for a class A and class B license from North Metro Harness Initiative at the end of December, 2003. Accordingly, during all of 2004 the Commission reviewed and evaluated the applicant along with all of the filings required by rule and statute. That review and evaluation included two public hearings as required by law (one in Columbus Township and the other in Shakopee), the formation of an Application Committee of the Commission that met eight times during the summer that reviewed all aspects of the application in detail, the engaging of a public accountant firm to perform an independent financial review and evaluation regarding the applicant's sources of financing and business plan, and a background investigation by the Alcohol and Gambling Enforcement Division of the Department of Public Safety. After considering all of the information gathered during 2004, the Commission voted on January 19, 2005 to approve both licenses. Subsequent thereto, the local opposition group, Columbus Concerned Citizens, has filed a provisional petition for judicial review with the Court of Appeals. That petition is asking the Court to review the Commission's license approval process.

**Please notify the Racing Commission if you required this material to be made available in alternative format, i.e., large print, Braille, audiocassette, or other requested special format. The Racing Commission can be reached at:
952-496-7950; 1-800-627-3529, (TTY/VOICE RELAY SERVICES).**

