



2007 Annual Report

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

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MINNESOTA RACING COMMISSION

February 15, 2008

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 2007. 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 2007 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. Further, during 2007, the Commission continued its regulatory oversight regarding the construction and pre-opening activities of Running Aces Harness Park that will commence racing operation in April 2008.

Canterbury Park conducted 68 days of live racing for thoroughbreds and quarter horses this past summer from May 5 through September 3.

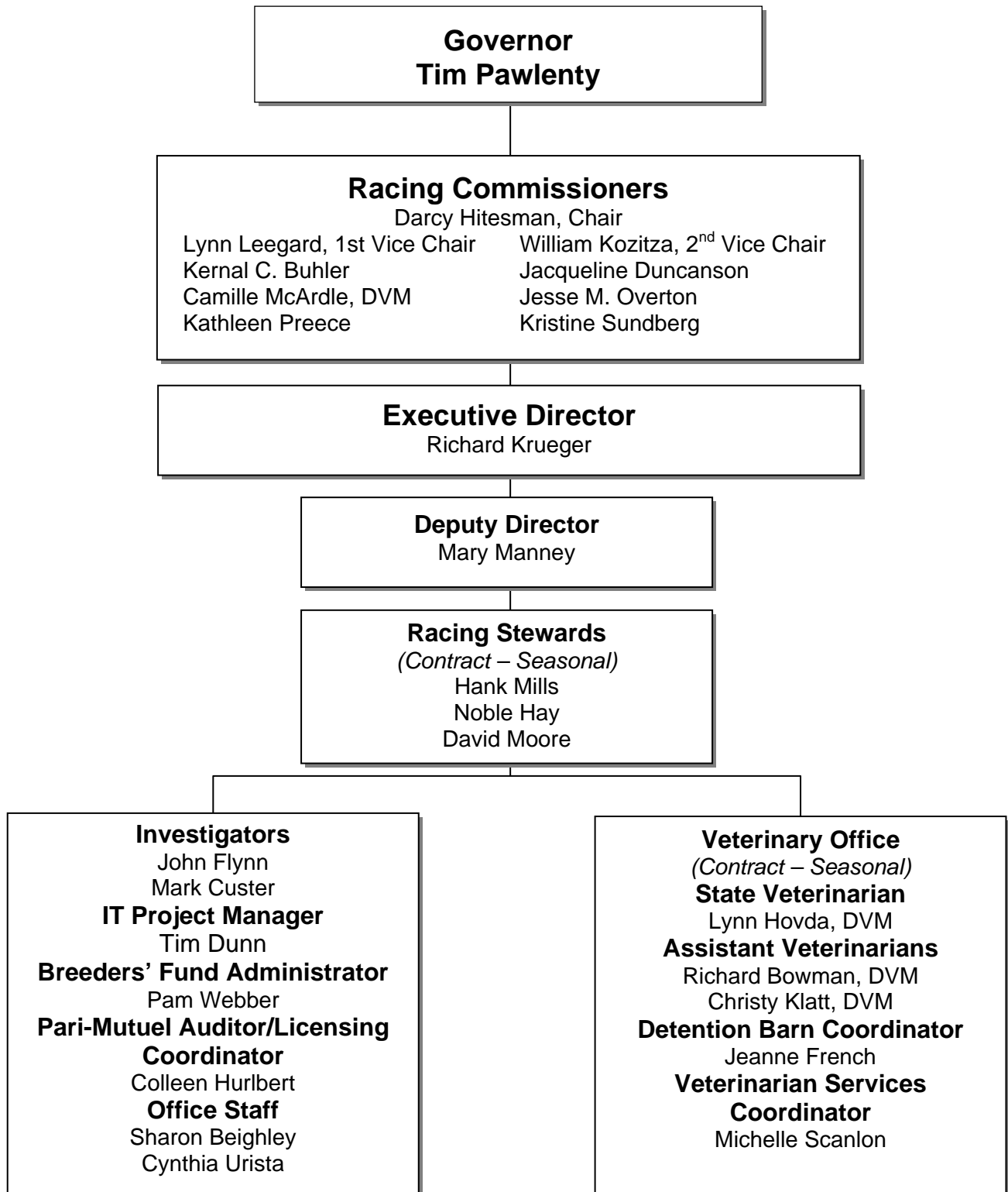
During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a card club in addition to live racing and simulcasting. The clearly stated intent of that legislation was to increase purses, which immediately happened. Operation of the Card Club for calendar year 2007 added \$4,290,000 to Canterbury's purse structure. 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

2007 ANNUAL REPORT

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I. MINNESOTA RACING COMMISSION

MISSION STATEMENT

The Minnesota Racing Commission was established to regulate horse racing and card playing in Minnesota; to ensure that it is conducted in the public interest, and to take all necessary steps in ensuring the integrity of racing and card playing in Minnesota thus promoting the breeding of race horses in order to stimulate agriculture and rural agribusiness.

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 \$500.00 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
Lynn Leegard, 1 st Vice Chair	Blaine	June 30, 2011
William Kozitza, 2 nd Vice Chair	North Mankato	June 30, 2011
Kernal Buhler	Eden Prairie	June 30, 2013
Jacqueline Duncanson	Mapleton	June 30, 2013
Camille McArdle, DVM	Corcoran	June 30, 2011
Jesse M. Overton	Bloomington	June 30, 2013
Kathleen Preece	Bemidji	June 30, 2009
Kristine Sundberg	Minnetonka	June 30, 2009

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
Mary M. Manney	Deputy Director
Tim Dunn	IT Project Manager
Pamela Webber	Office Manager/Breeders' Fund Administrator
Colleen Hurlbert	Pari-mutuel Auditor/Licensing Coordinator
Sharon Beighley	Office Administration
Cynthia Urista	Licensing Clerk
John Flynn	Investigator
Mark Custer	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 2007 racing season:

Stewards	Hank Mills Noble Hay, Jr. David Moore
Veterinarians and Assistants	Chief Veterinarian Lynn Hovda, DVM Richard Bowman, DVM Christy Klatt, DVM Jeanne French, Lead Test Barn Technician Michelle Scanlon, Veterinary Office Administrator

ADVISORY COMMITTEES

The Thoroughbred Breeders Fund Advisory Committee advised the Racing Commission regarding thoroughbred topics during 2007.

BREEDERS' FUND APPROPRIATIONS ADVISORY COMMITTEE

Carin Offerman, Chair	Plymouth
Dean Benson	Webster
Dan Cohen	Minneapolis
Dave Dayon	St. Michael
John Demaria	Hayfield
Chad Kuehn	Austin
Dan Mjolsness	Red Wing
Dennis Strohkirch	Stillwater
Jack Walsh	Stillwater

MEETINGS OF THE COMMISSION

The Racing Commission meets the third Thursday of each month. In addition, the Commission has a working meeting on the first Tuesday of each month.

COMMISSION OFFICES

The Minnesota Racing Commission offices are located at:

Canterbury Park
P.O. Box 630
1100 Canterbury Road
Shakopee, MN 55379
Telephone: (952) 496-7950
Fax: (952) 496-7954

Running Aces Harness Park
15201 Zurich Street
Columbus, MN 55025
Telephone: (651) 925-3951
Fax: (651) 925-3957

Website: <http://www.mrc.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, with advice and consultation with Class A & B licensees and other affected parties revises and updates it's rules to meet the current needs of the industry.

The Commission concluded three rulemaking projects in 2007. The processes concluded in 2007 removed obsolete language regarding Class A license fees as addressed in Minnesota Statute 240.10; included 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. It also included rule revisions for standardbred racing in Minnesota, and for bringing Minnesota's horse medication rules into alignment with rules of other states and the Model Rules of the Association of Racing Commissioners International (ARCI), of which Minnesota is a member. Other rules included in the 2007 amendment package include changes to occupational licensing rules designed to enhance the Commission's ability to ensure the safety and security of persons on the grounds of licensed racetracks. These rules also include amendments to the wagering rules to allow Minnesota racetrack's to be competitive with the types of wagers offered at other racetracks across the country. The rules were also amended to bring the standardbred racing rules up-to-date. The standardbred racing rules have not been amended since their original promulgation nearly twenty years ago, and the amendments are needed with the projected start of standardbred racing at the new Class A standardbred race track in the Metropolitan Area in 2008. These rules were effective in 2007. Two other rules processes were initiated and completed in 2007. These rules involved changes to the standardbred and quarter horse breeders' fund rules. The changes were designed to keep the rules in conformance with statute, and to allow for different breeding methods for quarter horses. These changes, to allow artificial insemination and embryo transfer, will allow the Minnesota quarter horse industry to keep pace with national trends in quarter horse breeding.

In the fall of 2007, the Commission initiated a rulemaking process that includes the following:

- Defining duties and responsibilities for veterinary assistants;
- Making changes to rules governing information available at racetracks and independent tip sheets;
- Making a technical change to insure that rule is consistent with statute governing the assignment of racing days;
- Including the term "freeze branding" as a recognized method of horse identification;

- Making changes where necessary in the rules to include references to standardbred drivers as well as thoroughbred jockeys'
- Clarifying accreditation requirements for veterinarians at licensed racetracks, allowing assistant trainers to be licensed as authorized agents, requiring veterinary drugs to be FDA approved, clarifying conflict of interest rules for racing officials;
- Amending the rules governing Stewards and the examinations for first-time trainers;
- Making changes to rules regarding coupled entries, use of blinkers, use of nasal strips, and use of bandages and blankets on horses in the paddock;
- Amending the rules regarding workout requirements with regard to standardbred racing; and making equipment rule changes to allow the use of toe grabs and cornell collars;
- Changes in the standardbred rules include changing the number of horses allowed in a race, changing the required length of a standardbred racetrack, requiring drivers to wear white pants and to register their colors, and changes regarding expanded homestretch authority;
- Changes in the medication rules to include definitions and processes for TC02 testing for horses, including definitions for alkalinizing agents, milkshaking, TC02, and venom.

The Commission anticipates that these rules will be effective in the spring of 2008.

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

Racetrack Licensure (Class A)
 Racing Licensure (Class B)
 Pari-Mutuel Betting
 Racing Facilities and Stabling
 Occupational Licensure (Class C)

County Fair Licensure (Class D)
 Conduct of the Race
 Horse Medication and Examination
 Medical Testing
 Breeders Fund

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 2007 that required 15% of the rake to be set aside for purses. The total rake for 2007 was \$28.6 million, down 5.13% from 2006, with \$3.8 million set aside for purses and \$429,290 paid to the Breeders' Fund for purse supplements for Minnesota bred horses.

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; US Immigration and Naturalization Service; Internal Revenue Service; Minnesota Department of Revenue; Scott County Sheriff's Office; State Attorney General's Office; Shakopee Police; Association of Racing Commissioners International (ARCI); racing and gaming regulatory agencies in other jurisdictions; Board of Stewards; The Jockeys' Guild; The Jockey Club; U.S. Trotting Association; Minnesota Thoroughbred Association; Minnesota Quarter Horse Racing Association; Minnesota Harness Racing, Inc.; Arabian Racing Association of Minnesota; Canterbury Park and North Metro Harness.

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 2007, 3493 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 3410 licenses were issued to individuals racing or working in various occupations at Canterbury Park. Eighty three licenses were issued to individuals working in various occupations at Running Aces Harness Park. Licenses were issued to applicants from 40 different states as well as several different countries including Canada, England, and Mexico. Table 1, page 8 summarizes by occupation, the licenses issued by the Commission since 1995. Table 2, page 9 summarizes licenses issued to Minnesotans by occupation since 1995.

Table 1.**Occupational (Class C) License Summary By Year**

LICENSE TYPE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commission/MRC Staff	35	31	31	34	30	53	39	31	31	29	32	38	35
Bloodstock Agent	1	1	0	0	0	0	2	1	1	1	2	2	2
Vendor	32	28	60	29	28	49	45	40	80	96	109	104	134
Vendor, Sole Proprietor	8	10	12	24	28	40	42	39	79	98	109	108	137
Vendor Employee		71		47	54	104	92	98	101	108	151	143	189
Detention Barn Technician	12	17	20	11	12	19	15	16	17	14	22	19	19
Driver	0	4	15	14	7	6	15	0	13	0	0	0	0
Exercise Rider	71	66	40	46	45	46	60	52	44	64	66	66	54
Farrier	12	16	12	10	13	8	11	10	11	12	12	11	10
Farrier's Assistant	0	0	1	1	1	0	2	0	2	0	0	0	0
Gate Crew	12	14	14	12	16	10	14	15	11	15	12	14	13
Horsemen's Bookkeeper	1	1	1	1	1	1	1	1	1	1	1	1	1
Groom/Hotwalker	262	266	209	241	251	251	357	268	314	285	294	299	278
Jockey	72	54	60	61	61	69	84	58	80	76	77	59	58
Jockey Agent	7	12	6	8	8	12	17	11	11	8	8	9	12
Jockey, Apprentice	4	3	4	3	2	2	5	5	4	2	4	2	4
North Metro Harness Staff											7	9	20
Owner, Individual	1061	1038	908	976	984	965	1055	906	1106	1051	1178	1160	1090
Owner, Multiple	181	212	135	180	169	199	256	216	283	267	299	315	283
Owner/Trainer						111	116	81	101	93	93	100	74
Owner/Trainer/Driver	28	17	37	39	19	14	30	0	16	0	0	0	0
Pari-mutuel Clerk	228	151	147	136	164	165	145	126	131	138	134	124	118
Pony Rider	18	21	19	19	19	21	19	19	17	16	9	14	15
Racing Official	19	21	18	19	17	22	19	12	19	15	14	15	14
Security Officer	55	42	41	36	38	104	85	71	80	81	61	61	63
Stable Foreman	9	5	3	6	4	2	1	0	1	1	0	2	0
Trainer	186	172	180	185	201	105	112	65	110	85	100	86	70
Trainer, Assistant	52	42	40	38	38	38	48	39	57	41	41	46	54
Valet	10	9	11	10	10	14	12	15	17	12	14	11	15
Veterinarian	7	9	7	7	9	10	11	11	11	8	14	15	17
Veterinary Assistant	3	2	2	3	3	7	8	6	6	7	6	6	12
Canterbury Association Employee	579	515	434	392	417	729	632	601	639	674	689	685	708
Canterbury Card Club Employees						386	408	379	330	391	418	399	384
Canterbury Medical	39	27	38	40	50	35	5	5	4	3	1	1	2
Stable	42	52	36	47	39	52	48	37	49	46	40	41	46
Authorized Agent										84	82	113	112
County Fair Volunteers						24	27	0	0	0	0	0	0
Other	11	40	36	16	13	17	15	20	28	18	38	29	25
Totals	3057	2898	2648	2691	2751	3690	3853	3254	3805	3840	4137	4107	4068

Table 2.**Occupational (Class C) Licenses Issued To
Minnesotans**

LICENSE TYPE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commission/MRC Staff	30	24	30	28	20	33	29	5	26	24	27	34	31
Bloodstock Agent	1	1	0	0	0	0	1	1	1	1	2	2	2
Vendor, Sole Proprietor	8	8	10	18	23	32	31	32	64	81	88	89	110
Vendor Employee			42	61	48	85	82	90	92	93	142	131	178
Detention Barn Technician	10	16	17	9	11	18	14	16	13	12	19	16	16
Driver	0	1	1	2	1	3	3	0	2	0	0	0	0
Exercise Rider	22	20	15	20	17	16	20	20	15	17	12	16	16
Farrier	4	3	4	1	2	3	4	3	3	3	3	3	2
Farrier's Assistant	0	0	1	1	1	0	1	0	2	0	0	0	0
Gate Crew	1	3	4	2	1	0	3	5	3	2	0	0	2
Horsemen's Bookkeeper	1	1	1	1	1	0	0	0	0	0	0	0	0
Groom/Hotwalker	112	88	71	80	84	82	131	97	127	81	89	95	100
Jockey	5	2	3	5	3	4	6	6	8	5	4	5	7
Jockey Agent	1	3	2	2	1	2	2	1	2	2	3	1	2
Jockey, Apprentice	1	0	0	0	0	1	2	1	0	1	2	1	2
North Metro Harness Staff											4	5	11
Owner, Individual	531	504	437	394	397	382	393	403	440	453	520	512	549
Owner/Trainer						20	27	23	27	21	22	23	15
Owner/Trainer/Driver	11	9	10	9	9	5	6	0	5	0	0	0	0
Pari-mutuel Clerk	224	148	141	129	131	155	141	121	128	132	126	119	116
Pony Rider	5	6	6	6	5	3	4	3	2	3	4	6	8
Racing Official	4	5	5	7	6	9	8	3	8	4	5	4	5
Security Officer	55	42	39	36	38	97	83	69	80	81	61	61	63
Stable Foreman	2	2		3	0	0	0	0	0	0	0	1	0
Trainer	46	41	43	44	43	20	11	14	14	7	12	10	11
Trainer, Assistant	10	5	7	7	5	6	9	7	9	10	7	9	9
Valet	0	2	4	4	2	3	5	8	6	5	2	1	4
Veterinarian	7	7	5	6	7	8	9	10	11	8	13	12	15
Veterinary Assistant	3	2	1	2	3	3	3	3	5	6	5	5	10
Canterbury Association Employee	552	508	403	366	384	659	593	576	614	639	653	666	680
Canterbury Card Club Employees						350	379	354	297	363	373	372	348
Canterbury Medical	36	26	36	40	49	34	5	5	4	3	1	1	2
Authorized Agent										29	25	27	27
County Fair Volunteers						24	27	0	0	0	0	0	0
Other	6	34	21	14	11	14	11	17	26	17	25	19	17
Totals	1668	1511	1378	1278	1303	2071	2043	1893	2034	2103	2243	2246	2358

2007 COMMISSION VETERINARIAN'S REPORT

MISSION STATEMENT: The mission of the Minnesota Racing Commission's Veterinary Department is to protect the participants in the sport of horse racing, including horses, riders or drivers, owners, and fans, from harm that can occur through negligence or deliberate mistreatment of horses.

The Minnesota Racing Commission's veterinary staff continued to be guided by their mission statement. The goals for 2007 were similar to previous years and included complying with state and federal guidelines regarding equine transport and infectious diseases, protecting horses from abuse and neglect, minimizing racing injuries and accidents to horses as well as riders and drivers, preventing the use of illegal medications, safeguarding the owner's investments, ensuring consistent equine performances, and monitoring the long term condition of the racing surface.

Over 1400 thoroughbreds, quarter horses, and arabians entered the grounds of Canterbury Park during the 2007 race meet. In compliance with state and federal regulations and to keep infectious diseases at a minimum all horses allowed on the grounds were accompanied by a Certificate of Veterinary Inspection (CVI) with current Equine Infectious Anemia (EIA or Coggins) information clearly documented. Horses coming from training centers or racetracks with known infectious diseases required additional information on their CVI. The required information varied depending on the geographical location, suspected or known infectious disease, and vaccination status. Certificates were collected at the time of entry and examined each day by a Commission Veterinarian for accuracy and completeness. Copies of certificates with incomplete or missing information were sent to the Minnesota Board of Animal Health. Horses arriving without CVI's or with outdated EIA certificates were held at the stable gate or in the quarantine area until examined by a licensed veterinarian and an appropriate certificate produced.

Pre race examinations were performed on all horses entered to race. A total of 5144 examinations were performed with 4841 horses ultimately leaving the starting gate. Based on results of prerace examinations, 120 horses were recommended to the Board of Stewards to be scratched from racing on that day. These 120 horses along with 126 other horses were placed on the Veterinarian's List and not allowed to race again until deemed fit by one of the Commission Veterinarians. Fifty five horses required a timed workout observed by a Commission Veterinarian, either to be removed from the Veterinarian's List or to return to racing after a layoff of more than one year. These numbers are very similar to 2006.

Furosemide (Salix®), a medication administered to control Exercise Induced Pulmonary Hemorrhage (EIPH or bleeding) was permitted for 1314 horses entered into the 2007 program. This number, roughly 93% of the horses, is slightly higher than previous years but not all horses entered on furosemide actually went to the starting gate. The furosemide program functioned well with one known administration error and no furosemide medication violations.

Truesdail Laboratories in Tustin, California, the Minnesota Racing Commission contract laboratory, analyzed 1426 blood samples and 1226 urine samples for medication violations. The total number of medication violations (32) was similar to most other years. The majority of the violations revolved around minor overages or lack of the permitted medications phenylbutazone (9), flunixin (10), or ketoprofen (1). The remaining 12 violations were minor in nature and included clenbuterol (2), dexamethasone (7), DMSO (2), and trichlormethiazide (1).

The Board of Stewards dealt with all 32 violations in a manner deemed fair and equitable by them. In addition, Truesdail Laboratories processed 6 external blinded samples for Quality Assurance and screened 384 samples for TCO2 levels (milk shaking).

Seventeen horses died or were humanely euthanized during the 2007 meet. Nine of these horses suffered injuries during a race resulting in a race related, traumatic breakdown rate of 0.19%. While higher than some years it is well within the nationally accepted range of 0.15% to 0.5%. Data collected from these horses was statistically analyzed and no common factor was found. In addition, data from the thoroughbreds was collated and submitted for inclusion in the National Horse Breakdown Study. One horse was euthanized after a training related accident. No statistics are kept on training horses as the total number of horses training on each day is not recorded. The remaining horses died or were euthanized for a variety of illnesses or medical problems. All horses dying or euthanized on the grounds for any reason were transported to the University of Minnesota Diagnostic Laboratory within eight hours of their death for a complete post mortem examination. As a matter of record all 17 horses were placed on the Veterinarian's List and the Jockey Club or American Quarter Horse Association notified of their deaths.

Our "Because We Care" horse retirement and adoption program became custodians for or assisted in the placement of 33 racehorses. An additional 12 horses in foster care were moved to permanent homes. No horse in need of help was turned away regardless of their condition. These horses have gone on to successful careers in polo, games, dressage, pleasure, hunters, jumpers, and other forms of recreational riding.

The Commission Veterinarians accepted responsibility for and were present at all animal related programs at Canterbury Park during the live racing season. The veterinarians were involved with the Children's Petting Zoo, Weiner dog races, Camel and Ostrich races, Minnesota Thoroughbred sale, MTA mare and foal exhibit, and other events occurring on the grounds. Commission veterinarians also provided support for the Don MacBeth injured jockey fund raiser, Dean Kutz chapel fund raiser, Groom Elite program, swimming pool observational study, and a variety of other projects and programs.

The Minnesota Racing Commission's veterinary staff continued to have high visibility at Canterbury Park both on the backside and the racing surface. The office provided medication information and withdrawal times, trainer education, and assistance to backside veterinarians while keeping the medication controls tight. Their daily presence ensured the humane treatment of all horses and helped maintain the integrity of horse racing in Minnesota.

Table 3.
2007 PARI-MUTUEL STATISTICS

LIVE WAGERING

2007 Live Thoroughbred and Quarter Horse Races Thoroughbred Meet – May 5 – May 24, 2007 Mixed Meet (Thoroughbred & Quarter Horse) – May 25 – September 3, 2007 Festival of Champions – August 19, 2007 Total Attendance for Live Racing (May 5 – September 3, 2007 - 69 Days) 367,851					
BREED	HANDLE	TAKEOUT	BETTOR RETURN	# OF RACES	AVERAGE HANDLE PER RACE
Thoroughbred	\$14,269,378	\$2,848,597	\$10,960,842	566	\$25,211
Quarter Horse	\$1,082,111	\$214,000	\$855,207	84	\$12,882
Arabian	\$23,966	\$4,584	\$17,846	2	\$11,983
TOTAL	\$15,375,455	\$3,067,181	\$11,833,895	652	\$23,582

SIMULCAST WAGERING

2007 Full-Card Simulcast Meets January 1, 2007 – December 31, 2007					
BREED	HANDLE	TAKEOUT	BETTOR RETURN	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY
Thoroughbred	\$49,496,238	\$9,992,570	\$39,447,519		
Quarter Horse	\$1,628,269	\$337,189	\$1,261,514		
Standardbred	\$2,554,671	\$559,737	\$1,885,086		
Arabian	\$138,475	\$27,629	\$116,441		
TOTAL	\$53,817,653	\$10,917,125	\$42,710,560	364	\$147,851

Chart 2.
CANTERBURY PARK HANDLE
CALENDAR YEARS 1985 - 2007

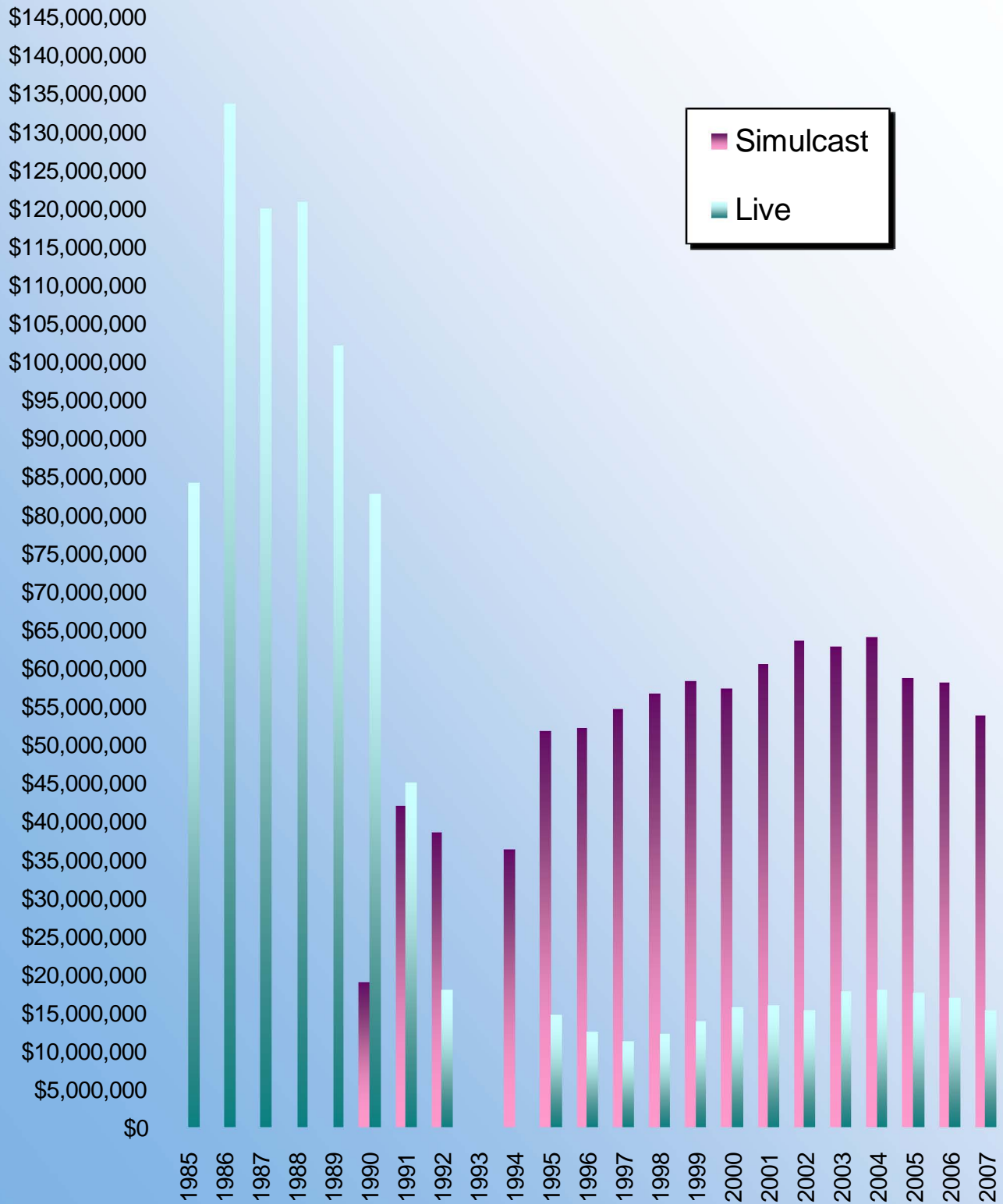


Table 4.
SIX YEAR FINANCIAL SUMMARY
FISCAL YEARS 2002 - 2007

APPROPRIATIONS						
	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
General Fund Appropriation					\$426,000	\$414,000
Special Revenue Appropriation 1)	\$1,130,000	\$674,000	\$421,000	\$421,000		
Deficiency Appropriation			\$98,000			
Statutory Carry Forward		\$58,000	\$12,163	-\$12,163	\$1,647	-\$1,647
Unallotment					-\$21,000	
Total	\$1,130,000	\$732,000	\$531,163	\$408,837	\$406,647	\$412,353
	Actual 07	Actual 06	Actual 05	Actual 04	Actual 03	Actual 02
Salaries, Benefits & Per Diem	\$442,314	\$376,150	\$361,655	\$313,980	\$287,005	\$295,495
Rents	\$174	\$220	\$220	\$220	\$220	\$175
Consultant Services	\$0	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	\$13,792	\$5,243	\$4,001	\$2,920	\$46,284	\$67,848
Data Processing & System Services	\$4,338	\$1,788	\$4,480	\$5,213	\$2,701	\$9,680
Communications	\$6,283	\$6,084	\$5,564	\$4,026	\$4,365	\$6,050
Travel	\$18,303	\$11,881	\$13,599	\$6,167	\$3,102	\$5,831
Supplies and Material	\$9,547	\$5,787	\$4,455	\$11,583	\$10,807	\$7,233
Equipment	\$16,038	\$8,203	\$26,025	\$9,355	\$10,033	\$7,449
Other (Repairs, Printing, Dues, Legal, Ind. Cost)	\$76,091	\$46,644	\$103,001	\$55,373	\$12,182	\$12,592
Total	\$586,880	\$462,000	\$523,000	\$408,837	\$376,699	\$412,353
	Actual 07	Actual 06	Actual 05	Actual 04	Actual 03	Actual 02
Appropriation Balance	\$543,120	\$270,000	\$8,163	\$0	\$29,948	\$0
License Revenues to General Fund/Special Revenue Fund1)	\$704,912	\$721,638	\$463,486	\$445,547	\$390,800	\$392,000
Pari-Mutuel Taxes to General Fund	\$148,862	\$221,181	\$246,634	\$268,649		
Fines to General Fund & 212	\$18,860	\$14,030	\$14,900	\$8,725		

1) Beginning with the 2004 - 2005 biennium, appropriations are from the special revenue fund financed by dedicated receipts from license fees.

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 2007 the Breeder's Fund earned \$772,106 from live and simulcast racing and earned \$453,812 from card club operations. 190 individuals and partnerships received \$257,480 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 \$904,606. Purse supplements of \$21,600 were paid out during four days of non pari-mutuel harness racing at county fair venues. The monies available for the 2007 purse supplements included carryovers from 2006.

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 five grants from the fund during 2007.

(1) The College of Veterinary Medicine received an extension on their grant of \$1,300 from 2007 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.

(2) The Department of Veterinary Population Medicine of the University of Minnesota received \$7,750 to provide education to Minnesota horse owners regarding the identification and control of common non-poisonous pasture plants in the Upper Midwest by:

- a. Producing a poster intended to aid horse owners in weed identification
- b. Producing a publication, which will include multiple images of common pasture weeds and discuss origin, life cycle, identification, distribution, habitat, and specific chemical and cultural control options for each weed. The publication will also include, among other items, best management practices for horse pastures and chemical and cultural weed control tables.
- c. Distributing the poster and/or publication on the Minnesota Racing Commission, University of Minnesota Horse, Veterinary Medicine, Extension and Weed Science websites and make it available for purchase through the Extension Distribution Center.

(3) The Groom Elite Program received \$3,995 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.

**Table 5.
2007 BREEDERS' FUND RECAP**

THOROUGHBRED		QUARTER HORSE	
Live and Simulcast Racing	\$674,940	Live and Simulcast Racing	\$47,075
Card Club Operations	\$392,231	Card Club Operations	\$39,223
Total Earnings	\$1,067,171	Total Earnings	\$86,298
Less Administrative Cost	\$22,640	Less Administrative Cost	\$1,680
= Net Breeders' Fund	\$1,044,531	= Net Breeders' Fund	\$84,618
Less Equine Research	\$24,011	Less Equine Research	\$1,828
= Net Available Breeders' Fund	\$1,020,520	= Net Available Breeders' Fund	\$82,790
Less Purse Supplements	\$781,771	Less Purse Supplements	\$58,828
= Balance Remaining for Awards	\$238,749	= Balance Remaining for Awards	\$23,962

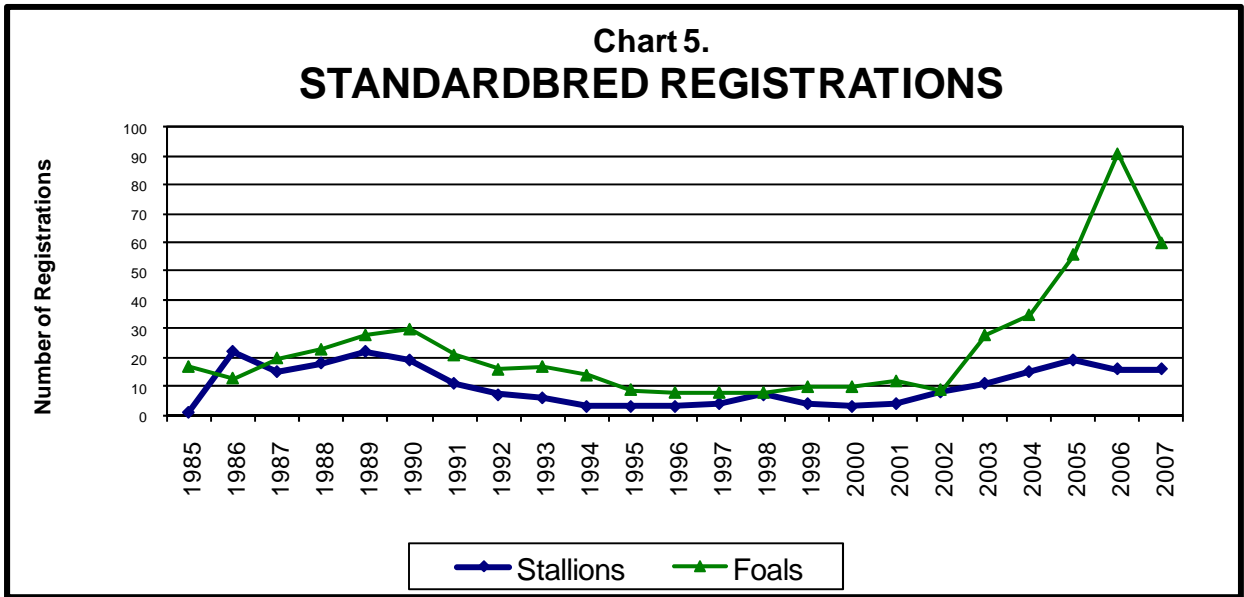
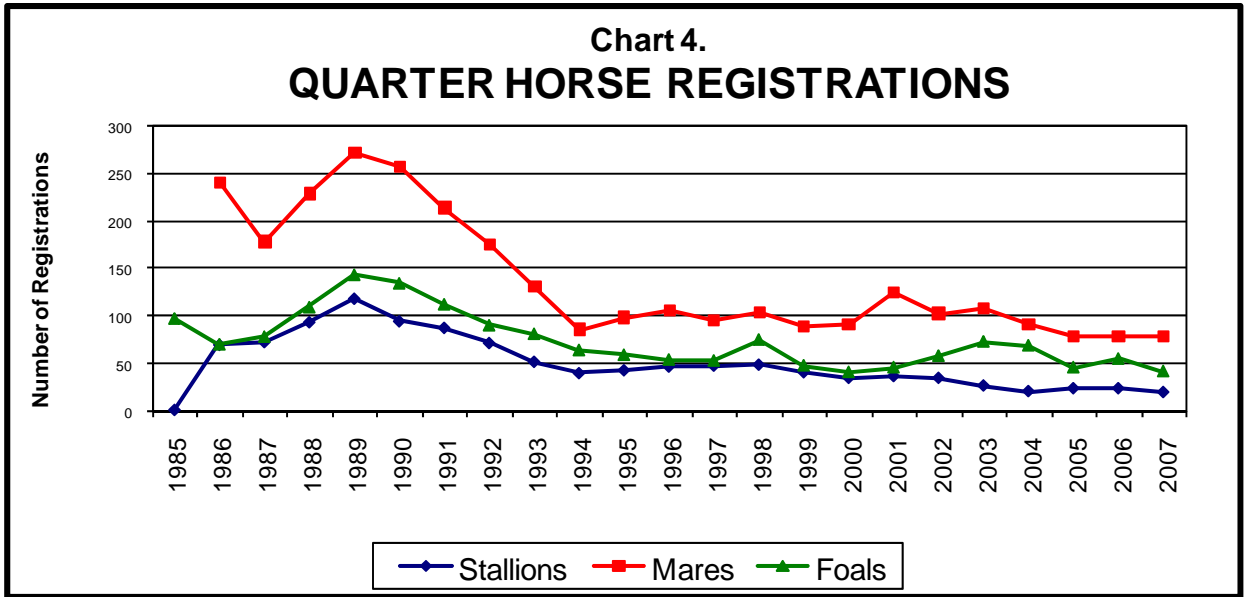
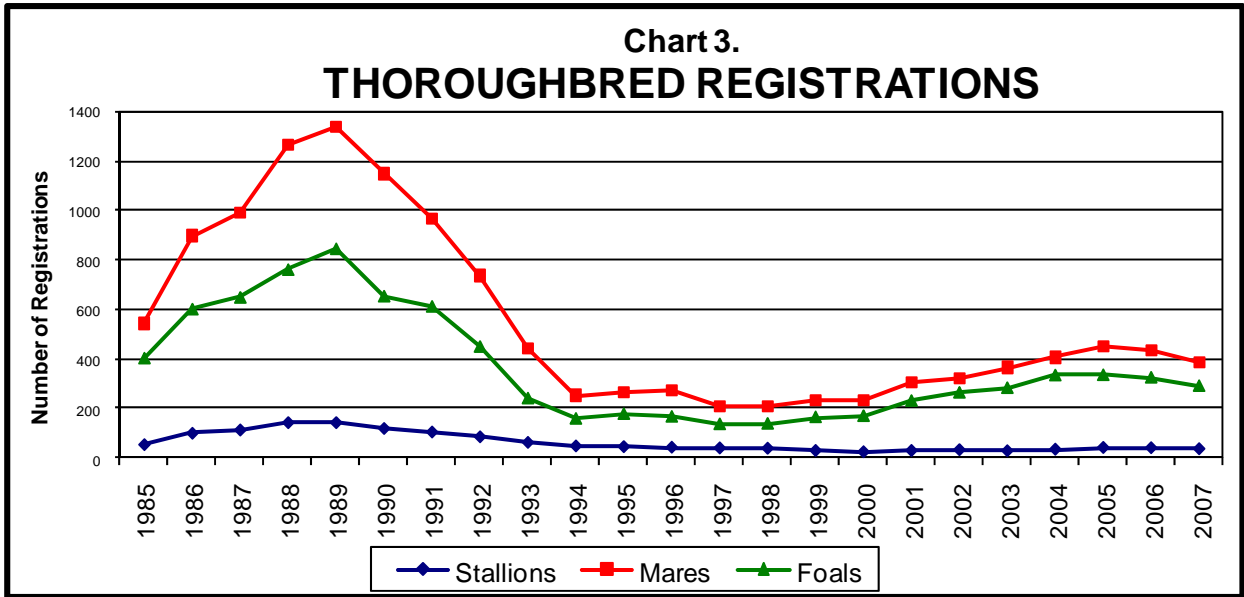
STANDARDTBRED		ARABIAN	
Live and Simulcast Racing	\$30,433	Total Earnings	\$1,748
Card Club Operations	\$4,358	Less Purse Supplements	\$961
Total Earnings	\$34,791	= Balance Remaining for Awards	\$787
Less Purse Supplements	\$25,661		
Less Equine Research	\$1,522		
Less Non-PM Development	\$1,522		
= Balance Remaining for Awards	\$6,086		

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

**Table 6.
HORSE REGISTRATIONS**

Year	THOROUGHBRED				QUARTER HORSE				STANDARDTBRED	
	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	12
2002	34		323	265	35		102	58	8	9
2003	30		365	284	27		107	73	11	28
2004	36		407	335	21		90	69	15	35
2005	43		449	336	24		78	46	19	56
2006	42		434	326	24		78	55	16	91
2007	38		386	292	20		78	42	16	60

*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

The Commission is proposing legislation during the 2008 session that will authorize the Commission to set, by rule, regulatory threshold levels for certain medications.

IV. RUNNING ACES HARNESS PARK

The Commission 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 included two public hearings as required by law (one in then Columbus Township and the other in Shakopee), the formation of an Application Committee of the Commission that met eight times during the summer to review all aspects of the application in detail, the engaging of a public accounting 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, filed a petition for judicial review with the Court of Appeals. That petition was asking the Court of review the Commission's license approval process. A second petition was filed asking the court to review the Commissions use of the Open Meeting law. The Commission prevailed on both petitions.

In April 2007 construction of Running Aces Harness Park began. On December 20, 2007 the Commission approved a 4 day a week race schedule for a total of 53 days.

On April 11, 2008 Running Aces Harness Park will open the 53-day race meet that will conclude on July 6, 2008. After completing the required 50 days of live racing Running Aces Harness Park will open the Card Club.

Running Aces Harness Park has a bill in the Senate to permit the simulcasting of all breeds of horse racing.

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:
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