



Minnesota Racing Commission

2009 Annual Report

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

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MINNESOTA RACING COMMISSION

February 15, 2010

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

Peter Wattson, 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 2009. 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 2009 operations of Canterbury Park and Running Aces Harness 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 62 days of live racing for thoroughbreds and quarter horses this past summer from May 15 through August 30. Running Aces Harness Park conducted 51 days of live racing for standardbred horses from May 15 through August 9.

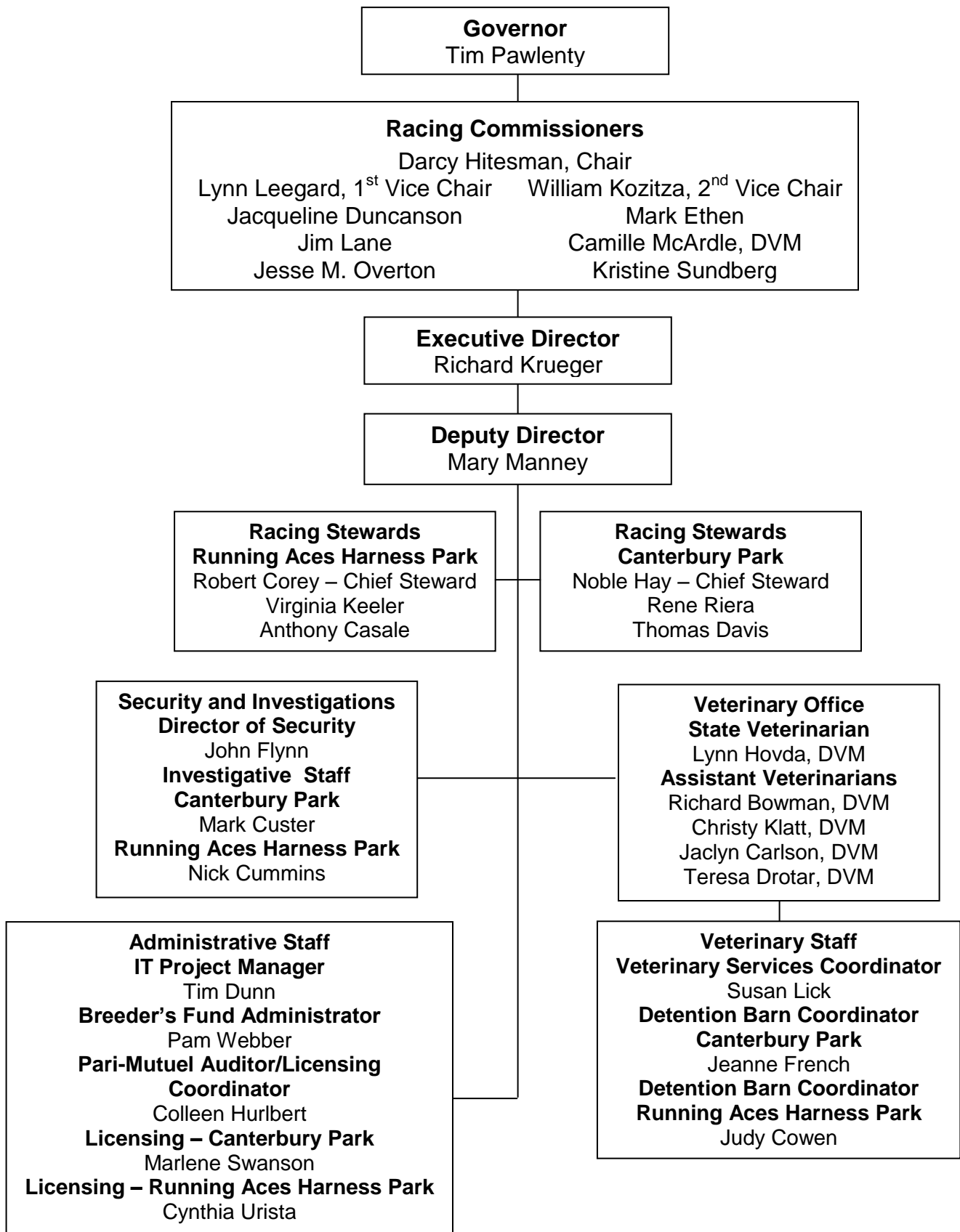
During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a card club in addition to live racing and simulcasting. The clearly stated intent of that legislation was to increase purses, which immediately happened. Operation of the Canterbury Park Card Club for calendar year 2009 added \$2,582,000 to their purse structure while Running Aces Harness Park Card Club added \$2,785,000 to their 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, pari-mutuel wagering and card playing. 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,

Lynn Leegard, Acting Chair

The MINNESOTA RACING COMMISSION



MINNESOTA RACING COMMISSION

2009 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.

Lynn Leegard, Acting Chair
Blaine, Minnesota
Term Expires June 30, 2011

William Kozitza, 2nd Vice Chair
North Mankato, Minnesota
Term Expires June 30, 2011

Jacqueline Duncanson
Mapleton, Minnesota
Term Expires June 30, 2013

Mark Ethen
Blaine, Minnesota
Term Expires June 30, 2013

James S. Lane
Medina, Minnesota
Term Expires June 30, 2015

Camille McArdle, DVM
Corcoran, Minnesota
Term Expires June 30, 2011

Jesse M. Overton
Bloomington, Minnesota
Term Expires June 30, 2013

Kristine Sundberg
Minnetonka, Minnesota
Term Expires June 30, 2015

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
Marlene Swanson	Rules Coordinator/Licensing Clerk
Cynthia Urista	Licensing Clerk
John Flynn	Director of Security
Mark Custer	Investigator
Nick Cummins	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 2009 racing season:

Stewards – Canterbury Park	Noble Hay, Jr. Tom Davis Rene Riera
Judges – Running Aces Harness Park	Bob Corey Virginia Keeler Anthony Casale
Veterinarians and Assistants	Chief Veterinarian Lynn Hovda, DVM Richard Bowman, DVM Christy Klatt, DVM Jaclyn Carlson, DVM Teresa Drotar, DVM Susan Lick, Veterinary Services Coordinator Jeanne French, Lead Test Barn Technician - Canterbury Park Judy Cowan, Lead Test Barn Technician – Running Aces Harness Park

ADVISORY COMMITTEES

The Thoroughbred Breeders Fund Advisory Committee advised the Racing Commission regarding thoroughbred topics during 2009.

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) 925-3953

Website: <http://www.mrc.state.mn.us>
1-800-627-3529 (TDD-Voice Relay Service)

II. COMMISSION ACTIVITIES

RULEMAKING

The Minnesota Legislature has delegated rule making authority to the Minnesota Racing Commission to regulate horse racing and card playing in Minnesota; to ensure that it is conducted in the public interest, and to ensure the integrity of racing and card playing in Minnesota. The rules regulating these interests are a living document that must be reviewed and amended to meet the changes in technology and the industry. As a result the Minnesota Racing Commission, with advice and consultation with Class A & B licensees and other affected parties revises and updates its rules to meet the current needs of the industry.

The Commission concluded two rulemaking projects in 2009. The first set of rules adopted in 2009 aligned license fees for association employees and increased the fees for the multiple license type of Owner/Trainer/Driver to a level that is more consistent with the fees associated with those individual occupational types. The rules specifically require that the University of Minnesota, Veterinary Diagnostic Laboratory shall conduct postmortem examinations of horses and that the Class B licensee (racetrack) bear the cost of transportation; redefined that blood and/or urine testing of horses can be ordered by the Stewards at any time while horses are on the grounds of a licensed racetracks; and identified regulatory guidelines for split sample testing for TCO₂ which is the bicarbonate level of a horse caused by the administration of alkalinizing agents to the horse (“milkshaking” using industry jargon). The rules also identify guidelines and set late fees for late registration of standardbred foals.

During the 2008 legislative session the Racing Commission was successful in getting legislation passed giving it the rulemaking authority to set regulatory thresholds for certain medications and their metabolites; L. '08, ch. 318, Art. 2, Sec. 1. The rules adopted in 2009, under this legislation, pertain to the medication androgenic anabolic steroids. The pari-mutuel racing industry nationally is facing severe criticism for not addressing the use and abuse of this medication. The Association of Racing Commissioners International (RCI), of which Minnesota is a member, has developed a model rule for all states to adopt. The rules adopted in 2009 paraphrase that model rule. RCI has worked with the scientific community and the Racing Medication Testing Consortium in developing the thresholds contained in this rule.

In 2009, the Commission initiated four more rulemaking processes that include the following:

The first rule process that should be completed early in 2010 amends rules to maintain adequate medical personnel while reducing the expense of having an ambulance on site; reduces the number of betting interests for Superfecta wagering; revises language to reflect protected class status under Minnesota statute; includes “microchip” as a form of horse identification; adds reporting of alteration of the sex of a horse to trainer responsibilities; adds to or redefines duties and responsibilities of veterinarians, Claims Clerk, and Outriders; redefines who may claim a horse; prohibits or restricts the use of toe grabs or like equipment; redefines criteria to deny entry of a horse; defines “biological product”; amends procedures for the taking of test samples; adds to the Chapter on prohibited acts the removal of a horse from the stabling area that is entered in a race, and possession or use of a drug, substance, medication, biological product, or venom; revises disciplinary and appeal procedures; and revises the Chapter on variances with respect to part 7870.0500.

The second rule process initiated in 2009, which should be completed by mid 2010, regards amendments that will bring existing rules regarding Affirmative Action and ADA compliance, adopted by the Commission in 1985, current with federal and state standards.

The third rule process, that is ready for notice of adoption, concerns various amendments to improve the oversight regarding pari-mutuel horse racing. Chapter 7876 brings together in one spot the requirements for trainers bringing horses onto the backside of racetracks. Chapter 7877 clarifies the responsibilities of commission veterinarians. Chapter 7879 addresses language currently used to remove horses from racing. Chapter 7883 updates the language in several subparts including workouts, procedure for scratching horses, and horses suffering injuries on the racing surface. Great strides have been made to save these horses and procedures for unsaddling and handling them need to be modified accordingly. Chapter 7884 is a rule amendment specific to harness horses and mirrors a rule already in place for Thoroughbreds, Quarterhorses, and Arabians. It specifies that horses in qualifying races must participate with only approved race day medications. Chapter 7890 adds current and updated definitions, clarifies timeframes and trainer responsibilities for entries and receiving furosemide, and removes outdated language. Chapter 7891 provides guidelines for processing, transporting, and submitting deceased horses to the University of Minnesota Veterinary Diagnostic Laboratory.

The fourth rule process, also ready for Notice of Adoption, addresses two important issues. Issue one adds serum threshold levels for androgenic anabolic steroids (AAS) to the current rule which uses only urine levels. The use of blood (serum) provides an additional diagnostic tool allowing the Racing Commission to screen all horses that pass through the detention barn, not just those that pass urine. There is no scientific use for an AAS in race horses or race training and this rule effectively bans their use on racehorses in Minnesota. Issue two incorporates urine threshold levels for several well known feed contaminants. This amendment prevents horsemen from being punished for the presence of extraordinarily low levels of contaminants in their feed.

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 Commission 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 at Canterbury Park opened in April of 2000. A second card club, at Running Aces Harness Park, opened in July of 2008. 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. In 2009 Canterbury Park's card club rake was \$20,158,312.69. Of that amount \$2,582,163.78 will go for purses and the Breeders' Fund in 2010. At Running Aces the rake was \$18,570,690.91 and of that amount \$2,785,603.64 will go for purses and the Breeders' Fund in 2010.

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 Citizenship and Immigration Services (USCIS); Immigration and Customs Enforcement; Anoka County Sheriff's Office, Internal Revenue Service; Minnesota Department of Revenue; Scott County Sheriff's Office; Scott County Attorney's Office; State Attorney General's Office; Shakopee Police Department; Association of Racing Commissioners International (ARCI); Organization of Racing Investigators (ORI); 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 Running Aces Harness Park.

INVESTIGATIONS SUMMARY

The Minnesota Racing Commission relies on their Director of Security and investigators, agents from the Department of Public Safety's Alcohol and Gambling Enforcement Division, Shakopee Police Department, and Anoka County Sheriff's Office. 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 submit an Affidavit of Qualification stating they are not in debt to the State of Minnesota, have never been convicted of a felony in a state or federal court, or for occupations that do not involve gaming operations have not been convicted of a felony or crime involving fraud or misrepresentation within 10 years, do not have a state or federal felony charge pending, have been discharged from any supervision related to a disqualifying offense for a period of at least 5 years, are not required to register pursuant to section 243.166 (Predatory Offender Status), nor have they been convicted of a crime related to horse racing or gambling.

In 2009, 4939 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 3624 licenses were issued to individuals racing or working in various occupations at Canterbury Park. 1315 licenses were issued to individuals racing or working in various occupations at Running Aces Harness Park. Licenses were issued to applicants from 44 different states as well as several different countries including Canada, England, France, 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. Chart 1 provides a visual trend in licensing numbers since 1994.

Chart 1. Class C Occupational Licenses Issued 1994 - 2009

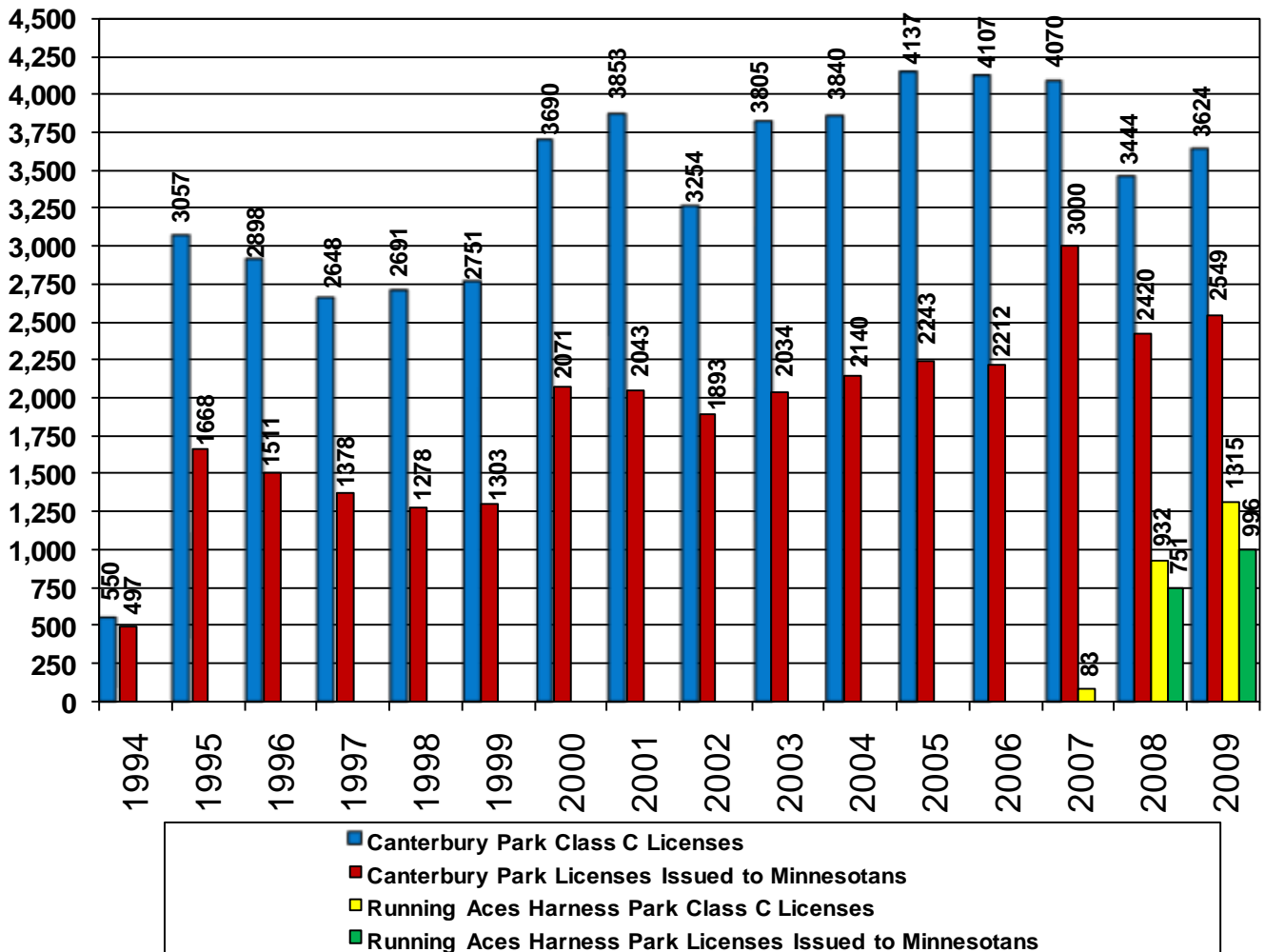


Table 1.
OCCUPATIONAL (CLASS C) LICENSE SUMMARY BY YEAR

LICENSE TYPE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Authorized Agent										84	82	113	112	117	57
Bloodstock Agent	1	1	0	0	0	0	2	1	1	1	2	2	2	2	4
Canterbury Employees	943	780	704	646	713	1466	1321	1225	1232	1330	1351	1320	1338	1279	1095
Commission/MRC Staff	35	31	31	34	30	53	39	31	31	29	32	38	35	48	27
County Fair Volunteers						24	27	0	0	0	0	0	0	0	0
Detention Barn Technician	12	17	20	11	12	19	15	16	17	14	22	19	19	18	26
Driver	0	4	15	14	7	6	15	0	13	0	0	0	0	12	32
Exercise Rider	71	66	40	46	45	46	60	52	44	64	66	66	54	53	71
Farrier	12	16	12	10	13	8	11	10	11	12	12	11	10	16	13
Farrier's Assistant	0	0	1	1	1	0	2	0	2	0	0	0	0	0	1
Groom/Hotwalker	262	266	209	241	251	251	357	268	314	285	294	299	278	324	286
Jockey	72	54	60	61	61	69	84	58	80	76	77	59	58	69	63
Jockey Agent	7	12	6	8	8	12	17	11	11	8	8	9	12	9	11
Jockey, Apprentice	4	3	4	3	2	2	5	5	4	2	4	2	4	3	1
Other	11	40	36	16	13	17	15	20	28	18	38	29	25	24	12
Owner, Individual	1061	1038	908	976	984	965	1055	906	1106	1051	1178	1160	1090	1293	1212
Owner, Multiple	181	212	135	180	169	199	256	216	283	267	299	315	283	324	321
Owner/Trainer						111	116	81	101	93	93	100	74	76	77
Owner/Trainer/Driver	28	17	37	39	19	14	30	0	16	0	0	0	0	32	46
Pony Rider	18	21	19	19	19	21	19	19	17	16	9	14	15	16	12
Running Aces Employees											7	9	20	591	651
Stable	42	52	36	47	39	52	48	37	49	46	40	41	46	55	44
Stable Foreman	9	5	3	6	4	2	1	0	1	1	0	2	0	2	1
Trainer	186	172	180	185	201	105	112	65	110	85	100	86	70	101	95
Trainer, Assistant	52	42	40	38	38	38	48	39	57	41	41	46	54	46	43
Vendor	32	28	60	29	28	49	45	40	80	96	109	104	134	144	170
Vendor Employees	8	81	12	71	82	144	134	137	180	206	260	251	326	369	354
Veterinarian	7	9	7	7	9	10	11	11	11	8	14	15	17	20	16
Veterinary Assistant	3	2	2	3	3	7	8	6	6	7	6	6	12	9	7
Totals	3057	2898	2648	2691	2751	3690	3853	3254	3805	3840	4137	4107	4068	5052	4748

Table 2.

OCCUPATIONAL (CLASS C) LICENSES ISSUED TO MINNESOTANS

LICENSE TYPE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Authorized Agent										29	25	27	27	23	31
Bloodstock Agent	1	1	0	0	0	0	1	1	1	1	2	2	2	2	4
Canterbury Employees	873	743	633	585	612	1307	1217	1141	1140	1229	1221	1224	1220	1179	1034
Commission/MRC Staff	30	24	30	28	20	33	29	5	26	24	27	34	31	38	18
County Fair Volunteers						24	27	0	0	0	0	0	0	0	0
Detention Barn Technician	10	16	17	9	11	18	14	16	13	12	19	16	16	16	23
Driver	0	1	1	2	1	3	3	0	2	0	0	0	0	1	4
Exercise Rider	22	20	15	20	17	16	20	20	15	17	12	16	16	13	25
Farrier	4	3	4	1	2	3	4	3	3	3	3	3	2	5	5
Farrier's Assistant	0	0	1	1	1	0	1	0	2	0	0	0	0	0	0
Groom/Hotwalker	112	88	71	80	84	82	131	97	127	81	89	95	100	143	121
Jockey	5	2	3	5	3	4	6	6	8	5	4	5	7	4	7
Jockey Agent	1	3	2	2	1	2	2	1	2	2	3	1	2	4	1
Jockey, Apprentice	1	0	0	0	0	1	2	1	0	1	2	1	2	2	1
Other	6	34	21	14	11	14	11	17	26	17	25	19	17	16	12
Owner, Individual	531	504	437	394	397	382	393	403	440	453	520	512	549	603	569
Owner/Trainer						20	27	23	27	21	22	23	15	16	15
Owner/Trainer/Driver	11	9	10	9	9	5	6	0	5	0	0	0	0	3	6
Pony Rider	5	6	6	6	5	3	4	3	2	3	4	6	8	10	6
Running Aces Employees											4	5	11	527	592
Stable Foreman	2	2		3	0	0	0	0	0	0	0	1	0	1	1
Trainer	46	41	43	44	43	20	11	14	14	7	12	10	11	13	18
Trainer, Assistant	10	5	7	7	5	6	9	7	9	10	7	9	9	5	8
Vendor Employee	8	8	52	79	71	117	113	122	156	174	230	220	288	320	316
Veterinarian	7	7	5	6	7	8	9	10	11	8	13	12	15	16	14
Veterinary Assistant	3	2	1	2	3	3	3	3	5	6	5	5	10	7	5
Totals	1668	1511	1378	1278	1303	2071	2043	1893	2034	2103	2243	2246	2358	2967	2836

2009 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 mission statement applies equally to both Canterbury Park and Running Aces Harness Park. Each racetrack has different needs and expectations yet the underlying goals are the same. Common to both are the maintenance of an open and ethical relationship with the horsemen and women, complying with state and federal guidelines regarding equine transport and infectious diseases, protecting horses from abuse and neglect, preventing the use of illegal medications, minimizing race related injuries and accidents to horses as well as riders and drivers, serving as an educational resource for backside workers, safeguarding the owner's investments, and ensuring consistent equine performances.

CANTERBURY PARK

The 62 day Canterbury Park 2009 race meet began on May 15th and concluded on August 30th. During this time, 1365 Thoroughbreds and Quarterhorses entered the grounds. This is a decline from previous years in both the number of race days and horses entering the grounds. 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 for action on their part. 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 each race day on all horses entered to race. The examination included accurate horse identification, manual palpation of limbs, and a visual exam of the horse in motion. Abnormal findings were noted on a medical record examination card specific to each individual horse. A total of 4520 examinations were performed with 4348 horses ultimately leaving the starting gate. These examinations resulted in recommendations to the Board of Stewards that 139 horses be scratched from racing for veterinary reasons. An additional 33 horses were scratched in the saddling paddock, on the way to the starting gate or at the gate itself. These 172 horses along with 62 other horses were placed on the Veterinarian's List and not allowed to race again until deemed fit by one of the Commission Veterinarians. Forty nine 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.

Furosemide (Salix®), a medication administered to control Exercise Induced Pulmonary Hemorrhage (EIPH or bleeding) was permitted for 1234 horses entered into the 2009 program.

This number, roughly 97% of the horses, is similar to previous years. The furosemide program functioned very well with no known administration errors and no furosemide medication violations.

Industrial Laboratories in Boulder, Colorado, the Minnesota Racing Commission 2009 contract laboratory, analyzed 1179 blood samples and 1018 urine samples for medication violations. All first and second place finishers as well as any horses the Board of Stewards requested were tested. Industrial Laboratories also processed 6 external blinded samples for Quality Assurance and screened 307 samples for TCO₂ levels. Elevated TCO₂ levels indicate the presence of an alkalinizing agent in the horse's bloodstream. Twenty six medication violations occurred which was a significantly lower number than 2008. This was likely due to comprehension by trainers that the Minnesota Racing Commission tests for all forms of steroids – corticosteroids as well as anabolic steroids. The majority of violations were associated with overages of permitted nonsteroidal anti-inflammatory agents (flunixin, 13; phenylbutazone, 3). The remaining violations included caffeine/theobromine (1), ethyl glucuronide (1), methylprednisolone (4), norpseudoephedrine (1), ractopamine (1), and TCO₂ (2). One violation (clenbuterol) remains pending an appeal. Minnesota Racing Commission Investigators pursued the source of these overages and their findings were presented to the Board of Stewards. The Board of Stewards dealt with all violations in a manner deemed fair and equitable by them.

Eighteen horses died or were humanely euthanized during the 2009 meet. Ten of these horses suffered injuries during or immediately after a race resulting in a race related, traumatic breakdown rate of 0.23%. This is slightly higher than the reported rate of 0.2 % for dirt tracks but similar to other years. Data collected from these horses were statistically analyzed and no common factor(s) found. In addition, information was collated and submitted for inclusion in the National Horse Breakdown Study. Four horses were euthanized after training related accidents. While no specific number of horses training each day is kept, roughly 19,350 horses trained during the 2009 season giving an incidence rate of .021%. No national rate is available for comparison. 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 18 horses were placed on the Veterinarian's List and the Jockey Club or American Quarterhorse Association notified of their deaths.

Our "Because We Care" horse retirement and adoption program became custodians for or assisted in the placement of 55 racehorses. An additional 17 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 Association (MTA) 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.

RUNNING ACES HARNESS PARK

The 51 day 2009 race meet at Running Aces Harness Park began on May 15th and concluded on August 9th. Four hundred fifty six (456) horses entered the grounds, an increase of 134 horses (41%) over the 2008 inaugural season. Despite fewer race days, the number of starters (7.16

starters/race) in 411 races was increased over 2008 (6.54 starters/race). In addition, both the number of qualifying races (65) and the number of horses qualified during these races (286) increased.

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 for action of their part. Horses arriving without CVI's 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, modified for Standardbreds, were performed on all horses entered to race. A total of 2975 examinations were performed with 24 horses scratched at the starting gate. Abnormal findings were noted on a medical record examination card maintained for each individual horse. These 24 horses along with 17 other horses were placed on the Veterinarian's List and not allowed to race again until deemed fit by one of the Commission Veterinarians.

Furosemide (Salix®), a medication administered to control Exercise Induced Pulmonary Hemorrhage (EIPH or bleeding) was permitted for 290 horses entered into the 2009 program. This accounts for approximately 64% of the starters and is similar to the 2008 meet. The furosemide program functioned well with no known administration errors and no furosemide medication violations.

Industrial Laboratories in Boulder, Colorado, the Minnesota Racing Commission contract laboratory, analyzed 855 blood samples and 705 urine samples for medication violations. All first and second place finishers and any horse requested by the Board of Judges were tested. A Commission Veterinarian was present during each of the 65 qualifying races with medication testing provided at the request of the Judges.

Eight samples were submitted for Quality Control and an additional 276 samples were screened for TCO₂ elevations (indicative of the use of alkalinizing agents). Seventeen medication violations occurred. The majority of the violations revolved around overages or lack of the permitted medications phenylbutazone (6) and flunixin (10). One other violation involved lidocaine. The Judges dealt with all 17 violations in a manner deemed fair and equitable by them.

The horse ambulance was used only twice at Running Aces. One horse was euthanized for a track related injury and one horse died from illness. The University of Minnesota Veterinary Diagnostic Laboratory was responsible for post mortem examinations.

BOTH TRACKS

The Minnesota Racing Commission's veterinary staff had a high visibility and strong presence at Canterbury Park and Running Aces Harness 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 medication controls tight. Their daily presence ensured the humane treatment of all horses and helped maintain the integrity of horse racing in Minnesota.

PARI-MUTUEL STATISTICS

Table 3.

2009 PARI-MUTUEL STATISTICS CANTERBURY PARK

LIVE WAGERING

2009 Live Thoroughbred and Quarter Horse Races Mixed Meet (Thoroughbred & Quarter Horse) – May 15 – August 30, 2009 Claiming Crown – July 25, 2009 Festival of Champions – August 30, 2009						
BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Thoroughbred	\$11,237,435	\$2,233,876	480	\$23,411.32		
Quarter Horse	\$943,124	\$186,547	73	\$12,919.51		
TOTAL	\$12,180,559	\$2,420,423	553	\$22,026.33	\$9,169,282	75.28%

SIMULCAST WAGERING

2009 Full-Card Simulcast Meets January 1, 2009 – December 31, 2009						
BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$35,737,924	\$7,242,385				
Quarter Horse	\$1,005,925	\$207,644				
Standardbred	\$1,613,165	\$344,998				
Arabian	\$59,450	\$11,940				
TOTAL	\$38,416,464	\$7,806,967	363	\$105,830	\$30,272,247	78.8%

Table 4.

2009 PARI-MUTUEL STATISTICS RUNNING ACES HARNESS PARK

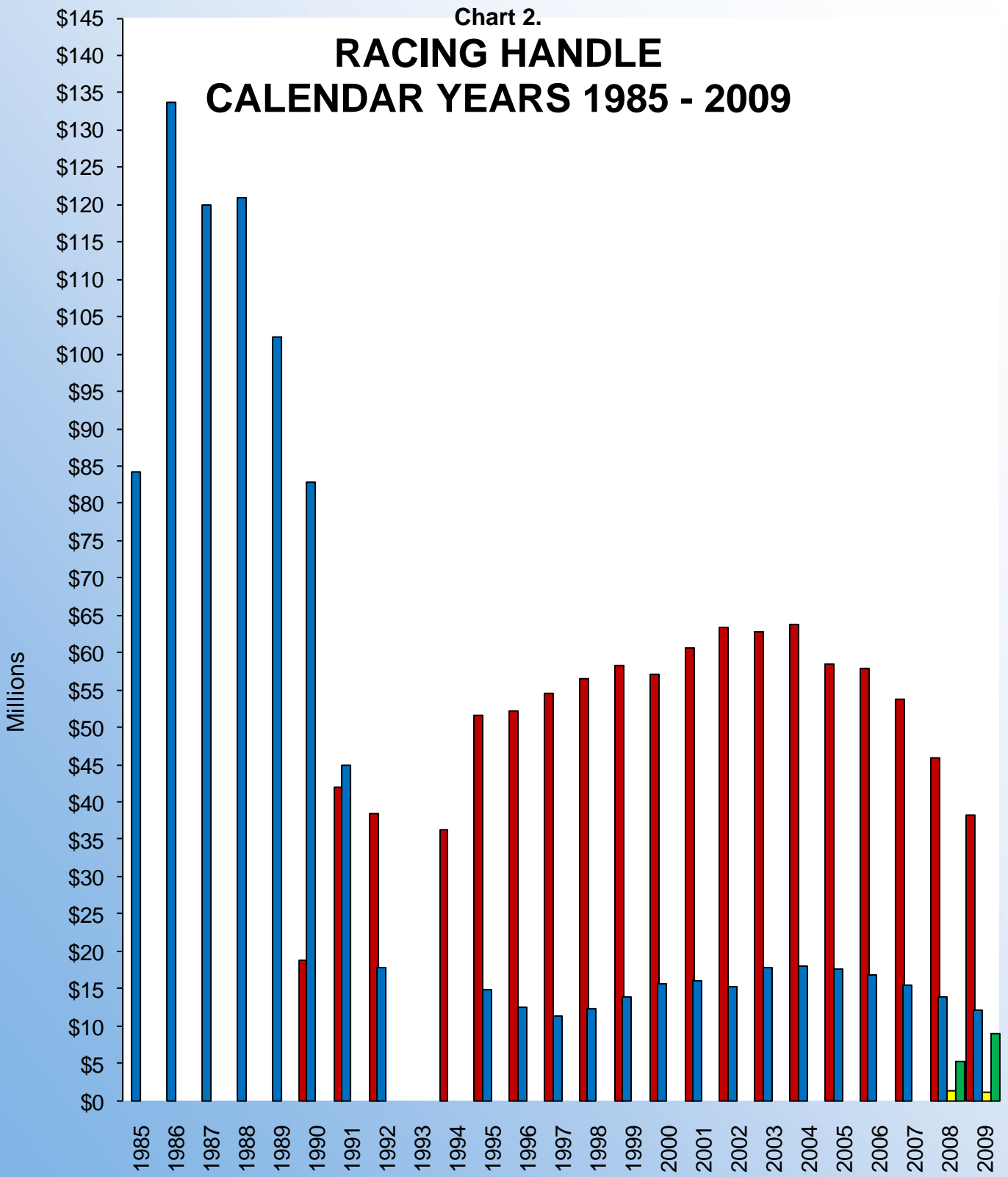
LIVE WAGERING

2009 Live Standardbred Races May 15 – August 9, 2009						
BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Standardbred	\$1,179,453	\$228,748	411	\$2,869.72		
TOTAL	\$1,179,453.	\$228,748	411	\$2,869.72	\$892,106	75.64%

SIMULCAST WAGERING

2009 Full-Card Simulcast Meets January 1, 2009 – December 31, 2009						
BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$7,303,323	\$1,472,151				
Quarter Horse	\$289,820	\$59,205				
Standardbred	\$1,344,687	\$300,949				
Arabian	\$16,017	\$3,229				
TOTAL	\$8,953,847	\$1,835,534	363	\$24,666	\$6,901,915	77.08%

Chart 2.
RACING HANDLE
CALENDAR YEARS 1985 - 2009



FIVE YEAR FINANCIAL SUMMARY

Table 5.

FISCAL YEARS 2005 – 2009

APPROPRIATIONS					
	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Special Revenue Appropriation 1)	\$899,000	\$1,130,000	\$835,000	\$674,000	\$421,000
Deficiency Appropriation					\$98,000
Statutory Carry Forward				\$58,000	\$12,163
Unallotment					
Total	\$899,000	\$1,130,000	\$835,000	\$732,000	\$531,163
	Actual 09	Actual 08	Actual 07	Actual 06	Actual 05
Salaries, Benefits & Per Diem	\$553,500	\$582,000	\$442,314	\$376,150	\$361,655
Rents	\$200	\$0	\$174	\$220	\$220
Consultant Services	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	\$15,600	\$31,000	\$13,792	\$5,243	\$4,001
Data Processing & System Services	\$11,600	\$39,000	\$4,338	\$1,788	\$4,480
Communications	\$6,100	\$7,000	\$6,283	\$6,084	\$5,564
Travel	\$23,200	\$19,000	\$18,303	\$11,881	\$13,599
Supplies and Material	\$14,300	\$19,000	\$9,547	\$5,787	\$4,455
Equipment	\$8,800	\$133,000	\$16,038	\$8,203	\$26,025
Other (Repairs, Printing, Dues, Legal, Ind. Cost)	\$60,500	\$83,000	\$76,091	\$46,644	\$103,001
Total	\$693,800	\$913,000	\$586,880	\$462,000	\$523,000
	Actual 09	Actual 08	Actual 07	Actual 06	Actual 05
Appropriation Balance	\$105,200	\$217,000	\$248,120	\$270,000	\$8,163
License Revenues to General Fund/Special Revenue Fund1)	\$800,400	\$743,000	\$704,912	\$721,638	\$463,486
Pari-Mutuel Taxes to General Fund	\$18,500	\$96,000	\$148,862	\$221,181	\$246,634
Fines to General Fund	\$30,600	\$20,000	\$18,860	\$14,030	\$14,900
<p>1) Beginning with the 2004 - 2005 biennium, appropriations are from the special revenue fund financed by dedicated receipts from license fees.</p>					

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.

During 2009 the Racing Commission awarded grants to:

1) The Horsemen's Benevolent and Protective Association, in the amount of \$3,725, to help fund the Groom Elite Program, a training program for racetrack grooms. 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.

2) The College of Veterinary Medicine, in the amount of \$9,000, to help fund a study entitled "The Effect of Resistance Training on Whole Body Fitness and Metabolic Characteristics of Superficial Digital Flexor Muscle". The purpose of the study is to evaluate the effect of training on an underwater treadmill on overall fitness and on the limb muscles whose tendons are often damaged with high speed exercise such as racing, jumping and galloping. The results will help develop effective training programs which may prevent bowed tendons or help rehabilitate horses that develop this injury.

The Commission granted extensions to two grants previously awarded to the University of Minnesota, College of Veterinary Medicine.

1) The Department of Veterinary Population Medicine has grant money in conjunction with a program to provide education to Minnesota horse owners regarding the identification and control of common non-poisonous pasture plants in the Upper Midwest by:

Producing a poster intended to aid horse owners in weed identification

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.

Distributing the poster and publication on the Minnesota Racing Commission, University of Minnesota Horse, Veterinary Medicine, Extension and Weed Science websites and making it available for purchase through the Extension Distribution Center.

2) The Department of Veterinary Population Medicine was also granted an extension for a study being conducted at Canterbury Park to determine the benefits and risks of swimming for race horses.

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 2009 the Breeder's Fund earned \$663,938 from live and simulcast racing and earned \$476,860 from card club operations. 201 individuals and partnerships received \$240,684 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 \$813,782. Purse supplements of \$30,000 were paid out during four days of non pari-mutuel harness racing at county fair venues. The monies available for the 2009 purse supplements included carryovers from 2008.

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

Table 6.

2009 BREEDERS' FUND RECAP

THOROUGHBRED		QUARTER HORSE	
Live and Simulcast Racing	\$575,495	Live and Simulcast Racing	\$40,287
Card Club Operations	\$234,618	Card Club Operations	\$23,528
Total Earnings	\$810,113	Total Earnings	\$63,815
Less Administrative Costs	\$19,200	Less Administrative Costs	\$1,460
= Net Breeders' Fund	\$790,913	= Net Breeders' Fund	\$62,355
Less Equine Research	\$18,635	Less Equine Research	\$1,594
= Net Available Breeders' Fund	\$772,278	= Net Available Breeders' Fund	\$60,761
Less Purse Supplements	\$567,967	Less Purse Supplements	\$40,283
= Balance Remaining for Awards	\$204,311	= Balance Remaining for Awards	\$20,478
STANDARD BRED		ARABIAN	
Live and Simulcast Racing	\$47,321	Total Earnings	\$834
Card Club Operations	\$218,713	Less Purse Supplements	\$459
Total Earnings	\$266,035	= Balance Remaining for Awards	\$375
Less Administrative Costs	\$2,055		
= Net Breeders' Fund	\$263,980		
Less Purse Supplements	\$250,400		
Less Equine Research	\$2,263		
Less Non-PM Development	\$2,263		
= Balance Remaining for Awards	\$9,053		

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

Table 7.

HORSE REGISTRATIONS

Year	THOROUGHBRED			QUARTER HORSE			STANDARD BRED	
	Stallions	Mares	Foals	Stallions	Mares	Foals	Stallions	Foals
1985	54	543	403	1	0	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	1334	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	28	107	73	11	28
2004	36	408	336	21	91	71	15	35
2005	43	451	342	24	80	49	19	56
2006	42	440	338	24	79	56	16	93
2007	38	407	313	20	78	44	16	75
2008	37	387	286	18	69	36	24	91
2009	40	317	191	16	69	28	20	91

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 not proposing any legislation during the 2010 session.

**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)**