

RACING COMMISSION Agency Profile

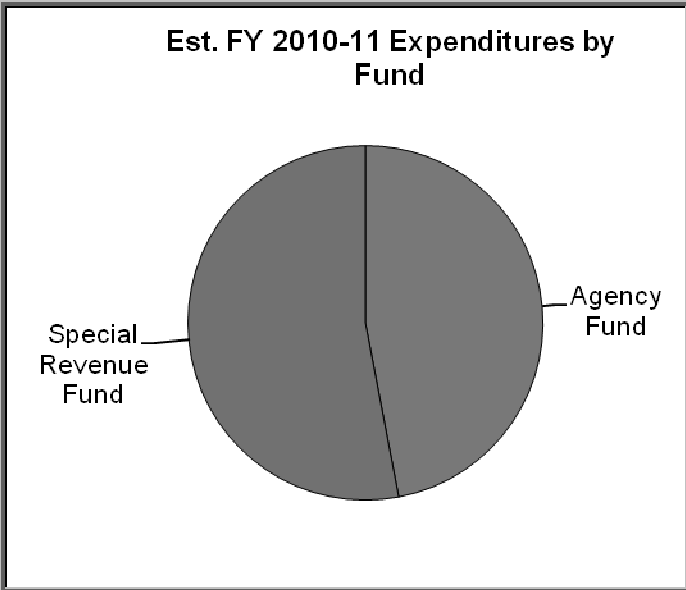
Agency Purpose

The Minnesota Racing Commission (MRC) was established to regulate horse racing and card playing in Minnesota. The MRC ensures the integrity of pari-mutuel wagering and card playing, the safety and welfare of the human and animal participants, and that it is conducted in the public interest thus promoting the breeding industry in Minnesota in order to stimulate agriculture and rural agribusiness.

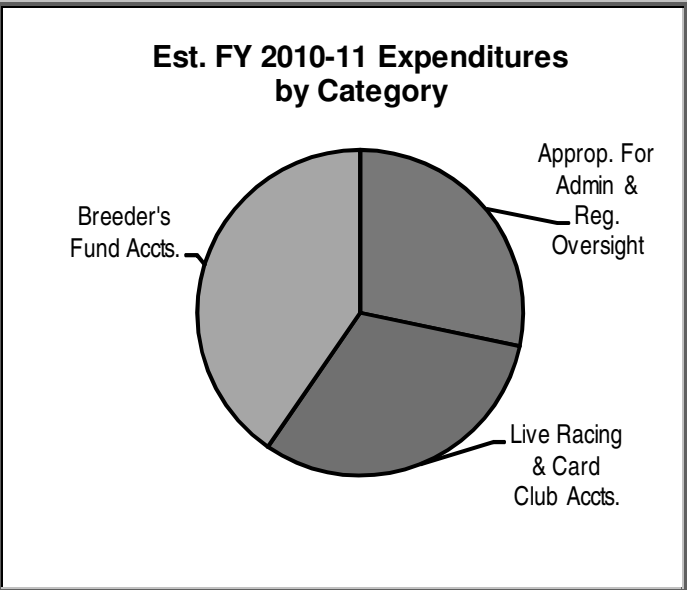
At a Glance

The Minnesota Racing Commission:

- licenses and regulates Canterbury Park in Shakopee and Running Aces Harness Park in Columbus;
- provided regulatory oversight for 113 days of live horseracing, 364 days of out-of-state simulcasting, and two 24/7 card clubs in 2009;
- licensed over 4,900 individuals, which included a thorough background investigation, to either work or compete at the two racetracks in 2009, representing a 20% increase over 2008;
- during 2009 performed auditing of \$61 million in wagering handle at Canterbury Park and Running Aces Harness Park, representing an 11.6% decrease from 2008;
- collected general fund taxes and fines of \$49,100 in FY 2009; and
- performed 7,495 veterinary pre-race examinations on horses entered to race and maintained veterinary oversight during the running of each race.



Source: Consolidated Fund Statement.



Source: MAPS

Strategies

The Racing Commission:

- establishes criteria and standards for licensing of pari-mutuel racetracks and the personnel employed or operating at such facilities;
- establishes criteria and standards for security, surveillance, regulation of racing, veterinary services, and law enforcement at licensed racetracks and provides oversight of these functions by Commission staff;
- establishes standards and rules in order to protect the health and welfare of the equine athlete and jockeys and drivers; and
- collects and distributes all taxes and fees related to pari-mutuel horse racing and card playing to the general and breeders' funds.

Operations

The MRC includes a board of nine commissioners, appointed by the Governor and confirmed by the Senate for six year terms. They meet on the first Tuesday of each month for a work session and the third Thursday of each month for a full commission meeting during which items are on the agenda for action by the commission.

By statute, the commissioners are authorized to assign race days for each racetrack; approve simulcasting and live pari-mutuel pools, racing officials, and split sample laboratories, and review and decide appeals to judges and stewards rulings.

The MRC employs a full-time staff of 10 to enforce the duties and responsibilities involved in the regulatory oversight of live racing, pari-mutuel wagering and card club operations. During the live racing season the Commission hires seasonal and part-time employees to work in the vet's office and in conjunction with equine drug testing. The MRC also enters into professional/technical contracts with judges, stewards, veterinarians and an equine drug testing laboratory.

As part of the regulatory oversight of live racing and the card club the MRC performs the following general duties:

- licenses and conducts background investigations each year of individuals applying to work at the racetracks and card clubs to assure the integrity of the individuals participating in pari-mutuel wagering and card playing in Minnesota and nationally;
- conducts investigations of any suspected violations of Minnesota's racing and card club laws and rules in order to enforce rules and laws that were established to protect the integrity of the racing and gambling industries in Minnesota and nationally;
- conducts pre-race exams of all horses racing each day, which protects equine participants and the betting public as well as supervising all activities affecting the conduct of a racing day to protect all human and equine participants and assure the integrity of pari-mutuel wagering for the betting public; and
- registers horses each year to allow owners to participate in the Minnesota Breeders' Fund awards program so that economic stability and growth in related agri-business continues.

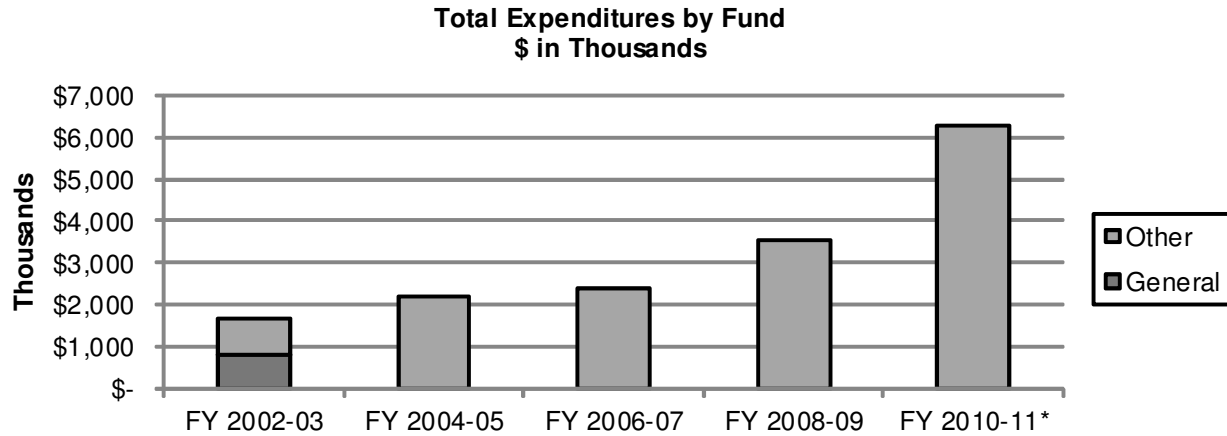
During the conduct of its regulatory duties the MRC serves a varied customer base. Administering the Minnesota Breeders' Fund requires interaction with horse owners, breeders, and state-bred programs in other racing jurisdictions. As part of the regulatory and licensing process, MRC staff work with: applicants for occupational licenses, class A, B, C, and D license holders, other racing jurisdictions, various horse racing industry associations, local and state police, Homeland Security, and the Alcohol and Gambling Enforcement Division of the Department of Public Safety.

Key Goals & Measures

In order to achieve the MRC's objectives of ensuring the integrity of pari-mutuel wagering and card playing, ensuring the safety of the jockeys, drivers, and equine athletes, and stimulating agriculture and rural business the commission:

- licenses approximately 4,900 individuals and business who meet the criteria for licensing contained in statute and rule;
- conducts pre-race exams and veterinary monitoring of the horse prior to and after each race, successfully limiting the number of breakdowns to the extent that they are at a lower annual rate at Minnesota tracks than the national average;
- uses its rulemaking authority, the MRC implemented additional restrictions regarding the use of prohibited substances and medications that directly affect the integrity of racing;
- reviews, on an ongoing basis, the card club plans of operation for Canterbury Park and Running Aces Harness Park which results in all games at each facility meeting the highest standard for integrity and safety of the public; and
- has initiated an information technology project affecting licensing, pari-mutuel auditing and general office procedures, which will result in staff efficiencies and streamlining of regulatory and administration tasks.

Budget Trends



** FY 2010-11 is estimated, not actual*

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/25/2010.

The expenditures of the Racing Commission, as shown on the above graph, have increased over the current and last biennium. This is the result of a full two years of operation of the metro area’s second racetrack, Running Aces Harness Park. Without operation of that racetrack, the Commission’s expenditures would have remained stable in its regulatory oversight of Canterbury Park.

Running Aces, in its third year (2010) of operation has shown modest growth as well as the elimination of its debt. However, in future operating years, Running Aces could be challenged with the same factors that have impacted Canterbury Park over the last several years. These factors, which are national in scope, include a recessionary economy, unstable employment, casino competition, internet gambling, and other factors. The result is a dramatic decline, both in Minnesota and nationally, in horse sales, in horse population, and in wagering handle, which drives the revenue needed by racetracks and horsemen to accomplish a return on their investment.

Contact

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Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
Miscellaneous Special Revenue					
Current Appropriation	880	870	870	870	1,740
Forecast Base	880	870	899	899	1,798
Change		0	29	29	58
% Biennial Change from 2010-11					2.7%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Miscellaneous Special Revenue	730	870	899	899	1,798
Statutory Appropriations					
Miscellaneous Special Revenue	978	1,126	1,126	1,126	2,252
Miscellaneous Agency	1,105	1,127	1,127	1,127	2,254
Total	2,813	3,123	3,152	3,152	6,304
<u>Expenditures by Category</u>					
Total Compensation	898	994	994	994	1,988
Other Operating Expenses	1,075	1,230	1,259	1,259	2,518
Local Assistance	840	899	899	899	1,798
Total	2,813	3,123	3,152	3,152	6,304
<u>Expenditures by Program</u>					
Racing Commission	2,813	3,123	3,152	3,152	6,304
Total	2,813	3,123	3,152	3,152	6,304
Full-Time Equivalents (FTE)	12.7	12.7	12.7	12.7	

RACING COMMISSION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	31	20	20	20	40
Total Non-Dedicated Receipts	31	20	20	20	40
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Miscellaneous Special Revenue	9	0	0	0	0
Departmental Earnings:					
Miscellaneous Special Revenue	796	794	794	794	1,588
Other Revenues:					
Miscellaneous Special Revenue	950	1,061	1,061	1,061	2,122
Miscellaneous Agency	562	518	518	518	1,036
Taxes:					
Miscellaneous Special Revenue	45	50	50	50	100
Miscellaneous Agency	603	610	610	610	1,220
Total Dedicated Receipts	2,965	3,033	3,033	3,033	6,066
Agency Total Revenue	2,996	3,053	3,053	3,053	6,106