



Minnesota Racing Commission

2002 Annual Report

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



MINNESOTA RACING COMMISSION

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February 15, 2003

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

Edward A. Burdick, 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 2002. 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 2002 operations of Canterbury Park, but also through the economic/agri-business activity represented by the breeding, training and related support activities for the racing animals throughout the state.

Canterbury Park conducted 61 days of live racing for Thoroughbreds and Quarter Horses this past summer from May 17 through September 2.

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 2002 added \$2,440,000. These purse increases caused increased horse populations at the track, more employment at the track, increased wagering handle, and thus increased revenues to the racetrack, the horsemen and women, and the state's breeders' funds.

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

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

Regards,

Cynthia Piper, Chair

The MINNESOTA RACING COMMISSION

Governor
Jesse Ventura

Racing Commissioners
Cynthia Piper, Chair

Camille McArdle DVM, Vice Chair	John Farrell, 2 nd Vice Chair
Thomas Brownell	Robert McNamara
Barbara Halper - resigned October 2002	Arnold Palmer
Scott LeDoux	Warren Peiffer - resigned October 2002
Lynn Johnson - appointed December 2002	William Robinson - appointed December 2002

Executive Director
Richard Krueger

Racing Stewards
(Contract – Seasonal)
James Higginbottom
Noble Hay
Hank Mills

Security Director
Patrick Shannon

Licensing
Cynthia Urista

Pari-Mutuel Auditor
Colleen Hurlbert

Office Manager
Pam Webber

Investigator
Michelle Doyle

State Veterinarian
(Contract – Seasonal)
Lynn Hovda

Assistant Veterinarians
(Contract – Seasonal)
Vernon Don Newcomb
Richard Bowman

Detention Barn Coordinator
Jeanne French

Veterinarian Services Coordinator
Sonja Field

MINNESOTA RACING COMMISSION

2002 ANNUAL REPORT

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I. MINNESOTA RACING COMMISSION

INTRODUCTION

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

CONSTITUTIONAL / LEGISLATIVE AUTHORITY

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

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

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

DUTIES OF THE COMMISSION

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

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

THE COMMISSIONERS

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

Cynthia Piper (Chair)	Hamel	June 30, 2003
Camille McArdle (1st Vice Chair)	Corcoran	June 30, 2005
John Farrell (2nd Vice Chair)	Waverly	June 30, 2003
Thomas Brownell	Lakeville	June 30, 2003
Barbara Halper - resigned October 21, 2002	Minnetrista	June 30, 2005
Lynn Johnson - appointed December 23, 2002	Minneapolis	June 30, 2005
Arnold Palmer	Plymouth	June 30, 2005
Robert McNamara	Edina	June 30, 2007
Scott LeDoux	Andover	June 30, 2007
Warren Peiffer - resigned October 22, 2002	Chaska	June 30, 2007
William Robinson - appointed December 23, 2002	Long Lake	June 30, 2007

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

THE COMMISSION STAFF

The Racing Commission is currently staffed by the following individuals:

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

To further assist the Commission with its regulatory responsibilities, the following individuals were contracted or employed seasonally by the MRC for professional and technical services during the 2002-racing season:

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

ORGANIZATION OF THE COMMISSION

The Racing Commission during March of 2001 appointed new standing committees, which are now comprised of the following commissioners:

RACING COMMITTEE

Medication, Stewards, Rules, Breeders' Fund

Camille McArdle, Chair
Barbara Halper
Robert McNamara
Arnold Palmer
Warren Peiffer

CARD CLUB COMMITTEE

Card Club Operations, Security/Surveillance, Internal Controls

John Farrell, Chair
Thomas Brownell
Scott LeDoux
Cynthia Piper

ADMINISTRATIVE AFFAIRS

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

Barbara Halper, Chair
Thomas Brownell
John Farrell
Arnold Palmer
Warren Peiffer

The MRC encouraged involvement from the following advisory bodies during 2002

BREEDERS' FUND APPROPRIATIONS ADVISORY COMMITTEE

Gerry Herringer, Chair	Columbia Heights
Burt Dahlberg	Lakeville
Dave Dayon	St. Michael
Marlys Goebel	Cottage Grove
Kathy Kissoon	Bloomington
Dan Mjolsness	Red Wing
Carin Offerman	Plymouth
Jack Walsh	Stillwater
Charles Yahnke	LeSueur

Liaisons

Commissioners Farrell and Halper.

COUNTY FAIR RACING ADVISORY COMMITTEE

Ray Swanson, Chair	Stillwater
James Sweet	Blaine
(Vacancy)	

Liaisons:

Commissioners Farrell and Halper.

MEETINGS OF THE COMMISSION

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

COMMISSION OFFICE

The office of the Minnesota Racing Commission is located at:

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

II. COMMISSION ACTIVITIES

RULEMAKING

Of the many ongoing duties and responsibilities of the Minnesota Racing Commission, perhaps the most important is to promulgate the rules by which pari-mutuel racing and wagering will be conducted. All rules and amendments thereto have served well to regulate and control the industry. Through the events of past race meets, it becomes apparent that several rules, many of them unique to Minnesota, require certain revisions. As a result the Minnesota Racing Commission through its Racing Committee and other affected parties revises and updates its rules to meet the current needs of the industry. However, as the Commission's appropriation for fiscal year 2003 was reduced by \$25,000 (5.8%) it decided not to enter into a rulemaking process as one means, among others, to reduce its expenditures. In all likelihood, it will have to review rules next year and in that case it will keep in mind the need to identify those rules that are not needed or can be simplified to achieve its mission.

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

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

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

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

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

SUMMARY OF CARD CLUB OPERATION

During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a Card Club in addition to live racing and simulcasting. The Card Club opened on April 19th of 2000. According to the law, 10% of the rake, up to \$6 million is set aside for purses and of that amount 10% is paid to the Commission for purse supplements from the Minnesota Breeders' Fund. Once the rake exceeds \$6 million, the purse set aside is 14% with again 10% of that amount for the Breeders' Fund. That legislation goes on to allow the racetrack and the horsemen's organizations to negotiate different percentages than stated in the law and, if so, to file an agreement with the Commission. There was agreement for all of 2002 that required 14% of the rake to be set aside for purses. The total rake for 2002 was \$17.4 million, up 6.91% from 2001, with over \$2.4 million set aside for purses and \$244,000 paid to the Breeders' Fund for purse supplements for Minnesota bred horses.

LICENSING LICENSING, SECURITY AND INVESTIGATIONS

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

INVESTIGATIONS SUMMARY

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

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

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

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

OCCUPATIONAL LICENSING

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

In 2002, 3254 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 2930 licenses were issued to individuals racing or working in various occupations at Canterbury Park. Licenses were issued to applicants from 43 different states as well as several different countries including Argentina, Canada, France, Mexico, Venezuela, and the Ukraine. Table 1, page 8 summarizes by occupation, the licenses issued by the Commission since 1994. Table 2, page 9 summarizes licenses issued to Minnesotans by occupation since 1994.

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

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

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

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

VETERINARY PROGRAMS

The mission of the Veterinary Services Department of the Minnesota Racing Commission is fourfold. The Veterinary Services Department functions to protect the well being of the equine athlete, safeguard riders and drivers, protect the betting public, and maintain the integrity of horse racing in Minnesota. Well established programs, including but not limited to, pre-race examinations, monitored workouts, posted Veterinarian's List, controlled Salix® administration and race day blood/urine analysis support the mission of the department.

Almost 1400 Thoroughbreds and Quarter Horses entered the grounds of Canterbury Park during the 2002 race meet. All horses passing through the stable gate, whether to race or for other purposes, were required to have current Health Certificates and a negative test for equine infectious anemia. These papers were checked at the Stable Gate and again by the State Veterinarian's Office. Any discrepancies were discussed immediately with the trainer or veterinarian writing the health certificates.

A medical record was made for each Thoroughbred and Quarter Horse as it was entered to race. This medical record was updated after each pre-race examination performed by a Commission Veterinarian. Additional notes on the medical record included abnormal physical exam findings, diagnostic procedures, radiographic or ultrasound abnormalities, and surgical procedures. The medical record also included information on horses that were scratched from racing for medical reasons, treatment given, length of time on the Veterinarian's list, and an off date from the Veterinarian's List. From this medical record a list of pregnant and nerved horses was obtained and posted in the Veterinarian's Office.

A total of 4754 Thoroughbreds and Quarter Horses entered and left the starting gate in 2002. The Commission/State Veterinarian's Office performed 4963 pre-race examinations. From these examinations, 97 horses were deemed unfit to race and were recommended to the Board of Stewards to be scratched from racing. These horses, along with 198 bleeders and another 71 sick, lame or sore horses, were placed on the Veterinarian's List and not allowed to run until deemed sound by one of the Commission/State Veterinarians. The racing performance of 29 horses was evaluated during and after a training session, either for removal from the Veterinarian's List or due to a prolonged layoff. As a matter of record, 15 deceased horses were placed on the Veterinarian's List and their papers returned to the Jockey Club of America.

As part of the race day blood/urinalysis program, 1231 blood and 1140 urine samples were submitted to Truesdail Laboratories in Tustin, California for analysis. Very few medication errors were found this year. Eight samples exceeded the 5.0 mcg/ml limit for phenylbutazone or metabolites and one sample tested positive for furosemide. No other race day medication violations were noted.

The furosemide program continued as in past years with Salix® administered in the stalls under the direct supervision of a Minnesota Racing Commission employee. Of the 1063 horses racing on furosemide, one medication violation was found. Four horses did not receive furosemide as no trainer or attendant was present at the specified time to witness the administration. These horses were recommended to be scratched from racing and trainers dealt with by the Board of Stewards.

The test barn samples 1062 Thoroughbreds and 139 Quarter Horses after racing. Blood was submitted on all 1200 horses and urine on 1140. Of the 60 horses that did not pass urine, 51 were Thoroughbred (4.8%) and 9 Quarter Horses (6.5%). An additional 31 "special" blood samples were collected and submitted for analysis.

The horse ambulance was used a total of 44 times in 2002. Fifteen horses died or were humanely euthanized on the grounds for a number of reasons. Seven horses suffered catastrophic race related injuries and 2 catastrophic training related injuries. This resulted in a race related catastrophic incidence rate of 0.14%. This number is in keeping with previous years and still below the accepted range of 0.15% to .5%. Because no data is kept on the total number of horses using the training track during the race meet, no incidence rate can be calculated.

All horses dying or euthanized on the grounds were submitted to the University of Minnesota Veterinary Diagnostic Laboratory for a complete necropsy. This change in policy solved several problems. All horses were quickly removed from the grounds and a thorough necropsy performed in a timely fashion. Horses euthanized with a barbiturate were kept out of the human and animal food chain. Finally, the Commission Veterinarian's Office was quickly notified of any abnormalities or contagious diseases occurring on the backside.

As in previous years, the Veterinary Services Department provided tight medication control, maintained the integrity of racing, and ensured humane treatment of horses stabled on the backside. This year, education became important as West Nile Virus became prominent in Minnesota. This was successful as only one horse died from West Nile Virus during the 2002 race meet.

2002 PARI-MUTUEL STATISTICS

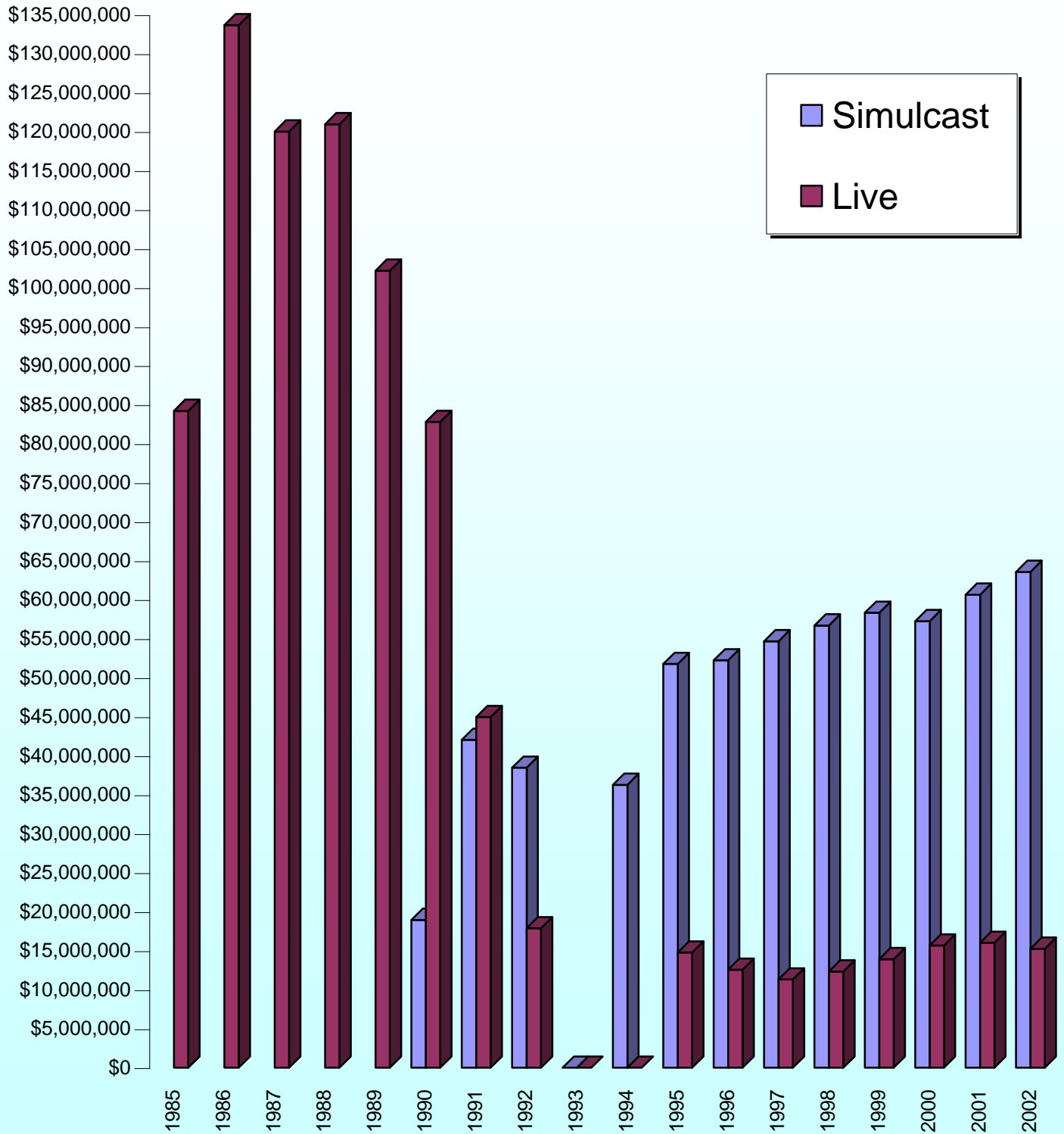
LIVE WAGERING

2002 Live Thoroughbred and Quarter Horse Races <i>Thoroughbred Meet – May 17 – May 19, 2002 & July 8 – September 2, 2002</i> <i>Mixed Meet (Thoroughbred & Quarter Horse) – May 24 – July 7, 2002</i> <i>Festival of Champions – August 25, 2002</i> <i>Total Attendance for Live Racing (May 17 – September 23, 2002 - 62 Days) 270,753</i>					
BREED	HANDLE	TAKEOUT	BETTOR RETURN	# OF RACES	AVERAGE HANDLE PER RACE
THOROUGHBRED	\$14,291,054	\$2,900,433	\$11,142,384	517	\$27,642
QUARTER HORSE	\$964,848	\$193,576	\$740,936	63	\$15,315
TOTAL	\$15,255,902	\$3,094,009	\$11,883,320	580	\$26,303

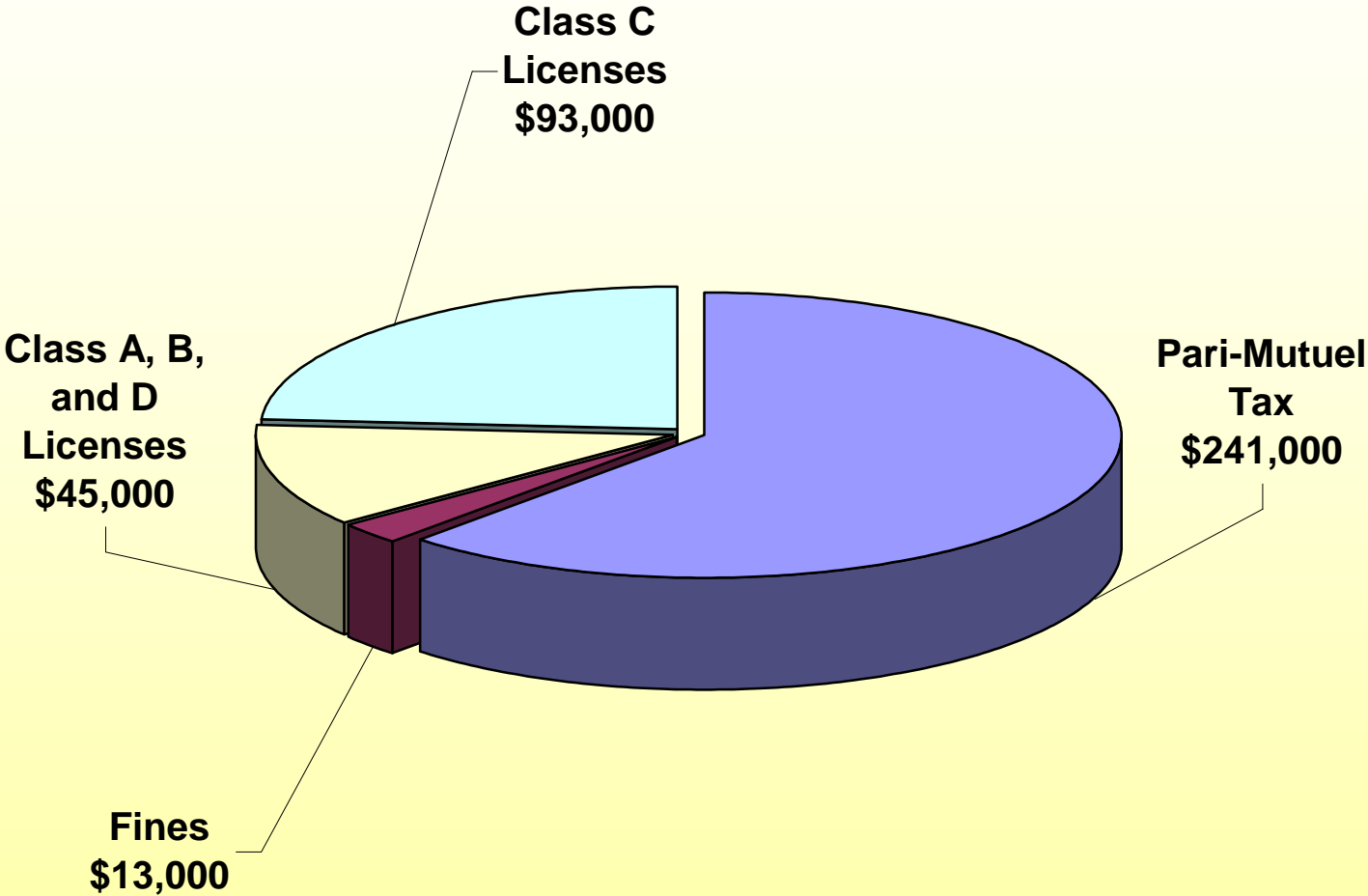
SIMULCAST WAGERING

2002 Full-Card Simulcast Meets <i>January 1, 2002 – December 31, 2002</i>					
BREED	HANDLE	TAKEOUT	BETTOR RETURN	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY
THOROUGHBRED	\$59,355,633	\$11,812,406	\$46,926,213		
QUARTER HORSE	\$1,191,717	\$240,933	\$930,144		
STANDARD BRED	\$2,843,119	\$610,325	\$2,108,622		
ARABIAN	\$181,675	\$36,571	\$144,527		
TOTAL	\$63,572,144	\$12,700,235	\$50,109,506	364	\$137,663

CANTERBURY PARK HANDLE CALENDAR YEARS 1985 - 2002



NON-DEDICATED REVENUE FISCAL YEAR 2002



MINNESOTA RACING COMMISSION

SIX YEAR FINANCIAL SUMMARY

FISCAL YEARS 1997 - 2002

APPROPRIATIONS

	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
General Fund Appropriation	\$414,000	\$402,000	\$390,000	\$379,000	\$371,000	\$370,000
Statutory Carry Forward	-\$1,647	\$1,474	-\$1,474	\$7,717	-\$7,717	\$9,431
Supplemental Appropriation	\$0	\$0	\$0	\$0	\$0	\$11,643
Total	\$412,353	\$403,474	\$388,526	\$386,717	\$363,283	\$391,074

EXPENSES

	Actual 02	Actual 01	Actual 00	Actual 99	Actual 98	Actual 97
Salaries, Benefits & Per Diem	\$295,495	\$285,413	\$262,848	\$273,982	\$264,681	\$235,271
Rents	\$175	\$194	\$194	\$183	\$172	\$797
Consultant Services	\$0	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	\$67,848	\$56,855	\$51,250	\$44,585	\$36,163	\$31,571
Data Processing & System Services	\$9,680	\$8,641	\$16,460	\$4,415	\$6,973	\$1,838
Communications	\$6,050	\$6,464	\$6,494	\$6,064	\$4,186	\$9,311
Travel	\$5,831	\$6,917	\$9,349	\$15,139	\$14,572	\$15,103
Supplies and Material	\$7,233	\$9,432	\$9,385	\$7,721	\$8,713	\$19,370
Equipment	\$7,449	\$9,833	\$15,583	\$14,371	\$8,562	\$18,641
Other (Repairs/Printing & Dues)	\$12,592	\$16,986	\$16,963	\$16,914	\$19,261	\$15,906
Total	\$412,353	\$400,735	\$388,526	\$383,374	\$363,283	\$347,808

SUMMARY

	Actual 02	Actual 01	Actual 00	Actual 99	Actual 98	Actual 97
Appropriation Balance	\$1,647	\$2,739	\$1,474	\$3,343	\$0	\$43,266
Revenues to General Fund & 212	\$392,000	\$321,175	\$274,000	\$185,000	\$169,920	\$143,844

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 2002 the Breeder's Fund earned \$851,064 from live and simulcast racing and earned \$244,011 from card club operations. Ninety five individuals and partnerships received \$312,281 in Thoroughbred and Quarter Horse award payments from monies available at the end of the live racing season. Purse supplements paid out at pari-mutuel meets totaled \$665,111. Purse supplements of \$27,000 were paid out during six days of non pari-mutuel harness racing at county fair venues. The monies available for the 2002 purse supplements included carryovers from 2001.

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

EQUINE GRANT PROGRAMS

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

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

- (1) Additional equine research and related education;
- (2) Substance abuse programs for licensed personnel at racetracks in this state;
- (3) Promotion and public information regarding the industry, commission activities, ownership, breeding and the development and expansion of the economic benefits from racing. The Racing Commission awarded grants from the fund during 2002.

- (1) The College of Veterinary Medicine received \$4,660.00 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 increased from \$915 to \$4,660 in June 2002 in order to provide additional funding for the redesign and updating of informational pamphlets and their promotional display.

- (2) The Minnesota Equine Research Center (MERC) of the University of Minnesota received \$64,337 to help fund research proposals in the areas of equine health, performance and reproduction. MERC is an interdisciplinary program, administered through the office of the associate dean for research in the College of Veterinary Medicine, dedicated to the creation and dissemination of new knowledge leading to the improvement of health in performance horses. MERC's Advisory Council is comprised of horse owners and leaders in the horse industry and will advise the Center of research area priorities and in fund development. The Scientific Committee, made up of equine veterinarians and select lay people, will advise the Center on research project selection and funding.

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

"Preliminary isolation of multipotent bone marrow-derived stem cells from the adult horse"

"Localization and determination of nitric oxide synthase isoforms in uterine biopsies from mares susceptible and resistant to post-breeding endometritis."

"Binding between equine spermatozoa and polymorphonuclear neutrophils: P-selectin role and the impact on reproductive efficiency."

"The glycemic and hormonal response to diets varying in starch availability and fat content in unfit and Thoroughbred horses with recurrent exertional rhabdomyolysis."

"Mapping of the polysaccharide storage myopathy gene in Quarter Horse."

"Class I MHC allele frequencies in the Appaloosa and Thoroughbred breeds."

"Basis of glycogen storage disease in Quarter Horse foals."

"Characterization of Crisp-1 and SP22 in stallion sperm: Correlation of specific sperm function marker molecules to fertility status in stallions."

"Role of activated neutrophils in mortality associated with equine colic."

- (3) The Groom Elite Program received \$10,000 to help fund a training program for race track 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.

- (4) The Minnesota Horse Racing Quality of Life Foundation received \$5,000 to help fund programs for backside workers at the racetrack. The Quality of Life Foundation's primary goal is to provide substance abuse services for the licensed personnel who work on the backside of Canterbury Park. These services include prevention, intervention, education, counseling, employee assistance, and treatment. The Foundation, in conjunction with the HBPA (Horsemen's Benevolent and Protective Association) and Canterbury Park, provide for a chaplain who maintains an office on the backside of the racetrack during the live race meet and attends to the spiritual concerns of the residents of the backside, as well as supporting a recreational program that includes softball leagues, outing, social activities and children's activities. The Foundation may also assist in providing services such as transportation and interpreters for backside workers.

2002 BREEDERS' FUND RECAP

THOROUGHBRED	
Live and Simulcast Racing	\$792,588
Card Club Operations	\$219,610
Total Earnings	\$1,012,198
Less Administrative Cost	\$20,600
= Net Breeders' Fund	\$991,598
Less Equine Research	\$24,462
= Net Available Breeders' Fund	\$967,136
Less Purse Supplements	\$683,076
= Balance Remaining for Award	\$284,060

QUARTER HORSE	
Live and Simulcast Racing	\$22,898
Card Club Operations	\$21,961
Total Earnings	\$44,859
Less Administrative Cost	\$2,520
= Net Breeders' Fund	\$42,339
Less Equine Research	\$1,426
= Net Available Breeders' Fund	\$40,913
Less Purse Supplements	\$30,490
= Balance Remaining for Award	\$10,423

STANDARD BRED	
Live and Simulcast Racing	\$33,567
Card Club Operations	\$2,440
Total Earnings	\$36,007
Less Purse Supplements	\$25,937
Less Equine Research	\$1,678
Less Non-PM Development	\$1,678
= Balance Remaining for Award	\$6,714

ARABIANS	
Total Earnings	\$2,011
Less Purse Supplements	\$1,106
= Balance Remaining for Award	\$905

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

MINNESOTA RACING COMMISSION

BREEDERS' FUND PROGRAM

HORSE REGISTRATIONS

Year	THOROUGHBRED			QUARTER HORSE			STANDARD BRED	
	Stallions	Mares	Foals	Stallions	Mares	Foals	Stallions	Foals
1985	54	543	403	1		104	1	17
1986	99	895	601	70	241	70	22	13
1987	112	988	648	73	178	79	15	20
1988	141	1261	760	94	229	109	18	23
1989	141	1333	844	119	272	144	22	28
1990	118	1145	654	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	180	43	98	59	3	9
1996	44	275	168	47	105	54	3	8
1997	41	210	138	48	94	53	4	8
1998	39	211	139	49	102	75	6	8
1999	31	235	166	41	88	48	4	9
2000	26	231	167	35	90	40	3	5
2001	31	303	227	36	122	43	4	2
2002	34	317	254	35	94	53	8	0

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

III. LEGISLATION

At this time, the Commission does not anticipate proposing policy legislation for consideration by the 2003 session of the Legislature.

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).