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Minnesota Racing Commission

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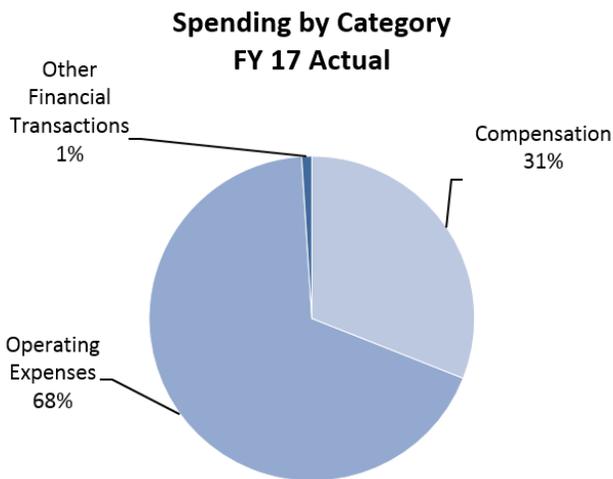
AT A GLANCE

- Regulates wagering activities on Horse Racing (\$86 million annually) and Card Playing (\$67 million annually) at Canterbury Park and Running Aces Casino and Racetrack
- Licenses Advance Deposit Wagering (ADW) providers and regulates wagering conducted in Minnesota on horseracing via ADW platforms (\$30 million annually)
- Administers \$1.2 million in the Minnesota Breeders Fund for the benefit of owners and breeders of Minnesota bred race horses
- Issues over 5,000 occupational and vendor licenses to industry participants per year

PURPOSE

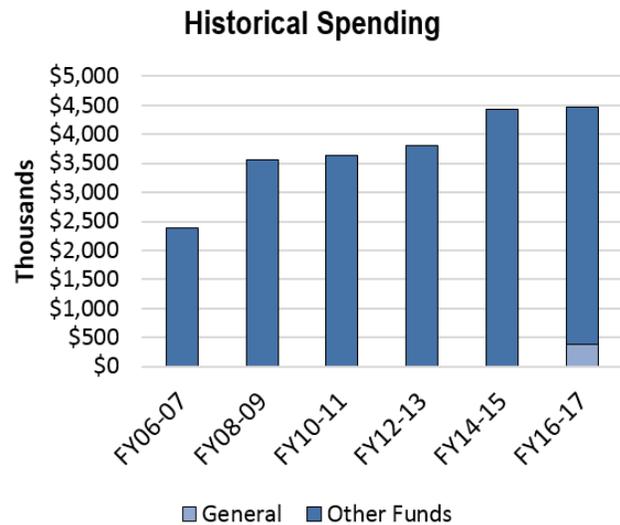
The Minnesota Racing Commission (MRC) operates in the public interest to ensure the integrity of horseracing and card playing, oversees the proper distribution of funds back into the industry, and provides for the safety and welfare of the human and equine participants. Additionally, the commission works to promote the horse racing and breeding industries in Minnesota in order to provide economic stimulus, offer residents and visitors an exciting entertainment option, and support agriculture and rural agribusiness.

BUDGET



Note: FY 17 operating expenses include \$1,147,000 in breeder fund payouts, which is 49% of the total operating expenses.

Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Racing Commission’s basic operations are currently financed entirely by the industry it regulates. Racetrack and occupational license fees (limited by a direct appropriation from the special revenue fund per statute), reimbursements outlined in M.S 240.30 Subd.9 (<https://www.revisor.mn.gov/statutes/cite/240.30>) and M.S. 240.155 Subd.1 (<https://www.revisor.mn.gov/statutes/cite/240.155>) paid by the racetracks, and regulatory fees paid by advance deposit wagering (ADW) providers provide the funding for Commission operations.

STRATEGIES

To accomplish the Racing Commission’s mission of regulating this extremely complex industry, administering the Breeders Fund, and overseeing the safety and welfare of the human and equine participants, a number of strategies are employed:

1. Licensing – Facilitate a licensing process that is detailed, accurate, and administered in a way that licenses are issued only to individuals and vendors who meet the criteria established in law and rule, and whose participation in racing and/or card playing is consistent with the best interests of the industry.
2. Fiscal Oversight – Ensure that all monies flowing through the pari-mutuel, ADW, and card revenue streams are reviewed, tested, and verified in order to keep associations in compliance with their obligations to the participants, the public, and the state.
3. Policing – Engage contractors and hire staff who are experts in the fields of veterinary science, criminal justice, and the rules of racing to conduct drug testing, investigate potential criminal activity, and administer the rules governing horseracing and card playing in order to maintain the highest level of integrity for the wagering public.
4. Civic Engagement – Lead the industry forward through active communication with all areas of state government in order to encourage public policy that will afford the greatest opportunity for the industry to expand and thrive.
5. Education – Educate all participants including licensees, vendors, and all those who work with our equines or the public, on what is expected under our laws and rules.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Equine Drug Testing (blood and urine)	2,576	2,591	CY 16 & CY 17
Quantity	Racing Participant Human Drug Testing	25	150	CY 17 & CY 18
Quantity/Results	Purse Money Industry Awarded To Horse Owners	\$18 million	\$17.6 million	CY 16 & CY 17
Quality	Overtime & Premium Compensation	1.34% of total comp	1.33% of total comp	FY 17 & FY 18
Results	Breeders Awards	\$439,953	\$650,985	CY 16 & CY 17
Results	Obsolete Rules Eliminated/New Rules Initiated or Revised	15/69	17/113	CY 17 & CY 18

Source: Minnesota Racing Commission record

The Minnesota Racing Commission’s legal authority comes from M.S. Chapter 240 (<https://www.revisor.mn.gov/statutes/?id=240>).

Racing Commission

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	170	211						
2000 - Restrict Misc Special Revenue	2,012	2,070	2,646	2,843	2,960	3,042	2,960	3,042
6000 - Miscellaneous Agency	1,228	1,233	1,447	1,680	1,675	1,675	1,675	1,675
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717
Biennial Change				1,691		736		736
Biennial % Change				24		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Racing Commission	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717

Expenditures by Category

Compensation	1,050	1,073	1,230	1,446	1,531	1,568	1,531	1,568
Operating Expenses	2,351	2,398	2,804	3,016	3,052	3,097	3,052	3,097
Grants, Aids and Subsidies			57	49	35	30	35	30
Capital Outlay-Real Property				5	10	11	10	11
Other Financial Transaction	10	44	0	7	7	11	7	11
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717

Full-Time Equivalent

	14.32	14.45	16.26	21.00	21.00	21.00	21.00	21.00
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Racing Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		139						
Direct Appropriation	269	72						
Balance Forward Out	99							
Expenditures	170	211						
Biennial Change in Expenditures				(381)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.78	0.33						

2000 - Restrict Misc Special Revenue

Balance Forward In	79	238	361	566	591	677	591	677
Direct Appropriation	899	1,081	845	910	913	913	913	913
Receipts	1,372	1,691	2,007	1,958	2,133	2,221	2,133	2,221
Transfers Out			1					
Cancellations		582						
Balance Forward Out	337	357	565	591	677	769	677	769
Expenditures	2,012	2,070	2,646	2,843	2,960	3,042	2,960	3,042
Biennial Change in Expenditures				1,406		513		513
Biennial % Change in Expenditures				34		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.54	14.12	16.26	21.00	21.00	21.00	21.00	21.00

6000 - Miscellaneous Agency

Balance Forward In	808	848	1,116	1,331	1,335	1,344	1,335	1,344
Receipts	1,269	1,457	1,659	1,684	1,684	1,684	1,684	1,684
Transfers In	4	448	652	720	720	720	720	720
Transfers Out	4	448	651	720	720	720	720	720
Balance Forward Out	848	1,073	1,330	1,335	1,344	1,353	1,344	1,353
Expenditures	1,228	1,233	1,447	1,680	1,675	1,675	1,675	1,675
Biennial Change in Expenditures				666		223		223
Biennial % Change in Expenditures				27		7		7

Racing Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	910	910	910	1,820
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	910	913	913	1,826
Total Governor's Recommendations	910	913	913	1,826
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,930	2,047	2,129	4,176
Forecast Base	1,930	2,047	2,129	4,176
Total Governor's Recommendations	1,930	2,047	2,129	4,176
Fund: 6000 - Miscellaneous Agency				
Planned Spending	1,680	1,675	1,675	3,350
Forecast Base	1,680	1,675	1,675	3,350
Total Governor's Recommendations	1,680	1,675	1,675	3,350
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,958	2,133	2,221	4,354
Total Governor's Recommendations	1,958	2,133	2,221	4,354
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,684	1,684	1,684	3,368
Total Governor's Recommendations	1,684	1,684	1,684	3,368
Non-Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	831	826	831	1,657
Total Governor's Recommendations	831	826	831	1,657