

Minnesota Racing Commission

2021-2022
Biennial Report





Minnesota Racing Commission Locations

Canterbury Park Location

Thoroughbred and Quarter Horse Racing

1100 Canterbury Road, Ste. 100

Shakopee, MN 55379

952.496.7950



Running Aces Location

Standardbred Racing

15201 Zurich Street NE, Ste. 212

Columbus, MN 55025

651.925.3951

www.mn.gov/mrc/



Table of Contents

Minnesota Racing Commission Locations.....	2
Acknowledgement.....	4
A Message from our Chair.....	5
A Message from our Executive Director.....	6
What we do.....	7
Commissioners.....	9
Our Staff.....	10
Advance Deposit Wagering.....	11
Regulation Funded by the Industry.....	12
Commission Grants.....	14
Minnesota Breeders' Fund.....	15
Canterbury Park.....	17
Canterbury Card Room Data.....	20
Running Aces Card Room Data.....	21
Running Aces.....	22
Partnerships.....	24
Racetrack and Card Room Locations.....	25

Acknowledgement

The Minnesota Racing Commission would like to thank Dee Leftwich, Coady Photography, Alex Burcum Photography, Brett Davelaar and Sarah Bernier for their photographic efforts and contributions to our biennial report.

This biennial report is being submitted to the Governor and state legislature pursuant to Minnesota Statute §240.02 Subd. 6 and to the Secretary of Senate, the Chief Clerk to the House of Representatives, and the Legislative Reference Library pursuant to Minnesota Statute §3.195. In compliance with the Laws of 1994, Chapter 559, Section 1, it is estimated that it cost \$2,500 to prepare this report.

A Message from our Chair

Camille McArdle, DVM

Dear Governor Walz, Lieutenant Governor Flanagan and Members of the Minnesota Legislature:

The Minnesota Racing Commission is pleased to share its biennial report for calendar years 2021 and 2022, recapping a period of upheaval and transition for both the racing industry and the Minnesota Racing Commission itself.



According to a 2017 economic impact study by the University of Minnesota, horseracing in Minnesota generated an estimated half-billion dollars annually in economic activity, a figure that continued to grow steadily until disrupted by the global COVID-19 pandemic.

2021 marked a year of work by the Commission to support the racetracks as they began to emerge from the pandemic after a year marked by track closures, staff reductions, and continued uncertainty about the pace of recovery within the horse racing and gaming industry. This period of transition continued into 2022 with the departure of the Commission's executive director, implementation in July of the first phase of the new federal Horseracing Integrity and Safety Act (HISA), the hiring of an interim executive director, replenishing a depleted staff complement to focus on the regulatory and support functions of the agency, and the hiring of a new permanent leader who started in January 2023.

Transition will continue to be front of mind as we look ahead to 2023, with continued uncertainty about multiple legal challenges that have delayed the second phase of HISA implementation related to medication rules, the fiscal impact to Minnesota related to federal compliance, the potential for sports wagering to enhance or detract from the economic viability of both race tracks, and the future of horse racing and pari-mutuel wagering in an environment in which ever more competition from other gaming activities is sure to be a factor in the years ahead.

And yet, the fundamental optimism that has always characterized the horse racing industry and its participants is unwavering. It lives in the daily work of the owners, breeders and trainers, the jockeys and backstretch workers, the administrative staff and regulators – all of whom work together every day to bring forward a product that represents the highest standards of integrity, human and animal safety, and entertainment value to the thousands of people here in Minnesota and around the world who participate in a sport steeped in history that dates back to ancient times. The Minnesota Racing Commission looks ahead with anticipation to address these challenges and celebrate the unique place that horse racing holds in Minnesota, now and in the years ahead.

Sincerely,

A handwritten signature in black ink that reads "Dr. Camille McArdle". The signature is written in a cursive, flowing style.

Dr. Camille McArdle
Chair

A Message from our Executive Director

Kyle Gustafson

It is an honor to present the 2023 Biennial Report to Governor Tim Walz, Lieutenant Governor Peggy Flanagan, and the Minnesota Legislature for the years 2021 and 2022.



The Minnesota Racing Commission operates in the public interest to ensure the integrity of horseracing and card playing at Minnesota's two racetracks, Canterbury Park and Running Aces Harness Park. Through a combination of robust regulatory oversight, administering the distribution of funds back into the industry, and establishing the highest standards of human and animal safety and welfare, the Commission plays an integral role to support the generation of more than \$400 million in economic activity for the state and the creation of more than 1200 industry-related jobs.

I would like to thank the Commissioners for their support as I began my role as Executive Director of the Commission in January 2023, to the staff for their warm welcome and support, and to Interim Director Charlene Briner for her work to ensure a successful 2022 season and facilitate a smooth leadership transition.

While horse racing and pari-mutuel wagering in Minnesota faces a number of challenges, including the impact of the end of the marketing agreement between Canterbury and Mystic Lake Casino, uncertainty pending outcome of several lawsuits challenging the federal Horseracing Integrity and Safety Act that imposes a huge cost on the racing commission and Thoroughbred racing, and the potential impact of expanded sports betting at both race tracks, there is also great cause for optimism as we look forward to the 2023 racing season. The hunger for exciting entertainment options continues to grow and enthusiasm for horse racing remains high, positioning both racetracks for continued growth and success. The Minnesota Racing Commission looks forward to continuing its work to help the industry and its participants thrive, now and in the years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Gustafson', written in a cursive style.

Kyle Gustafson

Executive Director

What We Do

Our Mission

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



Our Duties

In order to work toward the overall benefit of the State of Minnesota and to safekeep the public trust in horse racing and card playing industries, the Minnesota Racing Commission has the following duties as outlined in Minnesota Statute §240.03.

1. Regulate horse racing in Minnesota to ensure it is conducting in the public interest
2. Issue licenses for participation in the horse racing and card playing industries
3. Enforce all laws and rules governing horse racing in Minnesota
4. Collect and distribute all taxes within Minnesota Statute §240
5. Conduct investigations and inquiries, issue subpoenas for witnesses, documents, and evidence needed to carry out other duties
6. Supervise the conduct of pari-mutuel betting on horse racing
7. Employ and supervise relevant personnel
8. Determine the number of racing days to be held in the state and at each licensed racetrack
9. Take all necessary steps to ensure the integrity of horse racing in Minnesota
10. Impose fees on racing and card playing industries sufficient to recover the operating costs of the commission with approval from legislature

Our Performance

Issue Licenses

The Minnesota Racing Commission (MRC) issues licenses to all personnel working at either racetrack in all capacities, from poker dealers to jockeys to the racetrack presidents – and MRC Staff as well. Licenses acknowledge purpose verification and permission from the MRC to be on and operate business on the grounds of the tracks, which are licensed themselves by the Commission to operate.

4,214 Licenses were issued in 2021

4,021 Licenses were issued in 2022

Ensure Integrity

Rulings are issued by Commission-contracted racing Stewards and Judges at each track. These officials have the ability to revoke licenses, issue fines, enact suspensions, stipulate conditions for behavioral treatment, and other procedures as needed.

152 Rulings were issued by the Stewards at Canterbury Park and the Judges at Running Aces in 2021.

150 Rulings were issued by the Stewards at Canterbury Park and the Judges at Running Aces in 2022.

Protect Safety and Welfare

4,640 pre-race equine examinations were conducted, and **2,412** post-race equine drug tests were analyzed during the 2021 racing season.

4,498 pre-race equine examinations were conducted, and **2,413** post-race equine drug tests were analyzed during the 2022 racing season.



Commissioners

Camille McArdle, DVM **(Chair)**

Year Appointed: 1993 Term Expires: 6/30/2023

Barbara Colombo **(Vice Chair)**

Year Appointed: 2015 Term Expires: 6/30/2027

Dan Erhart

Year Appointed: 2012 Term Expires: 6/30/2023

Roy Johnson

Year Appointed: 2017 Term Expires: 6/30/2023

Julie Idelkope

Year Appointed: 2019 Term Expires: 6/30/2025

Lisa Goodman

Year Appointed: 2014 Term Expires: 6/30/2025

Alan Gingold

Year Appointed: 2014 Term Expires: 6/30/2025

Raymond Dehn

Year Appointed: 2021 Term Expires: 6/30/2027

David Koob

Year Appointed: 2022 Term expires: 6/30/2028



Our Staff

Executive Director (January 2023): Kyle Gustafson

Interim Executive Director (2022): Charlene Briner

Executive Director (2021): Steve May

Deputy Director: Robert Schiewe

General Counsel: E. Joseph Newton

Auditor: Kevin Hoese

Investigative Specialists: Nick Cummins, Sean Corrigan, and Selena Sartor

Safety Coordinator: Stephanie Jenson

Contract, Procurement, and Rulemaking Assistant: Chad Peterson

Office Manager & Commission Liaison: Kimberly Cave

Animal Health Specialist/Breeders' Fund Coordinator: Nicole Boentgen

Licensing Specialists: Taylor Traufler, Mary Beth Schaefer, and Jennifer Bauer

Test Barn Coordinators: Kalley Christopherson (2021) and Trisha Dunks (2022)

Chief Commission Veterinarian: Dr. Lynn Hovda. RPH, DVM, MS, DACVIM

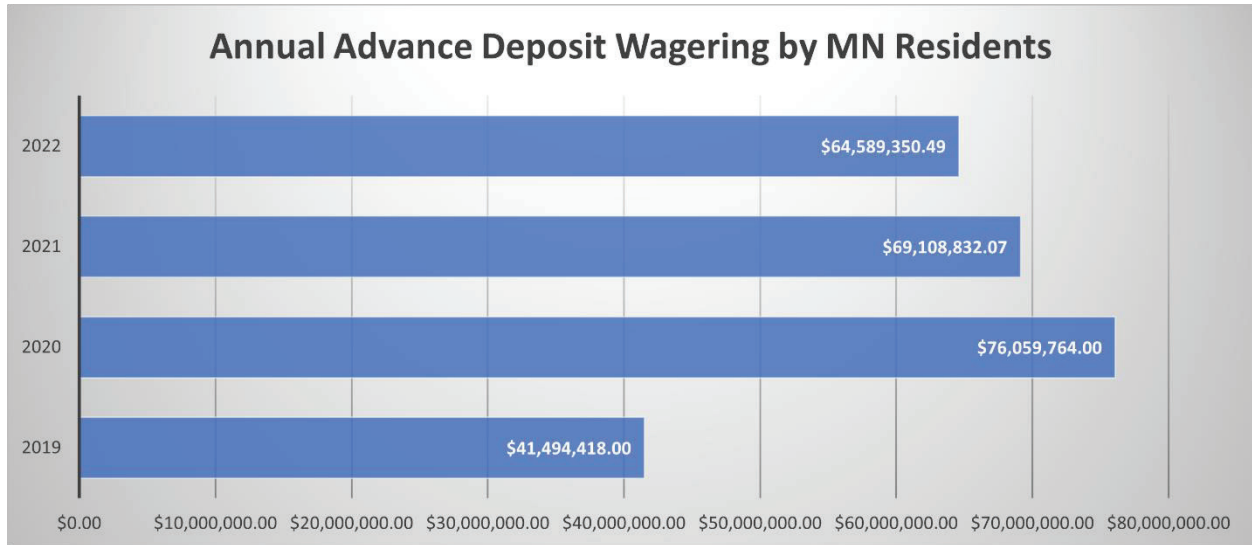
Chief Steward: Randy Blaseg

Presiding Judge: Bob Corey

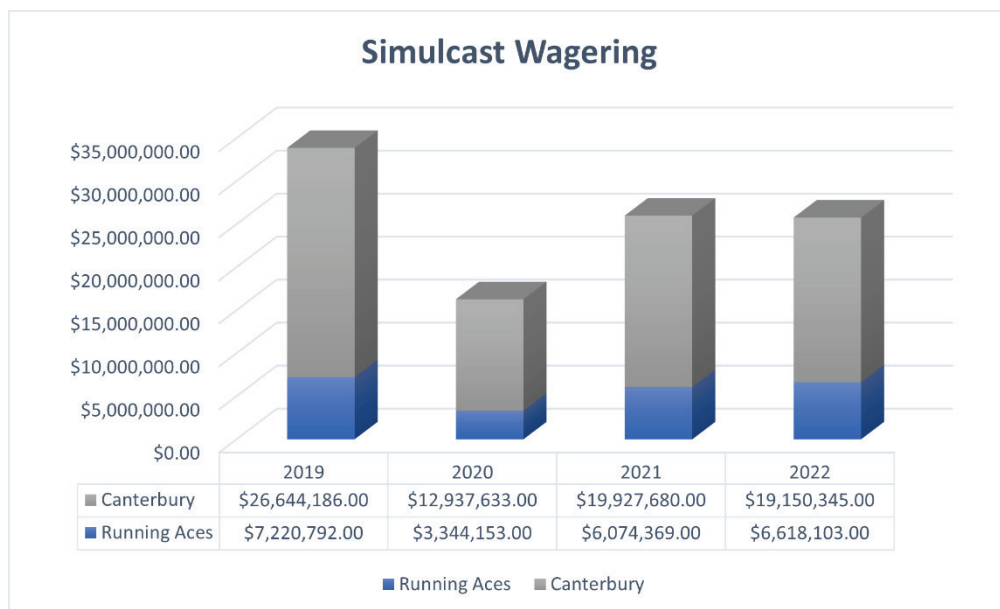


Advance Deposit Wagering

In 2016, the Minnesota legislature authorized advance deposit wagering (ADW), which allows Minnesota residents to place pari-mutuel wagers on live races conducted in other states via simulcast by funding personal wagering accounts. It was originally created to benefit the entire horse racing industry by directing revenues to purses, the racetracks, the MRC, and for the promotion of breeding in Minnesota. Stakeholders were able to reinvest these funds into the growing industry.

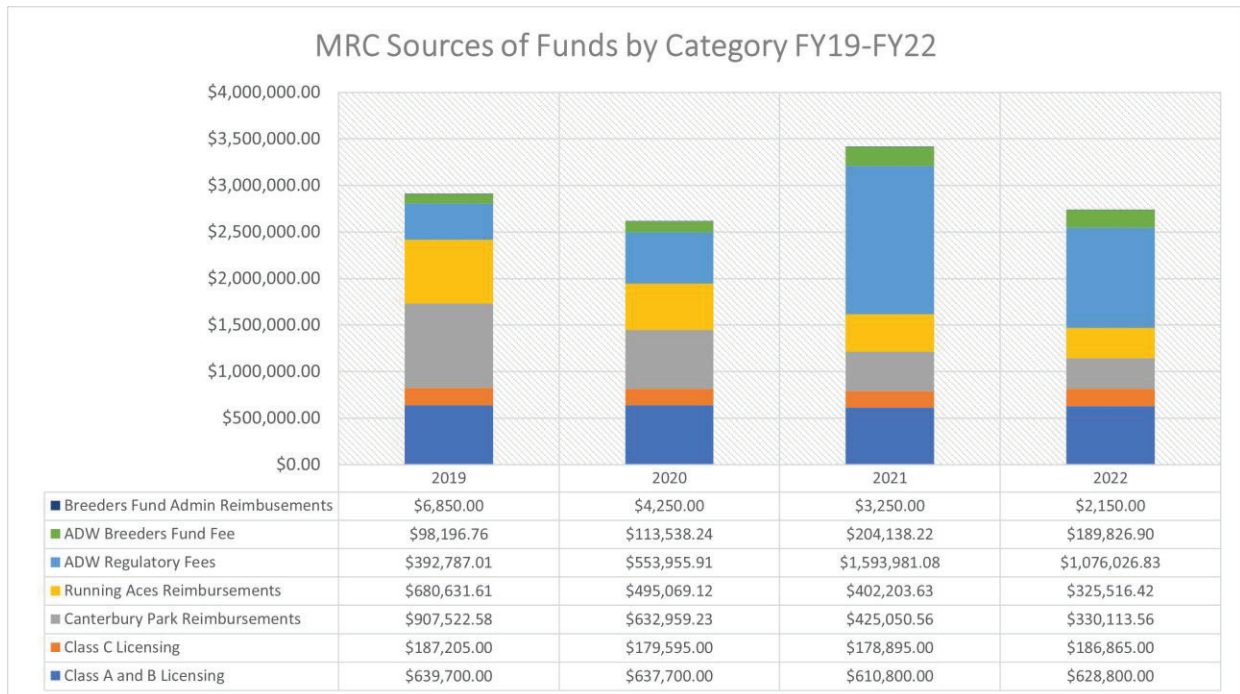


The purpose of this legislation was to generate revenues lost to out-of-state ADW providers and regulate a system of wagering that had been operating in a gray area for almost a decade. In 2021 and 2022, seven ADW operators were licensed by the MRC.

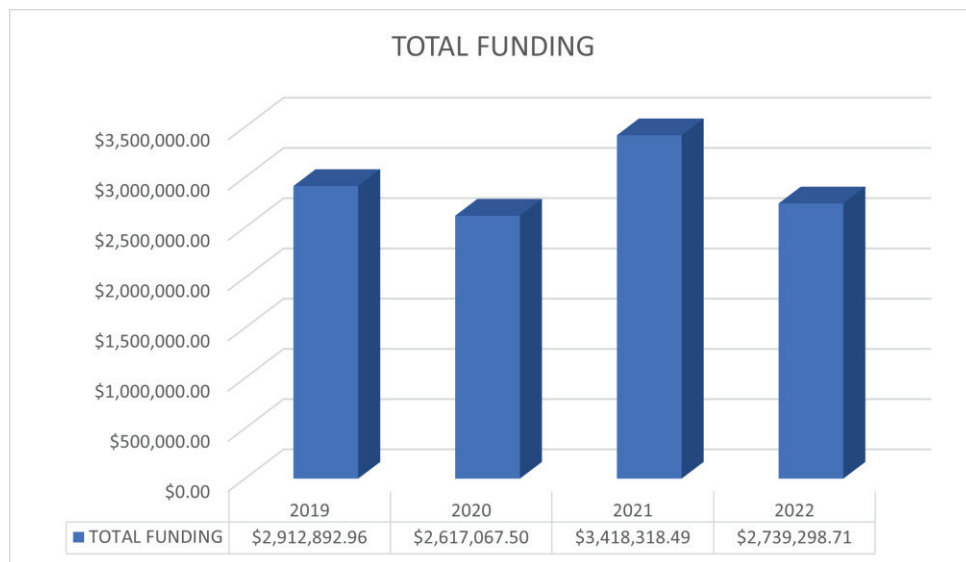


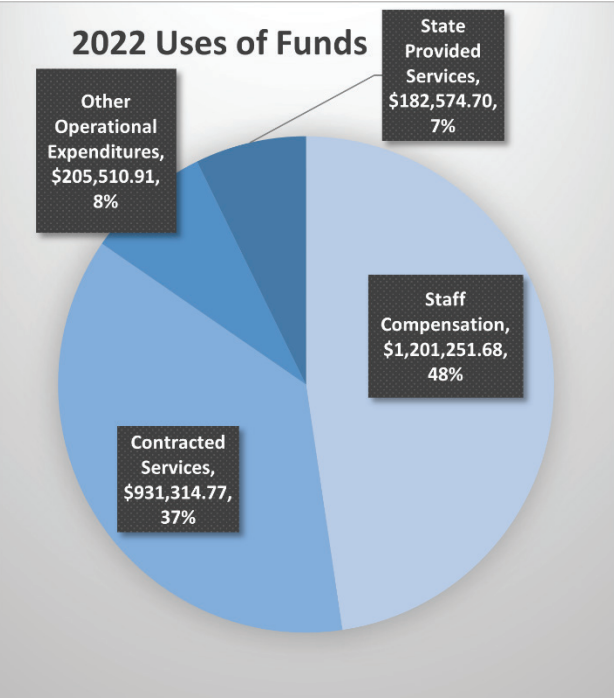
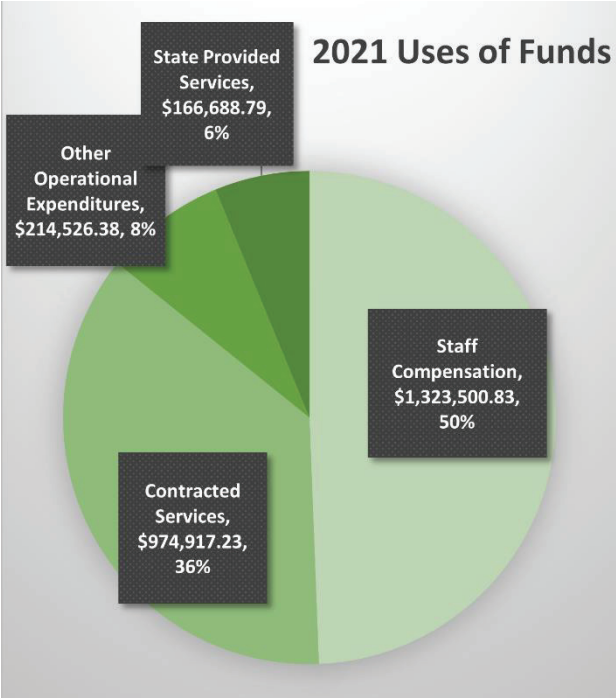
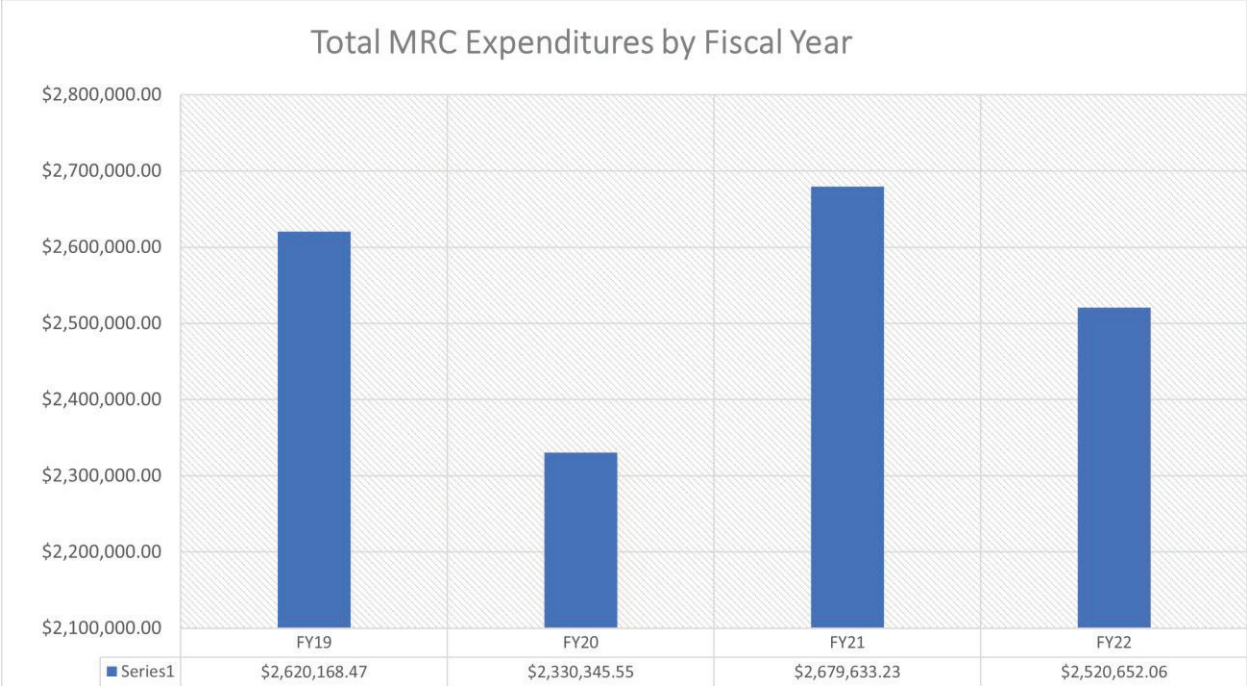
Regulation Funded by the Industry

The Minnesota Racing Commission is funded through a number of sources per MS Chapter 240. The Racing Commission's basic operations are currently financed entirely by the industry it regulates. The graphs below show the sources of yearly funding by category, along with total yearly expenditures and the breakdown of those expenditures.



The significant increase, and subsequent decline, in ADW Regulatory receipts in Fiscal Year 2021 and 2022 is attributable, in part, to a temporary change in the rate of the fee collected on ADW wagering. In May of 2020, the Minnesota Legislature increased the fee paid to the Racing Commission by ADW providers on amounts wagered by Minnesotans from one percent to two percent. This fee automatically returned to one percent on January 1, 2022.





Commission Grants

Every year since 2016, the Minnesota Racing Commission has provided funding to organizations that take in and care for retired racehorses. A special revenue fund comprised of fees and fines collected by the Commission provides a portion of these aftercare funds, and in 2021, the Legislature made statutory changes allowing a percentage of Advanced Deposit Wagering (ADW) funds to be directed to aftercare grants, substantially increasing the Commission's ability to support this vital work.

A total of \$234,007 was awarded to five organizations during the last biennium. Applications received are reviewed and scored during a rigorous process that considers the organization's ability to care for the animals and provide the highest standard of accountability for the use of state funds. Grant funds may be used to provide hay, grain and veterinary care, or to improve shelter and fencing that directly benefits horses, all with the goal of retraining, repurposing and rehoming the equine athletes and ensuring they have a good life once their racing career has ended.

2021 Grant Recipients

Bowman Second Chance Thoroughbred Adoption

This Old Horse

2022 Grant Recipients

Bowman Second Chance Thoroughbred Adoption

Galloping Out

Koch Thoroughbreds

Remember Me Rescue

This Old Horse



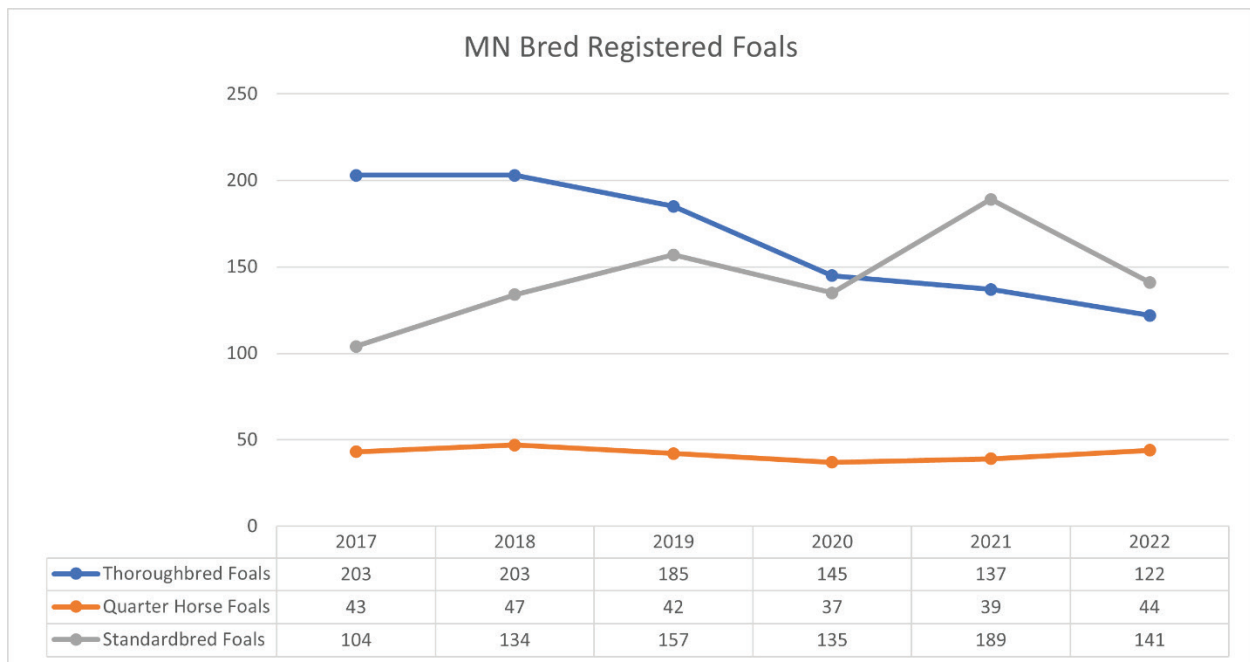
Minnesota Breeders' Fund

Purpose

The primary purpose of the Minnesota Breeders' Fund is to encourage the breeding and racing of quality racehorses in the state. The MRC works with the Breeders' Fund Advisory Committees and with industry stakeholders to create incentives to increase the quantity and quality of Minnesota-bred and owned racehorses.

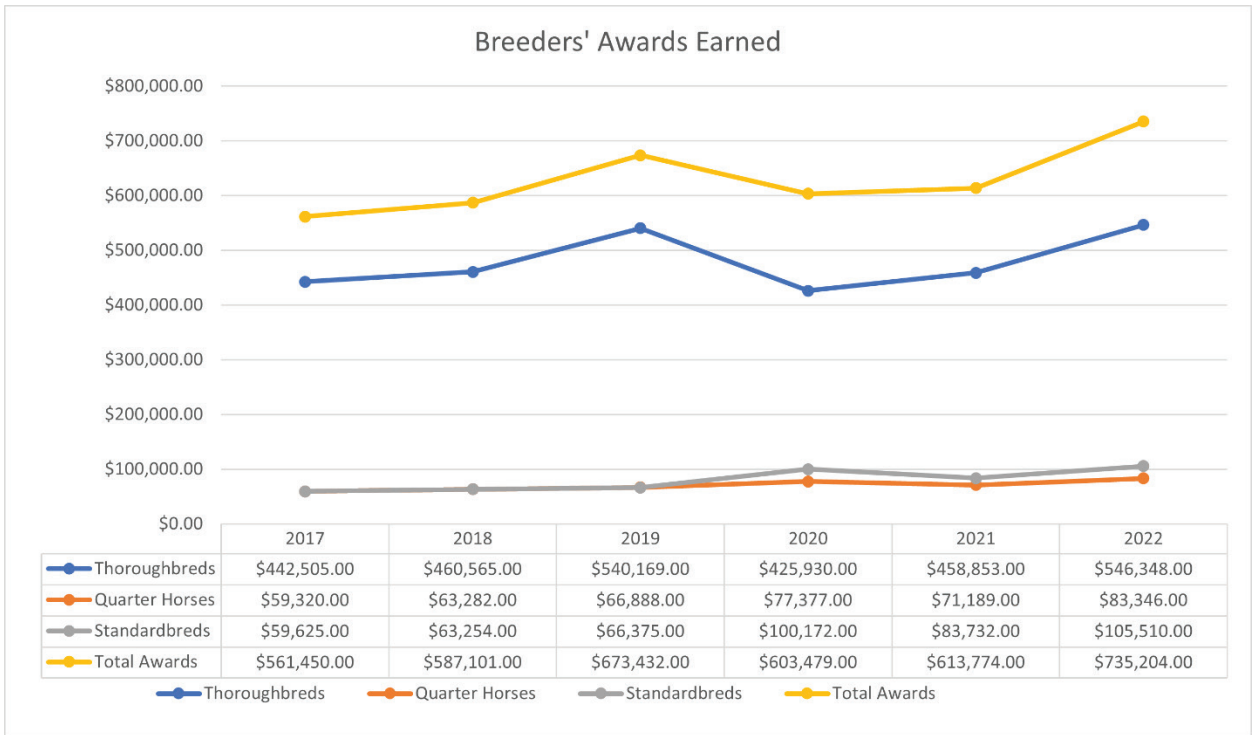


In addition, the Breeders' Fund provides money for in-state, postsecondary equine research and related educational programs in the form of grants, contracts and other expenditures.



Racehorse breeders across the nation continue to face economic challenges, and Minnesota is no exception. The MRC works closely with industry stakeholders to provide support and to discover new solutions to these challenges.



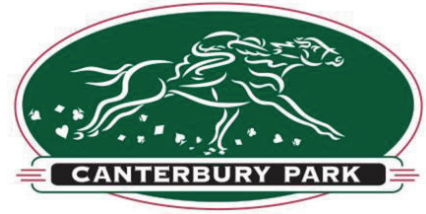


In 2021, **\$613,774** was shared in breeders' awards for Thoroughbred, Quarter Horse, and Standardbred breeders and in 2022, **\$735,204** was shared amongst participants.

As authorized under MS 240.18, the Minnesota Racing Commission administers the collection and distribution of over **\$1.6 million annually** to owners of Minnesota registered mares, stallions, and racehorses. This amount includes both breeders' awards and purse supplements.

Canterbury Park

Canterbury Park is located in Shakopee and has been Minnesota's home for Thoroughbred and Quarter Horse racing since reopening in 1995. Live racing is conducted from May to September and full card simulcasting, card casino gaming and special events are offered year-round to patrons.



Quarter Horse Champions

Leading Quarter Horse Trainer 2021 and 2022:



Jason Olmstead

Leading Jockey 2021 and 2022:



Edwin Escobar

Leading Quarter Horse Owners:



2021: Tom Maher



2022: Maher and Lunderborg, LLC

Thoroughbred Champions

Leading Thoroughbred Trainers:



2021: Mac Robertson



2022: Tie Mac Robertson and Joel Berndt

Leading Jockeys:



2021: Lindey Wade



2022: Harry Hernandez

Leading Thoroughbred Owner 2021 and 2022:

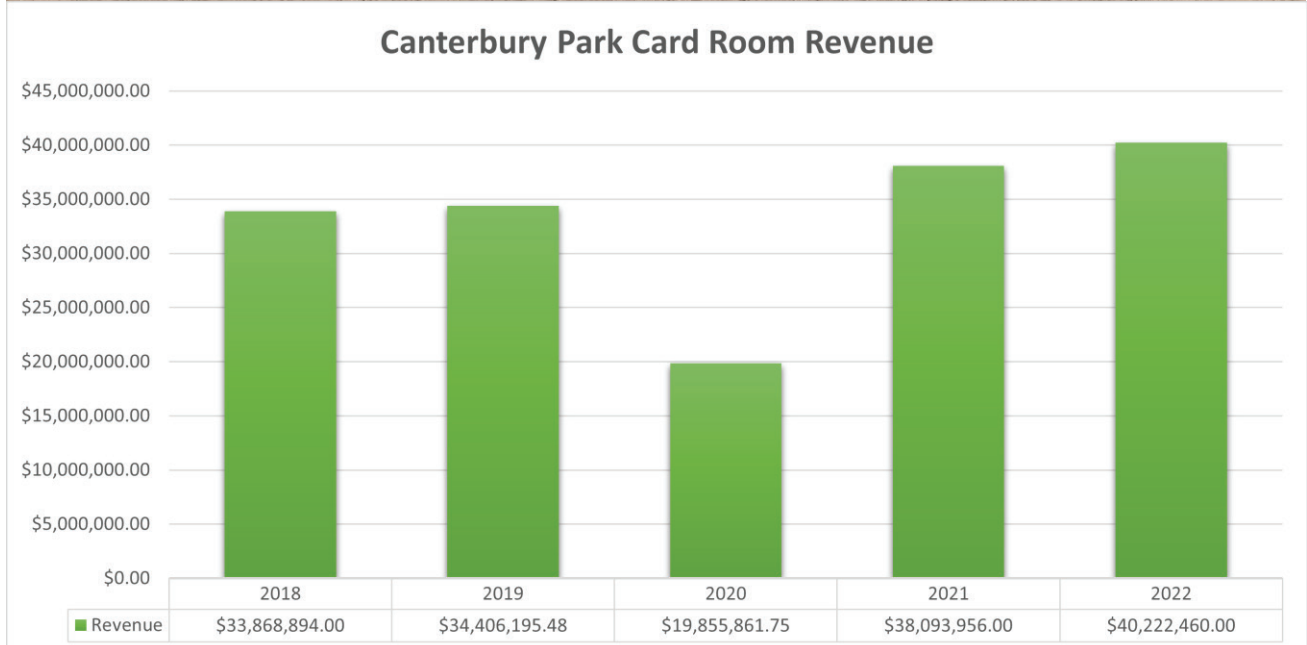
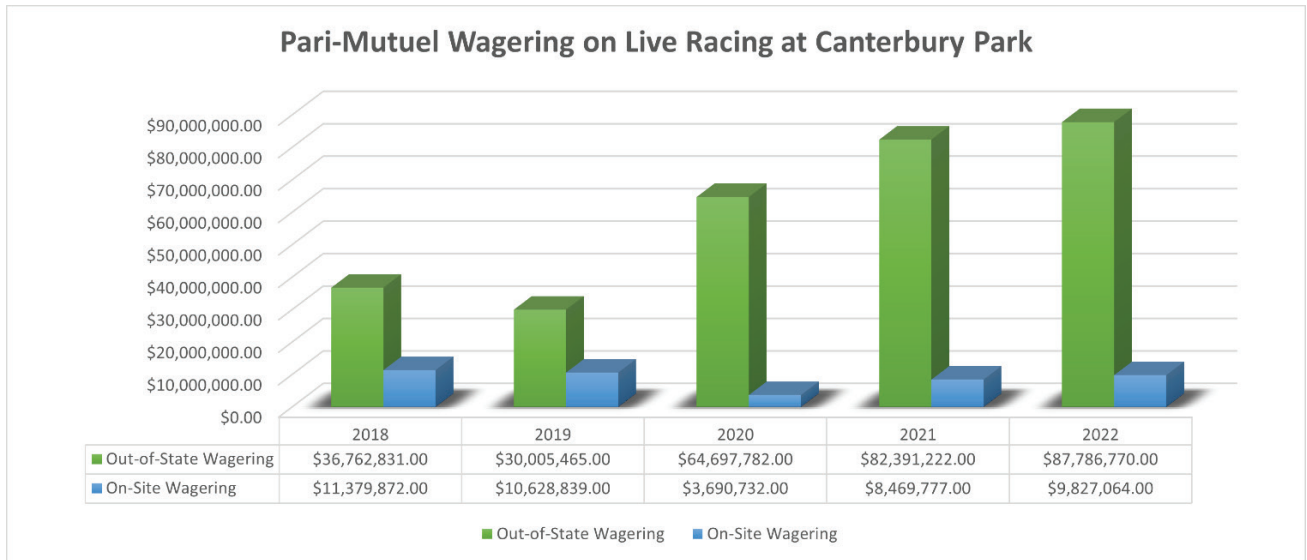


Lothenbach Stables Inc.

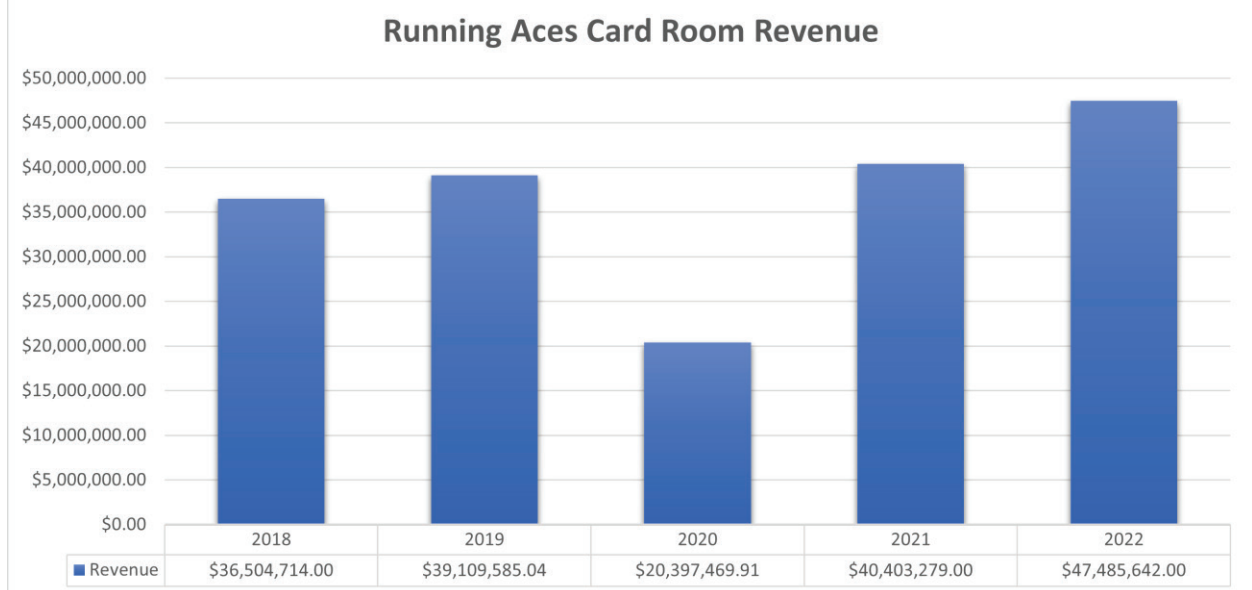
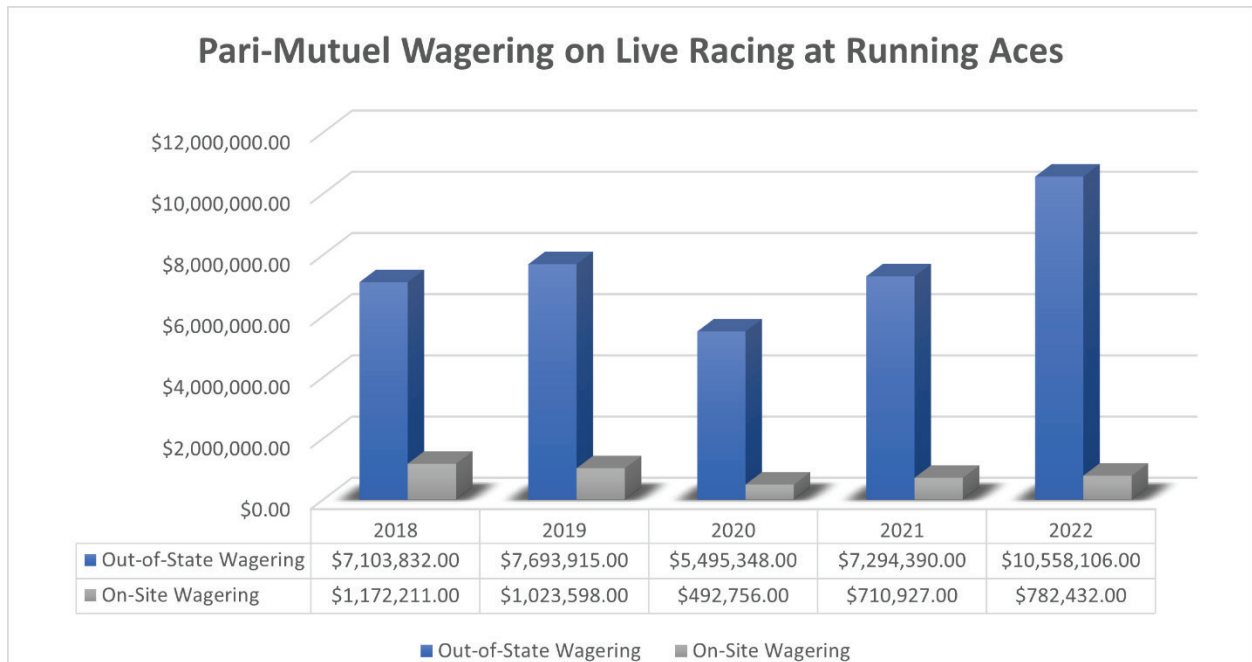
“Canterbury Park continues to develop a vibrant residential, commercial, entertainment and tourism district on its property surrounding the racetrack. At the heart of that district is live horse racing at Canterbury Park. **In 2022, Canterbury announced plans to make long-term investments in the facility to support and grow Minnesota’s racing legacy.** Much of the original infrastructure, built in 1985, is being upgraded through a phased stable area improvement project. This project, with a cost of over \$15 million, includes several new barns and dormitory buildings, as well as replacement of the track and paddock lighting system and an upgraded RV park to accommodate horsepersons. These significant investments in the racing infrastructure support Canterbury’s vision for a strong future for horse racing in Minnesota.” -Jeff Maday (Media Relations Manager at Canterbury Park)



Canterbury Park Card Room Data



Running Aces Card Room Data



Running Aces

Running Aces Casino, Hotel and Racetrack is located on I-35 in Columbus, Minnesota, just 20 minutes north of downtown Minneapolis and St. Paul. The facility is open 24 hours a day, seven days a week and features Standardbred horse racing May through September. They also offer year-round simulcast wagering and a card club.



Standardbred Champions

2021 Minnesota Horse of the Year:



Alilthundadownunda (2018 Gelding)

Trained by Nick Roland

2022 Dan Patch Champion:



A Major Omen (2016 Gelding)

Trained by Gerry Longo

2021 Leading Trainer and 2021 Leading Driver:



Nick Roland

2022 Leading Trainer:



Maria Alvarez (Williams Hernandez Stable)

2022 Leading Driver:



Luke Plano

“Through the last two years of uncertainty and constant change, Running Aces has been able to continue its growth through all facets of business. Horse racing saw an increase of race nights, the total races increased by 7%, purse distribution increased by 48% and export handle increased by 45% from 2021 to 2022. Live racing had capital improvements including a new bar area in the Finishline Plaza and a new betting hut on the apron for race wagers. The hotel has been able to rebound out of COVID, attracting more corporate travelers and leisure guests, along with utilizing the meeting space for private and public events. Capital investments to the property include, finishing the exterior renovation of the casino to match the new hotel, and replacing the highway sign with a state-of-art LED sign that is twice the size to attract many of the 81,000 vehicles that pass it each day. Running Aces continues to look at land development around the property to continue the growth it has seen over the years.



During a time of uncertainty for many organizations and our community, we were able to create new ways to help our community by partnering with many local non-profit organizations on live race nights. These partnerships have given the organizations a way to raise much needed money and awareness for their organizations, while driving visitors to Running Aces. Some of the non-profits include This Old Horse, Hope for Youth, Toys for Joy, Acres for Life, Cornerhouse, Invisible Wounds Project and Boy Scouts of America who operated our trout fishing pond. Through these partnerships, along with streamlining all of our horse racing to 7pm evenings and not on peak days where there is a lot of competition for leisure activity, we have been able to manage staffing levels while increasing attendance.” – Taro Ito (President and CEO of Running Aces)

Partnerships

Horse racing in Minnesota depends on a broad network of partnerships who support the industry and its participants and enhance the benefits it brings to the thousands of people who visit the tracks each year.

Organizations including the **Minnesota Thoroughbred Association**, **Minnesota Harness Racing, Inc.**, the **Minnesota Quarter Horse Racing Association**, and the **Minnesota Horsepersons Benevolent and Protective Association** all work to promote, educate and support breeding, ownership and the racing industry. The **University of Minnesota Equine Science Program**, funded in part by a grant from the Minnesota Racing Commission conducts nation-leading research to promote breeding programs across the state. And throughout 2021 and 2022, the **Shakopee Mdewakanton Sioux Community's** unique partnership with Canterbury Park enhanced the competitive purse structure and helped attract a competitive racing field.

Together and in partnership with the Minnesota Racing Commission, these organizations enhance opportunities for the owners, trainers, jockeys, riders and backside staff who make horse racing in Minnesota a sport like no other.



Racetracks and Card Rooms

Canterbury Park

1100 Canterbury Road

Shakopee, MN 55379

952.445.7223

www.canterburypark.com



Running Aces Casino, Hotel and Racetrack

15201 Running Aces Blvd.

Columbus, MN 55025

651.925.4600

www.runaces.com







Canterbury Park Location

*Thoroughbred and
Quarter Horse Racing*
1100 Canterbury Road, Ste. 100
Shakopee, MN 55379
(952) 496-7950

Running Aces Location

Standardbred Racing
15201 Zurich Street NE, Ste. 212
Columbus, MN 55025
(651) 925-3951