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Minnesota Racing Commission

1999 ANNUAL REPORT

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1999

GOVERNOR JESSE VENTURA
AND THE
MINNESOTA LEGISLATURE



MINNESOTA RACING COMMISSION

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February 15, 2000

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The Honorable Jesse Ventura, 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 Ventura 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 1999. 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 1999 operations of the racing facilities themselves, Canterbury Park and Traverse County Fairgrounds, 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 56 days of live racing for Thoroughbreds and Quarter Horses this past summer from May 15 through August 22 and conducted simulcasting throughout the year. Also during 1999 the Traverse County Agricultural Association's Class D license was renewed by the Commission permitting the Association to conduct pari-mutuel wagering on the Standardbred races run at its county fairgrounds in Wheaton. The fair conducted 2 days of racing, during its county fair on August 28 and 29.

During the 1999 legislative session, the legislature passed a bill permitting Canterbury Park, with the approval of the Commission, to operate a card club. Review and evaluation of Canterbury's plan of operation has been ongoing since the conclusion of live horse racing at the end of August. The Commission acted on that plan during its meeting on January 19, 2000. As this project moves forward to opening (around April 10, 2000) and then full operation, the Commission will provide needed information to the legislature as required.

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.

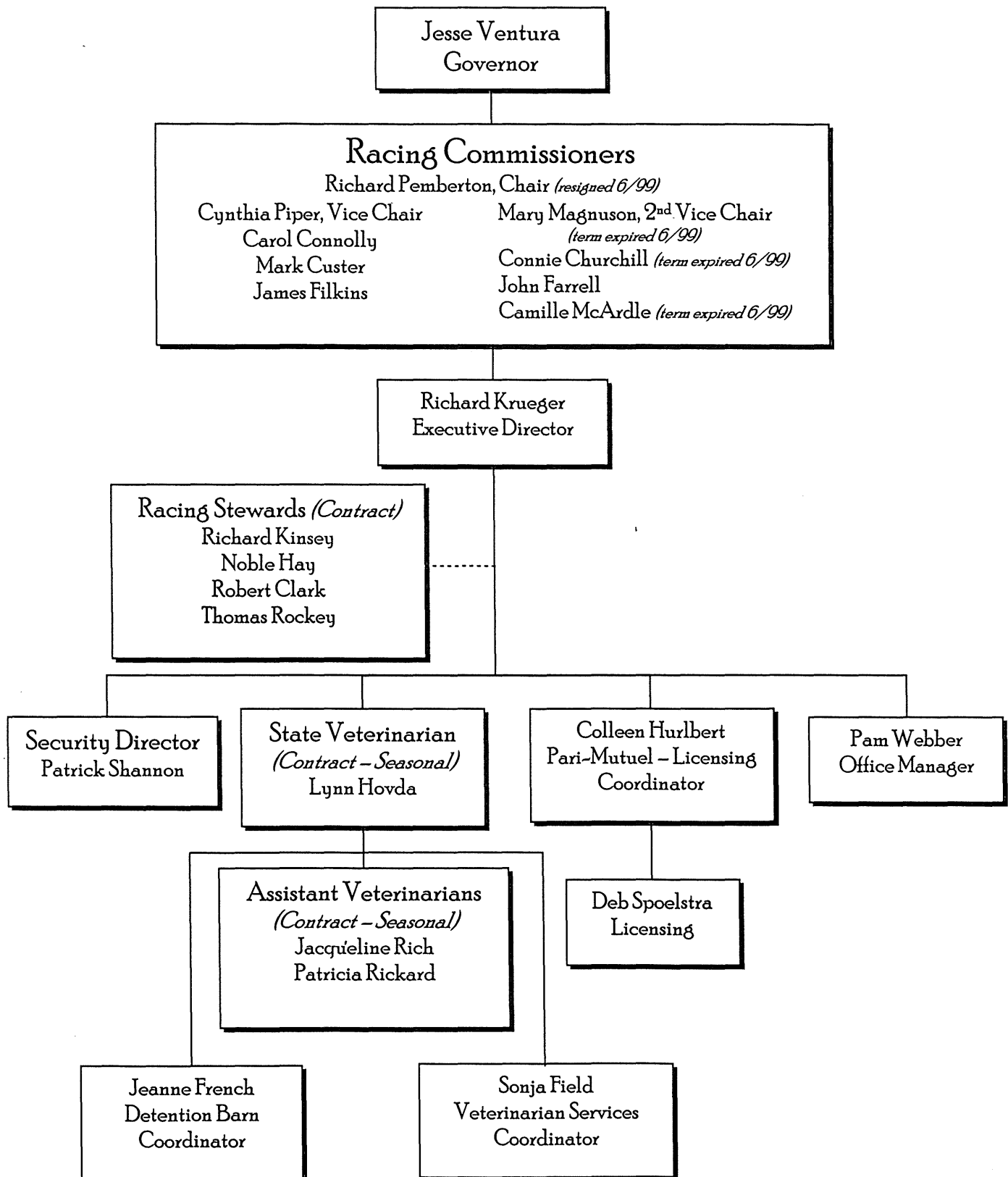
The Minnesota Racing Commission and all the members of the industry appreciate the assistance provided by all levels of government and, most particularly, the Governor's office and the Legislature in addressing matters of interest and of significance to horse racing and pari-mutuel wagering. The Commission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

Regards,

Cynthia Piper

Cynthia Piper, Chair

THE MINNESOTA RACING COMMISSION



MINNESOTA RACING COMMISSION

1999 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 \$1600 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.

Richard Pemberton (Chair)	Fergus Falls	June 30, 2003*
Cynthia Piper (1st Vice Chair)	Hamel	June 30, 2003
Mary Magnuson (2nd Vice Chair)	Mendota Heights	June 30, 1999**
Carol Connolly	St. Paul	June 30, 2001
Mark Custer	Howard Lake	June 30, 2001
James Filkins	Bloomington	June 30, 2001
Connie Churchill	Wheaton	June 30, 1999**
John Farrell	Waverly	June 30, 2003
Camille McArdle	Corcoran	June 30, 1999**

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

* Resigned effective June 21, 1999. His replacement was not appointed as of December 31, 1999.

** Replacements were not appointed as of December 31, 1999.

THE COMMISSION STAFF

The Racing Commission is currently staffed by the following individuals:

Richard G. Krueger	Executive Director
Pamela J. Webber	Office Manager/Breeders' Fund Administrator
Colleen M. Hurlbert	Pari-mutuels/Licensing
Debra Spoelstra	Licensing

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 1999-racing season:

Stewards	Richard Kinsey, Noble Hay, Jr., Stephen Pagano, Thomas Rockey, Robert Clark
Veterinarian and Assistants	Lynn Hovda, Jacqueline Rich, Patricia Rickard, Jeanne French, Sonja Field
Security Director	Patrick Shannon

ORGANIZATION OF THE COMMISSION

The Racing Commission has standing committees, which, as of January 1, 1999, were comprised of the following commissioners:

Executive/Personnel Committee:	Richard Pemberton, Chair James Filkins Mary Magnuson Camille McArdle Cynthia Piper
Rules Committee:	James Filkins, Chair Carol Connolly Mark Custer John Farrell Mary Magnuson Camille McArdle Cynthia Piper
Affirmative Action Committee:	Carol Connolly, Chair Richard Pemberton Mark Custer
Financial Oversight Committee:	James Filkins, Chair Richard Pemberton Mark Custer John Farrell
Public Information Committee:	Carol Connolly, Chair Connie Churchill John Farrell Cynthia Piper
Legislative Committee:	Mary Magnuson, Chair Mark Custer James Filkins
Medication Committee:	Cynthia Piper, Chair Mark Custer James Filkins John Farrell Camille McArdle

*THE MRC ENCOURAGED INVOLVEMENT FROM THE FOLLOWING
ADVISORY BODIES DURING 1999*

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	Minneapolis
Jack Walsh	Stillwater
Charles Yahnke	LeSueur

Liaisons

Commissioners Farrell, Filkins, and Piper.

COUNTY FAIR RACING ADVISORY COMMITTEE

Ray Swanson, Chair	Stillwater
Jack Junker	Stillwater
Lou Michaels-Feldman	New Brighton
James Sweet	Blaine

Liaisons:

Commissioners Churchill, Custer, Farrell, and Filkins.

MEETINGS OF THE COMMISSION

The Racing Commission usually meets the third Wednesday of each month. 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: (612) 496-7950
Telefax: (612) 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 the past race meets, it remained apparent that several rules, many of them unique to Minnesota, required certain revisions. As a result the Minnesota Racing Commission through its Rules Committee and other affected parties revises and updates its rules to meet the current needs of the industry.

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

Rules that have been worked on by the Commission during the past year include: defining nasal strips as equipment, housekeeping changes that correct the reference from BCA (Bureau of Criminal Apprehension) to A&GED (Alcohol and Gambling Enforcement Division, allowing the use of a paramedic in addition to or in place of a physician for medical services, requiring that a Class A, B, and D licensee request prior approval from the Commission not less than seven days prior to a Commission meeting for all events occurring during the time of live racing, allowing a Class B licensee to file a certification form with the Commission for each signed reciprocal agreement on file with the licensee for each racetrack hosting a broadcast, identifying the tote wagering hub as a host track, clarifying the procedure the licensee follows when there is an audio or video interruption from the host track, defining the superfecta in pari-mutuel wagering, allowing the licensee to declare a mandatory payout of the pick six on a day during which a special event has been scheduled, removing obsolete language regarding unredeemed tickets, state and local admissions taxes, and funds retained by the association as reimbursement for purse supplements paid by it, allowing the association to remit payments to the state by daily delivery as well as direct deposit, clarifying types of association employees, removing the option of validating a license from another racing jurisdiction, clarifying that jockey mount fees include purse supplement money from the Minnesota Breeders' Fund, clarifying requirements for a concessionaire or vendor to be exempt from licensing, housekeeping changes that would require a Class C licensee to notify the Commission office of employee changes, removing the requirement that the Commission validate Class C licenses for specific racetracks, clarifying owner responsibility for positive lab reports, changing the term flak jacket to safety vest, replacing obsolete medical testing for equine infectious anemia, adding requirements for security officers to carry firearms, adding workout requirements to remove a horse from the steward's list, making the testing requirements for Lasix to be more accurate with testing standards, clarifying the restrictions on confirmed bleeders within the previous twelve months, requiring a veterinarian to provide the Commission Veterinarian with results for laboratory and other tests, clarifying who is responsible for the transportation of a horse to a postmortem site, removing obsolete language regarding medical testing and replace it with language appropriate to advancing test standards, housekeeping change that would clarify the penalties imposed by stewards. The Rules Committee and the Commission attempt to gain uniformity of rules with those of other states since many horse persons compete in other states as well as in Minnesota.

During 1995, a Public Advisory Committee was formally organized to provide input to proposed rule changes, and was consulted during 1999. Members of the Advisory Committee are:

Stephanie McCarthy:	Executive Director, MN Thoroughbred Association
Tom Metzen:	President, MN H.B.P.A.
Ron Banks:	President, MN Harness Racing Inc.
Troy Mertens:	Vice President, Canterbury Park
John Broeker:	President, MN Quarterhorse 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 Rules 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 overregulation or operating costs. Strict compliance with the Minnesota Administrative Procedures Act has been observed and participation by all persons has been encouraged.

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 relied on their Director of Security and investigators from the Department of Public Safety's Alcohol and Gambling Enforcement Division. The investigators worked on both the backstretch 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 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 crew members, 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 1999, 2751 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 100 were licenses issued in conjunction with harness racing that was conducted at the Traverse County Fair. 2420 licenses were issued to individuals racing or working in various occupations at Canterbury Park. Table 1, page 7 summarizes by occupation, the licenses issued by the Commission since 1993. Table 2, page 8 summarizes licenses issued to Minnesotans by occupation since 1993.

Table 1
Occupational (Class C) License Summary By Year

LICENSE TYPE	1993	1994	1995	1996	1997	1998	1999
Commission/MRC Staff		20	35	31	31	34	30
Authorized Agent		0	0	0	0	0	0
Bloodstock Agent		0	1	1	0	0	0
Concessionaire/Vendor		11	32	28	60	29	28
Concession/Vendor Employee		194	360	311	298	268	241
Vendor, Sole Proprietor	N	2	8	10	12	24	28
Detention Barn Technician	O	0	12	17	20	11	12
Driver		0	0	4	15	14	7
Equine Dentist		0	2	4	2	0	0
Exercise Rider	R	0	71	66	40	46	45
Farrier	A	0	12	16	12	10	13
Farrier's Assistant	C	0	0	0	1	1	1
Gate Crew	I	0	12	14	14	12	16
Horsemen's Bookkeeper	N	0	1	1	1	1	1
Groom/Hotwalker	G	9	262	266	209	241	251
Jockey		0	72	54	60	61	61
Jockey Agent		0	7	12	6	8	8
Jockey, Apprentice		0	4	3	4	3	2
Owner, Individual		15	1,061	1,038	908	976	984
Owner, Multiple		0	181	212	135	180	169
Owner, Trainer, Driver		24	28	17	37	39	19
Pari-mutuel Clerk		132	228	151	147	136	164
Pony Rider	N	0	18	21	19	19	19
Racing Official	O	3	19	21	18	19	17
Security Officer		27	55	42	41	36	38
Stable Foreman		0	9	5	3	6	4
Trainer	R	0	186	172	180	185	201
Trainer, Assistant	A	0	52	42	40	38	38
Valet	C	0	10	9	11	10	10
Veterinarian	I	0	7	9	7	7	9
Veterinary Assistant	N	0	3	2	2	3	3
Canterbury Assoc. Employees	G	3	16	16	20	22	31
Canterbury Plant Employees		38	77	69	63	55	67
Canterbury Staff		20	32	37	15	55	60
Canterbury Marketing		4	4	8	21	8	7
Canterbury Medical		0	39	27	38	40	50
Canterbury Operations		46	80	90	83	60	65
Stables		0	42	52	36	47	39
Other		1	11	40	36	16	13
<i>Totals</i>		549	3,049	2,918	2,645	2,720	2,751

Table 2
Occupational Licenses Issued To Minnesotans

<u>LICENSE TYPE</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Commission/MRC Staff		19	30	24	30	28	20
Authorized Agent		0	0	0		0	0
Bloodstock Agent		0	1	1		0	0
Concessionaire/Vendor		9	24	22	15	24	23
Concession/Vendor Employee		192	345	298	278	253	226
Vendor, Sole Proprietor	N	1	8	8	10	18	23
Detention Barn Technician	O	0	10	16	17	9	11
Driver		0	0	1	1	2	1
Equine Dentist		0	2	2	1	0	0
Exercise Rider	R	0	22	20	15	20	17
Farrier	A	0	4	3	4	1	2
Farrier's Assistant	C	0	0	0	1	1	1
Gate Crew	I	0	1	3	4	2	1
Horsemen's Bookkeeper	N	0	1	1	1	1	1
Groom/Hotwalker	G	3	112	88	71	80	84
Jockey		0	5	2	3	5	3
Jockey Agent		0	1	3	2	2	1
Jockey, Apprentice		0	1	0	0	0	0
Owner, Individual		5	531	504	437	394	397
Owner, Multiple		0	115	119			
Owner/Trainer/Driver		8	11	9	10	9	9
Pari-mutuel Clerk		130	224	148	141	129	131
Pony Rider	N	0	5	6	6	6	5
Racing Official	O	2	4	5	5	7	6
Security Officer		27	55	42	39	36	38
Stable Foreman		0	2	2		3	0
Trainer	R	0	46	41	43	44	43
Trainer, Assistant	A	0	10	5	7	7	5
Valet	C	0	0	2	4	4	2
Veterinarian	I	0	7	7	5	6	7
Veterinary Assistant	N	0	3	2	1	2	3
Canterbury Assoc. Employees	G	3	15	15	18	17	24
Canterbury Plant Employees		38	73	61	50	45	52
Canterbury Staff		21	30	36	15	53	59
Canterbury Operations		46	81	90	83	59	63
Canterbury Medical		0	36	26	36	40	49
Canterbury Marketing		4	4	6	20	7	6
Stables		0	16	20			
Other		1	6	34	21	14	11
<i>Totals</i>		509	1,841	1,672	1,394	1,328	1,324

1999 Annual Report

Veterinary Programs

The Veterinary Services Department functions to maintain the integrity of horse racing and protect the well being of the equine athlete. This is accomplished through a number of well established programs such as pre-race examinations, monitored workouts, documented Veterinarian's List, controlled Lasix® administration, and race day blood/urine laboratory analysis.

During the 1999 racing season, 1,312 Thoroughbreds and Quarterhorses entered the grounds of Canterbury Park. A total of 4,031 Thoroughbreds and 463 Quarterhorses entered the starting gate. A medical record was made for each horse as it was entered to race. Each medical record was updated whenever a Commission Veterinarian examined a horse. Physical exam findings, diagnostic procedures, radiographic or ultrasound abnormalities, and participation in the UMVTH thermography study were noted on the medical records.

More than 4,700 race day examinations were performed on horses entered to race. From these exams, 123 were found to be unfit and were recommended to be scratched from racing. These horses along with 155 horses with visible or endoscopic evidence of exercise induced pulmonary hemorrhage, and an additional 101 horses noted to be lame, sore or sick were placed on the Veterinarian's List and not allowed to race again until deemed sound by a Commission Veterinarian. The racing performance of 51 of these horses was evaluated during and after a training exercise before removing them from the Veterinarian's List. As a matter of record, 12 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 controlled medication program, 1,235 blood and 1,110 urine samples were submitted to Industrial Laboratories, Denver, Colorado for analysis. Twenty-eight blood samples exceeded the 3.0-microgram-threshold limit for phenylbutazone or metabolites. This number, extrapolated to horse/race day, was lower than prior years. Sixteen samples were positive for flunixin, a non-steroidal anti-inflammatory drug, and were dealt with by the Board of Stewards. Two other positive samples reported by the testing laboratory {Ketoprofen®/Lasix®} were dealt with by the Board of Stewards.

The quality assurance program established by Industrial Laboratories processed 14 double blind blood and urine samples. Six samples were reported as negative, when in fact they were positive. This discrepancy is currently under review by Industrial Labs.

In 1999, 1,032 horses racing at Canterbury Park received Lasix® in their stalls under the supervision of a Minnesota Racing Commission employee. While more labor intensive for the veterinary staff, this procedure is less stressful for the horse and widely received by horsemen and women. One positive sample was found in all horses tested and that horse was shipped in from another jurisdiction.

The horse ambulance was used 23 times during the 1999 racing season. Twelve horses died or were humanely euthanized on the grounds of Canterbury Park for a variety of reasons. Only 4 horses suffered catastrophic racing related injuries, and just 2 sustained catastrophic training related injuries. This resulted in a race related catastrophic incident rate of .089%, far below the accepted range of 0.15% to 0.5%.

Traverse County Fair, Wheaton, Minnesota Harness Race Meet

The 1999 racing season marked the sixth year of veterinary services participation in Standardbred racing at Wheaton, Minnesota. The same veterinary policies and procedures used at Canterbury Park were followed at the Traverse County Fair Harness Race Meet. In 112 starts, 5 horses were scratched from racing for veterinary related problems. No catastrophic injuries occurred during the two days of racing. Two horses raced under the Lasix program with no positive samples found. A total of 39 blood and 23 urine samples were submitted to Industrial Laboratories, Denver, Colorado for analysis. No positive samples were found.

As in previous years, the veterinary services department provided tight controls, maintained the integrity of racing and ensured humane treatment of the horses.

1999 PARI-MUTUEL STATISTICS

LIVE

1999 LIVE THOROUGHBRED AND QUARTER HORSE RACES

MIXED MEET (THOROUGHBRED & QUARTER HORSE) - JUNE 3 - JULY 11, 1999

THOROUGHBRED MEET - MAY 15 - JUNE 2, 1999 & JULY 12 - AUGUST 21, 1999

CLAIMING CROWN - AUGUST 7, 1999

FESTIVAL OF CHAMPIONS - AUGUST 22, 1999

TOTAL ATTENDANCE FOR LIVE RACING MAY 15 - AUGUST 22, 1999 (56 DAYS) - 209,327

BREED	HANDLE	TAKEOUTS	BETTOR RETURN	# OF RACES	AVERAGE HANDLE PER RACE
THOROUGHBRED	\$13,050,425	\$2,629,496		480	\$27,188
QUARTERHORSE	\$847,143	\$168,812		67	\$12,644
TOTAL	\$13,897,568	\$2,798,309	\$10,169,539	547	\$25,407

1999 LIVE STANDARD BRED MEET

TRAVERSE COUNTY FAIR, WHEATON, MN

AUGUST 28-29, 1999

TOTAL ATTENDANCE: 739

HANDLE	TAKEOUTS	BETTOR RETURN	# OF RACES	AVERAGE HANDLE PER RACE
\$17,737	\$3,407	\$14,095	18	\$985

SIMULCAST

1999 FULL-CARD SIMULCAST MEETS

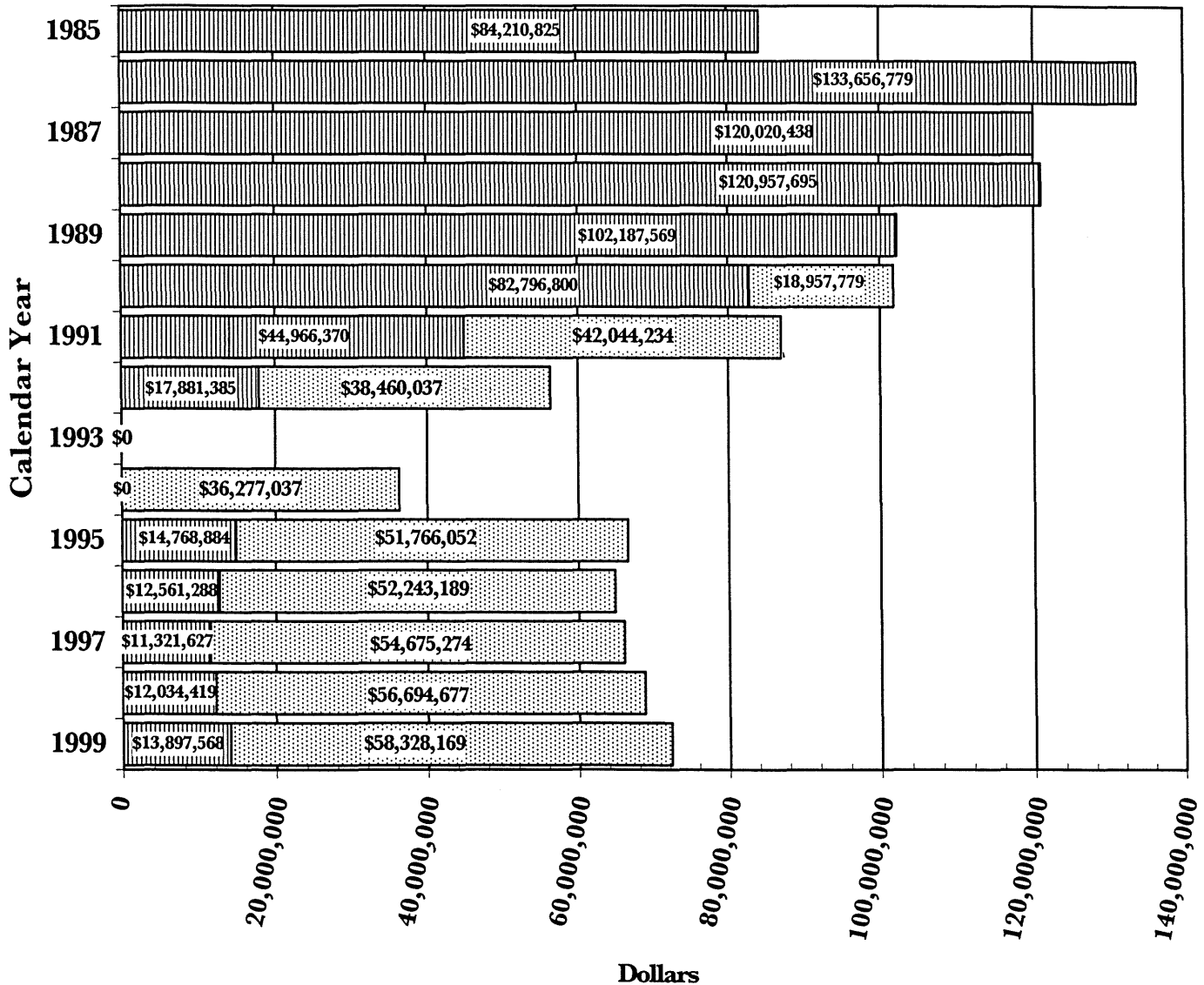
JANUARY 1, 1999 - DECEMBER 31, 1999

BREED	HANDLE	TAKEOUTS	BETTOR RETURN	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY
THOROUGHBRED	\$55,115,485	\$10,858,984			
QUARTERHORSE	\$633,019	\$123,393			
STANDARD BRED	\$2,381,566	\$496,932			
ARABIAN	\$198,099	\$42,337			
TOTAL	\$58,328,169	\$11,521,646	\$55,824,550	364	\$160,242

Canterbury Park Handle Calendar Years 1985 – 1999

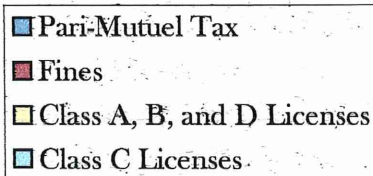
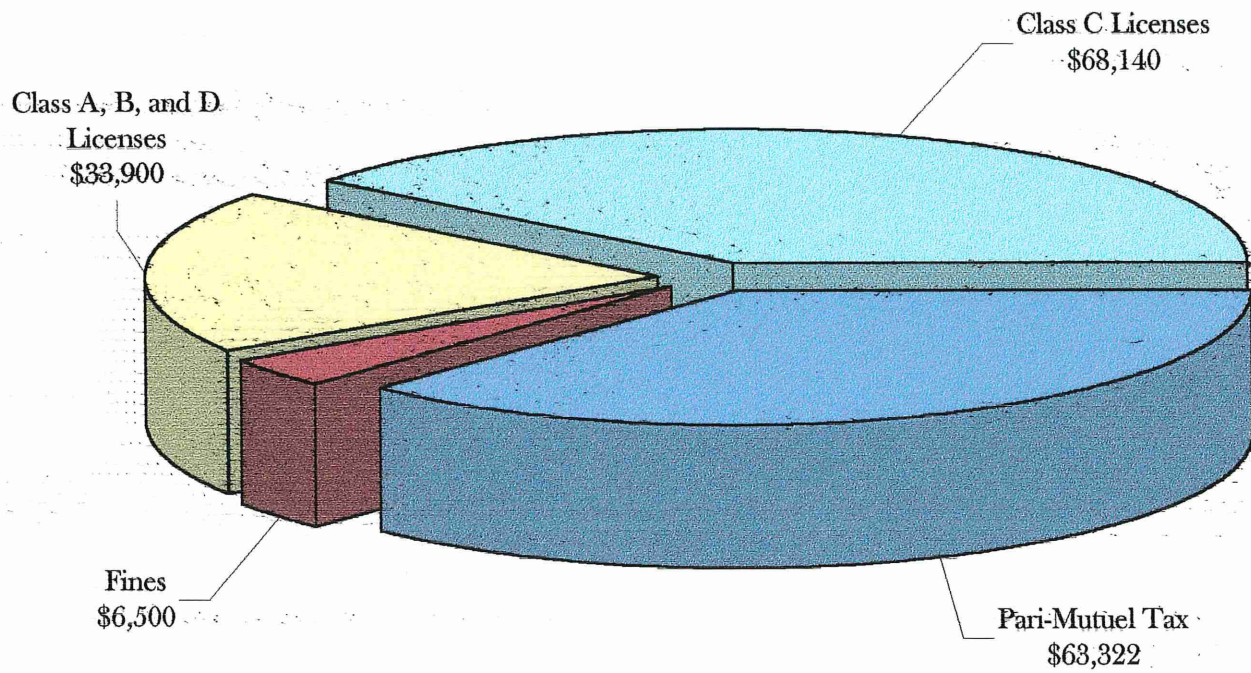
Live

Simulcast



Non-Dedicated Revenue

Fiscal Year 1999



MINNESOTA RACING COMMISSION

Six Year Financial Summary

Fiscal Years 1995 – 2000

APPROPRIATIONS

	<i>FY 2000</i>	FY 1999	FY 1998	FY 1997	FY 1996	FY 1995
General Fund Appropriation	<i>\$390,000</i>	\$379,000	\$371,000	\$370,000	\$370,000	\$201,000
Statutory Carry Forward	<i>\$0</i>	\$7,717	-\$7,717	\$9,431	-\$9,431	\$83,000
Supplemental Appropriation	<i>\$0</i>	\$0	\$0	\$11,643	\$6,414	\$77,000
	<i>\$390,000</i>	\$386,717	\$363,283	\$391,074	\$366,983	\$361,000

EXPENSES

	<i>Forecast</i>	Actual	Actual	Actual	Actual	Actual
Salaries, Benefits and Per Diem	<i>\$281,412</i>	\$273,982	\$264,681	\$235,271	\$255,324	\$211,721
Rents	<i>\$198</i>	\$183	\$172	\$797	\$16,571	\$19,043
Consultant Services	<i>\$0</i>	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	<i>\$46,200</i>	\$44,585	\$36,163	\$31,571	\$27,205	\$49,062
Data Processing and System Services	<i>\$8,292</i>	\$4,415	\$6,973	\$1,838	\$17,053	\$1,386
Communications	<i>\$6,804</i>	\$6,064	\$4,186	\$9,311	\$9,971	\$10,610
Travel	<i>\$12,694</i>	\$15,139	\$14,572	\$15,103	\$8,637	\$8,890
Supplies and Material	<i>\$8,002</i>	\$7,721	\$8,713	\$19,370	\$11,262	\$17,044
Equipment	<i>\$7,498</i>	\$14,371	\$8,562	\$18,641	\$10,650	\$0
Other	<i>\$10,200</i>	\$16,914	\$19,261	\$15,906	\$10,310	\$22,775
Total	<i>\$381,300</i>	\$383,374	\$363,283	\$347,808	\$366,983	\$340,531

SUMMARY

	<i>Forecast '00</i>	Actual '99	Actual '98	Actual '97	Actual '96	Actual '95
Appropriation Balance	<i>\$8,700</i>	\$3,343	\$0	\$43,266	\$0	\$20,469
Revenues to General Fund	<i>\$185,000</i>	\$185,000	\$169,920	\$143,844	\$1,199,000	\$918,747
Return to General Fund (\$)	<i>-\$196,300</i>	-\$198,374	-\$193,363	-\$203,964	\$832,017	\$578,216
Return To GF As % of Appropriation	<i>-50.33%</i>	-51.30%	-53.23%	-52.15%	226.72%	160.17%
Gross Return To GF As % of Approp.	<i>47.44%</i>	47.84%	46.77%	36.78%	326.72%	254.50%

Notes: (1) Forecast data are in italics

(2) 1998 Statute permanently returns first \$720,000 of the pari-mutuel tax and all unredeemed tickets to Canterbury Park.

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. Each breed has a separate fund. The 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 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 1999 the Breeder's Fund earned \$773,174 from live and simulcast racing. Ninety-eight individuals and partnerships received \$279,890 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 \$412,722. Purse supplements of \$15,000 were also paid during non pari-mutuel harness racing at three county fair meets. The monies available for the 1999 purse supplements included carryovers from 1998.

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 is 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 four grants from the fund during 1999:

- (1) The Minnesota Festival of Champions received \$4,000 to help fund education activities and dissemination of information regarding the running of a championship series of races for Minnesota-Bred Thoroughbreds and Quarter Horses at Canterbury Park on August 22, 1999. By providing information about Minnesota's breeding, training and racing activities throughout the state, the Minnesota Festival of Champions greatly increases the public's awareness of the importance of the industry's social and economic impacts.
- (2) The College of Veterinary Medicine received \$631.75 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.
- (3) The Writers Project, Inc. received \$1,000. The Writers Project based in Princeton, New Jersey completed its sixth year of bringing creative writers to the nation's racetracks for an up-close look at racing. This was the third year that a workshop for high school students was held at Canterbury Park. During the workshop, students visited the backstretch area and the racing facility meeting owners, trainers, jockeys, racetrack personnel, grooms and veterinarians, to learn how racehorses are cared for and brought to race readiness. They also received traditional classroom style instruction in creative writing, using their experiences at the racetrack as the subject for novels, short stories, poetry and essays.

Five students from around Minnesota participated in the two-day project, which was conducted on June 24-25, 1999. It has been proven that the writing workshops provide an excellent way to establish the many facets of the horse breeding and racing industry within the imaginations of writers and that as they pursue their writing careers, the favorable impressions they gained at Canterbury Park should become evident in their writing.

The Writers Project is supported by the American Association of Equine Practitioners, American Quarter Horse Association, Ambercrombie Foundation, Kentucky Thoroughbred Association, The Missouri Review, National Turf Writers Association, and Turf Publicists of America.

- (4) The Minnesota Equine Research Center (MERC) of the University of Minnesota received \$45,000 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; *"The Effect of Periovalutary Treatment with PGF₂ α On Pregnancy Rates and Luteal Function"*, *"Thermographic Assessment of Musculoskeletal Injuries of Race Horses"*, *"Correlation of Hoof Contact Pressures with Hoof Heat Patterns To Assess Hoof Balance"*, *"Detailed Ultrasonographic Mapping of the Normal And Diseased Equine Pelvis"*, *"Adenosine Triphosphate Depletion in Single Muscle Fibers Causes Rhabdomyolysis in Polysaccharide Storage Myopathy"*, *"Evaluation of Cellular Immune Responses Involved in Resistance to Rhodococcus Equi Infection"*, *"Calcium Imaging For Diagnosis of Recurrent Exertional Rhabdomyolysis in Thoroughbred Horses"*, *"Optimization of Methods for Diagnosis of Proliferative Enteritis in Horses"*, *"Mapping the Recurrent Exertional Rhabdomyolysis Gene in Thoroughbred Horses"*, *"Regulation of Prostaglandin F₂ α in the Equine Uterus: Role of Phospholipase A2 in Luteolysis and Maternal Recognition of Pregnancy."*

1999 Breeders' Fund Recap

THOROUGHBRED

Total Earnings	\$713,468
Less Administrative Cost	\$16,320
= Net Breeders' Fund	\$697,148
Less 20% Equine Research	\$22,837
= Net Available Breeders' Fund	\$674,311
Less Purse Supplements	\$418,073
= Balance Remaining for Awards	\$256,238

QUARTER HORSE

Total Earnings	\$30,035
Less Administrative Cost	\$2,278
= Net Breeders' Fund	\$27,757
Less 20% Equine Research	\$1,239
= Net Available Breeders' Fund	\$26,518
Less Purse Supplements	\$11,933
= Balance Remaining for Awards	\$14,585

STANDARD BRED

Total Earnings	\$27,344
Less Administrative Cost	\$0
= Net Breeders' Fund	\$27,344
Less Purse Supplements	\$19,141
Less Equine Research	\$1,367
Less Non-PM Development	\$1,367
= Balance Remaining for Awards	\$6,836

ARABIANS

Total Earnings	\$2,327
Less Administrative Cost	\$0
= Net Breeders' Fund	\$2,327
Less 20% Equine Research	\$0
= Net Available Breeders Fund	\$2,327
Less Purse Supplements	\$1,280
= Balance Remaining for Awards	\$1,047

BREEDERS' FUND PROGRAM

HORSE REGISTRATIONS

Year	THOROUGHBRED				QUARTER HORSE				STANDARD BRED	
	Stallions	Mares	Foals		Stallions	Mares	Foals		Stallions	Foals
1985	54	543	403		1		106		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		19	30
1990	118	1145	654		95	257	134		19	30
1991	104	966	612		88	214	112		11	21
1992	85	735	451		72	175	90		7	16
1993	63	444	242		52	131	81		6	17
1994	49	253	159		40	85	64		3	14
1995	46	265	180		42	98	59		3	9
1996	44	274	169		47	106	54		3	7
1997	41	208	138		47	94	50		4	3
1998	39	208	135		49	100	73		6	1
1999	31	229	153		39	77	43		4	*

* 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 just requires that they be registered before they are entered in restricted races.

LEGISLATION

At this time, the Commission does not anticipate proposing policy legislation for consideration by the 2000 session of the Legislature. With 7-8 months operation of the Canterbury Card Club, it is likely that legislation may be proposed for the 2001 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 612-496-7950; 1-800-627-3529, (TTY/VOICE RELAY SERVICES).