

**Table of Contents**  
**2014-15 Governors Budget - Racing Commission**

|                                                                        |          |
|------------------------------------------------------------------------|----------|
| <b>Agency Profile - Racing Commission .....</b>                        | <b>1</b> |
| <b>    Current, Base and Governor's Recommended Expenditures .....</b> | <b>3</b> |
| <b>    Sources and Uses .....</b>                                      | <b>4</b> |
| <b>    All Funds FTE by Program .....</b>                              | <b>5</b> |
| <b>    Revenues Summary .....</b>                                      | <b>6</b> |

### **Mission:**

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

### **Statewide Outcome(s):**

Racing Commission supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

### **Context:**

The Racing Commission

- establishes criteria and standards for licensing of pari-mutuel racetracks and the personnel employed or operating at such facilities to assure the public's safety.
- establishes criteria and standards for security, surveillance, regulation of racing, veterinary services, and law enforcement at licensed racetracks and provides oversight of these functions by Commission staff which provides that all functions are conducted at the highest level of security and service for participants and patrons.
- establishes standards and rules in order to protect the health and welfare of the equine athlete and participants.
- collects and distributes all taxes and fees related to pari-mutuel horse racing and card playing to the general breeders' funds which is the source of income to the state's breeders and horse owners.

License fees collected are deposited in the Special Revenue Fund and are directly appropriated for Commission administrative and regulatory activities. The Commission also receives reimbursements from both racetracks for the costs of stewards, veterinarians, the testing laboratory, and card club oversight. In addition, the Commission collects taxes that are dedicated for distribution to Minnesota horse owners that compete at the racetracks.

### **Strategies:**

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

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

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

- Licenses and conducts background investigations each year of individuals applying to work at the racetracks and card clubs to assure the integrity of the individuals participating in pari-mutuel wagering and card playing in Minnesota and nationally.
- Conducts investigations of any suspected violations of Minnesota's racing and card club laws and rules in order to enforce rules and laws that were established to protect the integrity of the racing and gambling industries in Minnesota and nationally.

- Conducts pre-race exams of all horses racing each day, which protects equine participants and the betting public as well as supervising all activities affecting the conduct of a racing day to protect all human and equine participants and assure the integrity of pari-mutuel wagering for the betting public.
- Registers horses each year to allow Minnesota owners to participate in the Minnesota Breeders' Fund awards program so that economic stability and growth in related agribusiness continues.
- Reviews, on an ongoing basis, the card club plans of operation for Canterbury Park and Running Aces Harness Park which results in all games at each facility meeting the highest standard for integrity and safety of the public.

By using its rulemaking authority, the MRC implemented additional restrictions regarding the use of prohibited substances and medications that directly affect the integrity of racing and the safety and welfare of the equine, riders and drivers.

## Results:

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

| Performance Measures                                                                                                                                                                                                                                                                                                                                                                                          | Previous | Current | Trend      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|------------|
| Licenses individuals and businesses who meet the criteria for licensing contained in statute and rule that assures only qualified individuals are performing required duties.                                                                                                                                                                                                                                 | 4,670    | 5,000   | Increasing |
| Conducts pre-race exams and veterinary monitoring of the horse prior to and after each race, successfully limiting the number of breakdowns to the extent that they are at a lower annual rate at Minnesota tracks that the national average. Veterinary oversight includes pre-race exams of every horse racing each day, pre and post race observations, and supervision of the test barn.                  | 4,153    | 4,627   | Increasing |
| Firm regulatory oversight by the Commission's stewards at Canterbury Park provided fewer disciplinary rulings especially regarding medication violations, 28 during the 2011 race meet, 12 during the 2012 race meet. The Commission's due diligence and rulemaking regarding medications should reduce or at least stabilize the occurrence of these violations, any occurrence will be handled accordingly. | 86       | 54      | Decreasing |
| Horse registrations are expected to grow with increased participation in the Minnesota Breeders' Fund awards program.                                                                                                                                                                                                                                                                                         | 469      | 413     | Decreasing |

### Performance Measures Notes:

The performance measures are a comparison of calendar year 2012 over 2011 as each year's race meet overlaps the state's fiscal year.

With the joint marketing agreement between Canterbury Park and the Shakopee Mdewakanton Sioux Community, the number of individuals seeking licensing and the race horse population increased during this past summer and was sustained through the end of the race meet.

It is anticipated that with this agreement there will be also more horsemen and women that will bring mares and stallions into Minnesota so as to have them registered with the Commission as Minnesota Bred allowing them to participate in the award program under the Breeders' Fund. This will have a direct effect on rural agribusiness and activity at the racetrack.

\*See Minnesota Racing Commission 2011 Annual Report for breed specific horse registrations.  
<https://www.mrc.state.mn.us/Annual%20Reports/2011%20Annual%20Report.pdf>

**Racing Commission****Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

|                                                         | General Funds | Other State Funds | Federal Funds | All Funds |
|---------------------------------------------------------|---------------|-------------------|---------------|-----------|
| Current Biennium Expenditures (FY 2012-13)              |               | \$6,003           |               | \$6,003   |
| Current Law Expenditures (FY 2014-15)                   |               | \$6,107           |               | \$6,107   |
| Governor's Recommended Expenditures (FY2014-15)         |               | \$6,107           |               | \$6,107   |
| \$ Change from FY 2014-15 Current Law to Governor's Rec |               | \$0               |               | \$0       |
| % Change from FY 2014-15 Current Law to Governor's Rec  |               | 0%                |               | 0%        |

**Racing Commission****Sources and Uses**

(Dollars in Thousands)

| Biennium FY14-FY15           |               |                   |               |             |
|------------------------------|---------------|-------------------|---------------|-------------|
|                              | General Funds | Other State Funds | Federal Funds | Total Funds |
| BALANCE FORWARD IN           |               | \$1,097           |               | \$1,097     |
| REVENUE                      |               | \$5,884           |               | \$5,884     |
| TRANSFERS IN                 |               | \$1,798           |               | \$1,798     |
| SOURCES OF FUNDS             |               | \$8,779           |               | \$8,779     |
| BALANCE FORWARD OUT          |               | \$873             |               | \$873       |
| TRANSFERS OUT                |               | \$1,798           |               | \$1,798     |
| EXPENDITURES                 |               | \$6,107           |               | \$6,107     |
| PAYROLL EXPENSE              |               | \$2,020           |               | \$2,020     |
| OPERATING EXPENSES           |               | \$2,369           |               | \$2,369     |
| OTHER FINANCIAL TRANSACTIONS |               | \$7               |               | \$7         |
| GRANTS, AIDS AND SUBSIDIES   |               | \$1,711           |               | \$1,711     |
| USES OF FUNDS                |               | \$8,778           |               | \$8,778     |

**Racing Commission**  
**All Funds FTE by Program**

|                            | Current        | Forecast Base  | Governor's<br>Recommendation |
|----------------------------|----------------|----------------|------------------------------|
| <b>Program</b>             | <b>FY 2013</b> | <b>FY 2015</b> | <b>FY 2015</b>               |
| Program: Racing Commission | 12.7           | 12.7           | 12.7                         |
| <b>Racing Commission</b>   | 12.7           | 12.7           | 12.7                         |

**Racing Commission**  
**Revenue Summary**  
(Dollars in Thousands)

|               |                       | Biennium FY14-15 |                   |               |              |
|---------------|-----------------------|------------------|-------------------|---------------|--------------|
|               |                       | General Fund     | Other State Funds | Federal Funds | All Funds    |
| Non Dedicated | ALL OTHER             | 44               |                   |               | 44           |
|               | Subtotal              | 44               |                   |               | 44           |
| Dedicated     | TAXES                 |                  | 1,196             |               | 1,196        |
|               | DEPARTMENTAL EARNINGS |                  | 1,563             |               | 1,563        |
|               | ALL OTHER             |                  | 3,125             |               | 3,125        |
|               | Subtotal              |                  | 5,884             |               | 5,884        |
| <b>Total</b>  |                       | <b>44</b>        | <b>5,884</b>      |               | <b>5,928</b> |