

STATE OF MINNESOTA
MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption
of Rules Relating to Amendments to Existing
Rules

STATEMENT OF NEED

AND

REASONABLENESS

GENERAL

In an effort to improve the quality of horse racing in this State, and to simplify and clarify rules relating to the conduct of County Fair (Class D) pari-mutuel horse racing, the Minnesota Racing Commission ("Commission") proposes certain amendments to the rules of racing. The proposed amendments are consistent with rules in other racing jurisdictions and are necessary in order for Minnesota to remain competitive in the horse racing industry. The Commission believes the proposed amendments are reasonable because they are customary in other racing jurisdictions. The burdens imposed on the participants are not undue, and compliance with similar rules has been obtained in other jurisdictions.

STATUTORY AUTHORITY

The Commission is empowered by Minn. Stat. ch. 240 to:

- (1) Regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) Enforce all laws and rules governing horse racing;
- (3) Supervise the conduct of pari-mutuel betting on horse races, and

(4) Take all necessary steps to insure the integrity of racing in Minnesota.

The Commission is also specifically authorized by Minn. Stat. ch. 240 to promulgate rules governing Pari-Mutuel Rules on Televised Race Days. These broad statutory provisions clearly authorize the Commission to promulgate the proposed amendments to the rules governing horse racing in Minnesota.

RULE-BY-RULE ANALYSIS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

The Commission is proposing to add a new Subpart 5 to this rule to clarify that a written agreement between the Class D (county fair) licensee, the horsemen's organization representing the breed being simulcast, and each horseperson's organization representing each breed that raced at the most recent live meet conducted at the licensee's facility, be entered into prior to applying for pari-mutuel pools. The rule also specifies that the division of revenue, and all other terms and conditions of such agreement, shall be in written format and filed with the Commission prior to the occurrence of any simulcasting.

The new language is necessary to protect all racing breeds in Minnesota, and to insure that revenues from simulcasting accrue to the breed being simulcast. The rule is necessary in order to mandate that such an agreement be entered into between all parties.

The rule is reasonable in that it places no undue burden on any of the participants, and serves to strengthen the Commission's purpose of insuring the integrity of racing at the county fair level, and making sure that all participants in the sport are fairly treated.

OTHER STATUTORY REQUIREMENTS

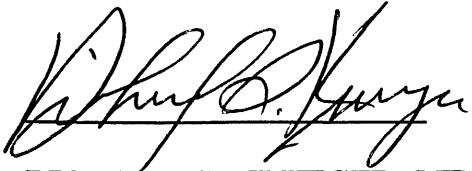
Minn. Stat. 14.115 requires agencies, when proposing a new rule or amending existing rules which may affect small business, to consider certain methods to reducing the impact of the rule on small business.

This proposed amendment to the racing rules indirectly impact small business in that they may affect breeders and owners of race horses, as well as vendors of tote equipment. The rule does not affect small businesses disproportionately, nor does the rule prevent small businesses from participating in horse racing. On the contrary, this rule serves to clarify the manner in which revenues from pari-mutuel horse racing at county fairs are distributed. The Commission considered the methods to reduce the impact of the rule on small business pursuant to Minn. Stat. 14.115, subd. 2 and determined that, because of the nature of the industry, the Commission cannot be less rigorous in its regulation of one type of licensee than another. The Commission's review included evaluation of the impact of the rule not only on the county fair associations, but also individual owners and trainers, as well as horsepersons' organizations who will participate in county fair racing.

Minn. Stat. 14.11, subd. 2 is not applicable because the proposed amendments will not have any direct and substantial adverse impact on agricultural land. Sections 115.43, subd. 1 and 116.07, subd. 6 are not applicable. Likewise, a fiscal note is not required pursuant to section 3.892 as the rule will not force any local agency or school district to incur costs.

CONCLUSION

Based on the foregoing, the Minnesota Racing Commission's proposed rule is both necessary and reasonable.

A handwritten signature in black ink, appearing to read "Richard G. Krueger", written over a horizontal line.

RICHARD G. KRUEGER, MINNESOTA RACING COMMISSION