

Minnesota Racing Commission

2010 Annual Report

**To:
Governor Mark Dayton
And
The Minnesota Legislature**

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MINNESOTA RACING COMMISSION

February 15, 2011

The Honorable Mark Dayton, Governor
State of Minnesota
130 State Capitol
St. Paul, MN 55155

Dear Governor Dayton 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 2010. 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 2010 operations of Canterbury Park and Running Aces Harness Park, 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 62 days of live racing for thoroughbreds and quarter horses this past summer from May 14 through August 29. Running Aces Harness Park conducted 51 days of live racing for standardbred horses from June 1 through August 28.

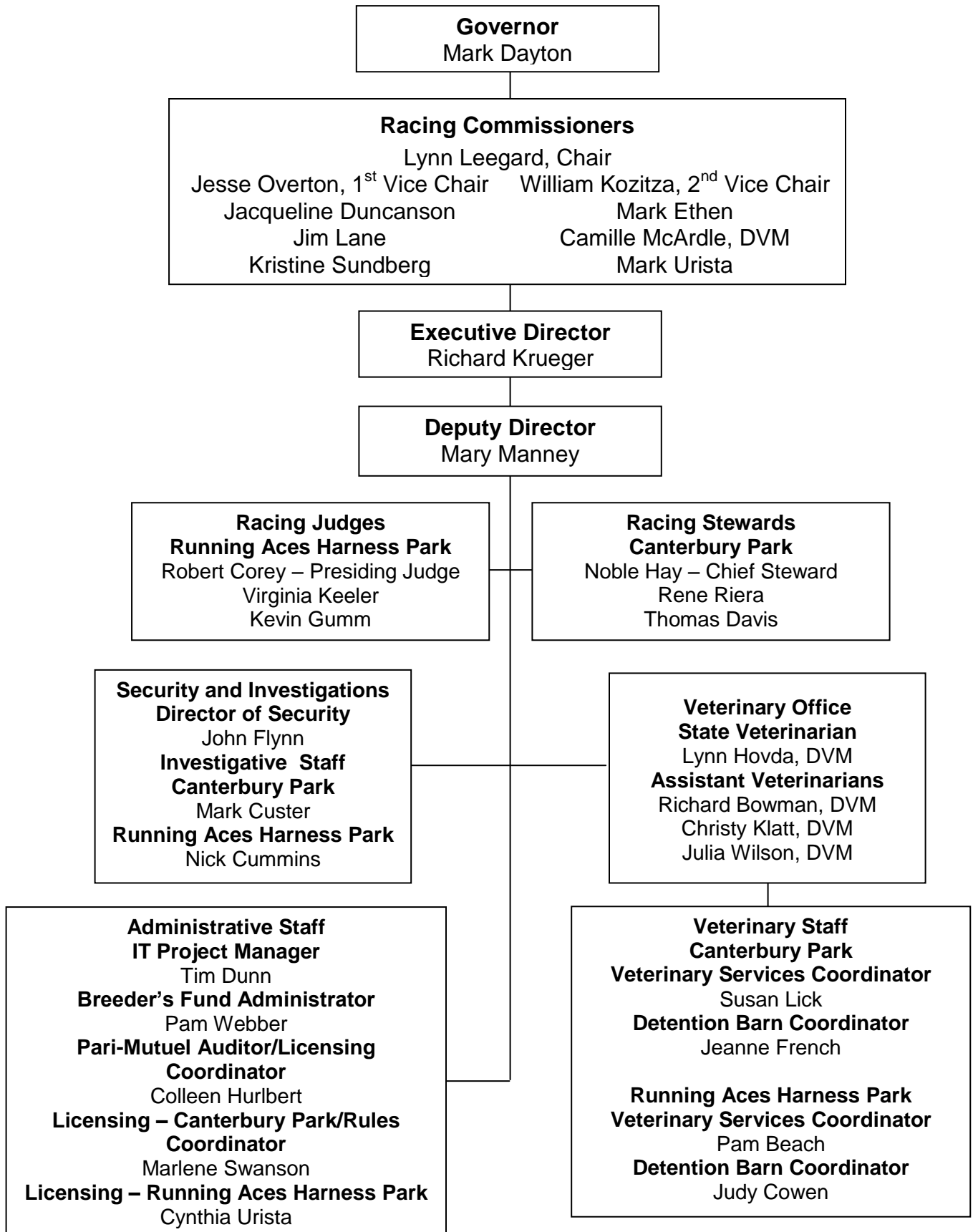
During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a card club in addition to live racing and simulcasting. The clearly stated intent of that legislation was to increase purses, which immediately happened. Operation of the Canterbury Park Card Club for calendar year 2010 added \$2,862,000 to their purse structure while Running Aces Harness Park Card Club added \$2,779,000 to their purse structure. 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, pari-mutuel wagering and card playing. The Commission and its staff is working and will continue to work with all concerned to maintain the growth of live pari-mutuel horse racing and its integrity.

Regards,

Lynn Leegard, Chair

The MINNESOTA RACING COMMISSION



MINNESOTA RACING COMMISSION

2010 ANNUAL REPORT

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I. MINNESOTA RACING COMMISSION

MISSION STATEMENT

The Minnesota Racing Commission was established to regulate horse racing and card playing in Minnesota; to ensure that it is conducted in the public interest, and to take all necessary steps in ensuring the integrity of racing and card playing in Minnesota thus promoting the breeding of race horses in order to stimulate agriculture and rural agribusiness.

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 \$500.00 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.

Lynn Leegard, Chair
Blaine, Minnesota
Term Expires June 30, 2011

William Kozitza, 2nd Vice Chair
North Mankato, Minnesota
Term Expires June 30, 2011

Jacqueline Duncanson
Mapleton, Minnesota
Term Expires June 30, 2013

Mark Ethen
Blaine, Minnesota
Term Expires June 30, 2013

James S. Lane
Medina, Minnesota
Term Expires June 30, 2015

Camille McArdle, DVM
Corcoran, Minnesota
Term Expires June 30, 2011

Jesse M. Overton, 1st Vice Chair
Bloomington, Minnesota
Term Expires June 30, 2013

Kristine Sundberg
Minnetonka, Minnesota
Term Expires June 30, 2015

Mark Urista
Anoka, Minnesota
Term Expires June 30, 2015

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

THE COMMISSION STAFF

The Racing Commission is currently staffed by the following individuals:

Richard G. Krueger	Executive Director
Mary M. Manney	Deputy Director
Tim Dunn	IT Project Manager
Pamela Webber	Office Manager/Breeders' Fund Administrator
Colleen Hurlbert	Pari-mutuel Auditor/Licensing Coordinator
Marlene Swanson	Rules Coordinator/Licensing Clerk
Cynthia Urista	Licensing Clerk
John Flynn	Director of Security
Mark Custer	Investigator
Nick Cummins	Investigator

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 2010 racing season:

Stewards – Canterbury Park	Noble Hay, Jr. Tom Davis Rene Riera
Judges – Running Aces Harness Park	Bob Corey Virginia Keeler Kevin Gumm
Veterinarians and Assistants	Chief Veterinarian Lynn Hovda, DVM Richard Bowman, DVM Christy Klatt, DVM Julia Wilson, DVM Susan Lick, Veterinary Services Coordinator – Canterbury Park Pam Beach, Veterinary Services Coordinator – Running Aces Harness Park Jeanne French, Lead Test Barn Technician – Canterbury Park Judy Cowan, Lead Test Barn Technician – Running Aces Harness Park

ADVISORY COMMITTEES

The Thoroughbred Breeders Fund Advisory Committee advised the Racing Commission regarding thoroughbred topics during 2010.

BREEDERS' FUND APPROPRIATIONS ADVISORY COMMITTEE

Carin Offerman, Chair	Orono
Dean Benson	Webster
Dan Cohen	Minneapolis
Dave Dayon	St. Michael
John Demaria	Hayfield
Chad Kuehn	Austin
Dan Mjolsness	Red Wing
Dennis Strohkirch	Stillwater
Jack Walsh	Stillwater

MEETINGS OF THE COMMISSION

The Racing Commission meets the third Thursday of each month. In addition, the Commission has a working meeting on the first Tuesday of each month.

COMMISSION OFFICES

The Minnesota Racing Commission offices are located at:

Canterbury Park
P.O. Box 630
1100 Canterbury Road
Shakopee, MN 55379
Telephone: (952) 496-7950
Fax: (952) 496-7954

Running Aces Harness Park
15201 Zurich Street
Columbus, MN 55025
Telephone: (651) 925-3951
Fax: (651) 925-3953

Website: <http://www.mrc.state.mn.us>
1-800-627-3529 (TDD-Voice Relay Service)

II. COMMISSION ACTIVITIES

RULEMAKING

The Minnesota Legislature has delegated rule making authority to the Minnesota Racing Commission to regulate horse racing and card playing in Minnesota. The overriding concern of the Minnesota Racing Commission is to provide the controls to build in safeguards for the patrons of Canterbury Park, Running Aces Harness Park and the citizens of Minnesota. The Racing Commission 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 over regulation or operating costs, while ensuring that it is conducted in the public interest, and ensuring the integrity of racing and card playing in Minnesota. The Minnesota Racing Commission, with advice from and consultation with Class A & B licensees and other affected parties revises and updates its rules to meet the current needs of the industry and the changing technology. Strict compliance with the Minnesota Administrative Procedures Act has been observed and participation by all persons has been encouraged.

The major categories of rules for which the Commission has direct authority and accountability for oversight include:

- Racetrack Licensure (Class A)
- Racing Licensure (Class B)
- Occupational Licensure (Class C)
- County Fair Licensure (Class D)
- Conduct of the Race
- Pari-Mutuel Betting
- Horse Medication and Examination
- Racing Facilities and Stabling
- Medical Testing
- Breeders Fund

The Commission concluded four rulemaking projects in 2010. The first set of rules completed and adopted in early 2010 amended rules to maintain adequate medical personnel while reducing the expense of having an ambulance on site; reduced the number of betting interests for Superfecta wagering; revised language to reflect protected class status under Minnesota statute; included “microchip” as a form of horse identification; added reporting of alteration of the sex of a horse to trainer responsibilities; added to or redefined duties and responsibilities of veterinarians, Claims Clerk, and Outriders; redefined who may claim a horse; prohibited or restricted the use of toe grabs or like equipment; redefined criteria to deny entry of a horse; defined “biological product”; amended procedures for the taking of test samples; added to the chapter on prohibited acts the removal of a horse from the stabling area that is entered in a race, and possession or use of a drug, substance, medication, biological product, or venom; revised disciplinary and appeal procedures; and revised the chapter on variances with respect to part 7870.0500.

The second rule process completed in June of 2010, regarded amendments that brought existing rules regarding Affirmative Action and ADA compliance, adopted by the Commission in 1985, current with federal and state standards.

The third rule process that was adopted concerned various amendments to improve the oversight regarding pari-mutuel horse racing. Chapter 7876 brought together in one spot the requirements for trainers bringing horses onto the backside of racetracks. Chapter 7877 clarified the

responsibilities of commission veterinarians. Chapter 7879 addressed language currently used to remove horses from racing. Chapter 7883 updated the language in several subparts including workouts, procedures for scratching horses, and horses suffering injuries on the racing surface. Great strides have been made to save these horses and procedures for unsaddling and handling them needed to be modified accordingly. Chapter 7884 is a rule amendment specific to harness horses and mirrors a rule already in place for Thoroughbreds, Quarterhorses, and Arabians. It specifies that horses in qualifying races must participate with only approved race day medications. Chapter 7890 added current and updated definitions, clarified timeframes and trainer responsibilities for entries and receiving furosemide, and removed outdated language. Chapter 7891 provided guidelines for processing, transporting, and submitting deceased horses to the University of Minnesota Veterinary Diagnostic Laboratory.

The fourth rule process addressed two important issues. Issue one added serum threshold levels for androgenic anabolic steroids (AAS) to the current rule which used only urine levels. The use of blood (serum) provides an additional diagnostic tool allowing the Racing Commission to screen all horses that pass through the detention barn, not just those that pass urine. There is no scientific use for an AAS in race horses or race training and this rule effectively bans their use on racehorses in Minnesota. Issue two incorporated urine threshold levels for several well known feed contaminants. This amendment prevents horsemen from being punished for the presence of extraordinarily low levels of contaminants in their feed.

In 2010, the Commission initiated three more rulemaking processes that include the following:

The first rule amendment initiated in 2010 revises the price of a trifecta ticket and the carryover of pick four pari-mutuel pools, allows jockeys to wear mud pants, amends conditions regarding jockey mount fees, sets specifications for riding crops, and limits toe grab restrictions to thoroughbred horses.

The second rule amendment that was discussed regarded safety equipment requirements, primarily helmets and vests. Several meetings were held to gather information and input from representatives of the racing facilities, the local jockey colony, the Jockey's Guild, and the State Stewards and Veterinarian. It was learned through these discussions that research and development are currently being done by the industry on these items. It was decided to postpone any decisions on the rule changes until the results of these studies have been released.

The third rule change process initiated in 2010 regards horse medications and threshold levels. Many discussion meetings have been held involving the State Veterinarians, Commission staff, and representatives of the various horsemen's groups. This rule amendment should be ready for the formal rule process in early 2011.

SUMMARY OF CARD CLUB OPERATION

During the 1999 legislative session, the legislature passed chapter 206 allowing a licensed racetrack to operate a Card Club in addition to live racing and simulcasting. The card club at Canterbury Park opened in April of 2000. A second card club, at Running Aces Harness Park, opened in July of 2008. According to the law, 10% of the rake, up to \$6 million is set aside for purses and of that amount 10% is paid to the Commission for purse supplements from the Minnesota Breeders' Fund. Once the rake exceeds \$6 million, the purse set aside is 14% with again 10% of that amount for the Breeders' Fund. That legislation goes on to allow the racetrack and the horsemen's organizations to negotiate different percentages than stated in the law and, if

so, to file an agreement with the Commission. In 2010 Canterbury Park's card club rake was \$22,160,075.52. Of that amount \$2,833,786.46 will go to Thoroughbred and Quarter Horse purses and to the Breeders' Fund and \$28,624.11 to the Standardbred purse fund and Breeders' Fund in 2011. At Running Aces the rake was \$18,528,038.19 and of that amount \$2,223,364.58 will go to the Standardbred purse and to the Breeders' Fund at Running Aces and \$555,841.15 will go to the Thoroughbred and Quarter Horse purse fund and Breeders' Fund at Canterbury Park in 2011.

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; US Citizenship and Immigration Services (USCIS); Immigration and Customs Enforcement; Anoka County Sheriff's Office, Internal Revenue Service; Minnesota Department of Revenue; Scott County Sheriff's Office; Scott County Attorney's Office; State Attorney General's Office; Shakopee Police Department; Association of Racing Commissioners International (ARCI); Organization of Racing Investigators (ORI); racing and gaming regulatory agencies in other jurisdictions; Board of Stewards; The Jockeys' Guild; The Jockey Club; U.S. Trotting Association; Minnesota Thoroughbred Association; Minnesota Quarter Horse Racing Association; Minnesota Harness Racing, Inc.; Arabian Racing Association of Minnesota; Canterbury Park and Running Aces Harness Park.

INVESTIGATIONS SUMMARY

The Minnesota Racing Commission relies on their Director of Security and investigators, Shakopee Police Department, Anoka County Sheriff's Office, and agents from the Department of Public Safety's Alcohol and Gambling Enforcement Division. The investigators work on the backside 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 card room requires additional investigative responsibility to ensure that all the card games are played in compliance with statutes, Commission rules and the card club plan of operation. The investigators work closely with the surveillance room personnel to monitor the behavior of the patrons and the card room employees.

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 submit an Affidavit of Qualification stating they are not in debt to the State of Minnesota, have never been convicted of a felony in a state or federal court, or for occupations that do not involve gaming operations have not been convicted of a felony or crime involving fraud or misrepresentation within 10 years, do not have a state or federal felony charge pending, have been discharged from any supervision related to a disqualifying offense for a period of at least 5 years, are not required to register pursuant to section 243.166 (Predatory Offender Status), nor have they been convicted of a crime related to horse racing or gambling.

In 2010, 4,694 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 3,339 licenses were issued to individuals or businesses racing or working in various occupations at Canterbury Park. 1,355 licenses were issued to individuals or businesses racing or working in various occupations at Running Aces Harness Park. Licenses were issued to applicants from 42 different states as well as several different countries including Canada, England, Switzerland, and Mexico. Table 1, page 8 summarizes by occupation, the licenses issued by the Commission since 1996. Table 2, page 9 summarizes licenses issued to individual Minnesotans by occupation since 1996. Chart 1 provides a visual trend in licensing numbers since 1995.

Chart 1. Class C Occupational Licenses Issued 1995 - 2010

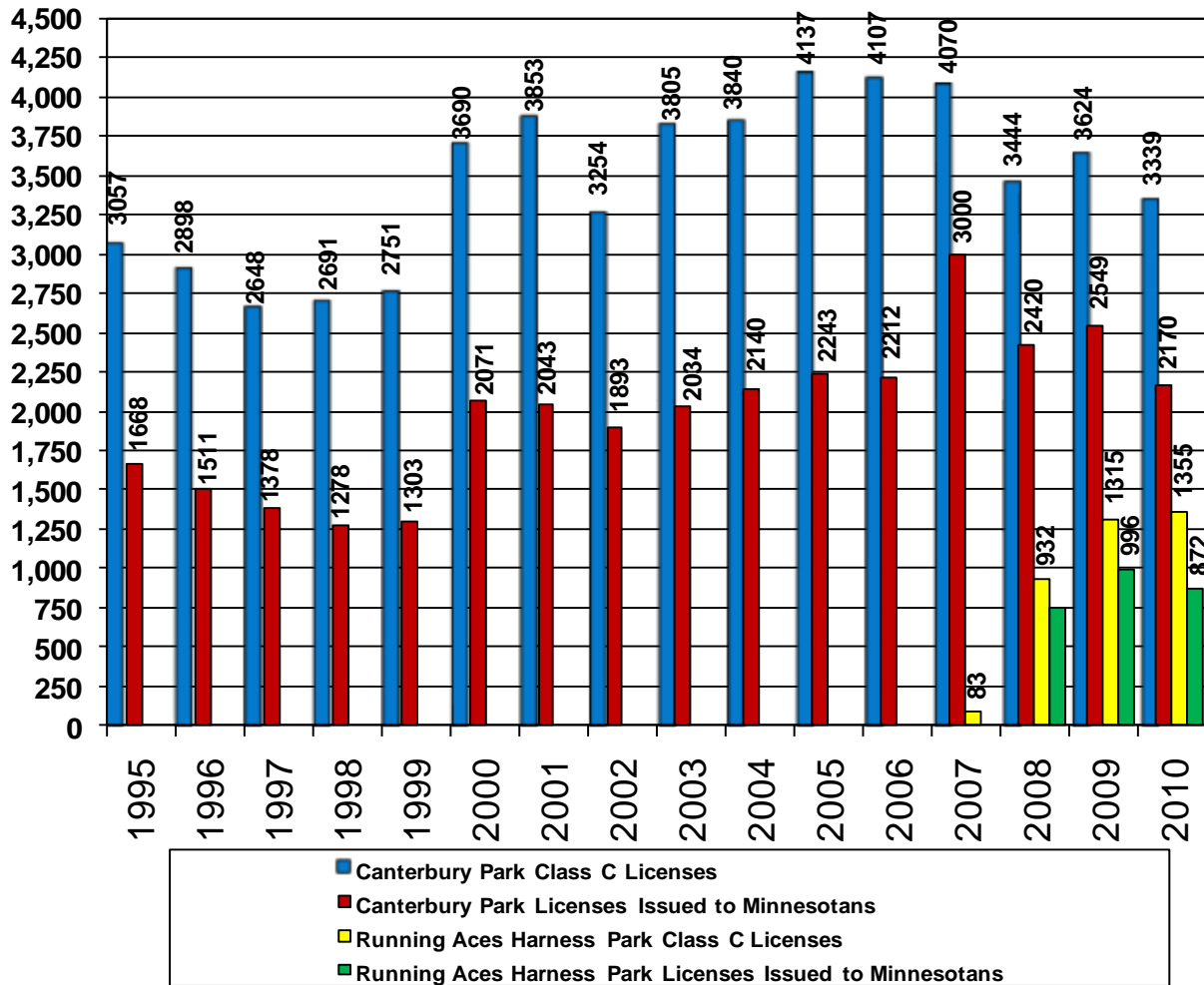


Table 1.
OCCUPATIONAL (CLASS C) LICENSE SUMMARY BY YEAR

LICENSE TYPE	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Authorized Agent									84	82	113	112	117	57	61
Bloodstock Agent	1	0	0	0	0	2	1	1	1	2	2	2	2	4	0
Canterbury Employees	780	704	646	713	1466	1321	1225	1232	1330	1351	1320	1338	1279	1095	1137
Commission/MRC Staff	31	31	34	30	53	39	31	31	29	32	38	35	48	27	36
County Fair Volunteers					24	27	0	0	0	0	0	0	0	0	0
Detention Barn Technician	17	20	11	12	19	15	16	17	14	22	19	19	18	26	24
Driver	4	15	14	7	6	15	0	13	0	0	0	0	12	32	33
Exercise Rider	66	40	46	45	46	60	52	44	64	66	66	54	53	71	70
Farrier	16	12	10	13	8	11	10	11	12	12	11	10	16	13	8
Farrier's Assistant	0	1	1	1	0	2	0	2	0	0	0	0	0	1	1
Groom/Hotwalker	266	209	241	251	251	357	268	314	285	294	299	278	324	286	317
Horsemen's Organizations															7
Jockey	54	60	61	61	69	84	58	80	76	77	59	58	69	63	61
Jockey Agent	12	6	8	8	12	17	11	11	8	8	9	12	9	11	8
Jockey, Apprentice	3	4	3	2	2	5	5	4	2	4	2	4	3	1	3
Non-Profit															10
Other	40	36	16	13	17	15	20	28	18	38	29	25	24	12	0
Owner, Individual	1038	908	976	984	965	1055	906	1106	1051	1178	1160	1090	1293	1212	1165
Owner, Multiple	212	135	180	169	199	256	216	283	267	299	315	283	324	321	293
Owner/Trainer					111	116	81	101	93	93	100	74	76	77	74
Owner/Trainer/Driver	17	37	39	19	14	30	0	16	0	0	0	0	32	46	60
Pony Rider	21	19	19	19	21	19	19	17	16	9	14	15	16	12	13
Running Aces Employees										7	9	20	591	651	682
Stable	52	36	47	39	52	48	37	49	46	40	41	46	55	44	31
Stable Foreman	5	3	6	4	2	1	0	1	1	0	2	0	2	1	3
Trainer	172	180	185	201	105	112	65	110	85	100	86	70	101	95	103
Trainer, Assistant	42	40	38	38	38	48	39	57	41	41	46	54	46	43	29
Vendor	28	60	29	28	49	45	40	80	96	109	104	134	144	170	128
Vendor Employees	81	12	71	82	144	134	137	180	206	260	251	326	369	354	317
Veterinarian	9	7	7	9	10	11	11	11	8	14	15	17	20	16	12
Veterinary Assistant	2	2	3	3	7	8	6	6	7	6	6	12	9	7	8
Totals	2898	2648	2691	2751	3690	3853	3254	3805	3840	4137	4107	4068	5052	4748	4694

Table 2.

INDIVIDUAL OCCUPATIONAL (CLASS C) LICENSES ISSUED TO MINNESOTANS

LICENSE TYPE	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Authorized Agent, Individual									29	25	27	27	23	31	22
Bloodstock Agent	1	0	0	0	0	1	1	1	1	2	2	2	2	4	0
Canterbury Employees	743	633	585	612	1307	1217	1141	1140	1229	1221	1224	1220	1179	1034	1078
Commission/MRC Staff	24	30	28	20	33	29	5	26	24	27	34	31	38	18	27
County Fair Volunteers					24	27	0	0	0	0	0	0	0	0	0
Detention Barn Technician	16	17	9	11	18	14	16	13	12	19	16	16	16	23	23
Driver	1	1	2	1	3	3	0	2	0	0	0	0	1	4	3
Exercise Rider	20	15	20	17	16	20	20	15	17	12	16	16	13	25	30
Farrier	3	4	1	2	3	4	3	3	3	3	3	2	5	5	2
Farrier's Assistant	0	1	1	1	0	1	0	2	0	0	0	0	0	0	0
Groom/Hotwalker	88	71	80	84	82	131	97	127	81	89	95	100	143	121	151
Horsemen's Organizations															4
Jockey	2	3	5	3	4	6	6	8	5	4	5	7	4	7	9
Jockey Agent	3	2	2	1	2	2	1	2	2	3	1	2	4	1	2
Jockey, Apprentice	0	0	0	0	1	2	1	0	1	2	1	2	2	1	1
Non-Profit															10
Other	34	21	14	11	14	11	17	26	17	25	19	17	16	12	0
Owner, Individual	504	437	394	397	382	393	403	440	453	520	512	549	603	569	477
Owner/Trainer					20	27	23	27	21	22	23	15	16	15	13
Owner/Trainer/Driver	9	10	9	9	5	6	0	5	0	0	0	0	3	6	9
Pony Rider	6	6	6	5	3	4	3	2	3	4	6	8	10	6	6
Running Aces Employees										4	5	11	527	592	626
Stable Foreman	2		3	0	0	0	0	0	0	0	1	0	1	1	2
Trainer	41	43	44	43	20	11	14	14	7	12	10	11	13	18	16
Trainer, Assistant	5	7	7	5	6	9	7	9	10	7	9	9	5	8	4
Vendor Employee	8	52	79	71	117	113	122	156	174	230	220	288	320	316	285
Veterinarian	7	5	6	7	8	9	10	11	8	13	12	15	16	14	10
Veterinary Assistant	2	1	2	3	3	3	3	5	6	5	5	10	7	5	5
Totals	1511	1378	1278	1303	2071	2043	1893	2034	2103	2243	2246	2358	2967	2836	2815

2010 COMMISSION VETERINARIAN'S REPORT

MISSION STATEMENT

The mission of the Minnesota Racing Commission's Veterinary Department is to protect the participants in the sport of horse racing, including horses, riders or drivers, owners, and fans, from harm that can occur through negligence or deliberate mistreatment of horses.

The mission statement applies equally to both Canterbury Park and Running Aces Harness Park. Each racetrack has different needs and expectations yet the underlying goals are the same. Common to both are complying with state and federal guidelines regarding equine transport and infectious diseases, protecting horses from abuse and neglect, preventing the use of illegal medications, minimizing race related injuries and accidents to horses as well as riders and drivers, serving as an educational resource for backside workers, safeguarding the owner's investments, and ensuring consistent equine performances.

CANTERBURY PARK

The Canterbury Park 2010 race meet began on May 14th and concluded on August 29th. Originally scheduled as 63 race days, one race card was cancelled due to inclement weather leaving a 62 day race meeting. During this time, 1345 Thoroughbreds and Quarterhorses entered the grounds, a decline from previous years. In compliance with state and federal regulations and to keep infectious diseases at a minimum all horses allowed on the grounds were accompanied by a Certificate of Veterinary Inspection (CVI) with current Equine Infectious Anemia (EIA or Coggins) information clearly documented. Horses coming from training centers or racetracks with known infectious diseases required additional information on their CVI. This information varied depending on the geographical location, suspected or known infectious disease, and vaccination status. Certificates were collected at the time of entry and examined each day by a Commission Veterinarian for accuracy and completeness. Copies of certificates with incomplete or missing information were sent to the Minnesota Board of Animal Health for action on their part. Horses arriving without CVI's or with outdated EIA certificates were held at the stable gate or in the isolation area until examined by a licensed veterinarian and an appropriate certificate produced.

In addition, due to an increased number of piroplasmosis cases in Texas and New Mexico, all horses with CVI's originating from these states were required to have a negative test for *Babesia (Theileria) equi* and *Babesia caballi* taken within 10 days of shipping. Despite this precaution, a case of piroplasmosis was confirmed on the backside. The appropriate state and federal agencies were notified, the particular horse moved to isolation, and the barn quarantined. At the end of 30 days no new cases were found after repeated testing and the barn released from quarantine by the Minnesota Board of Animal Health.

Pre race examinations were performed each race day on all horses entered to race. The examination included accurate horse identification, manual palpation of limbs, and a visual exam of the horse in motion. Abnormal findings were noted on a medical record examination card specific to each individual horse. A total of 4395 examinations were performed with 4199 horses ultimately leaving the starting gate. These examinations resulted in recommendations to the Board of Stewards that 196 horses be scratched from racing for veterinary reasons. An additional 34 horses were scratched in the saddling paddock, on the way to the starting gate, or at the gate itself. These 230 horses along with 32 other horses were placed on the Veterinarian's List and not

allowed to race again until deemed fit by one of the Commission Veterinarians. Fifty horses required a timed workout observed by a Commission Veterinarian, either to be removed from the Veterinarian's List or to return to racing after a layoff of more than one year.

Furosemide (Salix[®]), a medication administered to control Exercise Induced Pulmonary Hemorrhage (EIPH or bleeding) was permitted for 1228 horses entered into the 2010 program. This number, roughly 95% of the starters, is similar to previous years. The furosemide program functioned very well with no known administration errors and no furosemide medication violations.

Industrial Laboratories in Boulder, Colorado, the Minnesota Racing Commission 2010 contract laboratory, analyzed 1209 blood samples and 1025 urine samples for possible medication violations. All first and second place finishers as well as any horses the Board of Stewards requested were tested. Industrial Laboratories also processed 12 external blinded samples for Quality Assurance and screened 308 samples for TCO₂ levels. Elevated TCO₂ levels indicate the presence of an alkalinizing agent in the horse's bloodstream. Eighty three medication violations occurred which was a significantly higher number than 2009. This was likely due to a number of factors including the presence of new backside veterinarians unfamiliar with Minnesota's medication rules, trainers coming from states with more liberal medication policies, and the fact that Minnesota tests for corticosteroids while other states are just beginning to institute this policy. The majority of violations were associated with overages of corticosteroids (50) and permitted nonsteroidal anti-inflammatory agents (flunixin, 11; phenylbutazone, 4). The remaining violations included clenbuterol (5), fluphenazine (1), methocarbamol (5), and naproxen (7). Investigators pursued the source of these overages and their findings were presented to the Board of Stewards. The Board of Stewards dealt with all violations in a manner deemed fair and equitable by them.

Eighteen horses died or were humanely euthanized during the 2010 meet. Nine of these horses suffered injuries during or immediately after a race resulting in a race related, traumatic breakdown rate of 0.21%. This is similar to other years and the National reported incidence rate of 0.2 % for dirt tracks. Data collected from these horses were statistically analyzed and no common factor(s) found. In addition, information was collated and submitted for inclusion in the National Horse Breakdown Study. Two horses were euthanized after training related accidents. While no specific number of horses training each day is kept, roughly 17,566 horses trained during the 2010 season giving an incidence rate of 0.011%. No national rate is available for comparison. The remaining horses died or were euthanized for a variety of illnesses or medical problems. All horses dying or euthanized on the grounds for any reason were transported to the University of Minnesota Diagnostic Laboratory within eight hours of their death for a complete post mortem examination. As a matter of record all 18 horses were placed on the Veterinarian's List and the Jockey Club or American Quarterhorse Association notified of their deaths.

On July 21st, after a weeklong review involving significant veterinary participation, Canterbury Park received full accreditation from the National Thoroughbred Racing Association (NTRA) Safety and Integrity Alliance. All veterinary practices evaluated by the examining group were graded as either "Best Practices" or "More Than Satisfactory".

Our "Because We Care" horse retirement and adoption program became custodians for or assisted in the placement of 22 racehorses. An additional 23 horses in foster care were moved to permanent homes. No horse in need of help was turned away regardless of their condition. These horses have gone on to successful careers in polo, games, dressage, pleasure, hunters, jumpers, and other forms of recreational riding.

The Commission Veterinarians accepted responsibility for and were present at all animal related programs at Canterbury Park during the live racing season. The veterinarians were involved with

the Children's Petting Zoo, Weiner dog races, Camel and Ostrich races, Minnesota Thoroughbred Association (MTA) sale, MTA mare and foal exhibit, and other events occurring on the grounds. Commission veterinarians also provided support for the Don MacBeth injured jockey fund raiser, Dean Kutz chapel fund raiser, Groom Elite program, swimming pool observational study, and a variety of other projects and programs.

RUNNING ACES HARNESS PARK

The 51 day 2010 race meet at Running Aces Harness Park began on June 1st and concluded on August 28th. Seven hundred thirty six horses requested stalls, an increase of 280 horses over the 2009 season. The number of starters (8.37 starters/race) in 451 races was increased over the 2009 (7.16 starters/race) in 411 races and 2008 (6.54 starters/race) in 426 races. Fifty seven qualifying races were run with 324 horses qualifying to race.

In compliance with state and federal regulations and to keep infectious diseases at a minimum all horses allowed on the grounds were accompanied by a Certificate of Veterinary Inspection (CVI) with current Equine Infectious Anemia (EIA or Coggins) information clearly documented. Horses coming from training centers or racetracks with known infectious diseases required additional information on their CVI. The required information varied depending on the geographical location, suspected or known infectious disease, and vaccination status. Certificates were collected at the time of entry and examined each day by a Commission Veterinarian for accuracy and completeness. Copies of certificates with incomplete or missing information were sent to the Minnesota Board of Animal Health for action of their part. Horses arriving without CVI's or with outdated EIA certificates were held at the stable gate until examined by a licensed veterinarian and an appropriate certificate produced.

Pre race examinations, modified for Standardbreds, were performed on all horses entered to race. A total of 3777 examinations were performed with 34 horses scratched prior to racing or at the starting gate. Abnormal findings were noted on a medical record examination card maintained for each individual horse. These 34 horses along with 16 other horses were placed on the Veterinarian's List and not allowed to race again until deemed fit by one of the Commission Veterinarians.

Furosemide (Salix[®]), a medication administered to control Exercise Induced Pulmonary Hemorrhage (EIPH or bleeding) was permitted for 288 horses entered into the 2010 program. This accounts for approximately 64% of the starters and is similar to the 2008 and 2009 meet. The furosemide program functioned well with no known administration errors and no furosemide medication violations.

Industrial Laboratories in Boulder, Colorado, the Minnesota Racing Commission contract laboratory, analyzed 937 blood samples and 818 urine samples for medication violations. All first and second place finishers and any horse requested by the Board of Judges were tested. A Commission Veterinarian was present during each of the 57 qualifying races with medication testing provided at the request of the Judges. Fifteen samples were submitted for Quality Control and an additional 343 samples were screened for TCO₂ elevations (indicative of the use of alkalinizing agents). Forty seven medication violations occurred. The majority of the violations revolved around overages or lack of permitted medications [phenylbutazone (9), flunixin (5), and ketoprofen (2)] and corticosteroids (11). Other medication violations included dimethylsulfoxide (9), methocarbamol (7), naproxen (3), and TCO₂ (1). The Judges dealt with all 47 violations in a manner deemed fair and equitable by them.

Two horses died from non racing related illnesses; no other deaths occurred. The University of Minnesota Veterinary Diagnostic Laboratory was responsible for complete post mortem examinations. As a matter of record these two horses were placed on the Veterinarian's List and the United States Trotting Association was notified of each horse's death.

BOTH TRACKS

The Minnesota Racing Commission's veterinary staff had a high visibility and strong presence at Canterbury Park and Running Aces Harness Park both on the backside and the racing surface. The office provided medication information, trainer education, and assistance to backside veterinarians while keeping medication controls tight. Their daily presence ensured the humane treatment of all horses and helped maintain the integrity of horse racing in Minnesota.

PARI-MUTUEL STATISTICS

Table 3.

2010 PARI-MUTUEL STATISTICS CANTERBURY PARK

LIVE WAGERING

2010 Live Thoroughbred and Quarter Horse Races Mixed Meet (Thoroughbred & Quarter Horse) – May 14 – August 29, 2010 Claiming Crown – July 24, 2010 Festival of Champions – August 29, 2010						
BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Thoroughbred	\$9,602,742	\$1,901,929	476	\$20,173.83		
Quarter Horse	\$978,439	\$192,404	89	\$10,993.70		
TOTAL	\$10,581,181	\$2,094,333	565	\$18,727.75	\$8,017,565	75.77%

SIMULCAST WAGERING

2010 Full-Card Simulcast Meets January 1, 2010 – December 31, 2010						
BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$31,994,858	\$6,496,702				
Quarter Horse	\$883,651	\$188,906				
Standardbred	\$1,521,331	\$333,776				
Arabian	\$54,870	\$10,921				
TOTAL	\$34,454,710	\$7,030,305	363	\$94,917	\$27,204,087	78.96%

Table 4.

2010 PARI-MUTUEL STATISTICS RUNNING ACES HARNESS PARK

LIVE WAGERING

2010 Live Standardbred Races June 1 – August 28, 2010						
BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Standardbred	\$1,191,174	\$228,189	460	\$2,589.51		
TOTAL	\$1,191,174	\$228,189	460	\$2,589.51	\$912,392	76.60%

SIMULCAST WAGERING

2010 Full-Card Simulcast Meets January 1, 2010 – December 31, 2010						
BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$7,154,860	\$1,443,939				
Quarter Horse	\$296,702	\$62,468				
Standardbred	\$1,456,856	\$324,080				
Arabian	\$8,887	\$1,855				
TOTAL	\$8,917,305	\$1,832,342	363	\$24,566	\$6,949,597	77.93%

Chart 2.
RACING HANDLE
CALENDAR YEARS 1985 - 2010

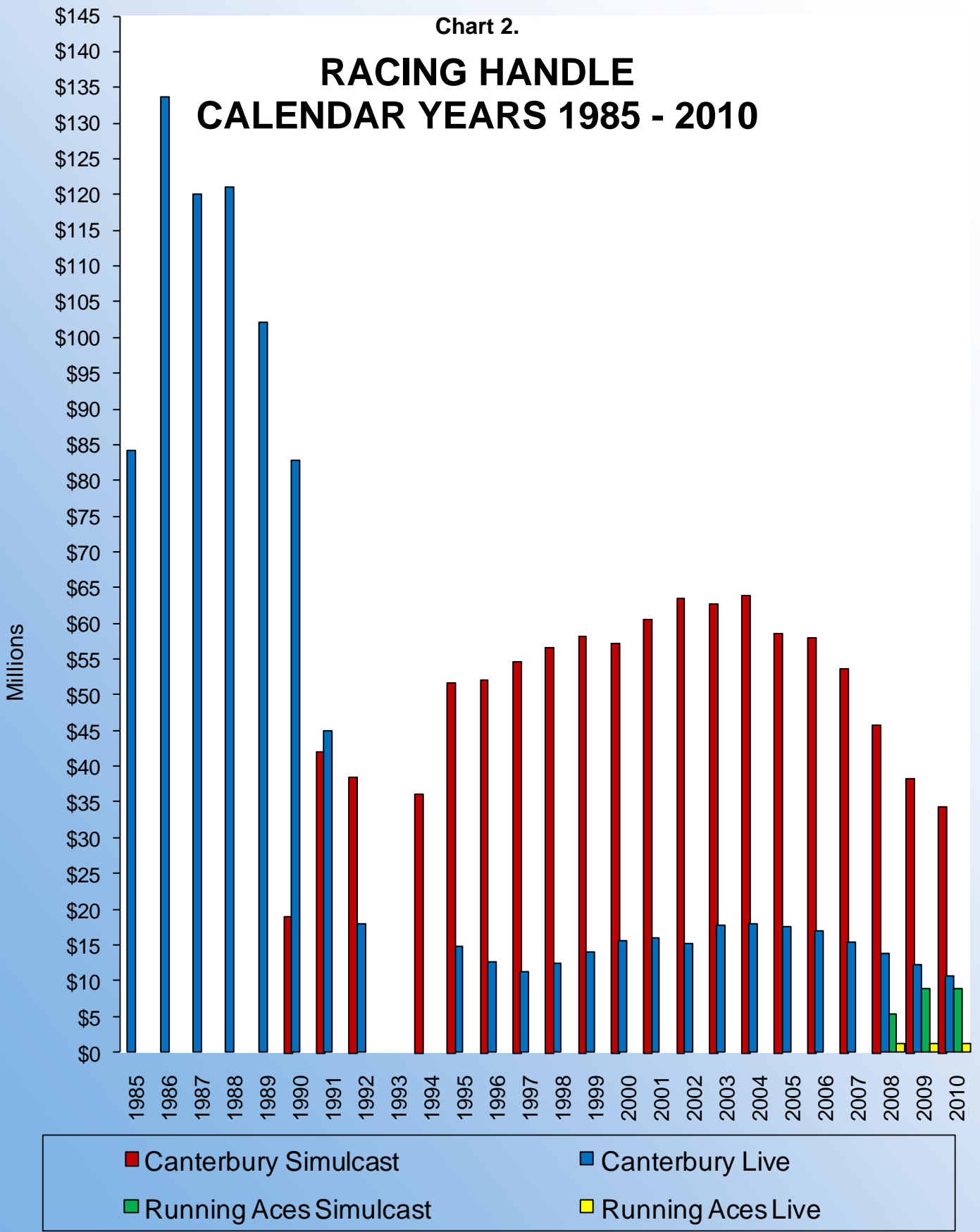


Table 5.

FIVE YEAR FINANCIAL SUMMARY FISCAL YEARS 2006 – 2010

APPROPRIATIONS					
	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Special Revenue Appropriation	\$899,000	\$899,000	\$1,130,000	\$835,000	\$674,000
Deficiency Appropriation					
Statutory Carry Forward					\$58,000
Unallotment	-\$19,000				
Total	\$880,000	\$899,000	\$1,130,000	\$835,000	\$732,000
	Actual 10	Actual 09	Actual 08	Actual 07	Actual 06
Salaries, Benefits & Per Diem	\$571,022	\$553,500	\$582,000	\$442,314	\$376,150
Rents	\$376	\$200	\$0	\$174	\$220
Consultant Services	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	\$10,358	\$15,600	\$31,000	\$13,792	\$5,243
Data Processing & System Services	\$18,828	\$11,600	\$39,000	\$4,338	\$1,788
Communications	\$5,969	\$6,100	\$7,000	\$6,283	\$6,084
Travel	\$15,330	\$23,200	\$19,000	\$18,303	\$11,881
Supplies and Material	\$13,205	\$14,300	\$19,000	\$9,547	\$5,787
Equipment	\$12,821	\$8,800	\$133,000	\$16,038	\$8,203
Other (Repairs, Printing, Dues, Legal, Ind. Cost)	\$82,226	\$60,500	\$83,000	\$76,091	\$46,644
Total	\$730,135	\$693,800	\$913,000	\$586,880	\$462,000
	Actual 10	Actual 09	Actual 08	Actual 07	Actual 06
Appropriation Balance	\$149,865	\$205,200	\$217,000	\$248,120	\$270,000
License Revenues to General Fund/Special Revenue Fund	\$795,795	\$800,400	\$743,000	\$704,912	\$721,638
Pari-Mutuel Taxes to General Fund	\$0	\$18,500	\$96,000	\$148,862	\$221,181
Fines to General Fund	\$30,710	\$30,600	\$20,000	\$18,860	\$14,030

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 are 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.

During 2010 the Racing Commission awarded grants to:

- 1) The Horsemen's Benevolent and Protective Association, in the amount of \$5,845, to help fund the Groom Elite Program, a training program for racetrack grooms. Grooms are responsible for the daily care of the horses in training at the racetrack. Trainers and owners have a need for well-trained grooms because errors made in the areas of nutrition and recognition and treatment of injuries or illnesses can result in significant expense. The purpose of the Groom Elite Program is to offer classroom and/or hands on instruction regarding such topics as: performing a horse health check-up, horse behavior and grooming, anatomy and conformation, digestion and feeding, front and rear leg examination, and bandaging for first time grooms or individuals wanting to improve or add to their skills. The funds were used for preparation of instructional materials, securing instructors and students, providing for bilingual translations and obtaining equipment.
- 2) The College of Veterinary Population Management, in the amount of \$11,400, to help fund a study entitled "Qualitative and Quantitative Compensatory Effects of Lameness in Both Single and Multiple Limbs in Horses". The goal of this study is to compare traditional lameness assessment with quantitative kinetic and kinematic analysis to document the types of compensation a lame horse uses. This knowledge will improve the ability of veterinarians to diagnose lameness, especially in cases with lameness in more than one limb at a time.
- 3) Tyne Hovda and Dr. Julie Wilson, in the amount of \$1,952.30 to conduct a study regarding the overall prevalence of MRSA colonization on the backside of a Minnesota racetrack. In addition to MRSA testing, a survey was given to the participants to complete which included such information as occupation, sex, age, hours of equine contact, etc. The information from this survey was collected and analyzed in conjunction with the results of the MRSA tests.

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. Minnesota Statute 240.135 requires that the Breeders' Fund receive ten percent of the card club rake that is set aside for purses. This amount is distributed to the thoroughbred, quarter horse and standardbred funds. Each breed has a separate fund. 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 the 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 2010 the Breeder's Fund earned \$605,168 from live and simulcast racing and earned \$509,056 from card club operations. 191 individuals and partnerships received \$254,200 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 \$812,786. Purse supplements of \$35,000 were paid out during four days of non pari-mutuel harness racing at county fair venues. The monies available for the 2010 purse supplements included carryovers from 2009.

Committees consisting of the industry participants advise the Commission on distribution of these funds. The committees review distribution alternatives on an ongoing basis.

Table 6.

2010 BREEDERS' FUND RECAP

THOROUGHBRED		QUARTER HORSE	
Live and Simulcast Racing	\$514,069	Live and Simulcast Racing	\$42,303
Card Club Operations	\$263,633	Card Club Operations	\$26,430
Total Earnings	\$777,702	Total Earnings	\$68,733
Less Administrative Costs	\$19,040	Less Administrative Costs	\$1,780
= Net Breeders' Fund	\$758,662	= Net Breeders' Fund	\$66,953
Less Equine Research	\$15,397	Less Equine Research	\$1,601
= Net Available Breeders' Fund	\$743,265	= Net Available Breeders' Fund	\$65,352
Less Purse Supplements	\$561,005	Less Purse Supplements	\$43,945
= Balance Remaining for Awards	\$182,260	= Balance Remaining for Awards	\$21,407
STANDARD BRED		ARABIAN	
Live and Simulcast Racing	\$48,094	Total Earnings	\$703
Card Club Operations	\$218,993	Less Purse Supplements	\$386
Total Earnings	\$267,087	= Balance Remaining for Awards	\$ 317
Less Administrative Costs	\$2,300		
= Net Breeders' Fund	\$264,787		
Less Purse Supplements	\$251,049		
Less Equine Research	\$2,290		
Less Non-PM Development	\$2,290		
= Balance Remaining for Awards	\$9,158		

Effective November 1, 2001 all Breeders' Fund monies set aside from card club revenues were designated for purse supplements only.

Table 7.

HORSE REGISTRATIONS

Year	THOROUGHBRED			QUARTER HORSE			STANDARD BRED	
	Stallions	Mares	Foals	Stallions	Mares	Foals	Stallions	Foals
1985	54	543	403	1	0	97	1	17
1986	99	895	601	70	241	70	22	13
1987	112	988	648	73	178	78	15	20
1988	141	1261	760	94	229	109	18	23
1989	141	1334	844	119	272	143	22	28
1990	118	1145	653	95	257	134	19	30
1991	104	966	612	88	214	112	11	21
1992	85	735	450	72	175	90	7	16
1993	63	444	242	52	131	81	6	17
1994	49	253	160	40	85	64	3	14
1995	46	265	179	43	98	59	3	9
1996	44	275	168	47	105	54	3	8
1997	41	210	138	48	95	53	4	8
1998	40	211	140	49	103	75	7	8
1999	31	234	166	41	88	48	4	10
2000	26	232	171	35	91	41	3	10
2001	31	304	232	37	124	46	4	12
2002	34	323	265	35	102	58	8	9
2003	30	365	284	28	107	73	11	28
2004	35	408	336	21	91	71	15	35
2005	42	452	344	24	80	49	19	56
2006	42	440	340	24	79	56	16	93
2007	38	409	315	20	79	45	16	76
2008	37	391	291	18	69	39	24	94
2009	41	329	235	16	69	35	20	91
2010	33	212	142	13	69	42	20	83

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

III. LEGISLATION

The Commission is proposing amendments to the following statutes:

M.S. ch. 240.24, subd. 2(4) by permitting medical testing of serum.

M.S. ch. 240.30, subd. 5 by allowing the continued operation of a racetrack and card club in the event of the sale of a racetrack to a new Class A applicant.

M.S. ch. 240.18, subd. 3a by allowing a particular breed's earnings to the Breeders' Fund to be used for breeds that are racing live.

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:
952-496-7950; 1-800-627-3529, (TTY/VOICE RELAY SERVICES)**