

Minnesota Racing Commission

2012 Annual Report

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



MINNESOTA RACING COMMISSION

February 15, 2013

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 2012. 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 2012 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 equine throughout the state.

Running Aces Harness Park celebrated the 5th Anniversary of live harness racing in 2012 and with that many highlights to the season. The number of horses competing in each race increased as well as the competitive value of the race horses. With more competitive horses came many track records in several race categories. The daily live racing attendance has increase ever year for the five seasons. As for the MN Bred horses, there was several positive increases in 2012, including an increase in the number of MN bred races, an increase in the number of MN Bred Championship race and an increase in the championship purses going from \$120,000 in 2009 to \$200,000 in 2012.

In June 2012, the MRC approved an historic agreement that was reached between Canterbury Park and the Shakopee Mdewakanton Sioux Community that will inject \$75 million into purses at Canterbury Park over the coming decade.

SMSC's contributions to thoroughbred and quarter horse purses will allow Minnesota's purse structures to compete both regionally and nationally while breathing life into Minnesota's breeding industry, the majority of which had transferred to states where purses are enhanced by alternative forms of gaming.

In 2012, thoroughbred purses totaled approximately \$8,000,000 (more than a 40% increase over 2011) and quarter horse purses totaled approximately \$950,000 (more than a 46% increase over 2011). These numbers will continue to increase as Canterbury's agreement with the SMSC provides for growth in purse contributions throughout the first five years of the 10-year agreement.

Minnesota's race fans as well as those across the country supported the better racing provided by increased purses through their wagering on Canterbury's races. Average live handle, the

amount bet per day at Canterbury Park, was up an average of 7.3% compared to 2011. Moreover, average import handle, the amount bet per day on Canterbury Park's races from wagering outlets across the country was up more than 17% in 2012.

Minnesota's racing public was treated to the inaugural \$161,250 Mystic Lake Derby, the largest race since the 1991 St. Paul Derby was contested at then Canterbury Downs for \$250,000. It didn't take long for the race to gain a certain level of national importance as the horse Delegation, runner-up in the 2012 Mystic Lake Derby, went on to finish third in the \$1,000,000 Breeders' Cup World Championships Dirt Mile at Santa Anita Park in Arcadia, California on November 3, 2012.

Patrons responded to the increase level of competition and excitement provided by higher purses as Canterbury Park set a new average attendance record of 6,595, the highest single-season average since 1989.

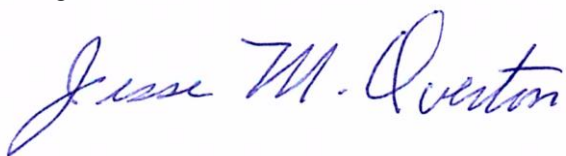
Canterbury Park conducted 62 days of live racing for thoroughbreds and quarter horses this past summer from May 18 through September 03. Running Aces Harness Park conducted 51 days of live racing for standardbred horses from June 6 through September 3.

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 2012 added \$3,029,205 to their purses while Running Aces Harness Park Card Club added \$2,390,515 to their purses.

Minnesota bred thoroughbred and standardbred horse registrations declined in 2012 by approximately 30% overall while quarter horse registrations which had declined in 2011 increased to near 2010 levels. The trend for 2013 appears to bring a slight increase in both thoroughbred and quarter horse registrations. Regardless of the current situation, the Racing Commission and staff will continue its regulatory duties and responsibilities along with its goal of assuring the continued integrity of this form of gambling, safety and welfare of both the equine and human participants, and resulting economic opportunity for those desiring to participate in this sport.

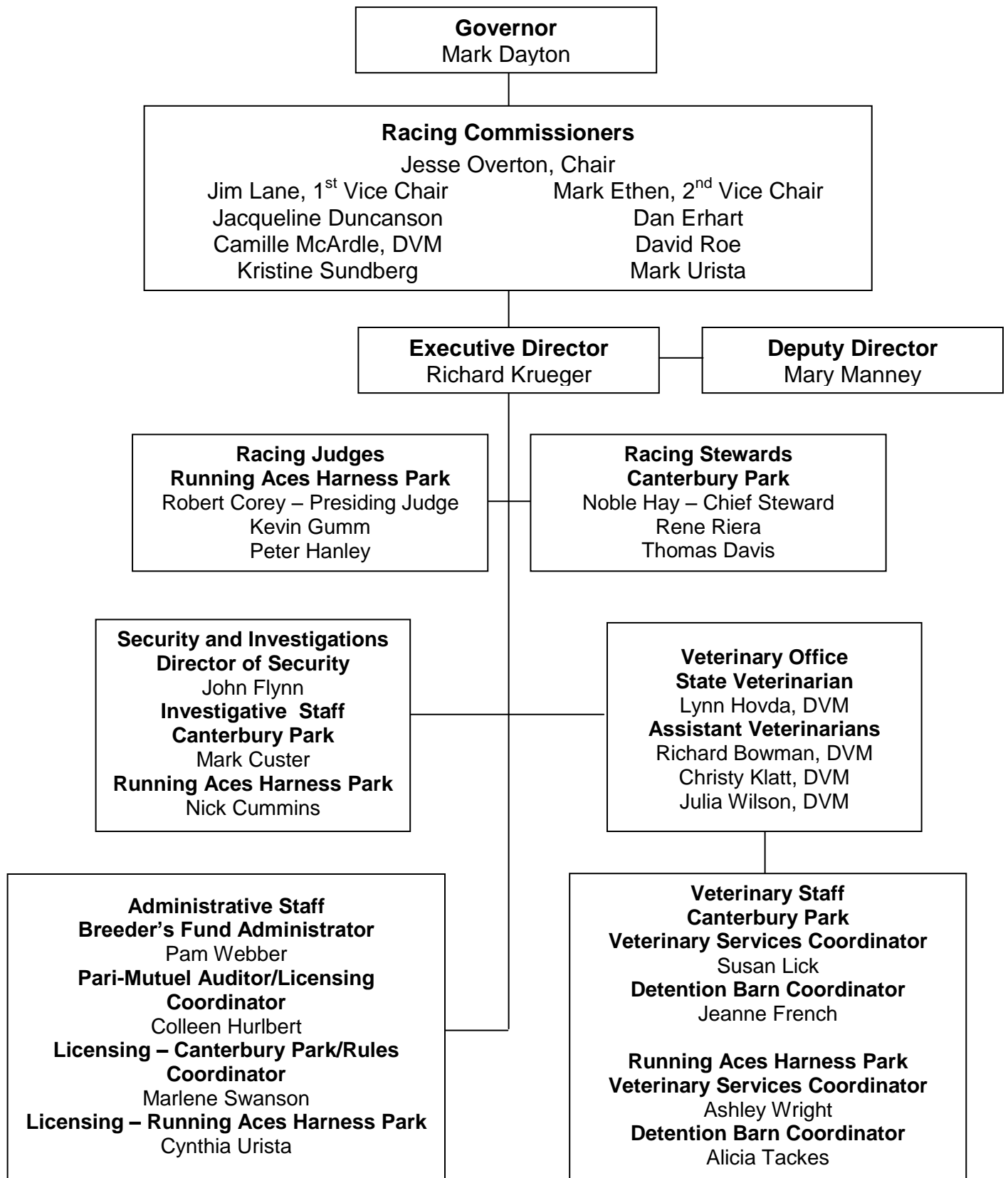
The Minnesota Racing Commission and all the members of the industry appreciate the assistance provided by all levels of government and, most particularly, the Governor's office and the Legislature in addressing matters of interest and of significance to horse racing, pari-mutuel wagering and card playing. 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,



Jesse M. Overton, Chair

The MINNESOTA RACING COMMISSION



MINNESOTA RACING COMMISSION

2012 ANNUAL REPORT

CONTENTS

I. MINNESOTA RACING COMMISSION	1
MISSION STATEMENT	1
INTRODUCTION	1
CONSTITUTIONAL / LEGISLATIVE AUTHORITY	1
DUTIES OF THE COMMISSION	1
THE COMMISSIONERS	2
THE COMMISSION STAFF	3
ADVISORY COMMITTEES	4
MEETINGS OF THE COMMISSION	4
COMMISSION OFFICES	4
II. COMMISSION ACTIVITIES	5
RULEMAKING	5
SUMMARY OF CARD CLUB OPERATION	6
Chart 1. CARD CLUB RAKE 2000 – 2012	7
LICENSING, SECURITY AND INVESTIGATIONS	8
INVESTIGATIONS SUMMARY	8
OCCUPATIONAL LICENSING	9
Chart 2. CLASS C OCCUPATIONAL LICENSES ISSUED 1995 – 2012	9
Table 1. OCCUPATIONAL (CLASS C) LICENSE SUMMARY BY YEAR	10
Table 2. INDIVIDUAL OCCUPATIONAL (CLASS C) LICENSES ISSUED TO MINNESOTANS	11
PARI-MUTUEL STATISTICS	12
Table 3. 2012 PARI-MUTUEL STATISTICS - CANTERBURY PARK	12
Table 4. 2012 PARI-MUTUEL STATISTICS - RUNNING ACES HARNESS PARK	13
Chart 3. RACING HANDLE CALENDAR YEARS 1985 - 2012	14
FINANCIAL SUMMARY	15
Table 5. FIVE YEAR FINANCIAL SUMMARY FISCAL YEARS 2008 – 2012	15
Chart 4. EXPENDITURES BY FUND	16
EQUINE GRANT PROGRAMS	17
BREEDERS' FUND	19
Table 6. 2012 BREEDERS' FUND RECAP	20
Table 7. HORSE REGISTRATIONS	21
III. LEGISLATION	22
Attachment A. 2012 COMMISSION VETERINARIAN'S REPORT	23
MISSION STATEMENT	23
BOTH TRACKS	23
CANTERBURY PARK STATISTICS	24
RUNNING ACES HARNESS PARK STATISTICS	26
CONCLUSION	27

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 \$1,575 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.

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

Jacqueline Duncanson
Mapleton, Minnesota
Term Expires June 30, 2013

Dan Erhart
Coon Rapids, MN
Term Expires June 30, 2017

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, 2017

David Roe
Apple Valley, MN 55124
Term expires June 30, 2017

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

In 2012 the Racing Commission was staffed by the following individuals:

Richard G. Krueger	Executive Director
Mary M. Manney	Deputy Director
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 2012 racing season:

Stewards – Canterbury Park	Noble Hay, Jr. Tom Davis Rene Riera
Judges – Running Aces Harness Park	Robert Corey Kevin Gumm Peter Hanley, II
Veterinarians and Assistants	Chief Veterinarian Lynn Hovda, DVM Richard Bowman, DVM Christy Klatt, DVM Julia Wilson, DVM Susan Lick, Veterinary Services Coordinator, Canterbury Park Ashley Wright, Veterinary Services Coordinator, Running Aces Harness Park Jeanne French, Lead Test Barn Technician, Canterbury Park Alicia Tackes, Lead Test Barn Technician, Running Aces Harness Park

ADVISORY COMMITTEES

The Thoroughbred Breeders Fund Advisory Committee advised the Racing Commission regarding thoroughbred topics during 2012.

BREEDERS' FUND APPROPRIATIONS ADVISORY COMMITTEE

Carin Offerman, Chair	Orono
David Astar	Hastings
Dean Benson	Webster
Dan Cohen	Minneapolis
Dave Dayon	St. Michael
Chad Kuehn	Austin
Dan Mjolsness	Red Wing
Rick Osbourne	Cambridge
Gary Speich	Wayzata
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 three committees that meet at the call of the Chairs. These committees are Racing, Finance, and Administrative Affairs.

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 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 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 one rulemaking project in 2012. The set of rules completed and adopted in May of 2012 was an ambitious rule change that started in 2010. Many discussion meetings were held involving the State Veterinarians, Commission staff, and representatives of the various horsemen's groups. The Commission originally submitted rule amendments that require a record of a negative test for Equine Piroplasmiasis, add or revise definitions to Horse Medication definitions, set regulatory limits on medications, and prohibit acts with regard to feed and medication. The commission added to these amendments in 2011 an amendment that will allow horses to be moved on and off the grounds of the racetrack under the original Certificate of Veterinary Inspection (CVI) for 30 days from the date of the original CVI.

Three new rulemaking projects were started in 2012. The first project was with regard to threshold levels of Nonsteroidal anti-inflammatory drugs (NSAIDs) in all horses that are racing and restriction on use of NSAIDs in two year old horses that are racing. The proposed rule change started with discussions at the full commission meeting on November 17, 2011. The Request for Comments was published in the July 2, 2012 edition of the State Register. On January 15 a hearing on the rule proposal was held in front of the Honorable Manuel J. Cervantes, an Administrative Law Judge in the Office of Administrative Hearings. The ALJ report is expected in March.

The second rulemaking process was initiated by the Thoroughbred Breeders Fund Advisory Committee. With the agreement for purse enhancement between Canterbury Park and the Shakopee Mdewakanton Sioux Community whereby all of that money is going for purses, the Advisory Committee pursued and proposed this rule change to provide additional revenues to the state's horse breeders (mare owners) and stallion owners. The card club legislation of 1990 directed all of the earnings for purses and purse supplements, with the breeders and stallion owners receiving a smaller portion of the total monies going to the industry in total. The purse enhancement agreement adds on to that disparity. The proposed rule received no comments through both comment periods.

The third rulemaking process was initiated by Quarter Horse owners. It follows the same initial purpose as the Thoroughbred amendment. There are additional changes that were offered to the Quarter Horse Breeders Fund language. This rule is currently still within the first sixty day comment period. No comments have been received to date but it is anticipated that there will be some changes to the original proposed language.

SUMMARY OF CARD CLUB OPERATION

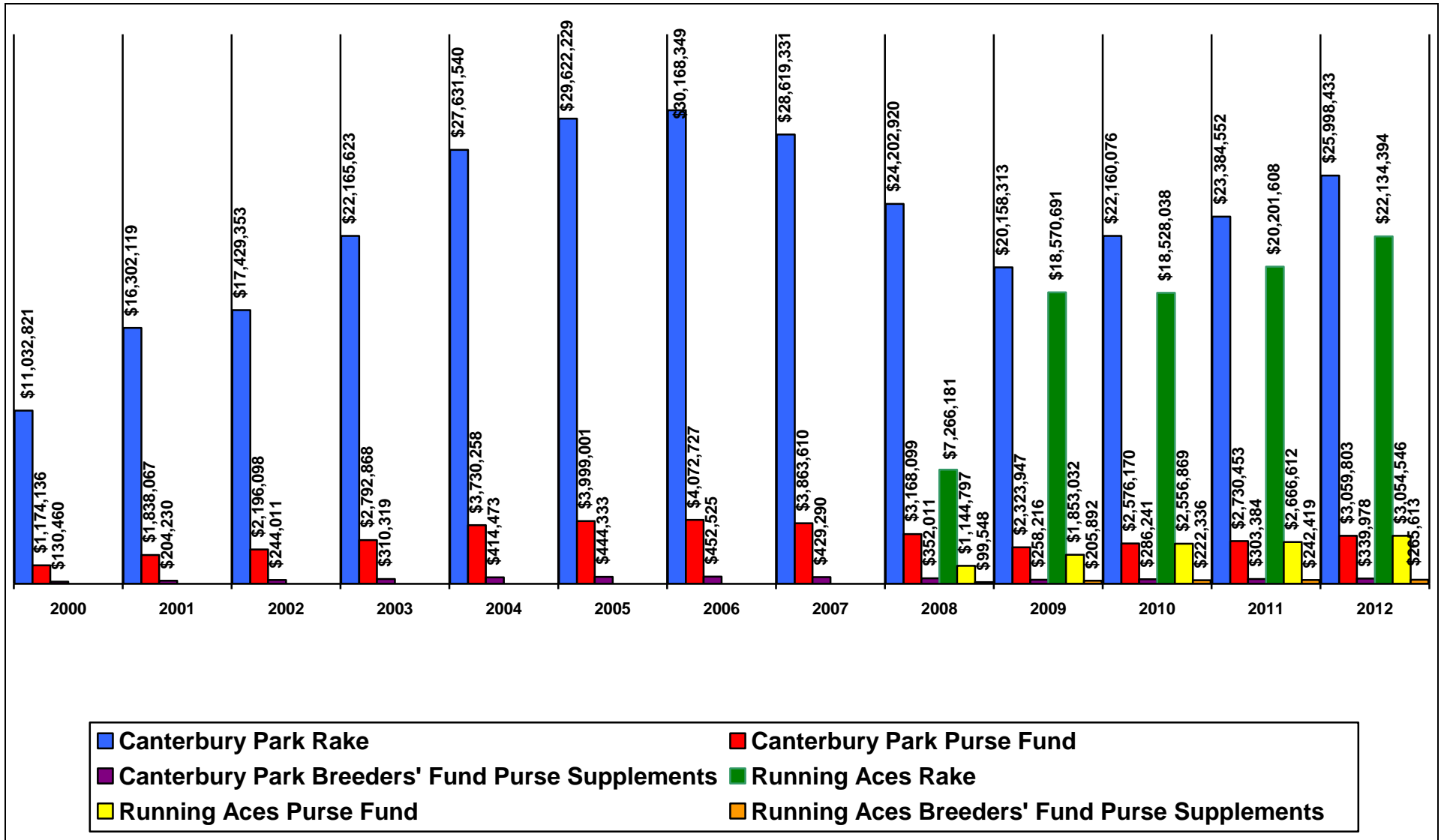
During the 1999 legislative session, the legislature passed chapter 240.30 allowing a licensed racetrack to operate a card club in addition to live racing and simulcasting. The card club at Canterbury Park opened in April of 2000. A second card club, at Running Aces Harness Park, opened in July of 2008. 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 and, if so, to file an agreement with the Commission. In 2012 Canterbury Park's card club revenue was \$25,998,433.26, an 11.1% increase over 2011. Out of that revenue, \$3,365,782.85 went for the thoroughbred and quarter horse breeders' and purse funds, and \$33,997.81 for standardbred funds. At Running Aces the revenue in 2012 was \$22,136,613.31, a 9.6% increase. Out of that revenue, \$2,656,393.60 went to the standardbred purse fund and breeders' fund and \$664,098.40 has been set aside for the Minnesota Horsemen's Benevolent and Protective Association to be used for the thoroughbred and quarter horse purse funds at Canterbury Park.

Each of the card clubs are restricted by statute to 50 tables for live card games, with the exception of one tournament of up to 14 days per year. The games that are played are Texas Holdem, 7 Card Stud, Omaha, Blackjack, 3 Card Poker, 4 Card Poker, Let It Ride, Baccarat, Fortune Pai Gow, Ultimate Texas Holdem and more.

The two card clubs have state of the art surveillance systems with well trained and competent staff. Commission investigators are working with the surveillance and security departments on a continuing basis to insure the integrity of horse racing and card games being played, and that the player pool funds are being used in a manner prescribed by rule and statute.

Chart 1.

CARD CLUB RAKE 2000 – 2012



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 and card club operations are enforced. Additionally, investigators assist the stewards and judges in the oversight of the daily operations before, during and after the live meet. This assistance is in the form of investigating incidents in the stable area, serving hearing notices and offering testimony in formal and informal hearings. The investigators may assist the Commission veterinary staff in carrying out their duties. Assistance includes following up on information received from the veterinary staff in reference to a variety of categories related to the possible illegal possession of contraband and/or possible illegal activity related to veterinary issues. On occasion, MRC investigators are asked for assistance from the Horsemen's Benevolent and Protective Association (HBPA) an organization representing the horsemen's interests. In these instances investigators assist wherever and whenever needed. Investigators maintain 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 2012, 4,861 Class C occupational licenses were issued by the Minnesota Racing Commission during the live and simulcast racing meets. Of these, 3,461 licenses were issued to individuals or businesses racing or working in various occupations at Canterbury Park. 1,400 licenses were issued to individuals or businesses racing or working in various occupations at Running Aces Harness Park. Licenses were issued to applicants from 30 different states as well as different countries including Canada and Mexico. Table 1, page 8 summarizes by occupation, the licenses issued by the Commission since 1998. Table 2, page 9 summarizes licenses issued to individual Minnesotans by occupation since 1998. Chart 2 provides a visual trend in licensing numbers since 1995.

Chart 2.

CLASS C OCCUPATIONAL LICENSES ISSUED 1995 – 2012

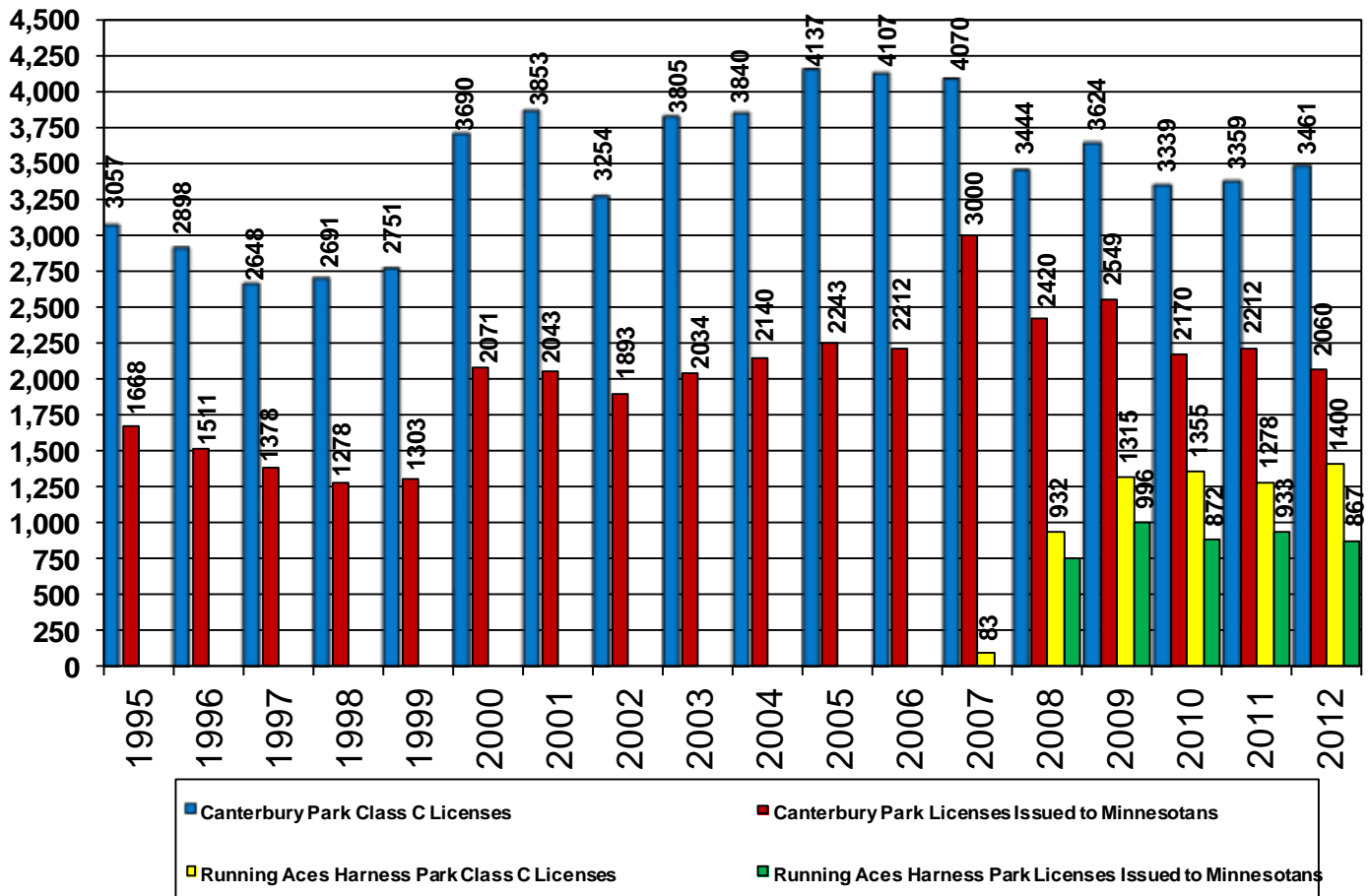


Table 1.
OCCUPATIONAL (CLASS C) LICENSE SUMMARY BY YEAR

LICENSE TYPE	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Authorized Agent							84	82	113	112	117	57	61	54	67
Bloodstock Agent	0	0	0	2	1	1	1	2	2	2	2	4	0	0	0
Canterbury Employees	646	713	1466	1321	1225	1232	1330	1351	1320	1338	1279	1095	1137	1189	1227
Commission/MRC Staff	34	30	53	39	31	31	29	32	38	35	48	27	36	37	29
County Fair Volunteers			24	27	0	0	0	0	0	0	0	0	0	0	0
Detention Barn Technician	11	12	19	15	16	17	14	22	19	19	18	26	24	24	26
Driver	14	7	6	15	0	13	0	0	0	0	12	32	33	14	25
Exercise Rider	46	45	46	60	52	44	64	66	66	54	53	71	70	77	71
Farrier	10	13	8	11	10	11	12	12	11	10	16	13	8	11	13
Farrier's Assistant	1	1	0	2	0	2	0	0	0	0	0	1	1	3	0
Groom/Hotwalker	241	251	251	357	268	314	285	294	299	278	324	286	317	291	304
Horsemen's Organizations													7	12	14
Jockey	61	61	69	84	58	80	76	77	59	58	69	63	61	53	50
Jockey Agent	8	8	12	17	11	11	8	8	9	12	9	11	8	8	13
Jockey, Apprentice	3	2	2	5	5	4	2	4	2	4	3	1	3	1	4
Non-Profit													10	8	7
Other	16	13	17	15	20	28	18	38	29	25	24	12	0	0	0
Owner, Individual	976	984	965	1055	906	1106	1051	1178	1160	1090	1293	1212	1165	1069	1142
Owner, Multiple	180	169	199	256	216	283	267	299	315	283	324	321	293	280	294
Owner/Trainer			111	116	81	101	93	93	100	74	76	77	74	82	102
Owner/Trainer/Driver	39	19	14	30	0	16	0	0	0	0	32	46	60	49	51
Pony Rider	19	19	21	19	19	17	16	9	14	15	16	12	13	15	21
Running Aces Employees								7	9	20	591	651	682	747	758
Stable	47	39	52	48	37	49	46	40	41	46	55	44	31	21	25
Stable Foreman	6	4	2	1	0	1	1	0	2	0	2	1	3	5	3
Trainer	185	201	105	112	65	110	85	100	86	70	101	95	103	62	82
Trainer, Assistant	38	38	38	48	39	57	41	41	46	54	46	43	29	36	33
Vendor	29	28	49	45	40	80	96	109	104	134	144	170	128	138	145
Vendor Employees	71	82	144	134	137	180	206	260	251	326	369	354	317	366	340
Veterinarian	7	9	10	11	11	11	8	14	15	17	20	16	12	12	10
Veterinary Assistant	3	3	7	8	6	6	7	6	6	12	9	7	8	6	5
Totals	2691	2751	3690	3853	3254	3805	3840	4137	4107	4068	5052	4748	4694	4670	4861

Table 2.

INDIVIDUAL OCCUPATIONAL (CLASS C) LICENSES ISSUED TO MINNESOTANS

LICENSE TYPE	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Authorized Agent, Individual							29	25	27	27	23	31	22	17	12
Bloodstock Agent	0	0	0	1	1	1	1	2	2	2	2	4	0	0	0
Canterbury Employees	585	612	1307	1217	1141	1140	1229	1221	1224	1220	1179	1034	1078	1130	1167
Commission/MRC Staff	28	20	33	29	5	26	24	27	34	31	38	18	27	24	19
County Fair Volunteers			24	27	0	0	0	0	0	0	0	0	0	0	0
Detention Barn Technician	9	11	18	14	16	13	12	19	16	16	16	23	23	24	25
Driver	2	1	3	3	0	2	0	0	0	0	1	4	3	2	2
Exercise Rider	20	17	16	20	20	15	17	12	16	16	13	25	30	27	25
Farrier	1	2	3	4	3	3	3	3	3	2	5	5	2	3	4
Farrier's Assistant	1	1	0	1	0	2	0	0	0	0	0	0	0	1	0
Groom/Hotwalker	80	84	82	131	97	127	81	89	95	100	143	121	151	129	130
Horsemen's Organizations													4	7	8
Jockey	5	3	4	6	6	8	5	4	5	7	4	7	9	7	6
Jockey Agent	2	1	2	2	1	2	2	3	1	2	4	1	2	1	1
Jockey, Apprentice	0	0	1	2	1	0	1	2	1	2	2	1	1	1	3
Non-Profit													10	8	7
Other	14	11	14	11	17	26	17	25	19	17	16	12	0	0	0
Owner, Individual	394	397	382	393	403	440	453	520	512	549	603	569	477	456	470
Owner/Trainer			20	27	23	27	21	22	23	15	16	15	13	16	17
Owner/Trainer/Driver	9	9	5	6	0	5	0	0	0	0	3	6	9	10	9
Pony Rider	6	5	3	4	3	2	3	4	6	8	10	6	6	10	10
Running Aces Employees								4	5	11	527	592	626	672	684
Stable Foreman	3	0	0	0	0	0	0	0	1	0	1	1	2	4	2
Trainer	44	43	20	11	14	14	7	12	10	11	13	18	16	15	15
Trainer, Assistant	7	5	6	9	7	9	10	7	9	9	5	8	4	6	5
Vendor Employee	79	71	117	113	122	156	174	230	220	288	320	316	285	336	294
Veterinarian	6	7	8	9	10	11	8	13	12	15	16	14	10	11	9
Veterinary Assistant	2	3	3	3	3	5	6	5	5	10	7	5	5	3	3
Totals	1278	1303	2071	2043	1893	2034	2103	2243	2246	2358	2967	2836	2815	2920	2927

PARI-MUTUEL STATISTICS

Table 3.

2012 PARI-MUTUEL STATISTICS CANTERBURY PARK

LIVE WAGERING

2012 Live Thoroughbred and Quarter Horse Races

Mixed Meet (Thoroughbred & Quarter Horse) – May 18, 2012 – September 3, 2012
Festival of Champions – September 2, 2012

BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Thoroughbred	\$10,343,286	\$1,991,876	487	\$21,238.78	\$7,694,500	74.70%
Quarter Horse	\$1,063,062	\$201,850	91	\$11,682.00	\$839,837	77.16%
TOTAL	\$11,406,348	\$2,193,726	512	\$22,278.02	\$8,534,337	74.91%

SIMULCAST WAGERING

2012 Full-Card Simulcast Meets

January 1, 2012 – December 31, 2012

BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$30,790,760	\$6,309,068	365	\$84,358	\$24,077,933	78.20%
Quarter Horse	\$792,290	\$169,573	324	\$2,445	\$623,263	78.66%
Standardbred	\$1,439,781	\$317,373	361	\$3,988	\$1,049,228	72.87%
Arabian	\$27,342	\$5,750	117	\$234	\$21,235	77.66%
TOTAL	\$33,050,173	\$6,801,764	344	\$96,076	\$25,771,659	77.97%

Table 4.

2012 PARI-MUTUEL STATISTICS RUNNING ACES HARNESS PARK

LIVE WAGERING

2012 Live Standardbred Races June 6, 2012 – September 3, 2012						
BREED	HANDLE	TAKEOUT	# OF RACES	AVERAGE HANDLE PER RACE	BETTOR RETURN	WINNING %
Standardbred	\$1,182,011	\$226,609	482	\$2,452.30	\$908,114	76.83%
TOTAL	\$1,182,011	\$226,609	482	\$2,452.30	\$908,114	76.83%

SIMULCAST WAGERING

2012 Full-Card Simulcast Meets January 1, 2012 – December 31, 2012						
BREED	HANDLE	TAKEOUT	# OF RACE DAYS	AVERAGE HANDLE PER RACE DAY	BETTOR RETURN	WINNING %
Thoroughbred	\$6,772,293	\$1,390,849	364	\$18,605.20	\$5,197,553	76.75%
Quarter Horse	\$195,747	\$41,317	240	\$815.61	\$152,269	77.79%
Standardbred	\$1,404,944	\$310,964	363	\$3,870.37	\$1,069,951	76.16%
Arabian	\$6,320	\$1,333	93	\$67.96	\$5,032	79.62%
TOTAL	\$8,379,304	\$1,744,463	265	\$31,620.02	\$6,424,805	76.67%

Chart 3.

RACING HANDLE CALENDAR YEARS 1985 - 2012

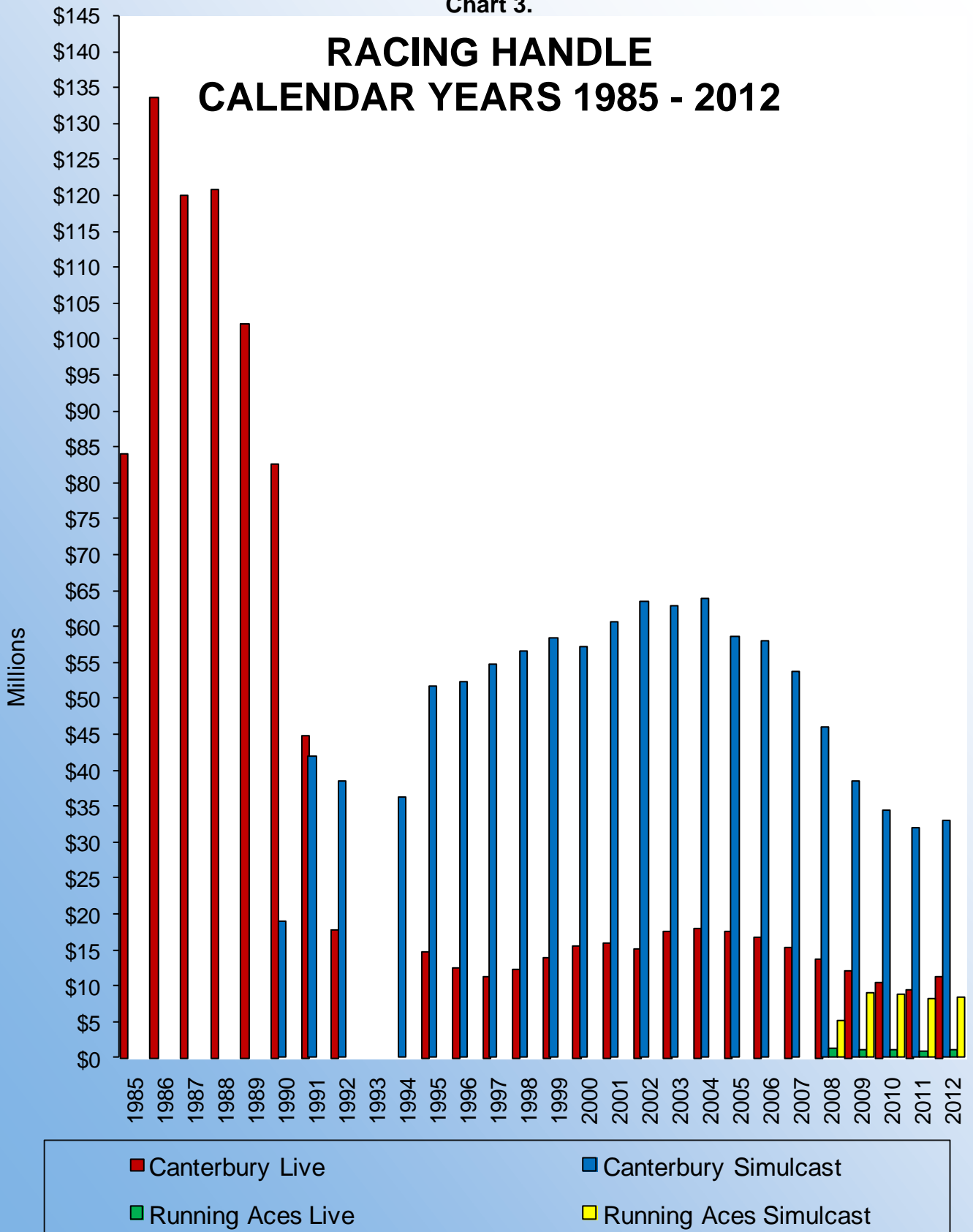


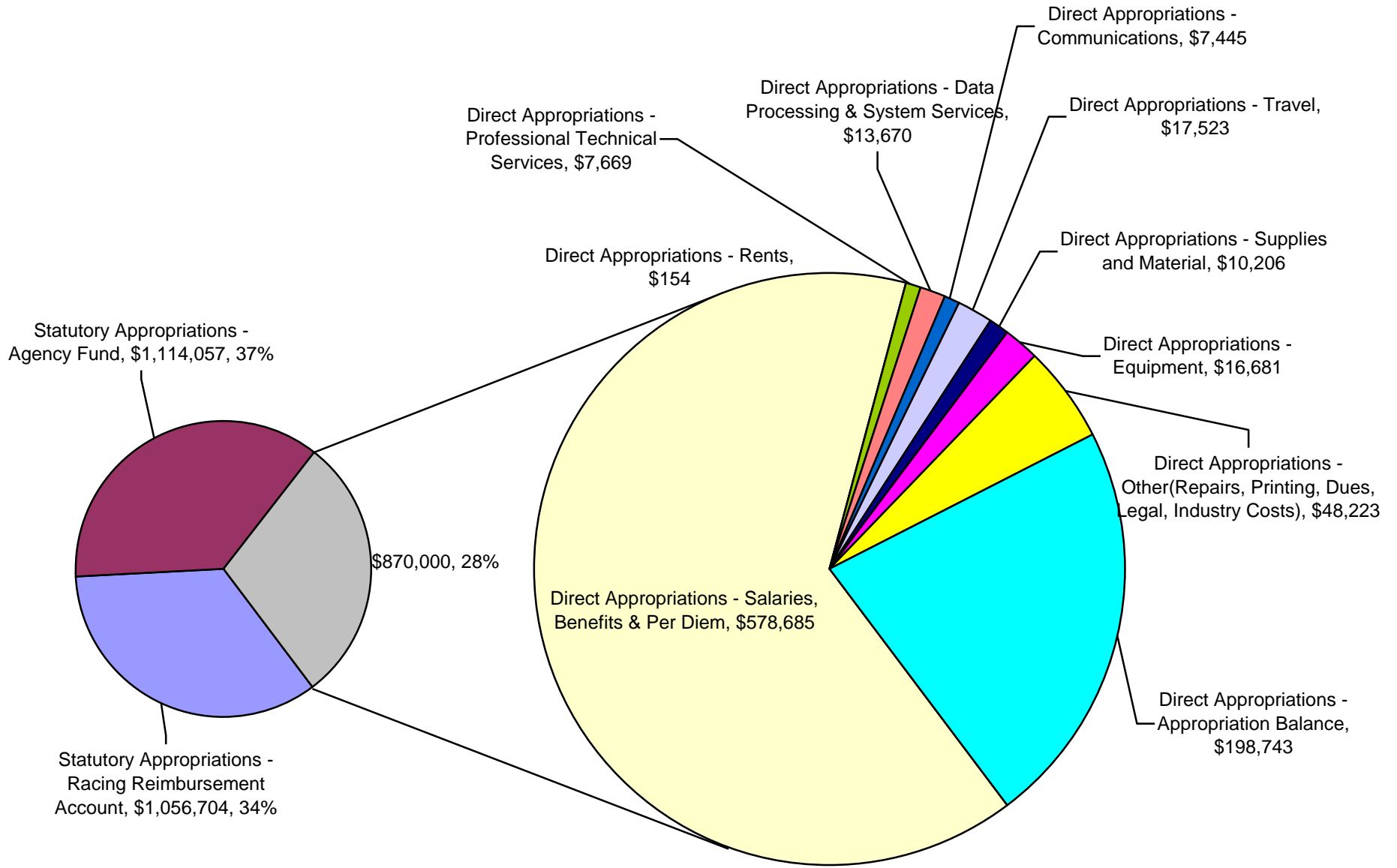
Table 5.

FIVE YEAR FINANCIAL SUMMARY FISCAL YEARS 2008 – 2012

DIRECT APPROPRIATIONS					
	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
Special Revenue Appropriation	\$899,000	\$899,000	\$899,000	\$899,000	\$1,130,000
Deficiency Appropriation					
Statutory Carry Forward					
Unallotment		-\$29,000	-\$19,000		
Total	\$899,000	\$870,000	\$880,000	\$899,000	\$1,130,000
	Actual 12	Actual 11	Actual 10	Actual 09	Actual 08
Salaries, Benefits & Per Diem	\$578,685	\$594,406	\$571,022	\$553,500	\$582,000
Rents	\$154	\$168	\$376	\$200	\$0
Consultant Services	\$0	\$0	\$0	\$0	\$0
Professional/Technical Services	\$7,670	\$10,292	\$10,358	\$15,600	\$31,000
Data Processing & System Services	\$13,670	\$15,606	\$18,828	\$11,600	\$39,000
Communications	\$7,445	\$6,167	\$5,969	\$6,100	\$7,000
Travel	\$17,523	\$15,301	\$15,330	\$23,200	\$19,000
Supplies and Material	\$10,206	\$11,702	\$13,205	\$14,300	\$19,000
Equipment	\$16,681	\$17,687	\$12,821	\$8,800	\$133,000
Other (Repairs, Printing, Dues, Legal, Ind. Cost)	\$48,223	\$79,418	\$82,226	\$60,500	\$83,000
Total	\$700,257	\$750,747	\$730,135	\$693,800	\$913,000
	Actual 12	Actual 11	Actual 10	Actual 09	Actual 08
Appropriation Balance	\$198,743	\$119,253	\$149,865	\$205,200	\$217,000
License Revenues to General Fund/Special Revenue Fund	\$792,635	\$790,985	\$795,795	\$800,400	\$743,000
Pari-Mutuel Taxes to General Fund	\$0	\$0	\$0	\$18,500	\$96,000
Fines to General Fund	\$28,785	\$53,755	\$30,710	\$30,600	\$20,000

The summary from Table 5 reflects expenditures for operations of the Commission that are financed by racetrack and occupational license fees that are subject to direct appropriation from the special revenue fund by the Legislature. The Commission also has statutory appropriations from the special revenue fund that finance the Commission's operations regarding stewards, veterinarians, testing laboratory, and oversight of the card rooms. As well the Commission has statutory appropriation from the miscellaneous agency fund that finances breeders' awards, stallion awards, and purse supplements that are paid to the state's horsemen and women that compete at both racetracks. The breakdown of those funding sources are shown on the following chart.

Chart 4. EXPENDITURES BY FUND



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 2012 the Racing Commission awarded grants to:

- 1) The Horsemen's Benevolent and Protective Association, in the amount of \$5,432 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 Medicine, in the amount of \$18,000 to go towards the funding of two separate studies:
 - Novel MRI sequences to demonstrate cartilage canals and extracellular matrix in equine cartilage. Osteochondrosis dissecans and subchondral cyst like lesions are common conditions affecting performance horses that often prevent young horses from entering into any athletic endeavor or, worse, causing them to suffer from lameness throughout their lives.

Studies investigating the development/growth of articular cartilage in foals over the last decade have demonstrated the central role of cartilage canal vessels in the nutrition and development of healthy joint cartilage. Indeed, premature failure of these vessels appears to be crucially important in the development of osteochondrosis dissecans in horses. It has also been shown that trauma exerted over the joint cartilage inadequately supported by underlying cartilage due to failed blood supply contributes to the development of clinical osteochondrosis dissecans. Accordingly, healing of early osteochondrosis lesions is possible if early management changes, aimed at protecting the cartilage from excessive trauma, are initiated.

Early treatment, however, is not possible without accurate, early diagnosis. Unfortunately, current diagnostic techniques do not allow identification of osteochondrosis in live horses at the subclinical stage. Hence, our study aims to develop novel techniques using magnetic resonance imaging, which would enable veterinarians to reach a diagnosis of osteochondrosis before clinical signs become apparent. It is our goal to devise and fine tune magnetic resonance imaging sequences allowing identification of cartilage canal vessels, their failure, and associated loss of proteoglycan content in live foals afflicted by the subclinical form of osteochondrosis. Successful identification of the above mentioned lesions affecting the individual joints would enable the veterinarian to initiate adequate changes in the management of the foal, with the aim of minimizing trauma over the weakened articular cartilage and, by doing so, prevent the development of clinically apparent osteochondrosis dissecans. After healing of the subclinical lesions has occurred it is expected that foals will return to their normal training and will be able to perform to their full potential.

- Investigation of Genetic Risk Factors for Hock Osteochondrosis in Standardbred Horses. Osteochondrosis (OC) is a common form of developmental orthopedic disease that is caused by a failure of normal cartilage development at the end of long bones (such as those found in the legs) and vertebrae (in the neck and back). Manifestations of OC vary from mild to severe, and while some affected horses may improve with conservative therapy alone, in many cases surgery is required to prevent ongoing joint damage. Severe manifestations of OC, or inadequate treatment of mild to moderate forms, can lead to long-term debilitating consequences such as arthritis. In these cases, OC can be career- or even life-limiting. OC affects large numbers of young horses in many breeds, with frequency estimates greater than 60% in some studies (e.g. Wittwer et al, 2006). Thus, OC represents a considerable health and welfare issue in the horse, as well as a major economic burden to the equine industry.

The precise cause of OC is not completely known, but it is widely accepted that both genetics and environmental influences (such as diet, growth rate, and exercise) play a role in disease development. While diet and exercise changes have been demonstrated to alter incidence of OC on individual farms (e.g. Gabel et al, 1987), global occurrence of OC has remained nearly unchanged over the past 25 years (e.g. Hoppe and Philipsson, 1985; Lepeule et al, 2009). Pedigree studies in Warmbloods and Standardbreds, breeds considered predisposed to OC, suggest that up to 50% of OC risk may be due to genetic factors. Thus, recognition of specific genetic risk factors, in addition to environmental manipulation, will likely be required to reduce incidence of disease.

Despite a clear genetic component and moderate to high heritability, variants (mutations) within specific genes underlying OC risk in the horse are completely unknown. *We hypothesize that one or more genes underlie OC susceptibility in horses, and further, that risk variants are shared across breeds. The objective of this proposal is to identify specific genes and major risk variants underlying OC susceptibility in the horse. Our long-term research goal is to develop a genetic risk model for OC susceptibility, allowing for genetic testing and quantification of risk in individual horses. Improved risk assessment will facilitate management changes and early intervention in high-risk horses and allow for informed breeding decisions in high-risk breeds/pedigrees.*

To identify major risk alleles for OC in the horse, we utilize Standardbreds as a model population. Standardbreds have both high prevalence and high heritability of hock OC, so it is expected that risk variants are present at high frequency in this population. Our study population consists of sire-matched Standardbred yearlings raised on a single breeding farm, which minimizes many of the environmental variables that play a role in disease risk.

Our preliminary work has identified three regions of the genome associated with OC in our study cohort of 162 individuals. The aim of this study is to sequence all the genes within the 3 regions identified as being associated with disease using a target-capture method (a cutting-edge technology allowing efficient capture of large chromosomal regions of interest) followed by next-generation sequencing. Sequencing these genes will result in identification of variants that may contribute to disease risk. Identification of these variants is a necessary first step in the development of a risk model for OC that could be applied to individual horses.

- 3) The Minnesota Thoroughbred Association (MTA), in the amount of \$1,055.48. During the 2012 live race meet at Canterbury Park, the Minnesota Thoroughbred Association conducted three New Owners Seminars which were held on May 5th, June 9th and July 21st. In addition, they offered the MTA's first Pedigree and Conformation Seminar in conjunction with the 2012 Yearling & Mixed Thoroughbred Sale, August 10th and 11th.

The seminars were open to the public and advertised through posters, flyers, program announcements, website notices and invitations sent to those licensed as an owner for the first time in 2012. Topics covered during the seminars included developing a business plan; insurance; licensing; choosing a trainer; breeding, buying and claiming horses; partnership options; veterinary care; and racehorse retirement. All seminar presenters were volunteers and their contributions were invaluable to those in attendance.

Each attendee also received a complete outline of the seminar, multiple handouts and booklets providing further information about topics covered, a list of websites offering further information about ownership and a DVD from the Blood-Horse, "Owning a Thoroughbred".

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 2012 the Breeder's Fund earned \$565,434 from live and simulcast racing and earned \$567,927 from card club operations. 202 individuals and partnerships received \$186,073 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 \$1,008,365. 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 2012 purse supplements included carryovers from 2011.

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.

2012 BREEDERS' FUND RECAP

THOROUGHBRED		QUARTER HORSE	
Live and Simulcast Racing	\$510,193	Live and Simulcast Racing	\$39,016
Card Club Operations	\$305,745	Card Club Operations	\$30,654
Total Earnings	\$815,938	Total Earnings	\$69,670
Less Administrative Costs	\$19,480	Less Administrative Costs	\$1,820
= Net Breeders' Fund	\$796,458	= Net Breeders' Fund	\$67,850
Less Equine Research	\$16,916	Less Equine Research	\$1,637
= Net Available Breeders' Fund	\$779,542	= Net Available Breeders' Fund	\$66,213
Less Purse Supplements	\$599,500	Less Purse Supplements	\$46,656
= Balance Remaining for Awards	\$180,042	= Balance Remaining for Awards	\$19,557
STANDARD BRED		ARABIAN	
Live and Simulcast Racing	\$46,388	Total Earnings	\$365
Card Club Operations	\$260,325	Less Purse Supplements	\$201
Total Earnings	\$306,713	= Balance Remaining for Awards	\$ 164
Less Administrative Costs	\$4,820		
= Net Breeders' Fund	\$301,893		
Less Purse Supplements	\$289,422		
Less Equine Research	\$2,078		
Less Non-PM Development	\$2,078		
= Balance Remaining for Awards	\$8,315		

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	451	344	24	80	49	19	56
2006	42	440	341	24	79	56	16	93
2007	38	410	316	20	80	45	16	76
2008	37	395	296	18	69	40	24	96
2009	41	331	241	16	69	37	20	92
2010	34	278	182	13	69	46	20	102
2011	32	204	131	10	41	22	19	123
2012	26	163	96	12	67	39	14	99

III. LEGISLATION

Legislation was proposed and enacted in 2012 to the statutes governing Horse Racing and Card Clubs. Specifically, changes were made to the definition of card playing, limit of tables allowed for card playing, card club wagering, transmission of telecast or simulcast of horse racing to Indian lands, regulatory threshold concentrations of nonsteroidal anti-inflammatory drugs, and reimbursement of increased expenses related to the use of upgraded drug testing technologies.

CHAPTER 279--H.F.No. 2795 provided for an act relating to horse racing; modifying provisions relating to card clubs and pari-mutuel wagering; providing for certain regulatory threshold concentrations to be set by the commission; amending Minnesota Statutes 2010, sections 240.01, subdivision 25; 240.13, subdivision 9; 240.24, subdivision 2, by adding a subdivision; 240.30, subdivision 8; repealing Minnesota Statutes 2010, section 240.30, subdivision 3. This Act was signed by the governor on May 4, 2012.

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The Racing Commission can be reached at:
952-496-7950; 1-800-627-3529, (TTY/VOICE RELAY SERVICES)**

2012 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 regulations and 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 investment(s), and ensuring consistent equine performances.

BOTH TRACKS

The number of medication violations for each racetrack in 2012 was significantly less than 2011. This low level continues to be due to a number of factors including the development and institution of laboratory detection (threshold) levels for common therapeutic medications, an agreement with Industrial Laboratory to prescreen samples for horsemen/women prior to entry into a race, and increased education for horsemen and women by the veterinary services department.

A committee was established in late 2010 to study medications, identify commonly used therapeutic medications, and establish detection (threshold) limits based on sound scientific research. The committee, chaired by Minnesota Racing Commission (MRC) Executive Director Richard Krueger, was composed of commission staff, commission veterinarians, practicing veterinarians, and representatives of the horsemen/women and the racetracks. Dr. Scot Waterman, executive director of the Racing Medication Testing Consortium, and Dr. Thomas Tobin, representative of the Horsemen's Benevolent and Protective Association, participated by telephone. A working list of 34 medications was proposed but narrowed several times due to a lack of scientific research. Detection levels with appropriate dose, route of administration, and detection times were ultimately established for 14 medications and passed into rule for the 2012 racing season. A list of these therapeutic medications along with route of administration, dosage recommendations and suggested withdrawal times was provided to the practicing veterinarians and horsemen/women in their manuals as well as being clearly posted outside both veterinary offices.

In addition, in an effort to help practicing veterinarians and horsemen/women work within the newly established detection levels, Industrial Laboratory agreed to prescreen serum samples for medications at no cost to the horsemen/women. This program resulted in the successful screening of over 150 samples. Many samples came from horses shipping into Canterbury from other racetracks with far less stringent medication rules as well as those receiving compounded medications.

A continuing effort was made to increase the horsemen's knowledge. Several different methods of providing educational material were utilized. The director of Industrial Laboratory spoke at the annual horsemen/horsewomen's meeting and was available following it for question and answer period. Prior to the horsemen/women's meeting she met privately with the practicing veterinarians. The newly established detection levels were provided in the trainer's and practicing veterinarian's manual, notices posted on the bulletin boards, and blogs related to medications and testing published in the overnight. The blogs were very well received and requested by other racetracks for their information and training programs. Copies of the trainer's manual and practicing veterinarian's manual were provided to neighboring racing commissions and veterinarians and posted on the MRC website to ensure that everyone had access to the information.

CANTERBURY PARK STATISTICS

The 62 day Canterbury Park 2012 race meet began on Friday, May 18th and concluded on Monday, September 3rd. During this time, 1397 Thoroughbreds and Quarterhorses entered the grounds, a number slightly higher than 2011. 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 of the horse(s). 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 accompanying 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 an increased number of piroplasmosis cases in Texas, all horses with CVI's originating from Texas were required to have a negative test for *Babesia (Theileria) equi* and *Babesia caballi* taken within the prior 12 months.

Pre-race examinations were performed every race day on all horses entered to race. Each examination included accurate horse identification by tattoo and markings, 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 4627 examinations were performed with 4449 horses ultimately leaving the starting gate. These examinations resulted in recommendations to the Board of Stewards that 178 horses be scratched from racing for veterinary reasons. An additional 35 horses were scratched in the saddling paddock, on the way to the starting gate, or at the gate itself. These 213 horses along with 35 other horses were placed on the Veterinarian's List and not allowed to race again until deemed fit by one of the Commission Veterinarians. Sixty two 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 in 1299 horses entered into the 2012 program. This number, roughly 93% of the starters, is similar to previous years, and mirrors the national figure. The furosemide program functioned very well with no known administration errors and no furosemide medication violations. Practicing veterinarians were required to provide the Commission Veterinarian's office with unopened containers of furosemide and needles/syringes. Furosemide was drawn into syringes by a certified veterinary technician employed by the MRC and administered by the practicing veterinarian under the supervision of an observer employed by the MRC.

Industrial Laboratory in Boulder, Colorado, the MRC 2012 contract laboratory, analyzed 1233 blood samples and 1051 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 Laboratory also processed 6 external blinded samples for Quality Assurance and screened 232 samples for the amount of total carbon dioxide (TCO₂) present in the serum. The mean TCO₂ level was 32.0 mMoles/L which is far below 37 mMoles/L, the level used by the MRC to indicate the presence of an illegal alkalinizing agent in the horse's bloodstream. The total cost for drug testing by Industrial Laboratory for Canterbury Park was \$122,858.70.

Industrial Laboratory reported 14 medication violations in 2012, significantly lower than 2011. The majority of violations were associated with overages of corticosteroids (methylprednisolone, 3; triamcinolone acetonide, 1) and permitted nonsteroidal anti-inflammatory agents (phenylbutazone, 4). The remaining violations included clenbuterol (2), methocarbamol (3), and phenylpropanolamine (1). It should be noted that Minnesota is one of the few states that actively tests for corticosteroids and has for many years. Other states have simply ignored their presence, although this is currently changing on a national level. Several of the corticosteroid positives were on horses shipping into Minnesota from another jurisdiction for a race and leaving the following day. 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.

The horse ambulance was used 35 times during the meet. It transported 22 horses from the main track, 6 for the turf track, 4 from the test barn, and 3 from other areas.

Eighteen horses died or were humanely euthanized during the 2012 meet. Nine of these horses suffered injuries during or immediately after a race resulting in a race related, traumatic breakdown rate of 0.2%, a number similar to the national average (0.2%). Eight of the horses suffered musculoskeletal issues and one died from pulmonary hemorrhage. Data collected from these horses were statistically analyzed and no common factors found. In addition, information was collated and submitted for inclusion in the National Horse Breakdown Study. Four horses were euthanized after training related accidents. While no specific number of horses training each day is kept, roughly 19,870 horses trained during the 2012 season giving an incidence rate 0.02% 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.

The Commission Veterinarian's "Because We Care" horse retirement and adoption program became custodians for or assisted in the placement of 38 racehorses. Several other 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. They 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 Groom Elite program, instituted a low cost backside dog and cat vaccination/neuter program, and participated in a variety of other projects and programs.

RUNNING ACES HARNESS PARK STATISTICS

The 51 day, 2012 race meet at Running Aces Harness Park began on Wednesday, June 6th and concluded on Monday, September 3rd. Stalls were requested for 425 horses, a small decrease of 17 horses over the 2011 season. The number of starters (7.43 starters/race in 480 races) was slightly increased over the 2011 season (7.39 starters/race in 395 races). Forty qualifying races were run with 274 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 of the horse(s). 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 accompanying CVI's or with outdated EIA certificates were held at the stable gate until examined by a licensed veterinarian and an appropriate certificate produced. In addition, due an increased number of piroplasmiasis cases in Texas, all horses with a CVI written in Texas were required to have a negative test for *Babesia (Theileria) equi* and *Babesia caballi* taken within the past 12 months.

Pre-race examinations, modified for Standardbreds, were performed on all horses entered to race. A total of 3567 examinations were performed with 65 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 65 horses along with 3 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 in 307 horses entered into the 2012 program. This accounts for approximately 64% of the starters and is similar to the 2008 through 2011 meets. The furosemide program functioned well with no known administration errors and no furosemide medication violations. Practicing veterinarians were required to provide the Commission Veterinarian's office with unopened containers of furosemide and needles/syringes. Furosemide was drawn into syringes by a certified veterinary technician employed by the MRC and administered by the practicing veterinarian under the supervision of an observer employed by the MRC.

Industrial Laboratory in Boulder, Colorado, the Minnesota Racing Commission contract laboratory, analyzed 980 blood samples and 873 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 40 qualifying races with medication testing provided at the request of the Judges. The total cost of medication testing by Industrial Laboratory for Running Aces Harness Park was \$104,816.

Twenty four samples were submitted for Quality Control and an additional 464 samples were screened for TCO₂ elevations (indicative of the use of alkalinizing agents). The average TCO₂ concentration was 32.3 mMoles/L which is far below 37 mMoles/L, the level determined by the MRC to indicate an illegal administration.

Nine race related medication violations occurred. The violations revolved around overages of the permitted nonsteroidal anti-inflammatory drugs (flunixin, 1; ketoprofen, 2; phenylbutazone, 2) and a

corticosteroid (methylprednisolone, 1). One trainer had three positive tests for the medication ambroxel. The Judges dealt with all 9 race related violations in a manner deemed fair and equitable by them.

One non racing related death occurred during the 2012 season. The horse was transported to the University of Minnesota Veterinary Diagnostic Laboratory for a full necropsy. The horse ambulance was used only twice, both times safely carrying a horse from the track surface to its stall for treatment and recovery.

CONCLUSION

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.