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↻ Designates that this item is a change item

Agency Purpose

The Minnesota Racing Commission (MRC) is a regulatory agency created in 1983 to supervise and regulate the pari-mutuel horse racing industry in Minnesota.

Core Functions

The Racing Commission:

- ◆ Establishes criteria and standards for licensing of pari-mutuel racetracks and the personnel employed or operating at such facilities.
- ◆ Establishes criteria and standards for security, surveillance, regulation of racing, veterinary services, and law enforcement at licensed racetracks and provides oversight of these functions by Commission staff.
- ◆ Establishes standards and rules in order to protect the health and welfare of the equine athlete.
- ◆ Collects and distributes all taxes and fees related to pari-mutuel horse racing and card playing to the general and breeders' funds.

At A Glance

The Minnesota Racing Commission:

- ◆ Regulates Canterbury Park in Shakopee and Running Aces Harness Park in Columbus
- ◆ Will oversee 91 days of live horseracing, 364 days of out-of-state simulcasting, and two 24/7 card clubs in 2008
- ◆ Will license over 4,100 individuals to work at the two racetracks in 2008
- ◆ Audited a total wagering handle of \$69 million at Canterbury Park in 2007
- ◆ Collected general fund taxes and fines of \$167,700 in FY 2008

Operations

The MRC performs the following general duties:

- ◆ Licenses and conducts background investigations each year of individuals applying to work at the racetracks and card clubs to assure the integrity of the individuals participating in pari-mutuel wagering and card playing in Minnesota and nationally.
- ◆ Registers horses each year to allow owners to participate in the Minnesota Breeders' Fund awards program so that economic stability and growth in related agri-business continues.
- ◆ Conducts pre-race exams of all horses racing each day, which protects equine participants and the betting public as well as supervising all activities affecting the conduct of a racing day to protect all human and equine participants and assure the integrity of pari-mutuel wagering for the betting public.
- ◆ Conducts investigations of any suspected violations of Minnesota's racing and card club laws and rules in order to enforce rules and laws that were established to protect the integrity of the racing and gambling industries in Minnesota and nationally.

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

Key Goals

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

Key Measures

- ◆ 4,100 licensees met the criteria for licensing contained in statute and rule.
- ◆ Pre-race exams and veterinary monitoring of the horse prior and after each race ensures the safety and welfare of the equine and human participants by limiting the number of breakdowns, which annually is lower at the Minnesota track than the national average.

- ◆ Conducted regulatory oversight, including during the construction phases, of the new standardbred racetrack and card club, Running Aces Harness Park.
- ◆ Initiated information technology project affecting licensing, pari-mutuel auditing and general office procedures, which will result in staff efficiencies and streamlining of regulatory and administration tasks.
- ◆ Using its rulemaking authority, the MRC implemented additional restrictions regarding the use of prohibited substances and medications that directly affect the integrity of racing.
- ◆ On an ongoing basis, reviewed the card club plans of operation for Canterbury Park and Running Aces Harness Park which results in all games at each facility meeting the highest standard for integrity and safety of the public.

Budget

Of the MRC's FY 2008-09 biennial budget, 28% comes from a special revenue fund appropriation, which is funded by racetrack, racing, and occupational license fees, 30% comes from the racetrack as reimbursements for the cost of stewards, veterinarians, and laboratory services, and 42% comes from the breeders' fund tax collections (miscellaneous agency fund) which is distributed back to industry participants (horse owners). Commission staff is comprised of 13.4 full-time equivalent employees and 17 professional/technical service contracts (six stewards, ten veterinarians, and one equine drug testing laboratory).

Contact

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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
Miscellaneous Special Revenue					
Current Appropriation	1,130	899	899	899	1,798
Recommended	1,130	899	899	899	1,798
Change		0	0	0	0
% Biennial Change from 2008-09					-11.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Miscellaneous Special Revenue	913	899	899	899	1,798
Statutory Appropriations					
Miscellaneous Special Revenue	911	1,097	1,100	1,108	2,208
Miscellaneous Agency	1,474	1,372	1,371	1,371	2,742
Total	3,298	3,368	3,370	3,378	6,748
<u>Expenditures by Category</u>					
Total Compensation	805	910	898	924	1,822
Other Operating Expenses	1,314	1,371	1,385	1,367	2,752
Local Assistance	1,179	1,087	1,087	1,087	2,174
Total	3,298	3,368	3,370	3,378	6,748
<u>Expenditures by Program</u>					
Racing Commission	3,298	3,368	3,370	3,378	6,748
Total	3,298	3,368	3,370	3,378	6,748
Full-Time Equivalents (FTE)	12.2	13.4	13.4	13.4	

RACING COMMISSION

Change Summary

Dollars in Thousands

	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: MISCELLANEOUS SPECIAL REVENUE				
FY 2009 Appropriations	899	899	899	1,798
Subtotal - Forecast Base	899	899	899	1,798
Total Governor's Recommendations	899	899	899	1,798
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	1,097	1,100	1,108	2,208
Total Governor's Recommendations	1,097	1,100	1,108	2,208
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	1,372	1,371	1,371	2,742
Total Governor's Recommendations	1,372	1,371	1,371	2,742
Revenue Change Items				
Fund: MISCELLANEOUS SPECIAL REVENUE				
Change Items				
License Fee Ratification	0	4	4	8

RACING COMMISSION

Change Item: License Fee Ratification

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Special Revenue Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	4	4	4	4
Net Fiscal Impact	\$(4)	\$(4)	\$(4)	\$(4)

Recommendation

The Governor recommends ratification of the fee increases proposed by the Racing Commission through rule-making. The fee increases are expected to raise \$4,000 per year, which would be added to the dedicated revenue account from which appropriations are made for racing regulation.

Background

The Racing Commission is currently proposing to change by rulemaking (Minn. Rules Chapter 7877.0120, Fees, Subd. 1, License fees) existing Class C occupational license fees for the occupations of pari-mutuel clerk, security officer, and owner/trainer/driver. Minnesota Statutes 240.10 permits the Racing Commission to set occupational license fees by rule, but M.S. 240.03 requires ratification of those fees by the legislature during the following session.

The fee change for pari-mutuel clerks and security officers will treat these occupations consistently with other full and part time employees of the two racing licensees/associations. The owner/trainer/driver proposed change corrects an oversight in the fee schedule now that Minnesota has a harness track for standard bred horses. The fee increase brings the owner/trainer/driver license in line with fees charged to horsemen and women for other breeds. The fees for these occupations have not been adjusted since original promulgation of the fees by the Commission in 1985. These fees are part of the dedicated revenues (special revenue fund) used by the legislature in setting the spending level for the Commission's administrative and regulatory operations.

Relationship to Base Budget

The estimated total increase for these fees is \$4,000 each year based on the same number of individuals licensed for these occupations in the previous year. This represents an increase of less than 1% in projected licensing revenues for the agency.

Key Goals and Measures

The purpose of this change item is to inform the Governor and the legislature of the proposed fee change. With this fee change, the Commission aims to make fees more equitable with those of similar employees and backstretch workers and to modestly increase revenue to defray the costs of regulation and oversight.

Alternatives Considered

None.

Statutory Change: Not Applicable.

RACING COMMISSION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	20	12	12	12	24
Taxes:					
General	96	90	90	90	180
Total Non-Dedicated Receipts	116	102	102	102	204
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	743	804	818	818	1,636
Other Revenues:					
Miscellaneous Special Revenue	868	1,036	1,041	1,047	2,088
Miscellaneous Agency	490	634	634	634	1,268
Taxes:					
Miscellaneous Special Revenue	58	60	60	60	120
Miscellaneous Agency	813	739	739	739	1,478
Total Dedicated Receipts	2,972	3,273	3,292	3,298	6,590
Agency Total Revenue	3,088	3,375	3,394	3,400	6,794