

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 1775**

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DATE	D-PG	OFFICIAL STATUS
03/16/2015	901	Introduction and first reading Referred to State and Local Government

1.1 A bill for an act  
 1.2 relating to horse racing; providing for occupation licenses; modifying purses;  
 1.3 providing for appointment of stewards; amending Minnesota Statutes 2014,  
 1.4 sections 240.08, subdivision 5; 240.13, subdivision 5; 240.16, subdivision 1.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

1.7 Subd. 5. **Revocation and suspension.** The commission may revoke a class C  
 1.8 license for a violation of law or rule which in the commission's opinion adversely affects  
 1.9 the integrity of horse racing in Minnesota, or for an intentional false statement made  
 1.10 in a license application.

1.11 The commission may suspend a class C license for up to one year for a violation  
 1.12 of law, order or rule. No person shall be deemed to have violated a law or rule, or shall  
 1.13 have a license suspended or revoked or be fined or penalized, without having been first  
 1.14 afforded full procedural and substantive due process of law.

1.15 The commission may delegate to its designated agents the authority to impose  
 1.16 suspensions of class C licenses, and the suspension may be appealed to the commission  
 1.17 according to its rules.

1.18 A license revocation or suspension for more than 90 days is a contested case under  
 1.19 sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal  
 1.20 penalties imposed for a violation of law or rule. The commission may summarily suspend  
 1.21 a license for more than 90 days prior to a contested case hearing in unusual cases where  
 1.22 it is necessary to ensure the integrity of racing. A contested case hearing must be held  
 1.23 within 20 days of the summary suspension and the administrative law judge's report must  
 1.24 be issued within 20 days from the close of the hearing record. In all cases involving

2.1 summary suspension the commission must issue its final decision within 30 days from  
2.2 receipt of the report of the administrative law judge and subsequent exceptions and  
2.3 argument under section 14.61.

2.4 Sec. 2. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

2.5 Subd. 5. **Purses.** (a) ~~From the amounts deducted from all pari-mutuel pools by A~~  
2.6 ~~class B licensee, an amount equal to not less than the following percentages of all money~~  
2.7 ~~in all pools must be set aside not less than the following amounts of money which must be~~  
2.8 ~~used by the licensee and used for purses for races conducted by the licensee, provided~~  
2.9 ~~that a licensee may agree by contract with an organization representing a majority of the~~  
2.10 ~~horsepersons racing the breed involved, to set aside amounts in addition to the following~~  
2.11 ~~percentages:~~

2.12 (1) for live races conducted at a class A facility, ~~and for races that are part of full~~  
2.13 ~~racetrack simulcasting that takes place within the time period of the live races, 8.4~~  
2.14 ~~percent of all money in all pools;~~

2.15 (2) for simulcasts conducted during the racing season other than as provided for  
2.16 in clause (1), ~~50~~ ..... percent of the takeout remaining after deduction for taxes on  
2.17 pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state  
2.18 racetrack for receipt of the signal; and

2.19 (3) for simulcasts conducted outside of the racing season, ~~25~~ ..... percent of the  
2.20 takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders  
2.21 fund, payment to the sending out-of-state racetrack for receipt of the signal and, before  
2.22 January 1, 2005, a further deduction of eight percent of all money in all pools. In the event  
2.23 that wagering on simulcasts outside of the racing season exceeds \$125 million in any  
2.24 calendar year, the amount set aside for purses by this formula is increased to 30 percent  
2.25 on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts  
2.26 between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess  
2.27 of \$175,000,000 wagered. In lieu of the eight percent deduction, a deduction as agreed  
2.28 to between the licensee and the horsepersons' organization representing the majority of  
2.29 horsepersons racing at the licensee's class A facility during the preceding 12 months, is  
2.30 allowed after December 31, 2004.

2.31 The commission may by rule provide for the administration and enforcement of  
2.32 this subdivision. The deductions for payment to the sending out-of-state racetrack must  
2.33 be actual, except that when there exists any overlap of ownership, control, or interest  
2.34 between the sending out-of-state racetrack and the receiving licensee, the deduction  
2.35 must not be greater than three percent unless agreed to between the licensee and the

3.1 horsepersons' organization representing the majority of horsepersons racing the breed  
3.2 racing the majority of races during the existing racing meeting or, if outside of the racing  
3.3 season, during the most recent racing meeting.

3.4 In lieu of the amount the licensee must pay to the commission for deposit in the  
3.5 Minnesota breeders fund under section 240.15, subdivision 1, the licensee shall pay 5-1/2  
3.6 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's  
3.7 facility on full racing card simulcasts of races not conducted in this state.

3.8 (b) From the money set aside for purses, the licensee shall pay to the horseperson's  
3.9 organization representing the majority of the horsepersons racing the breed involved and  
3.10 contracting with the licensee with respect to purses and the conduct of the racing meetings  
3.11 and providing representation, benevolent programs, benefits, and services for horsepersons  
3.12 and their on-track employees, an amount, sufficient to perform these services, as may be  
3.13 determined by agreement by the licensee and the horseperson's organization. The amount  
3.14 paid may be deducted only from the money set aside for purses to be paid in races for  
3.15 the breed represented by the horseperson's organization. With respect to racing meetings  
3.16 where more than one breed is racing, the licensee may contract independently with the  
3.17 horseperson's organization representing each breed racing.

3.18 (c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization  
3.19 representing the majority of the horsepersons racing a breed at a meeting, and the members  
3.20 thereof, may agree to withhold horses during a meeting.

3.21 (d) Money set aside for purses from wagering, during the racing season, on  
3.22 simulcasts must be used for purses for live races conducted at the licensee's class A facility  
3.23 during the same racing season, over and above the 8.4 percent purse requirement or any  
3.24 higher requirement to which the parties agree, for races conducted in this state. Money  
3.25 set aside for purses from wagering, outside of the racing season, on simulcasts must be  
3.26 for purses for live races conducted at the licensee's class A facility during the next racing  
3.27 season, over and above the 8.4 percent purse requirement or any higher requirement to  
3.28 which the parties agree, for races conducted in this state.

3.29 (e) Money set aside for purses from wagering on simulcasts must be used for purses  
3.30 for live races involving the same breed involved in the simulcast except that money set  
3.31 aside for purses and payments to the breeders fund from wagering on full racing card  
3.32 simulcasts of races not conducted in this state, occurring during a live mixed meet, must  
3.33 be allotted to the purses and breeders fund for each breed participating in the mixed meet  
3.34 in the same proportion that the number of live races run by each breed bears to the total  
3.35 number of live races conducted during the period of the mixed meet.

4.1 (f) The allocation of money set aside for purses to particular racing meets may be  
4.2 adjusted, relative to overpayments and underpayments, by contract between the licensee  
4.3 and the horsepersons' organization representing the majority of horsepersons racing the  
4.4 breed involved at the licensee's facility.

4.5 (g) Subject to the provisions of this chapter, money set aside from pari-mutuel pools  
4.6 for purses must be for the breed involved in the race that generated the pool, except that if  
4.7 the breed involved in the race generating the pari-mutuel pool is not racing in the current  
4.8 racing meeting, or has not raced within the preceding 12 months at the licensee's class A  
4.9 facility, money set aside for purses may be distributed proportionately to those breeds that  
4.10 have run during the preceding 12 months or paid to the commission and used for purses or  
4.11 to promote racing for the breed involved in the race generating the pari-mutuel pool, or  
4.12 both, in a manner prescribed by the commission.

4.13 (h) This subdivision does not apply to a class D licensee.

4.14 Sec. 3. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

4.15 Subdivision 1. **Powers and duties.** All horse races run at a licensed racetrack must  
4.16 be presided over by a board of three stewards, ~~who must be appointees of the commission~~  
4.17 ~~or persons approved by it.~~ The commission shall appoint two of the stewards and the  
4.18 association shall nominate the third steward, to be approved by the commission. The  
4.19 commission shall designate one steward as chair. At least two stewards for all races either  
4.20 shall be employees of the commission who shall serve in the unclassified service, or  
4.21 shall be under contract with the commission to serve as stewards. The commission may  
4.22 delegate the following duties and powers to a board of stewards:

4.23 (a) to ensure that races are run in accordance with the commission's rules;

4.24 (b) to supervise the conduct of racing to ensure the integrity of the sport;

4.25 (c) to settle disputes arising from the running of horse races, and to certify official  
4.26 results;

4.27 (d) to impose on licensees, for violation of law or commission rules, fines not  
4.28 exceeding \$2,000 and license suspensions not exceeding 90 days;

4.29 (e) to recommend to the commission where warranted penalties in excess of those  
4.30 in clause (d);

4.31 (f) to otherwise enforce the laws and rules of racing; and

4.32 (g) to perform other duties and have other powers assigned by the commission.