

CHAPTER 240

PARI-MUTUEL HORSE RACING

240.01	Definitions.	240.15	Payments to state.
240.02	Racing commission.	240.155	Reimbursement accounts and procedures.
240.03	Commission powers and duties.	240.16	Stewards.
240.05	Licenses; classes.	240.18	Breeders' fund.
240.06	Racetrack licenses.	240.19	Contracts.
240.07	Racing licenses.	240.23	Rulemaking authority.
240.09	County fair licenses.	240.24	Medication.
240.091	Teleracing facility license.	240.25	Prohibited acts.
240.10	License fees.	240.27	Exclusion of certain persons.
240.11	Licenses nontransferable.	240.28	Conflict of interest.
240.13	Pari-mutuel betting.	240.29	Required races.
240.14	Racing days.		

240.01 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

[For text of subds 2 to 9, see M.S.1990]

Subd. 10. **Racing day.** "Racing day" is a day assigned by the commission on which live racing is conducted.

[For text of subds 11 and 12, see M.S.1990]

Subd. 13. [Repealed, 1991 c 336 art 1 s 33]

[For text of subd 14, see M.S.1990]

Subd. 15. [Repealed, 1991 c 233 s 110]

Subd. 16. **Horseperson.** "Horseperson" means a person who is currently licensed by the commission as an owner or lessee, or a trainer.

Subd. 17. **Teleracing facility.** "Teleracing facility" means a facility at which tele-race simulcasting is conducted under authority of a class E license issued by the commission.

Subd. 18. **On-track pari-mutuel betting.** "On-track pari-mutuel betting" means wagering conducted at a licensed racetrack, or at a class E licensed facility whose wagering system is electronically linked to a licensed racetrack.

Subd. 19. **Simulcasting.** "Simulcasting" means the televised display, for pari-mutuel wagering purposes, of one or more horse races conducted at another location wherein the televised display occurs simultaneously with the race being televised.

Subd. 20. **Telerace simulcasting.** "Telerace simulcasting" means simulcasting at a teleracing facility.

Subd. 21. **Teleracing program.** "Teleracing program" means a telerace simulcasting event consisting of simulcasting that includes not more than two full racing cards, plus not more than two other races.

Subd. 22. **Racing season.** "Racing season" means that portion of the calendar year starting at the beginning of the day of the first live horse race conducted by the licensee and concluding at the end of the day of the last live horse race conducted by the licensee in any year.

For purposes of this chapter, the racing season begins before the first Saturday in May and continues for not less than 25 consecutive weeks.

Subd. 23. **Full racing card.** "Full racing card" means three or more races that are: (1) part of a horse racing program being conducted at a racetrack; and (2) being simulcast or telerace simulcast at a licensed racetrack or teleracing facility.

History: 1991 c 336 art 1 s 1-10

240.02 RACING COMMISSION.

Subdivision 1. Commission. A Minnesota racing commission is established with the powers and duties specified in this section. The commission consists of nine members appointed by the governor with the advice and consent of the senate. Not more than five of the members may belong to the same political party. The governor shall designate the chair of the commission. Appointments by the governor are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate.

Subd. 2. Qualifications. A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking a place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of duties. No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

Subd. 3. Compensation. The compensation of commission members for each day spent on commission activities, when authorized by the commission, shall be the same as compensation provided for other members of boards and commissions under section 15.0575, subdivision 3, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.

[For text of subs 4 to 7, see M.S.1990]

History: 1991 c 233 s 88-90

NOTE: Subdivision 3 was also amended by Laws 1991, chapter 336, article 2, section 2, to read as follows:

"Subd. 3. **Compensation.** The compensation of commission members for time spent on commission activities, when authorized by the commission, is the same as the compensation provided for members of other boards and commissions under section 15.0575, subdivision 3, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2."

240.03 COMMISSION POWERS AND DUTIES.

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack; and
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota.

History: 1991 c 336 art 1 s 11

240.05 LICENSES; CLASSES.

Subdivision 1. Classes. The commission may issue five classes of licenses:

- (a) class A licenses, for the ownership and operation of a racetrack with horse racing on which pari-mutuel betting is conducted;
- (b) class B licenses, for the sponsorship and management of horse racing on which pari-mutuel betting is conducted;
- (c) class C licenses, for the privilege of engaging in certain occupations related to horse racing;

(d) class D licenses, for the conduct of pari-mutuel horse racing by county agricultural societies or associations; and

(e) class E licenses, for the management of a telercing facility.

No person may engage in any of the above activities without first having obtained the appropriate license from the commission.

[For text of subds 2 and 3, see M.S.1990]

History: 1991 c 336 art 1 s 12

240.06 RACETRACK LICENSES.

Subdivision 1. **Application.** The commission may issue one or more class A licenses, but not more than one to any one person. An application for a class A license must be on a form the commission prescribes and must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements. The application must contain:

(a) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders of the corporation and any of its holding corporations;

(b) if required by the commission, the names of any person or persons holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit executed by the applicant setting forth that no officer, director, or other person with a present or future direct or indirect financial or management interest in the racetrack, to the best of the applicant's knowledge:

(1) is in default in the payment of an obligation or debt to the state under this chapter;

(2) has ever been convicted of a felony in a state or federal court or has a state or federal felony charge pending;

(3) is or has been connected with or engaged in any illegal business;

(4) has ever been found guilty of fraud or misrepresentation in connection with racing or breeding;

(5) has ever been found guilty of a violation of a law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; or

(6) has ever knowingly violated a rule or order of the commission or a law of Minnesota relating to racing;

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota human rights act, chapter 363, and in conformity with the goals established by the commission by rule.

[For text of subds 2 to 7, see M.S.1990]

Subd. 8. Work areas. A class A licensee must provide at no cost to the commission suitable work areas for commission members, officers, employees, and agents, includ-

ing agents of the division of gambling enforcement, who are directed or requested by the commission to supervise and control racing at the licensed racetrack.

History: 1991 c 233 s 91; 1991 c 330 s 1; 1991 c 336 art 1 s 13

240.07 RACING LICENSES.

Subdivision 1. Application. The commission may issue one or more class B licenses for the sponsorship and management of horse racing at licensed racetracks. An application for a class B license must be on a form the commission prescribes, and must be accompanied by a bond in the principal amount of \$500,000 payable to the state of Minnesota conditioned on the licensee's payment of all fees, taxes, and other money due and payable under Laws 1983, chapter 214, including horse owner's purses and payouts on winning pari-mutuel tickets.

The application must contain:

(a) the name and address of the applicant and, if it is a corporation or association, the names of all officers, directors, and shareholders, including those of any of its holding companies;

(b) if required by the commission, the names of any person or persons holding, directly, indirectly, or beneficially, an interest of any kind in the applicant or any of its holding companies, whether the interest is financial, administrative, policy making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit of the type described in section 240.06, subdivision 1, clause (d);

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363, and in conformity with the goals established by the commission by rule.

[For text of subs 2 to 7, see M.S.1990]

History: 1991 c 330 s 2

240.09 COUNTY FAIR LICENSES.

[For text of subd 1, see M.S.1990]

Subd. 2. Occupational licenses. A person who participates in the management or conduct of horse racing or pari-mutuel betting for a county fair holding a class D license who is in an occupation listed in section 240.08, subdivision 1, or the rules of the commission must have a class C license from the commission except for active members, as defined in section 349.12, of nonprofit organizations who act without compensation as concession workers.

[For text of subs 3 to 6, see M.S.1990]

History: 1991 c 336 art 2 s 3

240.091 TELERACING FACILITY LICENSE.

Subdivision 1. Application. The commission may issue one or more class E licenses to a holder of a class B license who conducts live racing at a class A facility. The com-

mission may issue a total of not more than four class E licenses, of which not more than two may be issued before January 1, 1992. If two licenses are issued before January 1, 1991, only one may be for a facility located within the seven-county metropolitan area. An application for a class E license must be on a form the commission prescribes and must be accompanied by detailed plans and specifications of the facility to be used, the location of the facility, and any other information relevant to the specifications of the facility and its operation, as designated by the commission. The application must also contain:

(1) the name and address of the applicant and, if it is a corporation or association, the names of all officers, directors, and shareholders of the corporation and any of its holding companies;

(2) if required by the commission, the names of any person or persons holding directly, indirectly, or beneficially, an interest of any kind in the applicant or any of its holding companies, whether the interest is financial, administrative, policymaking, or supervisory;

(3) a statement of the assets and liabilities of the applicant;

(4) an affidavit of the type described in section 240.06, subdivision 1, paragraph (d);

(5) an irrevocable consent statement, to be signed by the applicant, that states that the applicant agrees to be bound by and subject to the authority of the commission, the rules adopted by the commission, and the laws of this state relating to the activity to be conducted; and

(6) an irrevocable consent statement, to be signed by the applicant, that states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Subd. 2. Hearings; investigations. Before granting a class E license, the commission shall conduct at least one public hearing on the license application in the area where the telerec facility is proposed to be located. The commission shall request comments on the application from: (1) the city council or town board of the city or town where the facility is proposed to be located, (2) the county board if the facility is proposed to be located outside a city, and (3) the appropriate regional development commission if one exists for the area or, if the facility is proposed to be located within the metropolitan area as defined in section 473.121, subdivision 2, the metropolitan council. The commission may conduct, or request the division of gambling enforcement to conduct, comprehensive background and financial investigations of the applicant, sources of financing, and other information appearing in the application. The costs of the investigations must be paid in the manner prescribed by section 240.06, subdivision 3. The commission has access to all criminal history data compiled by the division of gambling enforcement on class E licensees and applicants.

Subd. 3. License issuance. (a) If after considering the information received from the hearing and investigations, the commission determines that the applicant will manage the facility in accordance with all applicable laws and rules and will not adversely affect the public health, welfare, and safety; that the license will not create a competitive situation that will adversely affect racing and the public interest; and that the applicant is financially able to manage the licensed simulcast facility, the commission may issue a class E license to the applicant. The license is effective until revoked or suspended by the commission or relinquished by the licensee.

(b) As a condition of a class E license, the commission shall require that a person employed in the erection, construction, remodeling, or repairing of a telerec facility

may not be paid a lesser rate of wages than the prevailing wage rate, as defined in section 177.42, subdivision 6, in the same or most similar trade or occupation in the area.

Subd. 4. Facilities. The commission may not issue a class E license unless the design of the facility will accommodate and provide adequate seating. The operators of the facility must provide adequate parking, and make food and beverages available. The telerace simulcasts must be displayed so that spectators in attendance are afforded a clear presentation of the races.

Subd. 5. Changes in ownership or management. If a change in the officers, directors, or other persons with a direct or indirect financial or management interest in the class B licensee, or a change of ownership of more than five percent of the class B licensee's shares, is made after the application for or issuance of a class E license, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required in section 240.06, subdivision 1, paragraph (d).

Subd. 6. License suspension and revocation. A class E license may be suspended or revoked as provided in section 240.06, subdivision 7. A license suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 7. Work areas. A class E licensee shall provide at no cost to the commission suitable work areas for commission members, officers, employees, and agents, including agents of the division of gambling enforcement, who are directed or requested by the commission to supervise and control wagering at the licensed simulcast facility.

History: 1991 c 336 art 1 s 14

240.10 LICENSE FEES.

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted, and \$50 for each day on which simulcasting is authorized and actually takes place. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. The fee for a class E license is \$1,000 per year. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

History: 1991 c 336 art 1 s 15

240.11 LICENSES NONTRANSFERABLE.

A license issued under this chapter may not be transferred.

History: 1991 c 336 art 1 s 16

240.13 PARI-MUTUEL BETTING.

Subdivision 1. Authorized. Class B and class D licenses give the licensees authority to conduct pari-mutuel betting on the results of races run at the licensed racetrack, and on other races as authorized by the commission under this section.

A class B or class E license gives the licensee the authority to transmit and receive telecasts and conduct pari-mutuel betting on the results of horse races run at its class A facility, and of other horse races run at locations outside of the state, as authorized by the commission. A class E licensee must present, for pari-mutuel wagering purposes, all live horse races conducted at its class A facility. The class B or class E licensee may present racing programs separately or concurrently.

Subject to the approval of the commission, for simulcasts and telerace simulcasts the types of betting, takeout, and distribution of winnings on pari-mutuel pools of a

class B or class E facility are those in effect at the sending racetrack. Pari-mutuel pools accumulated at a class E facility must be commingled with the pools at the class A facility for comparable pools on those races that are being simultaneously presented at both facilities. Pari-mutuel pools may be commingled with pools at the sending racetrack, for the purposes of determining odds and payout prices, via the totalizator computer at the class A facility.

The commission may not authorize a class B or class E licensee to conduct simulcasting or telerec simulcasting unless 125 days of live racing, consisting of not less than eight live races on each racing day, have been conducted at the class A facility within the preceding 12 months. The number of live racing days required may be adjusted by agreement between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races at the licensee's class A facility during the preceding 12 months. The number of live racing days required must be reduced by one day for each assigned racing day that the licensee is unable to conduct live racing due to natural occurrences or catastrophes beyond its control.

Subd. 2. Requirements. (a) A licensee conducting pari-mutuel betting must provide at the licensed track or at the telerec facility:

- (1) the necessary equipment for issuing pari-mutuel tickets; and
- (2) mechanical or electronic equipment for displaying information the commission requires. All mechanical or electronic devices must be approved by the commission before being used.

(b) A licensee conducting pari-mutuel betting must post prominently at each point of sale of pari-mutuel tickets, in a manner approved by the commissioner of human services, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98.

Subd. 3. Types of betting. The commission shall by rule designate those types of pari-mutuel pools which are permitted at licensed racetracks and telerec facilities, and no licensee may conduct any type of pari-mutuel pool which has not been so designated. Pari-mutuel pools permitted at licensed racetracks and pari-mutuel pools designated by the commission are permitted at telerec facilities.

Subd. 4. Takeout; distribution of winnings. A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before payments to holders of winning tickets, an amount equal to not more than 17 percent of the total money in that pool. The licensee must deduct from a multiple pari-mutuel pool, before payments to the holders of winning tickets, an amount equal to not more than 23 percent of the total money in that pool. The remaining money in each pool must be distributed among the holders of winning tickets in a manner the commission by rule prescribes for each type of pool. Breakage must be computed on the basis of payoffs rounded down to the next lowest increment of 10 cents, with a minimum payoff of \$1.10 on a \$1 ticket, except that the licensee may reduce the minimum payoff to \$1.05 on a \$1 ticket if there is not a sufficient amount in a pool to make a minimum payoff of \$1.10.

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

(1) for live races conducted at a class A facility, and for races that are part of full racing card simulcasting or full racing card telerec simulcasting that takes place within the time period of the live races, 8.4 percent;

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

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

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

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

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

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

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

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

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

(g) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses must be distributed proportionately to those breeds that have run during the preceding 12 months.

Subd. 6. Simulcasting. The commission may permit an authorized licensee to conduct simulcasting or telerace simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts and telerace simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007. In addition to teleracing programs featuring live racing conducted at the licensee's class A facility, the class E licensee may conduct not more than seven teleracing programs per week during the racing season, unless additional telerace simulcasting is authorized by the director and approved by the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races at the licensee's class A facility during the preceding 12 months. The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

Except as otherwise provided in this section, simulcasting and telerace simulcasting may be conducted on a separate pool basis or, with the approval of the commission, on a commingled pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting and telerace simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

If there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting and telerace simulcasting may be conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months pre-

ceding the event. That portion of the takeout allocated for purses from pari-mutuel pools generated by wagering on standardbreds must be set aside and must be paid to the racing commission and used for purses as otherwise provided by this section or to promote standardbred racing or both, in a manner prescribed by the commission. In the event that a licensee conducts live standardbred racing, pools generated by live, simulcast, or telerace simulcasting at the licensee's facilities on standardbred racing are subject to the purse set-aside requirements otherwise provided by law.

Contractual agreements between licensees and horsepersons' organizations entered into before June 5, 1991, regarding money to be set aside for purses from pools generated by simulcasts at a class A facility, are controlling regarding purse requirements through the end of the 1992 racing season.

Subd. 6a. [Repealed, 1991 c 336 art 1 s 33]

[For text of subd 7, see M.S.1990]

Subd. 8. **Prohibited acts.** A licensee may not accept a bet from any person under the age of 18 years; and a licensee may not accept a bet of less than \$1.

[For text of subd 9, see M.S.1990]

History: 1991 c 336 art 1 s 17-23; art 2 s 4

240.14 RACING DAYS.

[For text of subd 1, see M.S.1990]

Subd. 1a. [Repealed, 1991 c 336 art 1 s 33]

[For text of subs 2 to 4, see M.S.1990]

240.15 PAYMENTS TO STATE.

[For text of subs 1 to 5, see M.S.1990]

Subd. 6. **Disposition of proceeds.** The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts, or full racing card telerace simulcasts of races not conducted in this state, must be distributed as provided in section 240.18, clause (2), paragraphs (a), (b), and (c). Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.

History: 1991 c 336 art 1 s 24

240.155 REIMBURSEMENT ACCOUNTS AND PROCEDURES.

Subdivision 1. **Reimbursement account credit.** Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians and stewards must be deposited in the state treasury and credited to a racing commission reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Subd. 2. **General fund credit.** Money received by the commission as reimbursement for the compensation of a steward who is an employee of the commission for which a general fund appropriation has been made must be credited to the general fund.

History: 1991 c 233 s 92

240.16 STEWARDS.

[For text of subd 1, see M.S.1990]

Subd. 1a. **Simulcast.** All simulcasts and telerace simulcasts are subject to the regulation of the commission. The commission may assign an official to preside over these activities and, if so assigned, the official has the powers and duties provided by rule.

[For text of subds 2 to 6, see M.S.1990]

History: 1991 c 336 art 1 s 25

240.18 BREEDERS' FUND.

Subdivision 1. **Establishment; apportionment.** The commission shall establish a Minnesota breeders' fund with the money paid to it under section 240.15, subdivision 1. The commission, after paying the current costs of administering the fund, shall apportion the remaining net proceeds into categories corresponding with the various breeds of horses which are racing at licensed Minnesota racetracks in proportion to each category's contribution to the fund and distribute the available net proceeds in each category as provided in this section.

Subd. 2. **Thoroughbred and quarterhorse categories.** (a) With respect to available money apportioned in the thoroughbred and quarterhorse categories, 20 percent must be expended as follows:

(1) at least one-half in the form of grants, contracts, or expenditures for equine research and related education at the University of Minnesota school of veterinary medicine; and

(2) the balance in the form of grants, contracts, or expenditures for one or more of the following:

(i) additional equine research and related education;

(ii) substance abuse programs for licensed personnel at racetracks in this state; and

(iii) promotion and public information regarding industry and commission activities; racehorse breeding, ownership, and management; and development and expansion of economic benefits from racing.

(b) As a condition of a grant, contract, or expenditure under paragraph (a), the commission shall require an annual report from the recipient on the use of the funds to the commission, the chair of the house of representatives committee on general legislation, veterans affairs, and gaming, and the chair of the senate committee on gaming regulation.

(c) The commission shall include in its annual report a summary of each grant, contract, or expenditure under paragraph (a), clause (2), and a description of how the commission has coordinated activities among recipients to ensure the most efficient and effective use of funds.

(d) After deducting the amount for paragraph (a), the balance of the available proceeds in each category may be expended by the commission to:

(1) supplement purses for races held exclusively for Minnesota-bred or Minnesota-foaled horses, and supplement purses for Minnesota-bred or Minnesota-foaled horses racing in nonrestricted races in that category;

(2) pay breeders' or owners' awards to the breeders or owners of Minnesota-bred horses in that category which win money at licensed racetracks in the state; and

(3) provide other financial incentives to encourage the horse breeding industry in Minnesota.

Subd. 3. **Standardbred category.** (a) With respect to the available money apportioned in the standardbred category, 20 percent must be expended as follows:

(1) one-half of that amount to supplement purses for standardbreds at non-pari-mutuel racetracks in the state;

(2) one-fourth of that amount for the development of non-pari-mutuel standardbred tracks in the state; and

(3) one-fourth of that amount as grants for equine research and related education at public institutions of post-secondary learning in the state.

(b) After deducting the amount for paragraph (a), the balance of the available proceeds in the standardbred category must be expended by the commission to:

(1) supplement purses for races held exclusively for Minnesota-bred and Minnesota-foaled standardbreds;

(2) pay breeders or owners awards to the breeders or owners of Minnesota-bred standardbreds which win money at licensed racetracks in the state; and

(3) provide other financial incentives to encourage the horse breeding industry in Minnesota.

Subd. 4. Rules; advisory committees. The commission shall adopt rules governing the distribution of the fund. The commission may establish advisory committees to advise it on the distribution of money under this section, provided that the members of an advisory committee shall serve without compensation.

History: 1991 c 336 art 2 s 5

240.19 CONTRACTS.

The commission shall by rule require that all contracts entered into by a class A, class B, class D, or class E licensee for the provision of goods or services, including concessions contracts, be subject to commission approval. The rules must require that the contract include an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363. The rules may also establish goals to provide economic opportunity for disadvantaged and emerging small businesses, racial minorities, women, and disabled individuals. The commission may require a contract holder to submit to it documents and records the commission deems necessary to evaluate the contract.

History: 1991 c 330 s 3; 1991 c 336 art 1 s 26

240.23 RULEMAKING AUTHORITY.

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, class D, and class E licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees;

(j) the operation of telercing facilities; and

(k) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

History: 1991 c 330 s 4; 1991 c 336 art 1 s 27

240.24 MEDICATION.

[For text of subd 1, see M.S.1990]

Subd. 2. **Exception.** Notwithstanding subdivision 1, the commission by rule shall allow the use of: (1) topical external applications that do not contain anesthetics or steroids; (2) food additives; (3) Furosemide or other pulmonary hemostatic agents if the agents are administered under the visual supervision of the veterinarian or a designee of the veterinarian employed by the commission; and (4) nonsteroidal anti-inflammatory drugs, provided that the test sample does not contain more than three micrograms of the substance or metabolites thereof per milliliter of blood plasma. For purposes of this clause, "test sample" means any bodily substance including blood, urine, saliva, or other substance as directed by the commission, taken from a horse under the supervision of the commission veterinarian and in such manner as prescribed by the commission for the purpose of analysis.

The commission shall adopt emergency rules to implement the provisions of this subdivision.

[For text of subd 3, see M.S.1990]

History: 1991 c 336 art 2 s 6

240.25 PROHIBITED ACTS.

[For text of subd 1, see M.S.1990]

Subd. 2. **Off-track bets.** (a) No person shall:

(1) for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter or a telercing facility, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure or facility; or

(2) give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.

(b) Nothing in this subdivision prohibits the conducting of pari-mutuel wagering at a licensed telercing facility.

[For text of subds 3 to 7, see M.S.1990]

History: 1991 c 336 art 1 s 28

240.27 EXCLUSION OF CERTAIN PERSONS.

Subdivision 1. **Persons excluded.** The commission may exclude from any and all licensed racetracks or licensed telercing facilities in the state a person who:

(a) has been convicted of a felony under the laws of any state or the United States;

(b) has had a license suspended, revoked, or denied by the commission or by the racing authority of any other jurisdiction; or

(c) is determined by the commission, on the basis of evidence presented to it, to be a threat to the integrity of racing in Minnesota.

Subd. 2. **Hearing; appeal.** An order to exclude a person from any or all licensed racetracks or licensed telercing facilities in the state must be made by the commission at a public hearing of which the person to be excluded must have at least five days' notice. If present at the hearing, the person must be permitted to show cause why the exclusion should not be ordered. An appeal of the order may be made in the same manner as other appeals under section 240.20.

Subd. 3. **Notice to racetracks.** Upon issuing an order excluding a person from any

or all licensed racetracks or licensed telercing facilities, the commission shall send a copy of the order to the excluded person and to all racetracks or telercing facilities named in it, along with other information as it deems necessary to permit compliance with the order.

Subd. 4. Prohibitions. It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack or a telercing facility named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack or a telercing facility knowingly to permit an excluded person to enter or be on the premises.

Subd. 5. Exclusions by racetrack. The holder of a license to conduct racing or operate a telercing facility may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises or telercing facility may appeal the exclusion to the commission and must be given a public hearing on the appeal upon request. At the hearing the person must be given the opportunity to show cause why the exclusion should not have been ordered. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack or telercing facility making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 240.20.

History: 1991 c 336 art 1 s 29

240.28 CONFLICT OF INTEREST.

Subdivision 1. Financial interest. No person may serve on or be employed by the commission who has an interest in any corporation, association, or partnership which holds a license from the commission or which holds a contract to supply goods or services to a licensee or at a licensed racetrack or a licensed telercing facility, including concessions contracts. No member or employee of the commission may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. No member or employee of the commission may have a financial interest in or be employed in a profession or business which conflicts with the performance of duties as a member or employee.

Subd. 2. Betting. No member or employee of the commission may bet or cause a bet to be made on a race at a licensed racetrack while serving on or being employed by the commission. No person appointed or approved by the director as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which the person is serving as a steward. The commission shall by rule prescribe such restrictions on betting by its licensees as it deems necessary to protect the integrity of racing.

Subd. 3. Violation. A violation of subdivisions 1 and 2 is grounds for removal from the commission or termination of employment. A bet made directly or indirectly by a licensee in violation of a rule made by the commission under subdivision 2 is grounds for suspension or revocation of the license.

History: 1991 c 233 s 93; 1991 c 336 art 1 s 30

240.29 REQUIRED RACES.

Each holder of a class B or D license must declare and schedule, on each racing day it conducts, at least one race which is limited to horses which are Minnesota-bred or Minnesota-foaled.

If there is not a sufficient number of such horses entered in the declared race to make up an adequate slate of entries, another similarly restricted race may be substituted.

The commission shall by rule define "Minnesota-bred," "Minnesota-foaled," and "Minnesota-owned."

History: 1991 c 336 art 1 s 31