

Minnesota Attorney General: Administrative Rules Proceedings

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SF-00006-05 (4/86)

DEPARTMENT : ATTORNEY GENERAL

STATE OF MINNESOTA

Office Memorandum

DATE : November 20, 1989

TO : MARY B. MAGNUSON
Special Assistant Attorney General
1100 Bremer Tower

FROM : MARTHA J. CASSERLY
Special Assistant Attorney General
525 Park Street, Suite 404 (55103)

PHONE : 296-6839

SUBJECT : In the Matter of the Adopted Permanent Rule Relating to Televised Racing Days

The above-referenced Permanent rule has been approved as to its legality by the Attorney General on November 20, 1989.

Enclosed is your copy of the approved rule. This office has already filed two copies with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submissions or comments along with any extra copies of documents which you submitted to the Attorney General.

Your next step is to arrange for publication of the Notice of Adoption in the State Register. In a day or two, you should receive from the Revisor's Office three copies of the notice of adoption of your rule. You should submit two copies of the Notice of Adoption to the State Register for publication. A permanent rule without a hearing does not become effective until five days after a notice of adoption is published in the State Register in accordance with Minn. Stat. { 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. { 14.34.

If you have any questions in this regard please contact me.

MJC:bbl
Enclosures
cc: William Brown, Chief Judge (memo only)
MaryAnn Hruby " "
Richard Krueger " "

Minnesota Racing Commission

Adopted Permanent Rules Relating to Televised Racing Days

Rules as Adopted

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 for each live racing day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871
MINNESOTA RACING COMMISSION
PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

D. any other documentation the commission considers

necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the commission shall perform the duties imposed on an applicant by

subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

G. the performance of the licensee and host racetrack

with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

Subpart 1. **Minimum return.** On a televised racing day

approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two independently handicapped tip sheets shall be available at a

racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or Class D licensee, the commission may approve telephone account

wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the customer stating his or her code name and number. Thereafter,

transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided over by an official of the commission appointed by the director

of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

A. To consider and review all allegations of

misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

Subpart 1. **Interruption of the audio/visual satellite**

signal from the host racetrack. In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers made on the balance of the program, for the purpose of

calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

NOV 20 1989

Joan Anderson Growe

Secretary of State

3:19 pm

APPROVED AS TO FORM AND LEGALITY

November 20 19 89

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY MJ Cassedy

SPECIAL ASSISTANT ATTORNEY GENERAL

RULE REVIEW CHECKLIST

File No. 1640 Docket No. 0500090733

DATE RECEIVED 11-9-89

REVIEW DATE 11-20-89 (11-18-89)

DUE DATE 11-27-89 (11-25-89)

APPROVED 11-20-89 mjc

DISAPPROVED _____

WITHDRAWN _____

ADOPTED W/O HEARING _____

EMERGENCY RULE _____

REVISOR APPROVED ✓

REVISOR DISAPPROVED _____

FILED W/SEC. OF STATE 11-20 89

RETURNED TO AGENCY 11-20-89

✓ Rule as adopted (4 copies) not back from Revisor

_____ Notice to Solicit Outside Information/Opinion (if applicable)
- _____ Date published in State Register
- _____ Comments

_____ Petition for Adoption of a Rule (if applicable)

✓ Board's Authorizing Resolution
Oct 19, 1989 Date adopted - Aug 16, 1989

✓ Proposed Rule
- _____ Revisor's Certificate

_____ Notice of Intent to Adopt Rule
- 240.23 Statutory Authority
- ✓ Small Business Statement
- NA Expenditure of public money statement - does have statement
- 8-18-89 Signature

✓ Statement of Need and Reasonableness (if applicable)
- yes Small Business Statement
- NA Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
- Aug 23, 1989 Date (30/25 days before adoption)
- _____ Notice attached indicates is attached
- _____ Copy of rule or summary attached

✓ Publication in State Register
August 28, 1989 Date (30/25 days before adoption)

✓ 180-day deadline from:
- NA Effective date of law requiring rule (14.12) (both rules) not new material
- ✓ end of comment period (§ 14.26) (rules without hearing)
- _____ effective date of statutory authority (§ 14.29) (emergency rules)

✓ Resolution Adopting
Oct 19, 1989 Date adopted

✓ Findings of Fact, Conclusions & Order Adopting
Oct 19, 1989 Date

_____ Written requests, submissions or comments

_____ Declaration of attorney
Mary Magnuson Name of SAAG representing agency

_____ Notice of Submission to Atty. Gen. (if applicable)

_____ Aff. of Mailing Notice to Atty. Gen. (if applicable)

SF-00006-05 (4/86)

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT : ATTORNEY GENERAL
1100 Bremer Tower

DATE : November 9, 1989

TO : MARTY CASSERLY
Special Assistant
Attorney General

FROM : MARY B. MAGNUSON
Special Assistant
Attorney General

PHONE : 296-7862

SUBJECT : Rules of the Minnesota Racing Commission Governing Pari-Mutuel Betting on Televised Horse Races

Enclosed for your approval is the rule adopted by the Racing Commission on October 19, 1989 governing pari-mutuel betting on televised horse races. As usual, any efforts to expedite the approval process would be greatly appreciated.

If you have any questions, please call.

Received
11-9-89
mjc

MBM/ps.dp1
Enclosures
cc: Dick Krueger

Stat Authority

Notice of Intent

240.23 (1984) The commission has the authority in addition to all other rulemaking authority granted elsewhere in Laws 1983, chapter 214, to promulgate rules governing
list of things ~~no~~ I think
(i) 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.

Statutory Authority cited in Statement of Need and Reasonableness cites 240.03, ~~and~~ 240.23, ~~and~~ Laws '89, chapter 141 and 240.13 subd 6A (1989)

240.13 subd 6A (1989 refers to televised racing day, license fees, types of betting, televised races, required races.
This is what should have been cited in the Notice of Intent
240.13 sub 3 - The commission shall by rule designate those types of pari-mutuel

~~pools~~
pools. . "

240.13 subd 6A

The commission may by rule permit a class B or class D license to conduct on the premises of the licensed racetrack pari-mutuel betting on horse races run in other states and broadcast by television on the premises. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised races except as otherwise provide in the subdivision or in the commission's rules.

* This should be in the Notice of Intent

effective date
May 15, 1989

Statement of Need and Reasonableness
7871.0010 subpart 3 missing end of sentence

is in statute

~~Fee~~ 7870.0420 - changes some of the fees ie ~~fee~~ $50 for each televised racing day - they should have gotten approval from Commissioner of Finance. Pursuant to 16A.128

Fees cont

Statement of Need and Reasonableness states they are not adjusting fees under IV^c other Statutory Requirements

If it is established they did adjust fees they should have obtained approval from the ① Finance Commissioner ② have a statement in the Statement of Need and Reasonableness they received permission ③ have a statement in the ~~Finding~~ Finding of Fact they adjusted fees

hicle upon the applicant's compliance
ation and licensing of motor vehicles
design and size to be determined by
scription may be issued for only one

made at the time of renewal or first
nclude a certification by the commis-
member of the military forces of the
arcerated by an enemy of the United

ion tax required by law, a fee for the
in amount calculated by the commis-
dditional fee is payable only when the
any year in which tabs or stickers are
sale of the special license plates shall
highway user tax distribution fund

.2, subdivision 1, the special license
d to another motor vehicle owned or
the payment of a fee of $5. This fee
to the highway user tax distribution

eans a passenger automobile, station
al vehicle.

26, subdivision 2, is amended to read:

nall issue special license plates for a
vision ~~22, paragraph (l)~~ 27, upon the
elating to registration and licensing of

21, is amended by adding a subdivision

ning or renewing a school bus endorse-
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me while a person is so licensed. The
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HORSE RACING

CHAPTER 141

H.F.No. 707

AN ACT relating to horse racing; allowing a licensed racetrack to conduct pari-mutuel betting on televised races on days when races are not conducted at the licensed racetrack; allowing the licensed racetrack to commingle pari-mutuel pools with the sending racetrack; allowing a licensed racetrack to transmit telecasts of races it conducts to other racetracks; amending Minnesota Statutes 1988, sections 240.01, subdivision 10, and by adding a subdivision; 240.10; 240.13, subdivisions 1, 3, 6, and by adding a subdivision; 240.14, by adding a subdivision; 240.16, by adding a subdivision; and 240.29.

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

Section 1. Minnesota Statutes 1988, section 240.01, subdivision 10, is amended to read:

Subd. 10. RACING DAY. "Racing day" is a day assigned by the commission on which racing is conducted. Racing day includes televised racing day.

Sec. 2. Minnesota Statutes 1988, section 240.01, is amended by adding a subdivision to read:

Subd. 13. TELEVISED RACING DAY. "Televised racing day" means a day assigned by the commission on which pari-mutuel betting is conducted only on horse races run at racetracks outside of the state which are broadcast by television at a licensed racetrack.

Sec. 3. Minnesota Statutes 1988, section 240.10, is amended to read:

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 assigned televised racing day on which televised racing is actually conducted. The fee for a class D license is $50 for each assigned racing day on which racing is actually conducted. 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.

Sec. 4. Minnesota Statutes 1988, section 240.13, subdivision 1, is amended to read:

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 ~~subdivision~~ subdivisions 6 or 6a.

Sec. 5. Minnesota Statutes 1988, section 240.13, subdivision 3, is amended to read:

Subd. 3. TYPES OF BETTING. The commission shall by rule designate those types of pari-mutuel pools which are permitted at licensed racetracks, and no licensee may conduct any type of pari-mutuel pool which has not been so designated, except as provided for in subdivision 6a.

Sec. 6. Minnesota Statutes 1988, section 240.13, subdivision 6, is amended to read:

Subd. 6. TELEVISED RACES. (a) The commission may by rule permit a class B or class D licensee to conduct on the premises of the licensed racetrack pari-mutuel betting on horse races run in other states and broadcast by television on the premises. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised races except as otherwise provided in this subdivision or in the commission's rules. Pari-mutuel pools conducted on such televised races may consist only of money bet on the premises and may not be commingled with any other pool off the premises, except that:

~~(a)~~ (1) the licensee may pay a fee to the person or entity conducting the race for the privileges of conducting pari-mutuel betting on the race~~,~~; and

~~(b)~~ (2) the licensee may pay the costs of transmitting the broadcast of the race.

(b) Pari-mutuel betting on a televised race may be conducted only on a racing day assigned by the commission. The takeout and taxes on pari-mutuel pools on televised races are as provided for other pari-mutuel pools. All televised races under this subdivision must comply with the Interstate Horse Racing Act of 1978 as found in United States Code, title 15, section 3001 and the following relevant sections. In lieu of the purse requirement established by subdivision 5, the licensee shall set aside for purses one-half of the take-out from the amount bet on televised races after the payment of fees and taxes. For the purposes of purse distribution under subdivision 5, the average daily handle shall not include amounts bet in pari-mutuel pools on televised races.

(c) A licensee may, with the approval of the commission, transmit telecasts of races the licensee conducts, for wagering purposes, to a location outside the state. The commission may allow the licensee to commingle its wagering pools with the wagering pools at a facility located outside of this state that is regulated by a state racing commission, when it transmits telecasts under this paragraph.

Sec. 7. Minnesota Statutes 1988, section 240.13, is amended by adding a subdivision to read:

Subd. 6a. TELEVISED RACING DAYS. (a) The commission may by rule permit a class B licensee to conduct on the premises of a licensed racetrack pari-mutuel betting on horse races conducted at racetracks located outside of this state and which are broadcast by television to a licensed racetrack. All televised races under this subdivision must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised racing days except as provided under this subdivision. A class B licensee within the seven-county metropolitan area may conduct pari-mutuel betting on a televised racing day only on televised races run by a breed which ran at the licensed racetrack within the 12 months preceding the televised racing day.

(b) With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pools at the sending racetrack. If the pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the sending racetrack. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on pari-mutuel pools of the sending licensed racetrack are those in effect at the sending racetrack. Notwithstanding subdivision 4, breakage for pari-mutuel pools on a televised racing day must be calculated in accordance with the law or rules governing the sending racetrack, and must be distributed in a manner agreed to between the licensee and the sending racetrack. The licensee may deduct from any pari-mutuel pool on a televised racing day, any fee to the person or entity conducting the race for the privilege of conducting pari-mutuel betting on the race and payment of costs incurred in transmitting the broadcast of the race.

(c) Notwithstanding section 240.13, subdivision 7, and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets which are consistent with the law and rules governing unclaimed tickets at the sending racetrack.

(d) In lieu of the amount required to be set aside under subdivision 5 or paid to the Minnesota breeders' fund under section 240.15, subdivision 1, the licensee must set aside 22 percent of the amounts withheld from all pari-mutuel pools to be divided as follows:

(1) 50 percent to be retained by the licensee;

(2) 25 percent to be paid to the commission for deposit in the Minnesota breeders' fund for the purpose to supplement purses at the next racing meeting for the breed involved as provided under section 240.18, paragraph (2), clause (a); and

(3) 25 percent to be retained by the licensee and set aside for purse monies in the next racing meeting for the breed involved in addition to the amounts required to be set aside during the next racing meeting under subdivision 5.

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(e) The disbursement of all remaining amounts withheld from pari-mutuel pools on a televised racing day, except amounts payable as a tax under section 240.15, subdivision 1, must be as agreed to between the sending racetrack and the licensee. However, a portion of the disbursement before division between the sending racetrack and the licensee may be used by the licensee to pay purses in excess of the amounts required under subdivision 5 during the licensee's next racing meeting. If the licensee so uses a portion of the remaining amounts for purse payments the allocation must be as agreed to between the licensee and the horseperson's organization which represented, at the licensee's racetrack during the previous 12 months, the breed running the racing on the televised racing day.

Sec. 8. Minnesota Statutes 1988, section 240.14, is amended by adding a subdivision to read:

Subd. 1a. TELEVISED RACING DAY. Notwithstanding subdivision 1, the commission may assign televised racing days at any time. The commission may not assign a televised racing day to a licensee between April 1 and October 31, unless the licensee has obtained the approval of the horseperson's organization representing the majority of horsepersons racing at each licensed racetrack in this state during the preceding 12 months.

Sec. 9. Minnesota Statutes 1988, section 240.16, is amended by adding a subdivision to read:

Subd. 1a. TELEVISED RACING DAY. All races on which pari-mutuel betting is conducted on televised racing days must be presided over by an official of the commission. The official of the commission presiding over races conducted on televised racing days has the powers and duties as provided by rule.

Sec. 10. Minnesota Statutes 1988, section 240.29, is amended to read:

240.29 REQUIRED RACES.

Each holder of a class B or D license must declare and schedule, on each racing day it conducts, except for televised racing days, at least one race which:

(a) before January 1, 1988, is limited to horses which are Minnesota-bred, Minnesota-foaled, or Minnesota-owned, and

(b) on and after January 1, 1988, 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."

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective the day following final enactment.

Presented to the governor May 12, 1989.

Approved May 15, 1989.

ST. PETER—CONVEYANCE OF STATE LAND

CHAPTER 142

H.F.No. 1077

AN ACT relating to state lands; authorizing conveyance of state land to the city of St. Peter.

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

Section 1. **CONVEYANCE OF LAND TO CITY OF ST. PETER.**

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Televised Racing Days

AGENCY: Minnesota Racing Commission

MINNESOTA RULES: Chapters 7869, 7870, 7871, and 7872

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

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racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871

MINNESOTA RACING COMMISSION

PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

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D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the

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commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

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G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

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Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two

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independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or

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Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the

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customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided

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over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

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A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

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Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

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(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers

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made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

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7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Televised Racing Days

AGENCY: Minnesota Racing Commission

MINNESOTA RULES: Chapters 7869, 7870, 7871, and 7872

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

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racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871
MINNESOTA RACING COMMISSION
PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

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D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the

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commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

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G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

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Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two

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independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or

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Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the

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customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided

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over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

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A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

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Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

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(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers

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made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

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7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

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by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Televised Racing Days

AGENCY: Minnesota Racing Commission

MINNESOTA RULES: Chapters 7869, 7870, 7871, and 7872

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

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racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871

MINNESOTA RACING COMMISSION

PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

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D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the

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commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

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G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

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Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two

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independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or

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Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the

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customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided

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over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

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A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

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Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

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(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers

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made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

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7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Televised Racing Days

AGENCY: Minnesota Racing Commission

MINNESOTA RULES: Chapters 7869, 7870, 7871, and 7872

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

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racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871

MINNESOTA RACING COMMISSION

PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

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D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the

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commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

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G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

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Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two

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independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or

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Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the

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customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided

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over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

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A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

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Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

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(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers

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made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

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7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Televised Racing Days

AGENCY: Minnesota Racing Commission

MINNESOTA RULES: Chapters 7869, 7870, 7871, and 7872

The attached rules are approved for publication in the State Register

Paul M. Marinac
Assistant Deputy Revisor

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at

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racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to Minnesota Statutes, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871

MINNESOTA RACING COMMISSION

PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

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D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in Minnesota Statutes, section 240.13, subdivision 3, except that the

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commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of Minnesota Statutes, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

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G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

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Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two

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independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or

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Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the

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customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided

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over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

Approved by Revisor _____

A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

Approved by Revisor _____

Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

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(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers

Approved by Revisor _____

made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

Approved by Revisor _____

7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

Approved
by Revisor _____

STATE OF MINNESOTA

MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of Rules of the Minnesota Racing Commission concerning Amendments and Additions to the Existing Rules Governing Horse Racing.

STATEMENT OF NEED AND REASONABLENESS

I. GENERAL

In an effort to improve the quality of horse racing in this state, the Minnesota Racing Commission ("Commission") proposes amendments to the rules of racing. The proposed amendments are consistent with rules in other racing jurisdictions and are necessary to make Minnesota competitive in the horse racing industry. The Commission believes the proposed amendments are reasonable because they are customary in other racing jurisdictions. The burdens imposed on the participants are not undue, and compliance with similar rules has been obtained in other jurisdictions.

II. STATUTORY AUTHORITY

The Commission is powered by Minn. Stat. §240.03 to:

1) Regulate horse racing in Minnesota to ensure that it it is conducted in the public interest;
2) Enforce all laws and rules governing horse racing;
3) Supervise the conduct of pari-mutuel betting on horse races; and
4) Take all necessary steps to insure the integrity of racing in Minnesota.

The Commission is also specifically authorized by Minn. Stat. §240.23 and Laws '89, ch. 141 to promulgate rules governing the "conduct of horse racing held at licensed racetracks, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, declaration of official results, and conduct of televised racing dates" and "any other aspect of horse racing or pari-mutuel betting, which in its opinion, effects the integrity of racing or the public health, welfare or safety". Moreover, the Legislature has specifically directed the Commission to promulgate rules governing the conduct of televised racing days at licensed racetracks. Minn. Stat. §240.13, subd. 6a (1989).

III. RULE-BY-RULE ANALYSIS

7869.0100 Definitions

This part contains the definitions relevant to Minn. Rule ch. 7869 to 7899 including new Minn. Rule ch. 7871. The Commission proposes to add subparts 30a, 32a, 33a, 47a, 51a and 65a to this part. The remaining subparts are unchanged.

7869.0100, subpart 30a

This subpart contains the definition of a guest racetrack. The proposed addition is necessary to provide a definition of a licensed racetrack that will be receiving simulcast transmissions from another licensed racetrack. The proposed addition is reasonable because it makes clear to racing participants that the guest racetrack is receiving simulcast races from another racetrack.

7869.0100, subpart 32a

This subpart contains the definition of a host racetrack. The proposed addition is necessary to provide a definition of a licensed racetrack that will be sending simulcast transmission of its live races

of pari-mutuel pools and changes in pools offered by the host racetrack.

7871.0010, subpart 4

The Commission proposes to add this subpart by requiring licensed racetracks to file executed contracts with host racetracks with the Commission. The proposed addition is necessary to conform to existing rules governing simulcasting of races from a licensed racetrack on live racing days.

7871.0020 Approval of Pari-Mutuel Pools on Televised Racing Days

7871.0020, subpart 1

The Commission proposes to add this subpart by requiring the Commission to approve requests by licensed racetracks for pari-mutuel pools on televised racing days. This proposed addition is necessary to conform to existing rules governing approval of pari-mutuel pools for live racing days.

7871.0020, subpart 2

The Commission proposes to add this subpart by providing criteria for the approval of pari-mutuel pools on televised racing days. The proposed addition is necessary to conform to existing rules governing the criteria for approval of pari-mutuel pools for live racing days. The proposed addition is reasonable in that it requires the criteria to be met by both the guest (Class B Licensee) and host racetracks.

7871.0020, subpart 3

The Commission proposes to add this subpart by delegating authority to the Director of Pari-Mutuel Racing to approve changes to previously approved pari-mutuel pools and placement of pools. This proposed addition is necessary and reasonable to allow flexibility for the Commission and licensed racetrack to respond to patron preference for varieties of pari-mutuel pools and changes in pools offered by the host racetrack.

to another licensed racetrack. The proposed addition is reasonable because it makes clear to racing participants that the host racetrack is sending simulcast races to another racetrack.

7869.0100, subpart 33a

This subpart contains the definition of a live racing day. The proposed addition is necessary to provide a distinction to a televised racing day. The proposed addition is reasonable in that it creates a clear understanding among racing participants as to the days pari-mutuel wagering will be conducted on live races at a licensed racetrack.

7869.0100, subpart 47a

This proposed addition is necessary to provide a definition of a presiding official on televised racing days that conforms to accepted standards in the racing industry generally. The proposed addition is a reiteration of Minn. Law and creates a definition that will be more easily understood by racing participants.

7869.0100, subpart 51a

This proposed addition is necessary to provide a definition of racing day. This definition was absent in the initial adoption of rules. This proposed addition is reasonable because it creates a definition more easily understood by racing participants.

7869.0100, subpart 65a

This proposed addition is necessary to provide a definition of a televised racing day. This proposed addition is a reiteration of Minn. Law. This proposed addition is reasonable because it creates a distinction to a live racing day and will be more easily understood by racing participants.

7870.0420 Payment of Class A and B License Fee

The Commission proposes to amend this chapter by reiterating fees set by law for both live and televised racing days. The proposed amendment is necessary to provide the distinction between the fees for each type of racing day requested and approved. The proposed amendment is reasonable because it provides a clear understanding by Class B licensees of the fees required to be paid for each race day.

7871 Pari-Mutuel Rules on Televised Race Days

7871.0010 Application for Pari-Mutuel Pools

7871.0010, subpart 1

The Commission proposes to add this subpart by requiring licensed racetracks to apply for Commission approval of pari-mutuel pools on televised racing days. This proposed addition is necessary to conform to existing rules governing application of pari-mutuel pools for live racing days. It is also necessary and reasonable that the Commission have precise information as to types of wagering that will be offered during televised racing days.

7871.0010, subpart 2

The Commission proposes to add this subpart by requiring the Commission to disseminate requests by licensed racetracks for pari-mutuel pools on televised racing days. This proposed addition is necessary to conform to existing rules governing requests of pari-mutuel pools for live racing days. This proposed addition is reasonable in that it provides for public input into the approval of pari-mutuel pools.

7871.0010, subpart 3

The Commission proposes to add this subpart by allowing the Commission the authority to designate pari-mutuel pools. The proposed addition is necessary and reasonable in that it allows flexibility for the Commission and a licensed racetrack to respond to patron preference for varieties

7871.0030 Pari-Mutuel Betting

7871.0020, subpart 1

The 1989 legislation authorizing wagering on televised racing days stipulates that the distribution of winnings on pari-mutuel pools shall be that that is in effect at the sending (host) racetrack. This proposed subpart is necessary and reasonable to conform the rule to the statutory language. By rule the minimum return on a live racing day is $2.10. Should the situation occur where there is not enough money remaining in the net pool to pay $2.10 on each winning ticket, the licensee must make up the amount by which the pool is insufficient. Whatever the minimum return is at host racetrack(s) it is reasonable that the host and guest tracks share in that liability.

7871.0030, subpart 2

The 1989 legislation authorizes the commingling of amounts bet at the guest racetrack with the amounts bet at the host racetrack. This proposed addition is necessary and reasonable to conform the rules to the statutory language. Since this is the thrust of the legislation and rules it is reasonable to include this subpart. This proposed addition is reasonable in that it requires compatibility in respective tote equipment.

7871.0040 "Official Sign"

The Commission proposes to add this chapter to make mutuel payoffs final at the time a race is determined official at the host racetrack. This proposed addition is necessary and reasonable in that it conforms to the posting of the official sign and mutuel payoffs currently in existing rule for live racing days.

7871.0050 Lost Tickets

This proposed addition is necessary to stipulate the disposition

of lost pari-mutuel tickets from a televised racing day. This proposed addition is reasonable in that it conforms to existing rule governing lost pari-mutuel tickets during a live racing day.

7871.0060 Altered or Mutilated Tickets

This proposed addition is necessary to stipulate the disposition of altered or mutilated tickets presented from a televised racing day. This proposed addition is reasonable is that it conforms to existing rule governing altered or mutilated tickets presented from a live racing day.

7871.0070 Information Window

This proposed addition is necessary so as to provide comprehensive information to the wagering patrons. This proposed addition is reasonable in that it conforms to existing rules requiring information windows during live racing days.

7871.0080 Tip Sheets

7871.0080 Number of Tip Sheets

This proposed addition is necessary to allow the guest racetrack to make tip sheets available to the wagering patrons. This addition is reasonable in that it conforms to existing rule governing the sale of tip sheets during live racing days.

7871.0080, subpart 2

This proposed addition is necessary in that it allows wagering patrons to compare the accuracy of competing tip sheet vendors. This proposed addition is reasonable in that it conforms to existing rules governing the sale of tip sheets on live racing days.

7871.0080, subpart 3

This proposed addition is necessary in that it provides regulatory supervision of tip sheet vendors by the Commission. This addition

is reasonable in that it conforms to existing rules governing tip sheet vendors during live racing days.

7871.0090 Simulcast Wagering on a Televised Racing Day

7871.0090, subpart 1

This proposed addition requires a licensed racetrack to request approval to simulcast additional races during a televised racing day. This addition is necessary because it allows the licensed racetrack to offer to wagering patrons the opportunity to wager on a race of patron interest that might be occurring at a racetrack other than the host track during a televised racing day. This addition is reasonable in that it conforms to existing rules governing requests for simulcast races during a live race day.

7871.0090, subpart 2

This proposed addition is necessary to indicate to racing participants when simulcast races can be offered. This proposed addition is reasonable in that it conforms to existing rules governing approval of simulcast races during live racing days.

7871.0090, subpart 3

A simulcast race during a televised racing day from a licensed racetrack other than the host track will not, in most cases, allow for commingling of wagering pools. This addition is necessary to indicate the tax liability on this race at the licensed (guest) racetrack. This addition is reasonable in that it conforms to existing tax rates imposed on simulcast races offered during live racing days.

7871.0090, subpart 4

This proposed addition is necessary to require compliance with Federal Law governing interstate simulcasting of races. This proposed addition is reasonable in that it conforms to existing rule governing

simulcast of races during live racing days.

7871.0100 Telephone Account Wagering

7871.0100, subpart 1

This proposed addition requires a licensed racetrack to request Commission approval for telephone account wagering during televised racing days. This proposed addition is necessary in that it establishes criteria on which to base the approval for telephone account wagering. This proposed addition is reasonable in that it conforms to existing rule governing requests for telephone account wagering on live racing days.

7871.0100, subpart 2

This proposed addition is necessary in that it sets precise requirements for conducting telephone account wagering. This proposed addition is reasonable in that it conforms to existing rule setting requirements for telephone account wagering on live racing days.

7871.0100, subpart 3

This addition is necessary in that it sets precise procedures for conducting telephone account wagering on televised racing days. This addition is reasonable in that it conforms to existing rules setting procedures for conducting telephone account wagering on live racing days.

7871.0100, Subpart 4

This addition requires each licensed racetrack conducting telephone account wagering on televised racing days to file weekly reports. This addition is necessary in that the Commission will be provided with a complete record of telephone account wagering. This addition is reasonable in that it conforms to existing rules requiring filing of reports for telephone account wagering on live racing days.

7871.0100, subpart 5

This addition is necessary in that it requires compliance by a licensed racetrack conducting telephone account wagering to all laws and rules governing telephone account wagering. This addition is reasonable in that it conforms to the same compliance required of a licensed racetrack that conducts telephone account wagering on live racing days.

7871.0110 Distribution of Purse Money

7871.0110, subpart 1

As no live racing is conducted on a televised racing day and therefore no purse money is earned by participating horsemen, the 1989 legislation stipulates the industry financial participation in the betting handle on televised racing days. This addition reiterates the purse distribution of earnings to participating horsemen during a televised racing day.

7871.0110, subpart 2

This addition requires a licensed racetrack to deposit the monies earned pursuant to subpart 1 in interest bearing escrow accounts. This addition is necessary and reasonable in that it conforms to existing rule governing the deposit of nominating, sustaining, entry and starting fees for live racing days.

7871.0120 Appointment of Presiding Official

7871.0120, subpart 1

This addition reiterates the 1989 legislation requiring an official of the Commission to preside over races on a televised racing day at the licensed (guest) racetrack. This addition is necessary and reasonable in that it conforms to existing law and rules requiring a Board of Stewards during live racing days.

7871.0120, subpart 2

This addition requires the licensed racetrack to provide the presiding

official with continuous telephone communication with the stewards at the sending (host) racetrack. This addition is necessary because it will allow prompt response by the licensed (guest) racetrack to any problems or program interruptions occurring at the host racetrack as well as information to the wagering patrons. This addition is reasonable in that it conforms to existing practice with regard to simulcast races during live racing days.

7871.0130 Authority and Duties of Presiding Official

7871.0130, subpart 1

This addition is required because it is necessary that the Presiding Official have adequate regulatory control over all licensees and wagering public so as to assure compliance with all laws and rules governing racetrack activities and conduct. This addition is reasonable in that it substantially conforms to the authority delegated to the Board of Stewards during live racing days.

7871.0130, subpart 2

This addition is necessary because it stipulates the responsibilities of the Presiding Official in exercising the authority granted in subpart 1. Further, it is necessary that the Presiding Official adequately document and record all events and activities that occurred during a televised racing day in the event there is a subsequent need for information relating to a particular day and incident. This addition is reasonable in that it conforms to the duties required of the Board of Stewards during a live racing day.

7871.0140 Disciplinary and Appeal Procedures

This addition is necessary in that it grants a procedure of recourse to a licensee who may be subject to action by the Presiding Official. This addition is reasonable in that it conforms to the same procedures

for appealing a ruling of the Board of Stewards during a live racing day.

7871.0150 Emergency Procedures for the Totalizator Systems When Pools are Commingled

7871.0150, subpart 1

This subpart is necessary in that it sets procedures to be performed by the guest racetrack in the event of satellite signal interruption at the host racetrack. This addition is reasonable in that it will prevent any interruption to the wagering patrons at the guest racetrack.

7871.0150, subpart 2

This addition is necessary in that it sets procedures to be performed by the guest racetrack in the event that the guest totalizator system fails to transfer wagering data to the host racetrack. Further, it is necessary to protect the integrity of the dollars wagered at the guest racetrack prior to manual commingling with the dollars wagered at the host racetrack. It is reasonable to assure the guest racetrack wagering patrons that their share of the wagering pool will be accurately reported along with subsequent accurate payoffs. It is further reasonable that wagering patrons be provided with a wagering program with as little interruption as possible.

7871.0150, subpart 3

In the event the guest totalizator system fails it is necessary to stipulate the disposition of the monies wagered at the guest racetrack. This addition is reasonable in that the wagering patrons should be refunded all wagers up to the time of failure.

7871.0150, subpart 4

In the event the host totalizator system fails it is necessary to stipulate the disposition of monies wagered at the guest racetrack.

This addition is reasonable in that it allows the guest racetrack to refund monies wagered to its patrons or to continue the wagering program on a separate pool basis thus causing no inconvenience to its wagering patrons.

7872.0100 Application for Racing Days

7872.0100, subpart 1

This subpart contains the deadline for the submission of applications for racing days. The Commission proposes to the change the date of submission from May 15 to December 31 of any year as this affects request for live racing days. This change is necessary and reasonable to allow a licensed racetrack adequate time to prepare and plan each years race meet so as to accomodate all racing participants.

7872.0100, subpart 6

This proposed addition requires a licensed racetrack to request approval of the Commission for televised racing dates. This proposed addition is necessary to establish application deadlines, days and dates requested and other criteria the Commission must consider in making the approval. This proposed addition is reasonable in that it conforms to the criteria required in requesting live racing days.

7872.0100, subpart 7

The Commission proposes to add this subpart by delegating authority to the Director of Pari-Mutuel Racing. This addition is necessary to allow the Commission and licensed racetrack the flexibility to make changes, within previously approved televised racing dates, to any racing programs offered by host racetracks and to allow additional host racetracks to offer racing programs to the licensed (guest) racetrack. This addition is reasonable in that it allows flexibility in responding

to attractive racing programs and patron and racing participant preference.

7872.0110 Assignment of Racing Days

7872.0110, subpart 2

The Commission proposes to change this subpart by including host racetracks. The proposed change is necessary to include host racetracks within the criteria the Commission considers in assigning race days. This proposed addition is reasonable in that it conforms to criteria required in assigning live racing days to a licensed racetrack.

IV. OTHER STATUTORY REQUIREMENTS

Minn. Stat. § 14.115 requires agencies, when proposing a new rule or amending existing rules which may affect small businesses, to consider certain methods for reducing the impact of the rule on small business.

The proposed additional amendments to the racing rules indirectly impact small businesses in that these rules will enhance economic activity. The rule does not affect small businesses disproportionately nor does the rule prevent small businesses from participating in horse racing. The Commission considered the impacts of the amendments on small business and determined that because of the nature of the industry, the Commission cannot be less rigorous in its regulation of one type of business than another.

Minn. Stat. § 14.11, subd. 2 is inapplicable because the proposed amendments will not have any direct and substantial adverse impact on agricultural land. Sections 115.43, subd. 1, 116.07, subd. 6 and 114A.29, subd. 4 are not applicable. Section 16A.128, subd. 1 does not apply because the proposed amendments do not set any fee. Likewise, a fiscal note is not required pursuant to section 3.892 as the rule

will not force any local agency or school district to incur costs.

CONCLUSION

Based on the foregoing, the Minnesota Racing Commission's proposed additions and amendments to the existing rules governing horse racing are both necessary and reasonable.

RICHARD G. KRUEGER
Minnesota Racing Commission

8/28/89
Date

STATE OF MINNESOTA

MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of the Minnesota Racing Commission Rule Governing Pari-Mutuel Betting on Televised Horse Races.

NOTICE OF PROPOSED ADOPTION OF A RULE WITHOUT A PUBLIC HEARING

(1) NOTICE is hereby given that the Minnesota Racing Commission proposes to adopt the above-entitled rule without a public hearing following the procedures set forth in Minnesota Statutes, sections 14.22 to 14.28. The statutory authority to adopt the rule is Minnesota Statutes, section 240.23 (1986).

(2) All persons have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. (3) Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

(4) Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request. (6) Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. (7) If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

(5) Comments or written requests for a public hearing must be submitted to:

Richard Krueger
Minnesota Racing Commission
11000 West 78th Street, Suite 201
Eden Prairie, MN 55344
Telephone: (612) 341-7555

(8) The proposed rule may be modified if the modifications are supported by data and views and do not result in a substantial change in the proposed rule as noticed.

(11) A copy of the proposed rule is attached to this notice.

(12) A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from the Minnesota Racing Commission upon request.

(13) Promulgation of the proposed rule will not result in the expenditure of public monies by local public bodies, fix or adjust any fees, or have an impact on agricultural land. (14) The affect, if any, that the proposed rule may have on small businesses is discussed in the Statement of Need and Reasonableness.

(9) If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to the Minnesota Racing Commission at the address listed above.

Dated: 8/18/89

RICHARD KRUEGER
ACTING DIRECTOR
MINNESOTA RACING COMMISSION

RECEIVED
AUG 21 89
ATTORNEY GENERAL'S OFFICE
FORD BLDG. SECOND FLOOR
ST. PAUL, MN 55155

STATE OF MINNESOTA

MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of the Minnesota Racing Commission Rule Governing Pari-Mutuel Betting on Televised Horse Races.

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Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

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Richard Krueger
Minnesota Racing Commission
11000 West 78th Street, Suite 201
Eden Prairie, MN 55344
Telephone: (612) 341-7555

The proposed rule may be modified if the modifications are supported by data and views and do not result in a substantial change in the proposed rule as noticed.

A copy of the proposed rule is attached to this notice.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from the Minnesota Racing Commission upon request.

Promulgation of the proposed rule will not result in the expenditure of public monies by local public bodies, fix or adjust any fees, or have an impact on agricultural land. The affect, if any, that the proposed rule may have on small businesses is discussed in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to the Minnesota Racing Commission at the address listed above.

Dated: 8/18/89

RICHARD KRUEGER
ACTING DIRECTOR
MINNESOTA RACING COMMISSION

B. to provide service to a particular shipping or receiving point on a market artery during an emergency or during the initial stages of recovery;

C. to preserve public health or welfare or to avert or alleviate the effect of natural disasters;

D. to provide service only to move specific products or commodities needed to avert or alleviate the emergency; and

E. to provide service only when to do so does not create an undue hazard to traffic safety.

8815.0300 SIGNIFICANT CENTERS OF POPULATION AND COMMERCE.

"Significant centers of population and commerce" means:

A. cities inside Minnesota that have any one of the following:

(1) population of 5,000 or more persons;

(2) $50,000,000 or more in retail sales;

(3) 450 or more manufacturing employees; or

(4) $50,000,000 or more in wholesale sales; or

B. cities in surrounding states or Canadian provinces that have a population of 50,000 or more persons.

Minnesota Racing Commission

Proposed Permanent Rules Relating to Televised Racing Days

Notice of Proposed Adoption of a Rule Without a Public Hearing

NOTICE IS HEREBY GIVEN that the Minnesota Racing Commission proposes to adopt the above-entitled rule without a public hearing following the procedures set forth in *Minnesota Statutes*, sections 14.22 to 14.28. The statutory authority to adopt the rule is *Minnesota Statutes*, section 240.23 (1986).

All persons have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to *Minnesota Statutes*, sections 14.131 to 14.20.

Comments or written requests for a public hearing must be submitted to:

Richard Krueger
Minnesota Racing Commission
11000 West 78th Street, Suite 201
Eden Prairie, MN 55344
Telephone: (612) 341-7555

The proposed rule may be modified if the modifications are supported by data and views and do not result in a substantial change in the proposed rule as noticed.

A copy of the proposed rule is attached to this notice.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from the Minnesota Racing Commission upon request.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION** — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

Promulgation of the proposed rule will not result in the expenditure of public monies by local public bodies, fix of adjust any fees, or have an impact on agricultural land. The affect, if any, that the proposed rule may have on small businesses is discussed in the Statement of Need and Reasonableness.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to the Minnesota Racing Commission at the address listed above.

Dated: 18 August 1989

Richard Krueger, Acting Director
Minnesota Racing Commission

Rules as Proposed

7869.0100 DEFINITIONS.

Subpart 1. to 30. [Unchanged.]

Subp. 30a. **Guest racetrack.** "Guest racetrack" means a class B licensed racetrack within the state which receives broadcasts of races by television from a licensed racetrack outside of this state.

Subp. 31. and 32. [Unchanged.]

Subp. 32a. **Host racetrack.** "Host racetrack" means a licensed racetrack located outside of this state which broadcasts its races by television to a licensed racetrack within this state.

Subp. 33. [Unchanged.]

Subp. 33a. **Live racing day.** "Live racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on horse races run at a licensed racetrack including approved simulcasts.

Subp. 34. to 47. [Unchanged.]

Subp. 47a. **Presiding official.** "Presiding official" means an official of the commission appointed by the director of pari-mutuel racing, presiding over races conducted on approved televised racing days.

Subp. 48. to 51. [Unchanged.]

Subp. 51a. **Racing day.** "Racing day" means a day assigned by the commission on which racing is conducted. Racing day includes a televised racing day.

Subp. 52. to 65. [Unchanged.]

Subp. 65a. **Televised racing day.** "Televised racing day" means a racing day assigned by the commission on which pari-mutuel betting is conducted on separate pool and/or commingled pool wagering and only on horse races run at racetracks outside of the state which are broadcast by television at a licensed racetrack.

Subp. 66. to 69. [Unchanged.]

7870.0420 PAYMENT OF CLASS A AND B LICENSE FEES.

A Class A or B license does not become effective until the commission receives a certified check or bank draft to the order of the state of Minnesota in the amount of the license fee as follows and is void if the license fee is not received within ten days, as computed pursuant to *Minnesota Statutes*, section 645.15, after issuance:

A. a nonrefundable fee of $10,000 for a Class A license;

B. a fee for a Class B license equal to $100 ~~times the optimum number of~~ for each live racing ~~days~~ day and $50 for each televised racing day sought in the license application. The commission must refund promptly to the licensee any amount by which the fee paid exceeds ~~$100 times~~ the number of actual days of racing sponsored and managed by the licensee.

CHAPTER 7871
MINNESOTA RACING COMMISSION
PARI-MUTUEL RULES ON TELEVISED RACING DAYS

7871.0010 APPLICATION FOR PARI-MUTUEL POOLS.

Subpart 1. **Submission of pari-mutuel requests.** A class B licensee may apply for approval of pari-mutuel pools including rules governing calculation of payoffs, disposition of unclaimed tickets, pools offered based on the number of entries, prevention and failure to start, and scratches in effect at the host racetrack by submitting an original and 15 copies of the following:

A. a signed request for approval of pari-mutuel pools;

B. a copy of the administrative rules for pari-mutuel pools in the states in which the host racetracks are located;

C. a detailed statement of how the request meets each of the criteria in part 7871.0020, subpart 2; and

D. any other documentation the commission considers necessary to ensure a complete understanding of the request.

Subp. 2. **Disposition of requests.** The commission must act on a request for approval of pari-mutuel pools under the following procedures:

A. Upon receipt of an application, the commission shall send written notice of the application to all persons registered with the commission for the purpose of notification of approval of pari-mutuel pool on televised racing days and all other Class B licensees. The notice must include a brief description of the request, a statement that all persons wishing to comment may do so in writing within 20 days after issuance of the notice, the time and place of any public hearing on the application, and the earliest and latest date on which the commission may act.

B. If, after an application is filed, the commission determines that additional information from the applicant is necessary to fully consider the request, the commission shall direct the applicant to submit the additional data.

C. If the commission further determines it is necessary to fully understand an application, the commission shall request the applicant or a person submitting comments to appear before the commission. The commission shall request the appearance in writing at least five days in advance.

D. If an applicant fails to comply with subpart 1 and this subpart, the commission shall deny the request.

E. The commission shall approve, deny, or give its qualified approval to an application for pari-mutuel pools not sooner than 30 nor later than 45 days after filing of the application.

F. Within 30 days after action on an application, the commission shall submit in writing to the applicant and persons who submitted written comments the reasons for its action.

Subp. 3. **Motion of commission.** The commission on its own motion may designate pari-mutuel pools as provided in *Minnesota* Statutes, section 240.13, subdivision 3, except that the commission shall perform the duties imposed on an applicant by subpart 1.

Subp. 4. **Submission of contracts.** A copy of the fully executed contracts between the licensee and the host racetracks must be submitted prior to the commencement of televised racing days from the respective host racetracks.

7871.0020 APPROVAL OF PARI-MUTUEL POOLS ON TELEVISED RACING DAYS.

Subpart 1. **Request.** Upon written request of a Class B licensee, or on its own motion, the commission may approve pari-mutuel pools for televised racing days, including types of betting, number and placement of multiple pools in racing programs offered at the host racetracks, and other issues related to pari-mutuel pools which promote the purposes of *Minnesota Statutes*, chapter 240, and the rules of the commission.

Subp. 2. **Basis for approving pari-mutuel pools.** When considering a request for approval of pari-mutuel pools for televised racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the types of betting and number and placement of multiple pools in the racing program at the host racetracks;

B. the integrity of the licensee and the host racetrack;

C. the financial strength of the licensee and the host racetrack;

D. the ability of the licensee and the host racetrack to operate a racetrack and conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

E. past compliance of the licensee and the host racetrack with all laws, rules, and orders regarding pari-mutuel horse racing;

F. the licensee's market, including area, population, and demographics;

G. the performance of the licensee and host racetrack with previously approved pari-mutuel pools;

H. the impact approving the pari-mutuel pool will have on the economic viability of the racetrack, including attendance and pari-mutuel handle;

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I. the quantity and quality of economic activity and employment generated;

J. state tax revenues from racing and related economic activity;

K. the entertainment and recreation opportunities for Minnesota citizens;

L. the variety of racing;

M. the quality of racing;

N. the availability and quality of horses;

O. the development of horse racing;

P. the quality of racetrack facilities;

Q. security;

R. purses;

S. benefits to Minnesota breeders and horse owners;

T. competition among racetracks and with other providers of entertainment and recreation as well as its effects;

U. the social effects;

V. community and government support;

W. sentiment of horsepersons; and

X. any other factors related to pari-mutuel pools which the commission considers crucial to its decision-making as long as the same factors are considered with regard to all requests.

Subp. 3. **Director of pari-mutuel racing.** The director of pari-mutuel racing may approve variations and changes in pari-mutuel pools and placement of pools in the racing program if requested by the licensee and if all changes meet the criteria contained in subpart 2.

7871.0030 PARI-MUTUEL BETTING.

Subpart 1. **Minimum return.** On a televised racing day approved by the commission, the minimum return on each winning wager shall be that amount which is in effect at the host track. The share of liability for insufficient money in the net pool may be as agreed to by the licensee and the host racetrack.

Subp. 2. **Commingling of funds.** With the prior approval of the commission, the licensee may commingle the amounts bet at the licensed racetrack on a televised racing day with the pari-mutuel pools at the host racetrack. If the pari-mutuel pools are commingled, the wagering at the licensed racetrack must be on tabulating equipment capable of issuing pari-mutuel tickets and be electronically linked with the equipment at the host racetrack.

7871.0040 "OFFICIAL" SIGN.

Any ruling of the stewards at the host racetrack with regard to the award of purse money made after the "official" sign has been posted shall have no bearing on the mutuel payoff.

7871.0050 LOST TICKETS.

No claims for lost pari-mutuel tickets shall be considered.

7871.0060 ALTERED OR MUTILATED TICKETS.

A mutilated or altered pari-mutuel ticket that is not easily identifiable as being a valid ticket shall not be accepted for payment.

7871.0070 INFORMATION WINDOW.

Each association shall provide at least one information or complaint window where complaints may be made by members of the public. A current set of all Minnesota commission rules and all administrative rules of the state in which the host racetrack is located regarding pari-mutuel wagering shall be available for public inspection during racing hours at every such window.

7871.0080 TIP SHEETS.

Subpart 1. **Number of tip sheets.** Should the licensee elect to allow the availability of tip sheets, not less than two independently handicapped tip sheets shall be available at a racetrack. Each handicapper must sign and deliver the sheet at least one hour before post time for the first race to the presiding official at the licensee's racetrack.

Subp. 2. **Previous day's sheet to be posted.** The previous race day's tip sheets and their outcome must be displayed in a conspicuous place within the grandstand area of the racetrack for inspection by patrons.

Subp. 3. **Tip sheet vendors must be licensed.** All persons holding a tip sheet concession at the racetrack must be approved and licensed as a vendor by the commission.

7871.0090 SIMULCAST WAGERING ON A TELEVISED RACING DAY.

Subpart 1. **Request.** Upon written request of a Class B licensee, the commission shall approve wagering on races televised to Minnesota from another licensed racing jurisdiction during a televised racing day. A signed reciprocal agreement among the racetrack originating (hosting) the broadcast, the association representing the horsepersons at the host track, the Minnesota racetrack receiving the broadcast, and the association representing the horsepersons at the Minnesota racetrack receiving the broadcast must be filed with the commission prior to the broadcast.

Subp. 2. **Approval.** All approved simulcast races must be conducted at the licensed racetrack on a televised racing day assigned to an association by the commission.

Subp. 3. **Taxes imposed.** There is imposed a tax at the rate of six percent of the total amount withheld from all pari-mutuel pools including breakage on the amounts wagered at the licensee's racetrack.

Subp. 4. **Compliance with laws.** In addition to all state laws and applicable rules of the commission, simulcast wagering on televised racing days must be in compliance with United States Code, title 15, section 3001, et seq.

7871.0100 TELEPHONE ACCOUNT WAGERING.

Subpart 1. **Request.** Upon written request of a Class B or Class D licensee, the commission may approve telephone account wagering to be conducted on the premises of a licensed racetrack. The request must show how the telephone account wagering system will promote the success and integrity of racing, public interest, necessity, and convenience; and the impact on the economic viability of the applicant racetrack and all other racetracks licensed by the commission, including impact on pari-mutuel handle.

Subp. 2. **Requirements.** The association must meet the following requirements prior to conducting telephone account wagering:

A. A Minnesota-only "800" telephone system must be installed to receive wagers. No wagers may be accepted except by use of the required "800" telephone system.

B. The Minnesota-only "800" telephone system must be capable of recording all conversations and transactions conducted. The recording device must be used at all times when calls are received, and all recordings must be kept for a period of no less than 90 days for inspection by the commission.

C. Employees of the association receiving telephone account wagers must be holders of a current Class C pari-mutuel license issued by the commission.

D. The association must use a totalizator system capable of recording all transactions conducted by the telephone account wagering system.

Subp. 3. **Conduct of telephone account wagering.** Telephone account wagering shall be conducted in the following manner:

A. A person desiring to open a telephone wagering account must:

(1) be 18 years old or older and provide proof of identification and age;

(2) deposit with the association no less than $100 in cash or by certified check or money order; and

(3) obtain a code number and code name assigned by the association.

B. All wagering transactions must begin with the customer stating his or her code name and number. Thereafter, transactions shall be identified by the race number, the types and amounts of wagers, and by horse numbers. The information must be repeated by the pari-mutuel clerk and the customer's account balance must be given to the customer after each transaction.

C. The total amount of all telephone account wagers shall be included in the respective pools for each race. The amount wagered from individual accounts shall be debited accordingly, and any winnings shall be automatically credited to such accounts upon the race being declared "official."

D. Actual race results may not be divulged to telephone account customers during racing hours; however, account balances may be given.

Subp. 4. **Reports to be filed.** Each association conducting telephone account wagering must provide complete reports to the commission on a weekly basis. The reports must include a record of all debits, credits, balances, and any complaints received and the disposition of such complaints.

Subp. 5. **Compliance with rules.** Telephone account wagering shall be conducted in compliance with all state and federal laws and other applicable rules of the commission.

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7871.0110 DISTRIBUTION OF PURSE MONEY.

Subpart 1. **Purse amounts.** Pursuant to Minnesota Statutes, section 240.13, subdivision 6, paragraph (d), an amount equal to 25 percent of 22 percent of the amounts required to be withheld from all pari-mutuel pools must be allocated for purses by an association conducting televised horse racing.

Subp. 2. **Escrow accounts.** All money withheld for purses by an association pursuant to subpart 1 must be placed in interest-bearing escrow accounts and set aside for purse monies in the next racing meeting for the breed involved.

7871.0120 APPOINTMENT OF PRESIDING OFFICIAL.

Subpart 1. **Requirement.** All races on which pari-mutuel betting is conducted on televised racing days must be presided over by an official of the commission appointed by the director of pari-mutuel racing.

Subp. 2. **Communication with stewards.** A Class B licensee conducting approved televised racing days must provide the presiding official with telephone communication with the stewards at the host racetrack throughout the racing program each day.

7871.0130 AUTHORITY AND DUTIES OF PRESIDING OFFICIAL.

Subpart 1. **Authority.** The presiding official shall exercise immediate supervision, control, and regulation of racing on each televised racing day on behalf of the commission and shall be responsible only to the commission. The powers of the presiding official include:

A. the authority over all persons, licensed or unlicensed, on association grounds during a televised racing day regarding all matters relating to racing;

B. the authority to suspend, according to applicable law, a Class C licensee;

C. the authority to eject or exclude according to applicable law, from association grounds or any part thereof, licensed or unlicensed persons for violations of law;

D. the authority to interpret and enforce commission rules and determine all questions pertaining to racing and wagering matters in conformity with applicable law and the "customs of the turf"; and

E. the authority to request and receive assistance from commission employees, racing officials, track security, and federal, state, or local police in the investigation of possible violations of law.

Subp. 2. **Duties.** In addition to the duties and responsibilities necessary and pertinent to general supervision, control, and regulation of race meetings, and without limiting the authority of the presiding official to perform those and all other duties listed in this part, the presiding official shall have the following specific duties and responsibilities:

A. To consider and review all allegations of misconduct or rule infractions and, when warranted, initiate investigations of the allegations and conduct necessary hearings; or take the action necessary to prevent rule infractions.

B. To lock all pari-mutuel betting machines not later than the start of a race.

C. To maintain daily reports of actions taken and observations made during the conduct of each day's racing program. The report must contain the name of the track, the date, weather and track conditions, claims, inquiries and objections, and any unusual circumstances or conditions. The reports must be signed by the presiding official and filed with the commission within 24 hours.

D. To maintain detailed records of all questions, disputes, protests, complaints, or objections brought to the attention of the stewards at the host racetrack, and a summary of interviews, reports of investigations, and rulings issued thereon.

E. Within seven days after the conclusion of a race meeting, the presiding official must submit to the commission a written report containing their observations and comments concerning the conduct of the race meeting and the condition of the association grounds and any appropriate recommendation for improvement.

7871.0140 DISCIPLINARY AND APPEAL PROCEDURES.

In the event the presiding official has reasonable cause to believe that a Class C licensee has committed an act or engaged in conduct in violation of statute or rules of the commission or which in the opinion of the presiding official otherwise adversely affects the integrity of horse racing and pari-mutuel wagering, the procedures contained in Minnesota Rules, part 7897.0150, must be adhered to.

7871.0150 EMERGENCY PROCEDURES FOR THE TOTALIZATOR SYSTEMS WHEN POOLS ARE COMMINGLED.

Subpart 1. **Interruption of the audio/visual satellite signal from the host racetrack.** In the event of an interruption of the audio/visual satellite signal from the host racetrack, the guest track's mutuel manager must:

A. notify the host track of the loss of the signal;

B. establish telephone linkup with the host track announcer to the PA system at the guest racetrack. The licensee may continue to accept wagering on the balance of the program and subsequent programs until the satellite downlink has been reestablished.

Subp. 2. **Computer interface interruption.**

A. In the event the guest totalizator system fails to transfer the data to the host system, the guest mutuel manager must notify host tote system representatives and the stewards of the problem and request additional time prior to the start of the race to allow for a retransmission of the data.

B. If a second data transfer fails, host tote system representatives shall notify the stewards that the transfer has failed and that the pools must be merged manually. In the event of a manual merge:

(1) The guest tote system operator must inform the host tote system operator of the total amount in the pool, the total dollars on winning wagers, and the total dollars on the losing wagers in the pool. The guest tote system operator shall send that information via a facsimile machine to the host tote system;

(2) The stewards at the host racetrack and the presiding official at the guest racetrack must be notified when the procedure has been completed in order to declare the race official;

(3) The licensee's tote system representative shall prepare a report indicating that the transfer of data could not be completed electronically and that the pools were merged manually. The report shall also include the following:

(a) a copy of the pool print report prior to the failure of the transfer of data;

(b) a copy of the final pool print report;

(c) a brief statement as to where the failure occurred, when the stewards were notified, and for what time period were prices delayed; and

(d) a worksheet from the host track signed by the host tote system representative, the host mutuel manager, and the state representative from the host's state racing commission showing total dollars bet in each pool and the final prices.

C. The guest track may continue to accept wagering on the balance of the program on a separate or manually merged commingled pool basis.

D. Any wager on subsequent programs prior to reestablishment of computer interface may be either canceled, or the pools calculated on a separate basis (no commingling), or manually merged on a commingled pool basis.

Subp. 3. **Complete totalizator system failure at the guest track.**

A. In the event the guest track's totalizator system fails, all money wagered on the race in which the tote system failed and all advance wagers must be refunded. Any wagering on the balance of the program or subsequent programs may not be accepted until the totalization system is operational to the satisfaction of the presiding official.

B. The host racetrack's mutuel manager must be notified of the system failure and all wagers at the guest track on the race in which the system failure occurred, and all advance wagers shall be taken out of the pools at the host racetrack.

Subp. 4. **Complete totalizator system failure at the host racetrack.**

A. In the event the host track's totalizator system experiences a complete failure, the guest mutuel manager will instruct the guest tote representative to extract the amount bet at the guest facility into the commingled pools for the race during which the system failure occurred and any advance wagers made on the balance of the program, for the purpose of calculating separate pools on the amounts wagered at the guest facility, or may refund amounts wagered.

B. The guest track may continue to accept wagers on the balance of the program on a separate pool basis or may reestablish commingled pool wagering in the event the host track's totalizator system problem has been corrected, or may refund amounts wagered.

7872.0100 APPLICATION FOR RACING DAYS.

Subpart 1. **Submission of live racing days requests.** On or before ~~May 15~~ December 31 of any year, a Class B or Class D licensee may apply for an assignment of live racing days for up to the next three calendar years by submitting an original and 15 copies of the following:

A. to D. [Unchanged.]

Subp. 2. to 5. [Unchanged.]

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Subp. 6. **Submission of televised racing dates request.** A class B licensee may apply for an assignment of televised racing dates no later than 30 days before the requested commencement of televised racing days. Each request for televised racing dates must include an original and 15 copies of the following:

A. a signed request for assignment of racing days;

B. a statement that includes dates requested, breeds of horses, types of races, number of races per program, and a tentative list of potential host racetracks and their days and post times of racing;

C. a detailed statement of how the request meets each of the criteria in part 7872.0110; and

D. any other documentation the licensee deems necessary to ensure a complete understanding of the request.

Subp. 7. **Variations to televised racing days within dates previously approved by commission.** The director of pari-mutuel racing may approve variations and changes in racing programs and host racetracks if requested by the licensee and if all changes meet the criteria in part 7872.0110, subpart 2.

7872.0110 ASSIGNMENT OF RACING DAYS.

Subpart 1. [Unchanged.]

Subp. 2. **Basis for assignment of racing days.** When considering a request for assignment of racing days, the commission must consider the success and integrity of racing; the public health, safety, and welfare; public interest, necessity, and convenience; as well as the following factors:

A. the integrity of the licensee and the host racetrack;

B. the financial strength of the licensee and the host racetrack;

C. the ability of the licensee and the host racetrack to conduct horse racing, including licensee's facilities, systems, policymakers, managers, and personnel;

D. past compliance of the licensee and the host racetrack with ~~statutes~~ all laws, rules, and orders regarding pari-mutuel horse racing;

E. the licensee's market, including area, population, and demographics;

F. the performance of the licensee and host racetrack with previously assigned dates;

G. to Y. [Unchanged.]

Adopted Rules

The adoption of a rule becomes effective after the requirements of Minn. Stat. §14.14-14.28 have been met and five working days after the rule is published in *State Register*, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption and a citation to its previous *State Register* publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous *State Register* publication will be cited.

An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. §14.33 and upon the approval of the Revisor of Statutes as specified in §14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under §14.18.

Charitable Gambling Control Board

Adopted Permanent Rules Relating to Charitable Gambling

The rules proposed and published at *State Register*, Volume 13, Number 41, pages 2399-2416, April 10, 1989 (13 S.R. 2399) are adopted with the following modifications:

Rules as Adopted

7860.0010 DEFINITIONS.

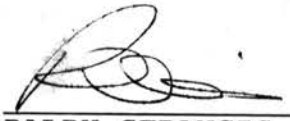
Subp. 16. **Lawful purpose.** "Lawful purpose" means one or more of the following:

CERTIFICATE OF THE
MINNESOTA RACING COMMISSION
RESOLUTION ADOPTING THE RULE

I, Ralph Strangis, do hereby certify that I am a member and the Chair of the Minnesota Racing Commission, a Commission duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Minnesota Racing Commission, duly and properly called and held on the 19th day of October, 1989, that a quorum was present, and that a majority of those present voted for the resolution which has not been rescinded or modified.

> "RESOLVED, that the rule governing pari-mutuel betting on televised horse races is approved and adopted, pursuant to authority vested in the Minnesota Racing Commission by Minnesota Statutes 240.23.
>
> Richard Krueger, Acting Director of the Division of Pari-mutuel Racing, is authorized to sign the findings of fact, conclusions and order adopting the rule and further is authorized to modify the rule if necessary to obtain approval of the rule by the Attorney General and to perform the necessary acts to provide that the rule shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 19th day of October, 1989.



RALPH STRANGIS

STATE OF MINNESOTA

MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of the Rules of the Minnesota Racing Commission Governing Pari-Mutuel Betting on Televised Horse Races

FINDINGS OF FACT, CONCLUSIONS AND ORDER ADOPTING RULE WITHOUT PUBLIC HEARING

(1) Notice of the Minnesota Racing Commission's intent to adopt the above-entitled rule was published in the State Register on August 28, 1989 and was sent by United States Mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 on August 23, 1989. (2) The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking list and published in the State Register and was available to the public.

(4) All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. (5) No requests for a public hearing on the rule were received by the Minnesota Racing Commission.

(7) No comments on the rule were received by the Agency, and no requests for notice of submission to the Attorney General were received.

(8) Based on the evidence in the record before the Minnesota Racing Commission, I find that the above-captioned rule as proposed is needed and reasonable and supported by the rulemaking record.

ORDER

(9) NOW THEREFORE, IT IS ORDERED that these rules, identified as rulesd of the Minnesota Racing Commission governing betting on televised horse races, are adopted this 19th day of October, 1989, pursuant to the authority vested in the Minnesota Racing Commission by Minn. Stat. § 240.23 (1988).

(10)

Richard Krueger
Acting Director
Division of Pari-Mutuel Racing

STATE OF MINNESOTA

MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of Rules of the Minnesota Racing Commission Governing Pari-mutuel Betting on Televised Horse Races

AFFIDAVIT OF MAILING THE NOTICE OF PROPOSED ADOPTION OF RULE AND CERTIFICATE OF MAILING LIST

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

I, Richard Krueger, being first duly sworn deposes and says:

I hereby certify that the list of persons and associations who have requested, pursuant to Minnesota Statutes, sections 14.14, subdivision 1a. and 14.22 or 14.30, that their names be placed on the Minnesota Racing Commission's rulemaking list is accurant, complete, and current as of this 23rd day of August, 1989.

That on the 23rd day of August, 1989, at the City of Eden Prairie, County of Hennepin, State of Minnesota, I mailed the attached Notice of Proposed Adoption of a Rule and the Rule by depositing in the United States mail, a copy thereof with postage prepaid, to all persons and associations on the aforementioned mailing list.

Richard D. Krueger

RICHARD KRUEGER, ACTING DIRECTOR
Minnesota Racing Commission

Subscribed and sworn to before me this 23rd day of August, 1989.

Sharon A. Beighley

NOTARY PUBLIC

SHARON A. BEIGHLEY
NOTARY PUBLIC — MINNESOTA
HENNEPIN COUNTY
My Commission Expires Oct. 23, 1989

RECEIVED
AUG 25 89
ATTORNEY GENERAL'S OFFICE
BLDG. SECOND FLOOR
ST. PAUL, MN 55155

MINNESOTA RACING COMMISSION

CERTIFICATE OF COMMISSION'S
AUTHORIZING RESOLUTION

I, Ralph Strangis, hereby certify that I am the Chair of the Minnesota Racing Commission, a commission duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Minnesota Racing Commission duly and properly called and held on the 16th day of August, 1989, that a quorum was present, and that a majority of those present voted for the resolution which has not been rescinded or modified.

RESOLVED, that Richard Krueger, Acting Director of Parimutuel Racing, is hereby granted the authority and directed to sign and to give the Notice of the Commission's Proposed Adoption of a rule without a public hearing governing pari-mutuel betting on televised horse racing to all persons who have registered their names with the Commission for that purpose and publish the Notice and rule in the State Register, and to perform any and all acts incidental thereto.

In the event a public hearing becomes necessary, the Acting Director is hereby granted the authority and directed to call a hearing for the purpose of promulgating said rules, as well as perform any and all acts incidental thereto, including but not limited to, signing an Order for Hearing and Notice of Hearing as well as act as the Commission's representative at all hearings.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 16th day of August, 1989.

Ralph Strangis
Minnesota Racing Commission

RECEIVED
AUG - 2 4 89
ATTORNEY GENERAL'S OFFICE
POLICE BLDG. SECOND FLOOR
ST. PAUL, MN 55155

STATE OF MINNESOTA
MINNESOTA RACING COMMISSION

In the Matter of the Proposed Adoption of the Rules of the Minnesota Racing Commission Governing Pari-Mutuel Betting on Televised Horse Races

DECLARATION OF COUNSEL

I, Mary B. Magnuson, Special Assistant Attorney General, do hereby declare that I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, chapter 2010 have been followed. Any exceptions are listed below. For Attorney General billing purposes, the four-digit docket client code is 0733.

MARY B. MAGNUSON
Special Assistant
Attorney General

Dated: 10 July, 1989.