

## CHAPTER 240

## PARI-MUTUEL HORSE RACING

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**240.01 DEFINITIONS.**

*[For text of subds 1 to 9, see M.S.1988]*

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

*[For text of subds 11 and 12, see M.S.1988]*

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.

Subd. 14. **Director.** "Director" is the director of pari-mutuel racing.

Subd. 15. **Division.** "Division" is the division of pari-mutuel racing in the department of gaming.

**History:** 1989 c 141 s 1,2; 1989 c 334 art 1 s 1,2

**240.011 DIVISION OF PARI-MUTUEL RACING.**

Subdivision 1. **Division created.** A division of pari-mutuel racing is created in the department of gaming. The division is under the supervision and control of the Minnesota racing commission.

Subd. 2. **Director of pari-mutuel racing.** The governor shall appoint the director of pari-mutuel racing, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience in the administration and regulation of pari-mutuel racing to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the commission.

**History:** 1989 c 334 art 1 s 3

**240.02 RACING COMMISSION.**

Subdivision 1. **Commission.** A Minnesota racing commission is established within the division of pari-mutuel racing with the powers and duties specified in this section. Until the effective date of the first vacancy on the commission that occurs after the effective date of Laws 1989, chapter 334, including a vacancy caused by the expiration of a term, the commission consists of nine members appointed by the governor with the advice and consent of the senate and the commissioner of gaming as a nonvoting member. After the date of the first vacancy, the commission consists of eight members appointed by the governor with the advice and consent of the senate, plus the commissioner as a voting member. Not more than five of the members may belong to the same political party. The governor shall designate the chair of the commission. Appointments by the governor are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate.

Subd. 2. **Qualifications.** A member of the commission, other than the commissioner, must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership

on the commission. A member must, before taking a place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of duties. No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

*[For text of subds 3 to 7, see M.S.1988]*

**History:** 1989 c 334 art 1 s 4,5

#### **240.04 EMPLOYEES.**

**Subdivision 1. Director; duties.** The director shall perform the following duties:

(a) take and preserve records of all proceedings before the commission, maintain its books, documents, and records, and make them available for public inspection as the commission directs;

(b) if so designated by the commission, act as a hearing officer in hearings which need not be conducted under the administrative procedure act to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the commission;

(c) act as the commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of commission employees; and

(d) perform other duties as directed by the commission.

*[For text of subds 1a to 6, see M.S.1988]*

**Subd. 7. Assistance.** The commission and director may request assistance from any department or agency of the state in fulfilling its duties, and shall make appropriate reimbursement for all such assistance.

**History:** 1989 c 334 art 1 s 6,7

#### **240.06 RACETRACK LICENSES.**

*[For text of subds 1 and 2, see M.S.1988]*

**Subd. 3. Investigation.** Before granting a class A license the commission shall conduct, or request the division of gambling enforcement to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the division of gambling enforcement for its share of the cost of the investigation. The commission has access to all criminal history data compiled by the division of gambling enforcement on class A licensees and applicants.

*[For text of subds 4 to 7, see M.S.1988]*

**Subd. 8. Work areas.** A class A licensee must provide at no cost to the division suitable work areas for commission members, officers, employees, and agents, including agents of the division of gambling enforcement, who are directed or requested by the commission to supervise and control racing at the licensed racetrack.

**History:** 1989 c 334 art 1 s 8,9

#### **240.07 RACING LICENSES.**

*[For text of subd 1, see M.S.1988]*

**Subd. 2. Hearings; investigations.** Before granting an initial class B license the commission shall hold at least one public hearing on the license. Comprehensive investigations must be conducted and their costs paid in the manner prescribed by

section 240.06, subdivision 3. The commission has access to all criminal history data compiled by the division of gambling enforcement on class B licensees and applicants.

*[For text of subds 3 to 7, see M.S.1988]*

**History:** 1989 c 334 art 1 s 10

## **240.08 OCCUPATION LICENSES.**

*[For text of subds 1 and 2, see M.S.1988]*

**Subd. 3. Investigations.** The commission shall investigate each applicant for a class C license to the extent it deems necessary, and may request the assistance of and may reimburse the division of gambling enforcement in investigating applicants. The commission may by rule require that an applicant be fingerprinted or furnish the applicant's fingerprints. Investigations must be conducted and their costs paid in the manner prescribed by section 240.06, subdivision 3. The commission may cooperate with national and international organizations and agencies in conducting investigations. The commission may by rule provide for examining the qualifications of an applicant for the license being applied for. The commission has access to all criminal history data compiled by the division of gambling enforcement on class C applicants and licensees.

*[For text of subds 4 and 5, see M.S.1988]*

**History:** 1989 c 334 art 1 s 11

## **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.

**History:** 1989 c 141 s 3

## **240.13 PARI-MUTUEL BETTING.**

**Subdivision 1. Authorized.** Class B and class D licenses give the licensees authority to conduct pari-mutuel betting on the results of races run at the licensed racetrack, and on other races as authorized by the commission under subdivision 6 or 6a.

*[For text of subd 2, see M.S.1988]*

**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.

*[For text of subds 4 and 5, see M.S.1988]*

**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:

(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

(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.

**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.

(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.

*[For text of subds 7 and 8, see M.S.1988]*

**Subd. 9. Transmission to Indian lands; pooling of bets.** A licensed racetrack may, with the approval of the horsepersons' organization representing the majority of horsepersons racing the breed involved, transmit telecasts of races the licensee conducts to sites on Indian lands of tribes who are lawfully conducting pari-mutuel wagering authorized by a tribal-state compact entered into pursuant to the Indian Gaming Regulatory Act, Public Law Number 100-497, or through litigation, arbitration, or mediation relative to that act. Nothing in this subdivision shall be construed to indicate that state policy or law permits or encourages the transmission of telecasts to sites on Indian lands. With prior approval of the commission, a licensed racetrack transmitting telecasts of races it conducts, to sites on Indian lands within or outside of Minnesota or to other locations outside the state, may commingle the amounts bet at the receiving entity with the pools at the sending licensed racetrack.

**History:** 1989 c 141 s 4-7; 1989 c 334 art 1 s 12

## **240.14 RACING DAYS.**

*[For text of subd 1, see M.S.1988]*

**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.

*[For text of subds 2 to 4, see M.S.1988]*

**History:** 1989 c 141 s 8

## **240.16 STEWARDS.**

*[For text of subd 1, see M.S.1988]*

**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.

*[For text of subds 2 to 6, see M.S.1988]*

**History:** 1989 c 141 s 9

**240.21 RIGHT OF INSPECTION.**

The commission and its representatives, including representatives of the division of gambling enforcement, have the right to inspect the licensed premises of a licensee and to examine the licensee's books and other records at any time without a search warrant.

**History:** 1989 c 334 art 1 s 13

**240.28 CONFLICT OF INTEREST.**

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

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

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

**History:** 1989 c 334 art 1 s 14

**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."

**History:** 1989 c 141 s 10