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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **1165**

February 19, 2007

Authored by Hilstrom, Dittrich, Laine, Zellers, Rukavina and others

The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act  
1.2 relating to horse racing; providing for sharing of purse set-aside and breeder's  
1.3 fund revenue; modifying certain restrictions on simulcasting and card club  
1.4 operation; amending Minnesota Statutes 2006, sections 240.06, subdivision 5a,  
1.5 by adding a subdivision; 240.13, subdivision 6; 240.135; 240.30, subdivision 5.

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

1.7 ARTICLE 1  
1.8 MISCELLANEOUS

1.9 Section 1. Minnesota Statutes 2006, section 240.06, subdivision 5a, is amended to read:

1.10 Subd. 5a. **Additional license; metropolitan area.** (a) Notwithstanding subdivision  
1.11 5, the commission may issue one additional class A license within the seven-county  
1.12 metropolitan area, provided that the additional license may only be issued for a facility:

1.13 (1) located more than 20 miles from any other racetrack in existence on January  
1.14 1, 1987;

1.15 (2) containing a track no larger than five-eighths of a mile in circumference;

1.16 (3) ~~used exclusively for~~ at which standardbred racing is the only form of live horse  
1.17 racine conducted;

1.18 (4) not owned or operated by a governmental entity or a nonprofit organization; and

1.19 (5) that has a current road or highway system adequate to facilitate present and  
1.20 future vehicular traffic expeditiously to and from the facility.

1.21 The consideration of clause (5) shall prevail when two competing licensees are  
1.22 relatively equal regarding other considerations mandated by law or rule.

2.1           **(b)** An application for an additional class A license within the seven-county  
 2.2 metropolitan area may not delay or adversely affect an application for a class A license for  
 2.3 a facility to be located outside the seven-county metropolitan area.

2.4           Sec. 2. Minnesota Statutes 2006, section 240.06, is amended by adding a subdivision  
 2.5 to read:

2.6           Subd. 5b. **Sharing of purse set-aside and breeders fund revenue.** Notwithstanding  
 2.7 subdivision 5, a class A licensed racetrack operating within the seven-county metropolitan  
 2.8 area may:

2.9           (1) enter into an agreement with a horsepersons' organization that represents a breed  
 2.10 other than the breed racing at the licensee's racetrack under which the licensee agrees to  
 2.11 pay a percentage of simulcasting or card club revenues to the purse set-aside account of  
 2.12 another class A licensed racetrack operating within the seven-county metropolitan area.  
 2.13 The licensee may only enter into such an agreement with a horsepersons' organization  
 2.14 that represents a breed other than the breed racing at the licensee's racetrack. All amounts  
 2.15 contributed to a class A racetrack under such an agreement must go to purses for races  
 2.16 run at that racetrack; and

2.17           (2) conduct simulcasting on all breeds of horses if it:

2.18           (i) enters into an agreement with another class A licensed racetrack within the  
 2.19 seven-county metropolitan area regarding simulcasting of any breed of horses raced at  
 2.20 such other class A licensed racetrack that the class A racetrack elects to simulcast; and

2.21           (ii) contributes to the purse set-aside account of another class A licensed racetrack  
 2.22 operating within the seven-county metropolitan area, and to the breeders fund, an amount  
 2.23 equal to the amount that would have been contributed to the set-aside account and the  
 2.24 breeders fund, as required by statute, if the simulcast had been conducted at such other  
 2.25 class A licensed racetrack. The percentages used to determine the amount of the simulcast  
 2.26 contribution to the purse set-aside account and the breeders fund will be the percentage  
 2.27 required under law. Contributions to the purse set-aside account shall be used by such  
 2.28 other class A licensed racetrack for purses for races conducted by that racetrack in the  
 2.29 same manner as if the simulcast had occurred at that racetrack.

2.30           Sec. 3. Minnesota Statutes 2006, section 240.13, subdivision 6, is amended to read:

2.31           Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to  
 2.32 conduct simulcasting at the licensee's facility on any day authorized by the commission.  
 2.33 All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States  
 2.34 Code, title 15, sections 3001 to 3007.

3.1 (b) The commission may not authorize any day for simulcasting at a class A facility  
3.2 during the racing season, and a licensee may not be allowed to transmit out-of-state  
3.3 telecasts of races the licensee conducts, unless the licensee has obtained the approval of  
3.4 the horsepersons' organization representing the majority of the horsepersons racing the  
3.5 breed involved at the licensed racetrack during the preceding 12 months. In the case of  
3.6 a class A facility licensed under section 240.06, subdivision 5a, the approval applicable  
3.7 to the first year of the racetrack's operation may be obtained from the horsepersons'  
3.8 organization that represents the majority of horsepersons who will race the breed involved  
3.9 at the licensed racetrack during the first year of the racetrack's operation.

3.10 (c) The licensee may pay fees and costs to an entity transmitting a telecast of a  
3.11 race to the licensee for purposes of conducting pari-mutuel wagering on the race. The  
3.12 licensee may deduct fees and costs related to the receipt of televised transmissions from a  
3.13 pari-mutuel pool on the televised race, provided that one-half of any amount recouped in  
3.14 this manner must be added to the amounts required to be set aside for purses.

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

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

4.1 (f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (b),  
 4.2 if there is more than one class B licensee conducting racing within the seven-county  
 4.3 metropolitan area, simulcasting may be conducted only on races run by a breed that ran at  
 4.4 the licensee's class A facility within the 12 months preceding the event.

4.5 Sec. 4. Minnesota Statutes 2006, section 240.135, is amended to read:

4.6 **240.135 CARD CLUB REVENUE.**

4.7 (a) From the amounts received from charges authorized under section 240.30,  
 4.8 subdivision 4, the licensee shall set aside the amounts specified in this section to be  
 4.9 used for purse payments. These amounts are in addition to the breeders fund and purse  
 4.10 requirements set forth elsewhere in this chapter.

4.11 (1) For amounts between zero and \$6,000,000, the licensee shall set aside ten  
 4.12 percent to be used as purses.

4.13 (2) For amounts in excess of \$6,000,000, the licensee shall set aside 14 percent to  
 4.14 be used as purses.

4.15 (b) From all amounts set aside under paragraph (a), the licensee shall set aside ten  
 4.16 percent to be deposited in the breeders fund.

4.17 (c) The licensee and the horseperson's organization representing the majority of  
 4.18 horsepersons who have raced at the racetrack during the preceding 12 months, or, in the  
 4.19 case of a racetrack licensed under section 240.06, subdivision 5a, will race at the race  
 4.20 during the first year of the racetrack's operation, may negotiate percentages different  
 4.21 from those stated in this section if the agreement is in writing and filed with the Racing  
 4.22 Commission.

4.23 ~~(e)~~ (d) It is the intent of the legislature that the proceeds of the card playing activities  
 4.24 authorized by this chapter be used to improve the horse racing industry by improving  
 4.25 purses. The commission shall annually review the financial details of card playing  
 4.26 activities and determine if the present use of card playing proceeds is consistent with the  
 4.27 policy established by this paragraph. If the commission determines that the use of the  
 4.28 proceeds does not comply with the policy set forth herein, then the commission shall direct  
 4.29 the parties to make the changes necessary to ensure compliance. If these changes require  
 4.30 legislation, the commission shall make the appropriate recommendations to the legislature.

4.31 Sec. 5. Minnesota Statutes 2006, section 240.30, subdivision 5, is amended to read:

4.32 Subd. 5. **Limitation.** (a) Except as provided in paragraph (b), the commission  
 4.33 shall not authorize a licensee to operate a card club unless the licensee has conducted at

5.1 least 50 days of live racing at a class A facility within the past 12 months or during the  
5.2 preceding calendar year.

5.3 (b) In the case of a racetrack licensed under section 240.06, subdivision 5a, during  
5.4 the first 12 months of the racetrack's operation, the commission may authorize the licensee  
5.5 to operate a card club when the licensee has been assigned dates by the commission for at  
5.6 least 50 days of live racing during those 12 months.

5.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.