# **CAGE** Citizens Against Gambling Expansion

April 7, 2024

Honorable Zack Stephenson Chair Commerce Finance and Policy 449 State Office Building St. Paul, MN 55155

Chair Stephenson and Members of the Commerce Finance and Policy Committee:

I write today to encourage support of HF5274 which provides important clarifying language in Minnesota statutes unequivocally stating that advanced deposit wagering and pari-mutuel betting does not include bets made on historical horse racing ("HHR").

Under current law, HHR proponents are claiming language in the advanced depositing legislation in the not-so-distant past allow for the placing of HHR wagering devices at Minnesota's racetracks under the guise of increasing purses. Authors and supporters of this past legislation have stated this was not the intention of the legislation.

The Minnesota Racing Commission disregarded these statements and voted in favor of a request to deploy HHR machines to Minnesota racetracks. As part of their approval, the Racing Commission disregarded the opinion of the Alcohol and Gambling Enforcement division of DPS which stated that HHR machines match the elements of MN Stat. § 609.75, subd. 4 and subd. 8 making them gambling devices under MN law and therefore unlawful.

The machines used for HHR betting are purposely designed to mimic typical slot machines. A player's experience is essentially identical to that provided by slot machines. HHR machines are an attempt to bypass legislative actions that have stopped many additional attempts to expand slot machine gambling throughout the state. The HHR machines under consideration look like slot machines, act like slot machines, and in any reasonable evaluation are slot machines.

National and international studies have shown slot machines to be the most addictive form of gambling.

The Haynes Clinic, which provides treatment for problem gamblers recently released a report on just how highly addictive slot machines are. They said [slot machines] "contribute to more problem gambling and addictive behavior than any other gambling activity. Electronic gaming machines have become known as "the crack cocaine" of gambling. Slot machines are designed to play on many reward mechanisms of the brain. Slot machines, in any environment including Casinos, play faster than any other game. They are set up to perform a massive 500 spins or more each hour. This is against a hand played casino card game of Blackjack at 60 to 90 hands an hour and the difference is obvious. Slot machines have a higher percentage profit back to the casino. Therefore, this

Phone: 612.339.0404

Fax: 612.339.0228

fast play rate combined with a larger casino advantage can lead to serious losses over a short period of time."

The introduction of HHR machines in Minnesota will defy existing laws and treaties governing slot machines and parimutuel betting.

The Minnesota Racing Commission is charged with ensuring the integrity of pari-mutuel horse racing. Parti-mutuel is defined as a "system of betting on which those who have bet on the winners of a race share in the total amount wagered less a percent for the management." HHR is not parti-mutuel. Instead, gamblers place bets individually and the odds and payouts are fixed in advance. In voting in favor of the deployment of slot machines to Minnesota's racetracks by the Racing Commission, they have sidestepped Minnesota law, in direct and the legislature must step in to correct this wrongful action.

CAGE and our coalition members who oppose the expansion of gambling in Minnesota, which this legislation would go along way in preventing, encourage you to enact this clarifying legislation.

Sincerely,

Jake Grassel

**Executive Director** 

Citizens Against Gambling Expansion

To: Minnesota House Commerce Finance and Policy Committee

From: Tom DiPasquale

April 7, 2024

Re: H.F. 5274

My name is Tom DiPasquale. I was Executive Director of the Minnesota Racing Commission from 2013-2020 and served under both Governors Dayton and Walz.

During my tenure, the MRC had a cooperative and productive relationship with the Legislature and Governor's office. We passed three major reform bills that put MRC's operating budget on a sustainable path, provided dedicated funding for racehorse aftercare, and enhanced purses at both tracks. We passed rules that kept Minnesota racing on the leading edge of safety and integrity.

HF 5274 represents a dramatic shift away from that cooperative spirit. Its purpose and effect is nothing less than an intentional effort to deal a punishing blow to the racing industry and the thousands of people whose livelihoods depend on it by suddenly changing laws that have been in place for decades and which were expressly intended to ensure the vitality of Minnesota's horse racing industry.

HF 5274 seeks to redefine card playing in a way that serves that punitive intent. In a 2013 Minnesota Court of Appeal decision (In the Matter of the Request of North Metro Harness Initiative, LLC), the Court, citing the language of Chapter 240, said that "card playing is an activity where players wager utilizing *a 52-unit system.*" The Court said that "the definition of card playing (under Ch 240) does not require physical cards but rather uses the term "units". And, the Court went on, card playing does not even require a dealer, though MRC has required the tracks to play only dealer games.

It was in light of that prior Court of Appeals ruling, the plain language of the statute, and additional legal research that, after several public hearings, the MRC approved dealer-assist Blackjack in 2017, the card game which HF 5274 now seeks— seven years later— to make illegal. The Mdewakanton tribe raised concerns with this card game in late 2018 in a letter to Governor Dayton, but after reviewing the facts, the Governor's office was satisfied that the MRC had acted consistently with the laws governing card games.

Fast forward to early 2024. Running Aces made a routine request to add five player seats across three card room tables—a decision so routine that it has been delegated by the Commission to the Executive Director for many years. The Mdewakanton tribe requested consultation due to what it claimed would be a substantial direct adverse economic impact by the addition of the five player seats. The Commission agreed to the tribe's request, whereupon the tribe sent 13 people, including three lawyers and two lobbyists, to meet with the MRC's Chair and Executive Director. Following the consultation, the MRC voted unanimously to approve the request. Within a matter of days, the tribe sued the State of Minnesota and the MRC.

So, while this matter is pending before the Court of Appeals, Rep. Stephenson is unwilling to have the Court decide this dispute on the merits—instead, he introduces HF 5274 to resolve the matter for all time in favor of the tribes. This isn't what Legislators are supposed to do—exercise their raw power to preempt the judicial process. Rep. Stephenson repeatedly asserts "tribal sovereignty" in his support of the sports betting bill. The State of Minnesota has its own sovereign interests in supporting decisions of its executive branch agencies and allowing its judicial processes to run their course without Legislative interference.

HF 5274 seeks to impose a new definition of card playing, stepping in to prescribe how cards are to be dealt, how many players can play, and more...all of this without any consideration of the consequences these changes will have for the racing industry or for card room plans of operation that have been approved by the MRC in reliance on laws that have been in place since 1999.

I'd like to turn to the new definition of "pari-mutuel betting" in HF 5274. The amended language requires that a pari-mutuel wager be made "on a single horse race." This would effectively eliminate the types of wagers that make up a large share of pari-mutuel wagering in this state and every other state, that is, multi-race wagers such as the daily double, Pick 3, Pick 4, Pick 5 and Pick 6. These wagers are analogous to parlay bets in

sports betting. I'd like to believe this change is due to a lack of understanding about horse racing rather than an attempt to make illegal the lion's share of wagering on horse racing.

Finally, I'd like to comment on the bill's preemptive outlawing of historical horse racing (HHR). This form of pari-mutuel wagering has been under consideration by the MRC at various times since I was appointed in 2013. In fact, my successor, Steve May, was the nation's leading expert on HHR and is now employed by Gaming Laboratories, which provided expert testimony at the recent MRC hearing on HHR. After hearing several hours of testimony from legal and subject matter experts, including those representing the tribes, the MRC determined the weight of evidence supported a particular version of HHR that was consistent with Minnesota laws.

As the Court of Appeals said in the 2013 opinion that I cited above, MRC has the exclusive power to regulate pari-mutuel racing under Ch 240. It may seek assistance from another agency, as it did in this instance from AGED, but "AGED's opinion is not entitled to deference because it was not the result of formal rule making or adjudication."

In the HHR hearing, MRC exercised its own expertise and independent judgment based on a complete hearing record. It is not obligated to, nor should it, rubber stamp another agency's opinion.

The proper route to challenge the MRC's decision under Minn. Stat. 240.20 is by filing a writ with the Court of Appeals, just as was done by the tribes in their challenge to the player seats decision. Instead, HF 5274 again seeks to subvert that process by having the Legislature decide the matter without regard to the merits and without regard to its lack of expertise on the subject. I suspect most Committee members would acknowledge they know little about HHR in general or the particulars of the request that was the subject of the MRC's decision.

All of this suggests to me that HF 5274 is a retaliatory measure aimed at preempting the MRC's authority and bringing the racing industry to heel to ensure that it will not remain a vital competitor to the Legislature's proposed tribal sports betting monopoly.

I urge you to oppose this bill for the reasons set forth.

Thank you. Tom DiPasquale

# Chair Stephenson and Commissioners

April 7, 2024

Dear Chair Stephenson and Members of the Committee,

I am writing in reference to HF 5274. As a member of the racing community and founder of the Furlong Learning (On Track Education) program at Canterbury Park, I am a voice representing the forward-facing mission to provide race industry youth with the skills and tools that they need to succeed.

It can't be described in a single letter, but you would be able to observe the acts of kindness, empathy and compassion in the daily interactions of this community. It's a culture of collaboration, where value lies in ethics, experience, education, and principle. The structure of the racing community is that of a family. Its members build strength by thriving together and demonstrating appreciation through their priorities.

Furlong Learning opened its doors in 2020 welcoming its first 10 students to the program. We offered individual tutoring sessions and English language classes for school age – adult learners. Since the program's commencement in 2020, we now have over 40 students ranging from pre k – adult. We offer early childhood education, individual and small group tutoring and instruction, Spanish and English language classes, community outreach, extracurricular activities, social events, off-campus excursions, and an athletic program for children of all ages and abilities.

The program has begun collaboration with community beyond the borders of the racetrack. The hard work and dedication of the Furlong students was evident in victories such as building, growing and caretaking a community garden for the people of the backstretch community. Hosting their very own farmers market, creating salsa recipes and branding and designing their products. The commitment to their soccer team, practicing every week all summer long, earning the opportunity to play the final game of the season against the Shakopee Soccer Association in the racetrack infield. They learned how to read, add and subtract or share with a friend. We have a student who attended class from 2020 – 2023 during the meet and enrolled in our distance learning option during the off season. She received her high school diploma, as well as a job at Canterbury Park. These are some of the success stories we like to share but perhaps aren't as impactful as the ones we witnessed when no one was looking.

The young man that had inspired Canterbury Park's Bike Giveaway is another student who has attended the Furlong program since 2020. Although struggling academically, he is a model youth, quiet, hardworking, and extremely kind-hearted.

The children enjoyed riding their bikes during the late afternoons while their parents worked in the barns and prepared dinner. When he discovered that one of his buddies did not have a bike, he began to do extra family chores to earn money. His goal was to buy an old bike at Good Will that he could fix up with parts he had found. After weeks of working and collecting parts he was able to purchase and piece together a bike. He painted it, polished it and made it his own. He then kindly delivered his original bike to the friend that did not have one. These are the interactions and acts of human empathy and kindness we CAN NOT TEACH. These are the children of the Minnesota racing community.

Our goal is to enhance Minnesota's Racing youth projects and initiatives and enable better access to essential resources, materials and equipment. This is an extremely diverse community with extremely widespread needs. As leaders, role models, educators, and mentors we have an opportunity to provide a group of amazing, young deserving adults with the means to succeed.

We appreciate you taking the time to listen to our stories. Thank you for your attention and support.

Sincerely,

Meghan Riley

Founder, Furlong Learning



April 5, 2024

Representative Zach Stephenson, Chair Members of the Commerce Finance and Policy Committee

RE: Opposition to HF5274 – Conduct of advance deposit wagering, card playing, and pari-mutuel betting provided; definitions provided; and clarifying and conforming changes made

Dear Chair Stephenson,

We would like to express our concerns regarding HF5274 and note the detrimental impact it could have on both Canterbury Park and the community of Shakopee should this bill become law.

Canterbury Park provides racing and entertainment to over 300,000 patrons. The Shakopee Chamber of Commerce has data that states that of the people visiting large attractions to Shakopee, over 38% of them spend money on food, nearly 12% spend money on retail, and nearly 10% spend money on gas and service stations in the local community. Additionally, during the live racing season, Canterbury Park employs over 1,000 personnel. Passage of the bill in its current form could significantly impact the viability of one of Shakopee's premier destinations that brings millions of dollars into the local community and provides employment to many underserved and underrepresented in Scott County.

Additionally, over 65% of visitors to Shakopee come from outside Minnesota. Gross sales for leisure and hospitality in Minnesota in 2022 was \$18.3 billion and \$1.2 billion in sales taxes. As a result, nearly \$1,000 in taxes were saved per household by visitor-generated spending in Minnesota. The passage of the bill in its current form would harm many of our small businesses in retail and hospitality in addition to our residents. When our attractions are allowed to thrive, our entire community thrives.

We strongly urge you to reconsider HF5274.

Sincerely,

Tim Zunker, President

Shakopee Chamber & Visitors Bureau

Cc:

Representative Brad Tabke

Senator Eric Pratt





April 5, 2024

Representative Zach Stephenson, Chair Members of the Commerce Finance and Policy Committee

RE: Opposition to HF5274 – Conduct of advance deposit wagering, card playing, and pari-mutuel betting provided; definitions provided; and clarifying and conforming changes made

Dear Chair Stephenson,

We would like to express our concerns regarding HF5274 and note the detrimental impact it could have on both Canterbury Park and the community of Shakopee should this bill become law.

Canterbury Park provides racing and entertainment to over 300,000 patrons. The Shakopee Chamber of Commerce has data that states that of the people visiting large attractions to Shakopee, over 38% of them spend money on food, nearly 12% spend money on retail, and nearly 10% spend money on gas and service stations in the local community. Additionally, during the live racing season, Canterbury Park employs over 1,000 personnel. Passage of the bill in its current form could significantly impact the viability of one of Shakopee's premier destinations that brings millions of dollars into the local community and provides employment to many underserved and underrepresented in Scott County.

Additionally, over 65% of visitors to Shakopee come from outside Minnesota. Gross sales for leisure and hospitality in Minnesota in 2022 was \$18.3 billion and \$1.2 billion in sales taxes. As a result, nearly \$1,000 in taxes were saved per household by visitor-generated spending in Minnesota. The passage of the bill in its current form would harm many of our small businesses in retail and hospitality in addition to our residents. When our attractions are allowed to thrive, our entire community thrives.

We strongly urge you to reconsider HF5274.

Sincerely,

Tim Zunker, President Shakopee Chamber & Visitors Bureau

Cc: Representative Brad Tabke Senator Eric Pratt Angie Whitcomb, President & CEO Hospitality Minnesota

Augiellilany

Chair Stephenson and Members of the Committee

April 6, 2024

Dear Chair Stephenson and Members of the Committee,

I am writing in reference to HR 5274. We are at a critical moment in time for the future of thoroughbred racing in Minnesota.

I am new to thoroughbred ownership, having taken the leap from just being a fan, within the last 5 years. I've been a fan however since the 1970's. Ownership, with all the risks and thrills, provides a whole new perspective. We're certainly not millionaires with limitless budgets and therefore, mitigated risks. We're just ordinary people with a love of racing and a tremendous respect for the equine athletes and the horsemen who care for them.

With that backdrop, I believe we're at a crossroads for Minnesota racing with sustainability on the line. The recent decline in purse money since the end of the tribal agreement has led to a decline in horse population at Canterbury. This in turn means a decline in wagering handle as horseplayers are looking for full fields. This negatively affects future purse money and the downward spiral continues. The end result is obvious to everyone in the industry.

Please protect our industry and the good people who earn their living by dedicatin	g their li	ives to it
--	------------	------------

Sincerely,

Dean Peterson

Chair Stephenson and Members of the Committee:

I am writing in reference to HF 5274.

My name is Claudia Goebel and I am a second-generation Minnesota Thoroughbred racehorse owner and breeder. I grew up on a Minnesota farm in the Thoroughbred horse industry and at a very young age, was taught and learned the love and respect of horses and horse racing from my Dad, Alvin Goebel, a longtime Minnesota Thoroughbred racehorse owner and breeder for 70 years.

I write to you today as an active Minnesota Thoroughbred racehorse owner and breeder myself, and current Minnesota Horsemen's Benevolent Protective Association (MNHBPA) owner Board member. The purpose of the MNHBPA is to advocate the interests and needs of horsepersons involved in Minnesota Thoroughbred horse racing, and our well understood motto is "Horsemen Helping Horsemen".

Minnesota Thoroughbred horse racing and breeding isn't just business, it is good business. And it is good for the State. While the Minnesota Thoroughbred horse racing and breeding industries are good business, these industries are also personal – they directly affect and provide for the livelihoods of many. From Minnesota farms where foals are born, cared for, nurtured and grow; veterinarians; farriers; feed suppliers; horse organizations; racetrack staff; and most importantly, the extremely hard working backside employees who do not get enough 'thank yous' – grooms, hot walkers, exercise riders, jockeys, and trainers – who tirelessly work day in and day out and to whom we entrust the quality care and daily needs of our racehorses.

The Minnesota Thoroughbred horse racing and breeding industries have reached a crucial crossroads. The number of foals born in Minnesota has significantly declined, which is of great concern. I am far from a dramatic person, but I could almost instead say this foal decline is of grave concern. Canterbury Park race purses need to grow for the track to remain competitive and attract quality horses and horsepersons. Race field sizes must improve and increase for a quality, competitive 'product' to watch and bet on.

Action must be taken now and new revenue streams put in place to raise and continue the sustainability of the Minnesota horse racing and breeding industries, increase the foal population and racetrack purses, and at the very least to simply keep and hold on to the current Minnesota horse owners and breeders that we do have. We must consistently promote and have a quality product to attract the public to the potential of racehorse ownership. This will also help maintain a more solid Minnesota horse racing fan base.

Without a successful breeding industry we cannot have successful horse racing, and without successful horse racing we cannot have a successful breeding industry, the two so very closely go hand-in-hand.

- HF 5274 will not in any way continue the sustainability and viability of Minnesota horse racing and breeding.
- HR 5274 will effectively decimate, destroy, and extinct the Minnesota horse racing and breeding industries and the very real livelihoods of ALL involved in these industries, and put Minnesota racetracks out of business.

I respectfully request for your Committee NOT TO SUPPORT HF 5274 and please vote no.

MN Legislative Committee HF 5274 Letter from C.Goebel Page 2

I very much want the Minnesota Thoroughbred horse racing and breeding industries to grow, succeed, and be vibrant once again. I also very much want to continue to be able to watch and cheer on my racehorses as well as those I've bred, 'in my own backyard' at Canterbury Park for many years to come and with competitive purse structures and full race fields. Lastly and admittedly a bit selfishly, I want to be able to continue and carry on the Minnesota horse racing and breeding legacy that my Dad was an integral part of and instilled in me many years ago.

Thank you.

Respectfully,

CH.

Claudia Goebel

Chair Stephenson and Members of the Committee,

I am writing in reference to HF 5274. I am sending this letter to you today as someone who has owned and trained racehorses at Canterbury Park for over three decades. I was born and raised on a dairy farm in southern Minnesota and know the life of farming. The impact of racing is tremendous to the agriculture industry in Minnesota. We as trainers spend millions of dollars on grain, hay, bedding and other products providing the local farmers with income and jobs stimulating the economy for the entire state. We stay in hotels and apartments and spend money in your restaurants and on groceries. Get our hair cut and buy clothes. Service our vehicles and buy tires for trucks and trailers. We shop for supplies at the local Lowe's and farm stores and spend thousands upon thousands of dollars on payroll taxes and insurance that all goes in to your state's economy.

Canterbury Park and its horsemen need new revenue streams to help support our industry so we can continue to support the local economy in Minnesota.

As Vice-President of the Minnesota Horsemen's Benevolent and Protection Association I have been involved in many of the programs on the backside. Seeing the number of children that have learned to read through our literacy program and the Veterans and first responders that have been impacted through our Equine Therapy programs has made me proud to be a Minnesotan and to be involved in starting, and mentoring through these programs. The number of people that have had their lives changed through these programs has been astounding.

We would appreciate your support so we can continue to stimulate the Minnesota economy and make a lasting impact on the people of Minnesota.

Sincerely,

Tony Rengstorf



# Historical Horse Racing (HHR) machines are essentially slot machines

Historical Horse Racing machines or HHRs are electronic gambling devices that allow players to place wagers on horse races that have already been run. The machines themselves have large databases of historical racing results going back to the early 1990s. Key information – like the course conditions, horse or jockey identity – on which bettors would rely are removed while the odds for each remain.

On April 1, 2024, the Minnesota Racing Commission approved a joint request from Canterbury Park and Running Aces to add 500 HHR machines at each racetrack. According to state gaming regulators at Alcohol Gambling Enforcement, this action was illegal, as HHR machines are gambling devices under Minnesota law and are not pari-mutuel wagering, thus not under the authority of the Racing Commission (see page four). This action usurped legislative authority, as gambling expansion is the business of the Legislature and not regulatory bodies like the Commission.

#### These machines are not authorized anywhere in Minnesota law.

They were also not included in the 1985 statute that made pari-mutuel horse racing legal in Minnesota.

HHRs are "slot-like" games meant to sidestep the legal definition of slot machines. HHRs are based on a formula that randomizes results of horse races. This is no different than creating a formula that operates off historical weather events, sporting events or other criteria that uses the data to determine a win/loss outcome.

The inclusion of "horse race data" is a ruse to allow slot machines at racetracks.

Courts and regulators agree HHRs mimic slot machines. 1, 2, 3

HHRs mimic slot machines from beginning to end, even featuring reels, symbols, wilds and bonuses. The player experience of HHR versus a modern video slot machine is essentially identical.

#### HHRs are not the same as traditional horse racing

Traditional horse racing is pari-mutuel, where all similar bets are placed together. But HHRs are not. With both HHRs and slot machines, people place bets individually and the odds and payout are fixed in advance.

The Minnesota Racing Commission was established to ensure the integrity of pari-mutuel horse racing. Under the pari-mutuel statute, the commission does not have the authority to permit HHRs at horse tracks.

### Minnesota should not legalize these "slot-like" machines at racetracks.

HHRs are not horse racing in any traditional or practical way. HHRs allow players to press a button and watch the reels spin for the outcome. Efforts in past years to authorize slot machines at racetracks, bars, airports and the Mall of America have all failed at the Legislature and have been overwhelmingly opposed by the public. Electronic gaming expansion threatens the future of tribal gaming – the economic engine of tribal governments, tribal communities and Minnesota's rural economies.



Here are examples of HHR machines, illustrating that these machines are not horse racing but a new version of slot machines.



# **Comparing HHRs and Class III slot machines**

# Attributes of HHRs vs. slot machines

Attribute	No Difference	Difference
Random data determines outcome	$\checkmark$	
Game Play for Guests/Players (i.e. spin button, bonus games, music/animations)	<b>✓</b>	
Manufacturers Who Produce Games	$\checkmark$	
Themes of the Games	$\checkmark$	
Ability to Set Payouts	$\checkmark$	
Marketing Materials	$\checkmark$	

# Vendor marketing materials example





## **Nearly identical games**









#### Minnesota Department of Public Safety Alcohol and Gambling Enforcement letter – March 1, 2024

#### MINNESOTA DEPARTMENT OF PUBLIC SAFETY



# **Alcohol and Gambling Enforcement**

445 Minnesota Street • Suite 1600 • Saint Paul, Minnesota 55101 Phone: 651.201.7500 • Fax: 651.297.5259 • TTY: 651.282.6555 www.dps.state.mn.us

Alcohol and Gambling Enforcement Minnesota Racing Commission 15201 Zurich Street, #212 Columbus, MN 55025

Bureau of Criminal Apprehension

Dear Director Gustafson,

Driver and **Vehicle Services**  Our agency was asked to provide our view of the technical aspects related to On Track Advanced Deposit Wagering on Historical Horse Racing (HHR) machines. We have concluded the technical aspects of HHR match the elements of MN Stat. § 609.75, subd. 4, Gambling Device and subd. 8, Video of Games of Chance, making HHR a gambling device under MN law.

**Emergency** Communication Networks

Homeland Security and **Emergency** Management

Minnesota State Patrol

Office of Communications

Office of Justice **Programs** 

Office of Traffic Safety

> State Fire Marshal

Office of Pipeline Safety



AGE looked at the play of the game, the physical aspects of the game, whether it accepted bets and offered the player a prize that is a payout. AGE reviewed the December 22, 2023 GLI letter to AmTote International, Inc. / PariMAX, LLC; multiple patents describing interactive gaming among a plurality of players and parimutuel historical gaming; patents owned by PariMAX, and it affiliates, BetMix and RaceTech LLC, which describe the method and apparatus for parimutuel historical gaming, the combination wager and user interface for parimutuel sports wagering devices; and the AmTote International, Inc. patent method for parimutuel wagering.

In considering the physical appearance of the machine as provided by BetMix, it presents itself as a multireel, multi-line video slot machine. This is a common form of gambling found within Minnesota and elsewhere. It is apparent the game designers made significant effort to engineer this design. There is an option that will allow the player to see the historic race being run, however this dramatically slows the rate of

In considering the play of the machine, AGE notes the HHR machine operates from a 'Seed Pool', and a 'Banked Seed Pool Reserve' which is utilized to pay out player winnings; the winnings are specific to the individual player and are not truly part of a pari-mutuel pool.

The HHR machine determines the initial offering of historical horseraces for the player to choose from a random number generator. The horseraces are not simulated and are selected by the machine from a predetermined list of race results. The player who understands handicapping may then make choices to impact their rate of return. However, this is not much different than a player of a video poker machine. The video poker machine determines the initial set of cards to be delivered to the player, then a player who understands poker strategy makes choices to impact their rate of return.

As always, new information may impact our determination. If you have any questions or concerns, please let

Sincerely, Carla Cincotta, 3/1/2024

<sup>&</sup>lt;sup>1</sup>Bittenbender, Steve. "Judge Blocks Nebraska Track from Offering Historical Horse Racing." Casino.org, 5 Mar. 2020, www.casino.org/news/judge-blocksnebraska-track-from-offering-historical-horse-racing/.

<sup>&</sup>lt;sup>2</sup> Dawson, James. "Appearances Matter for Idaho Historic Horse Racing Initiative." Boise State Public Radio, 5 Nov. 2018, www.boisestatepublicradio.org/politicsgovernment/2018-11-05/appearances-matter-for-idaho-historic-horse-racing-initiative.

<sup>&</sup>lt;sup>3</sup> Rosenthal, Brian M. "Commission Votes to Repeal Historical Racing." San Antonio Express-News, www.expressnews.com/news/local/article/Commission-votesto-repeal-historical-racing-6840979.php.