

Washington Horse Racing Commission
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2008 Annual Report

January 5, 2009

The Honorable Christine Gregoire, Governor
State of Washington
P. O. Box 40002
Olympia, Washington 98504-0002

Dear Governor Gregoire:

The Washington Horse Racing Commission (WHRC) is pleased to inform you that in accordance with the Washington Horse Racing Act, Chapter 67.16 RCW, the WHRC Annual Report for the 2008 racing season has been posted on our website, www.whrc.wa.gov.

The WHRC and its staff recognize that horse racing is an economic and recreational asset to the people of Washington. The racing and breeding industries are a valuable sector of the state's economy and agribusiness.

The mission of the WHRC is to regulate parimutuel horse racing and support the development of the equine industry. The goals of the WHRC are (1) foster a regulatory environment that promotes the economic benefits of the equine industry, and (2) ensure that the public has confidence in the integrity of parimutuel horse racing.

Data on the key agency performance measures is reported in the annual report, which includes:

1. Number of live racing days, number of races contested, number of horse starts, and the average number of horses per race.
2. Washington-bred owners and breeders awards distributed.
3. In-state parimutuel wagering - Emerald Downs and Nonprofit race meets.
4. Source market fees from advance deposit wagering.
5. WHRC operating revenue
6. WHRC incentive fund programs

The Commissioners and staff appreciate your continued support of the WHRC and the horse racing industry and look forward to working with you to address the challenges that confront horse racing while we work to strengthen its role and sustainability in our state.

Respectfully submitted,

Carol Smith-Merkulov
Chairman

Senator Mike Hewitt
Ex-Officio Member

Jeff Colliton
Commissioner

Senator Marilyn Rasmussen
Ex-Officio Member

Paul George
Commissioner

Representative Skip Priest
Ex-Officio Member

Dr. Bud Hallowell, DVM
Commissioner

Representative Dave Quall
Ex-Officio Member

Hartly Kruger
Commissioner

Distribution of Parimutuel Wagers - Emerald Downs and Nonprofit RaceTracks

RaceTrack	Parimutuel Wagering	Returned To Public	Racetrack Retention
Emerald Downs	134,104,865.00	106,933,064.16	27,171,800.84
Dayton	54,879.00	44,421.70	10,457.30
Sun Downs	496,153.00	400,383.49	95,769.51
Waitsburg	42,709.00	35,101.20	7,607.80
Walla Walla	159,522.00	129,584.80	29,937.20
	\$134,858,128.00	\$107,542,555.35	\$27,315,572.65

Number of Race Days, Races, Horses, and Average Horses/Race

	Number Race Days	Number Races	# Horses Starting	Average/Race
Emerald Downs	91	827	6,362	7.69
Dayton	2	16	115	7.19
Sun Downs	10	94	673	7.16
Walla Walla	5	46	276	6.0
Waitsburg	2	16	108	6.75
	110	999	7,534	7.54

Advance Deposit Wagering - [RCW 67.16.260](#).

Advance Deposit Wagering (ADW) is a form of pari-mutuel wagering in which an individual deposits money in an account with an entity authorized by the commission to conduct advance deposit wagering and then the account funds are used to pay for pari-mutuel wagers made in person, by telephone, or through communication by other electronic means. A portion of the wager, the "source market fee", made on any race by a person whose principle residence is in Washington is returned to the class 1 racing association and the commission. The source market fee is distributed as breeder awards, owners bonus, purse accounts, and operating accounts per [WAC 260-49-070](#).

Pari-Mutuel Wagers from ADW accounts for Washington Residents

ADW Company	Wagers Placed by Washington Residents	Source Market Fees Received
TVG Network	30,007,919.00	2,468,550.06
XpressBet, Inc.	3,239,326.90	252,337.85
YouBet.Com	12,252,599.70	719,144.86
Twin Spires	3,961,532.50	322,995.16
AmericaTab - source market fees for 2005 through 2007 were distributed in 2008.	None	297,591.96
	\$49,461,378.10	\$4,060,619.89

Nonprofit Racetracks' Purse Fund - [RCW 67.16.105](#)

The WHRC provides \$300,000 annually to the nonprofit racetracks to distribute as purses. These funds, which were collected in 2007, come from several sources, with the majority from Emerald Downs, which pays an amount equal to one-tenth of one percent of the amount wagered at Emerald Downs and its off-track-betting facilities (OTBs). Other sources include source market fees, fines, interest from the WHRC operating account and interest from the nonprofit purse fund. From its operating account the WHRC provides the difference between the funds collected in 2007 and \$300,000.00. The amount collected in 2007 for distribution to the nonprofit tracks in 2008 was \$220,355.56 leaving a difference of \$79,644.44, which was paid from the WHRC operating account in 2008. The distribution is pro-rated based on the number of live race days at each nonprofit racetrack.

Nonprofit Racetrack Purse Fund Revenue Sources

Parimutuel wagering	140,121.16
Fines	11,555.00
Source Market Fee	19,609.00
Interest on Accounts	49,070.40
Washington Horse Racing Commission operating account	79,644.44
	\$300,000.00

Nonprofit Racetrack Purse Fund Distribution

Sun Downs	10 days	157,894.77
Walla Walla	5 days	78,947.35
Waitsburg	2 days	31,578.94
Dayton	2 days	31,578.94
	19 days	\$300,000.00

Donohue Fund - [RCW 67.16.102\(2\)](#)

Interest derived from the Owner's Bonus Funds in 2007 were paid to the non-profit racetracks in 2008 for maintaining and upgrading their respective racing courses and equine quartering areas.

Donohue Fund Revenue Source	
Interest paid on the Owners Bonus Funds	35,840.91
	\$35,840.91

Donohue Fund Revenue Distribution	
Sun Downs	8,960.23
Walla Walla	8,960.23
Waitsburg	8,960.23
Dayton	8,960.23
	\$35,840.91

Owners Bonus - [RCW 67.16.102\(1\)](#)

One percent of parimutuel wagering at Emerald Downs and its OTBs is paid at the end of the race year to all licensed owners whose Washington-bred horses place first, second, third, or fourth at Emerald Downs. Owner's bonuses also include 2.5 percent of the source market fee collected from ADW ([WAC 260-49-070](#)) Link this WAC. The horse must be a registered Washington-bred to participate in the owner's bonus program. These bonuses were distributed on October 22, 2008.

Owners Bonus Revenue Source	
Emerald Downs and OTBs	1,341,048.65
Source market fee	102,893.92
	\$1,443,942.57

Washington-bred Breeder's Award - [RCW 67.16.175](#)

One percent of exotic wagers placed at Emerald Downs and its OTBs is paid at the end of the race year to the breeder of record of Washington-bred horses that finish first, second and third. Breeder's awards also include 2.5 percent of the source market fees collected from ADW ([WAC 260-49-070](#)) Link this WAC. These awards were distributed on October 30, 2008.

Breeders Award Revenue Source	
Track and off-track wagers placed in-state	826,070.17
Source market fee	102,895.04
	\$928,965.21

Participant Licensing

Every individual participating directly in horse racing is required to have a valid license issued by the WHRC. Listed below are the types of licenses and the number issued in 2008.

License Types	Number of Licenses Issued
Apprentice Jockey	3
Assistant Trainer	36
Association Employee – Mgmt	17
Association Employee – Hourly	345
Association - Volunteer	83
Authorized Agent	59
Exercise Person	219
Groom	549
Honorary License	17
Jockey	69
Jockey Agent	12
Other	16
Owner	1,612
Pony Person	127
Prospective Owner	30
Service Employee	43
Spouse Groom	20
Stable License	224
Trainer	141
Vendor	56
Veterinarian	17
	3,758

WHRC Operating Revenue

The WHRC operating account is comprised of revenue received from parimutuel tax, source market fees, individual license fees, advance deposit wagering firms annual license fees, and racetrack license fees.

WHRC Operating Revenue Sources	
Licensing Fees	210,956.00
Fingerprint Background Fees	26,980.00
Daily Fee Emerald Downs (91 race days @ \$500 per day)	45,500.00
Daily Fee Nonprofit Tracks (19 race days at \$10 per day)	190.00
Advanced deposit wagering license fees	4,000.00
Source market fee	288,106.16
Parimutuel tax on track/OTB wagers	1,743,363.22
	\$2,319,095.38

Funding Incentives - [RCW 67.16.280\(2\)](#)

authorizes the WHRC to spend up to \$300,000 per year for the purpose of developing the equine industry, maintaining and upgrading racing facilities, and assisting equine health research. These funds are dispersed from the WHRC operating account when there are sufficient funds remaining for continued operation of the WHRC. First consideration for allocating these funds is given to the nonprofit race meets and equine health research. Due to concerns about its financial condition the WHRC only awarded \$102,001.00 in fiscal year 2009.

Competitive Grant Applications - Nonprofit Race Meets - Fiscal Year 2009		
	Amount Requested	Amount Approved
Jockey Incentive Program	35,000.00	35,001.00
Jockey Insurance	67,000.00	67,000.00
	\$102,000.00	\$102,001.00