

Washington Horse Racing Commission
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2009 Annual Report

March 11, 2010

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 2009 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 pari-mutuel 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 pari-mutuel horse racing.

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

1. Number of live racing days, including the number of races, number of horse starts, and the average number of horses per race at Emerald Downs racetrack in Auburn;
2. Washington-bred owners' bonus and Washington-bred breeder awards distributed;
3. In-state pari-mutuel wagering;
4. Advance deposit wagering and the source market fees derived;
5. WHRC operating revenue; and
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,

Paul George
Chairman

Senator Mike Hewitt
Ex-Officio Member

Jeff Colliton
Commissioner

Hartly Kruger
Commissioner

Dr. Bud Hallowell, DVM
Commissioner

Representative Skip Priest
Ex-Officio Member

Representative Dave Quall
Ex-Officio Member

Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2009 Race Year (October 1, 2008 thru September 27, 2009)			
Racetrack	Pari-mutuel Wagering	Returned To Public	Retention
Emerald Downs	113,596,742.50	90,947,537.61	22,649,204.89
Dayton	55,025.00	44,585.80	10,439.20
Sun Downs	508,645.00	398,826.60	109,818.40
Waitsburg	49,713.00	41,013.80	8,699.20
Walla Walla	173,445.00	140,316.85	33,128.15
Total *	114,383,570.50	91,572,280.66	22,811,289.84

** For 2009 the total pari-mutuel wagering was down 15% from 2008.*

Number of Race Days, Races, Horses, and Average Horses per Race				
	Number Race Days	Number Of Races	Number Horses Starting	Average Per Race
Emerald Downs *	91	815	6058	7.4
Dayton	2	16	121	7.6
Sun Downs	10	91	623	6.9
Walla Walla	5	45	275	6.1
Waitsburg	2	16	116	7.3
Total	110	983	7193	7.3

** For 2009 the average number of horses starting at Emerald Downs was down 3.7% from 2008.*

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

Advance Deposit Wagering (ADW) is a form of pari-mutuel wagering in which a Washington resident deposits money in an account with an entity authorized by the commission to conduct advance deposit wagering and then the account funds are used for 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](#).

Advance Deposit Wagers from Accounts held by Washington Residents 2009 Race Year (October 1, 2008 thru September 27, 2009)		
ADW Company	Wagers Placed by Washington Residents	Source Market Fees Received
TVG Network	26,739,925.40	1,780,388.45
XpressBet, Inc.	3,792,944.35	291,751.91
YouBet.Com	10,660,963.10	910,612.43
Twin Spires	6,002,403.70	438,529.94
Total	47,196,236.55	3,421,282.73

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 2008, 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 2008 and \$300,000.00. The amount collected in 2008 for distribution to the nonprofit tracks in 2009 was \$202,405.87 leaving a difference of \$97,594.13 which was paid from the WHRC operating account in 2009. The distribution is pro-rated based on the number of live race days at each nonprofit racetrack.

Class C (Nonprofit) Race Meet Purse Fund Revenue Sources	
Pari-mutuel Wagering	130,599.41
Fines	11,525.00
Source Market Fee	19,445.68
Interest on Accounts	40,835.78
WHRC Operating Account	97,594.13
Total	\$300,000.00

Class C (Nonprofit) Race Meet 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
Total	19 days	\$300,000.00

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

Interest derived from the Owner's Bonus Funds in 2008 were paid to the non-profit racetracks in 2009 for maintaining and upgrading their respective racing courses and equine quartering areas.

Donohue Fund Revenue Source	
Interest paid on the WA-Bred Owners Bonus Funds	27,052.79
Total	27,052.79

Donohue Fund Revenue Distribution	
Sun Downs	6,763.20
Walla Walla	6,763.20
Waitsburg	6,763.20
Dayton	6,763.20
Total	27,052.80

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

One percent of pari-mutuel wagering during live racing 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](#)). The horse must be a registered Washington-bred to participate in the owner's bonus program. These bonuses were distributed on November 2, 2009.

WA-Bred Owners Bonus (Revenue Sources) 2009 Race Year (October 1, 2008 thru September 27, 2009)	
Emerald Downs and OTBs	1,135,967.43
Source market fee	87,819.20
Total	1,223,786.63

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

One percent of exotic pari-mutuel wagering during live racing 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](#)). These awards were distributed on November 2, 2009.

WA-Bred Breeders Awards (Revenue Sources) 2009 Race Year (October 1, 2008 thru September 27, 2009)	
Track and off-track wagers placed in-state	706,534.26
Source market fee	87,819.20
Total	794,353.46

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 2009.

License Types	Number Issued
Apprentice Jockey	4
Assistant Trainer	30
Association Employee (Management)	15
Association Employee (Hourly)	292
Association Volunteer	76
Authorized Agent	59
Exercise Rider	196
Groom	406
Honorary License	13
Jockey	60
Jockey Agent	11
Other	15
Owner	1,518
Pony Rider	126
Prospective Owner	18
Service Employee	32
Spouse Groom	18
Stable License	219
Trainer	137
Vendor	51
Veterinarian	17
Total	3,313

WHRC Operating Revenue

The WHRC operating account is comprised of revenue received from pari-mutuel tax, source market fees, individual license fees, advance deposit wagering firms annual license fees, and racetrack license fees. The revenue sources are based on the calendar year 2009 except the pari-mutuel tax received from Emerald Downs which is based on the 2008/2009 race year of October 1, 2008 through September 27, 2009.*

WHRC Operating Revenue Sources	
Licensing Fees	185,551.00
Fingerprint Background Fees	24,560.00
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	248,388.00
Parimutuel tax on track/OTB wagers *	1,476,757.65
Total **	1,984,946.65

** WHRC Operating Revenues were down 14.4% from 2008.

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

The WHRC is authorized 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
Total	\$102,000.00	\$102,001.00