

**Washington Horse Racing Commission**  
**6326 Martin Way E, Suite 209**  
**Olympia, Washington 98516**  
**Phone: 360.459.6462**  
**Fax: 360.459.6461**

## **2010 Annual Report**

January 13, 2011

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 2010 racing season has been posted on our website, [www.whrc.wa.gov](http://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, Chair**

**Jeff Colliton**

**Hartly Kruger**

**Dr. Bud Hallowell, DVM**

<b>Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2010 Race Year (September 28, 2009 thru September 26, 2010)</b>			
<b>Racetrack</b>	<b>Pari-mutuel Wagering</b>	<b>Returned To Public</b>	<b>Retention</b>
Emerald Downs	98,802,578.80	77,658,420.71	19,978,126.42
Dayton	62,026.00	50,181.15	11,175.00
Sun Downs	501,003.00	398,740.55	92,591.55
Waitsburg	55,910.00	42,977.60	10,438.00
Walla Walla	177,628.00	143,622.15	32,024.00
<b>Total *</b>	<b>99,599,145.80</b>	<b>78,293,942.16</b>	<b>20,124,354.97</b>

\* For 2010 the total pari-mutuel wagering was down 13% from 2009.

<b>Number of Race Days, Races, Horses, and Average Horses per Race</b>				
	<b>Number Race Days</b>	<b>Number Of Races</b>	<b>Number Horses Starting</b>	<b>Average Per Race</b>
Emerald Downs *	90	772	5430	7.0
Dayton	2	18	140	7.8
Sun Downs	10	90	600	6.7
Walla Walla	5	46	303	6.6
Waitsburg	2	18	129	7.2
<b>Total</b>	<b>109</b>	<b>944</b>	<b>6602</b>	<b>7.0</b>

\* For 2010 the average number of horses starting per race at Emerald Downs was down 5.4% from 2009.

#### **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](#).

<b>Advance Deposit Wagers from Accounts held by Washington Residents 2010 Race Year (September 28, 2009 thru September 26, 2010)</b>		
<b>ADW Company</b>	<b>Wagers Placed by Washington Residents</b>	<b>Source Market Fees Received</b>
TVG Network	29,984,370.73	1,974,130.51
XpressBet, Inc.	3,625,180.05	267,709.60
YouBet.Com	9,143,383.59	661,288.29
Twin Spires	5,926,333.05	420,340.75
<b>Total</b>	<b>48,679,267.42</b>	<b>3,323,469.15</b>

*Between 2009 and 2010 total ADW wagering increased 3% but total source market fee decreased 2.8%.*

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

The WHRC provides \$15,800 per race day annually to the nonprofit racetracks to distribute as purses. These funds, which were collected in 2009, 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 2009 and \$15,800 per day purse allotment. The amount collected in 2009 for distribution to the nonprofit tracks in 2010 was \$177,355.67 leaving a difference of \$124,644.33 which was paid from the WHRC operating account in 2010. The distribution is pro-rated based on the number of live race days at each nonprofit racetrack.

<b>Class C (Nonprofit) Race Meet Purse Fund Revenue Sources</b>	
Pari-mutuel Wagering	112,979.91
Fines	15,615
Source Market Fee	17,770.60
Interest on Accounts	30,990.16
WHRC Operating Account	122,844.33
<b>Total</b>	<b>\$300,200.00</b>

<b>Class C (Nonprofit) Race Meet Purse Fund Distribution</b>		
Sun Downs	10 days	158,000.00
Walla Walla	5 days	79,000.00
Waitsburg	2 days	31,600.00
Dayton	2 days	31,600.00
<b>Total</b>	<b>19 days</b>	<b>\$300,200.00</b>

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

Interest derived from the Owner's Bonus Funds in 2009 were paid to the non-profit racetracks in 2010 for maintaining and upgrading their respective racing courses and equine quartering areas.

<b>Donohue Fund Revenue Source</b>	
Interest paid on the WA-Bred Owners Bonus Funds	16,432.24
<b>Total</b>	<b>16,432.24</b>

<b>Donohue Fund Revenue Distribution</b>	
Sun Downs	4,108.06
Walla Walla	4,108.06
Waitsburg	4,108.06
Dayton	4, 108.06
<b>Total</b>	<b>16,432.24</b>

**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 8, 2010.

<b>WA-Bred Owners Bonus (Revenue Sources) 2010 Race Year (September 28, 2009 thru September 26, 2010)</b>	
Emerald Downs and OTBs	555,605.79
Source market fee	85,292.56
<b>Total</b>	<b>640,898.35</b>

**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 8, 2010.

<b>WA-Bred Breeders Awards (Revenue Sources) 2010 Race Year ( September 28, 2009 thru September 27, 2010)</b>	
Track and off-track wagers placed in-state	336,954.76
Source market fee	85,292.56
<b>Total</b>	<b>422,247.32</b>

## 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 2010.

License Types	Number Issued
Apprentice Jockey	6
Assistant Trainer	25
Association Employee (Management)	20
Association Employee (Hourly)	265
Association Volunteer	70
Authorized Agent	40
Exercise Rider	188
Groom	356
Honorary License	17
Jockey	62
Jockey Agent	12
Other	13
Owner	1377
Pony Rider	112
Prospective Owner	17
Service Employee	29
Spouse Groom	20
Stable License	213
Trainer	151
Vendor	47
Veterinarian	16
<b>Total</b>	<b>3072</b>

## 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 2010 except the pari-mutuel tax received from Emerald Downs which is based on the 2009/2010 race year of September 28, 2009 through September 26, 2010.\*

WHRC Operating Revenue Sources	
Licensing Fees	179,663.00
Fingerprint Background Fees	22,370.00
Daily Fee Emerald Downs (90 race days @ \$500 per day)	45,000.00
Daily Fee Nonprofit Tracks (19 race days at \$10 per day)	190.00
Advanced deposit wagering license fees	4,000.00
Source market fee	232,642.84
Parimutuel tax on track/OTB wagers	1,297,433.52
<b>Total *</b>	<b>1,781,299.36</b>

\* WHRC Operating Revenues were down 10.2% from 2009.

**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 \$92,000.00 in fiscal year 2010.

<b>Competitive Grant Applications - Nonprofit Race Meets - Fiscal Year 2010</b>		
	<b>Amount Requested</b>	<b>Amount Approved</b>
Jockey Incentive Program	35,000.00	35,000.00
Jockey Insurance	67,000.00	57,000.00
Total	<b>\$102,000.00</b>	<b>\$92,000.00</b>