

**Washington Horse Racing Commission**  
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## **2017 Annual Report**

February 9, 2018

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

Dear Governor Inslee:

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 2017 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. In-state pari-mutuel wagering;
2. 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;
3. Washington-bred owners' bonus and Washington-bred breeder awards distributed;
4. In-state pari-mutuel wagering;
5. Advance deposit wagering and the source market fees derived; and
6. WHRC operating revenue.

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,

**Jeff Colliton, Chair**

<b>Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2017 Race Year (September 12, 2016 thru September 24, 2017)</b>			
<b>Racetrack</b>	<b>Pari-mutuel Wagering</b>	<b>Returned To Public</b>	<b>Retention</b>
Emerald Downs *	79,066,860.70	60,676,701.28	18,390,159.42
Sun Downs	426,934.00	345,655.44	81,278.56
<b>Total</b>	<b>79,493,794.70</b>	<b>61,022,356.72</b>	<b>18,471,437.98</b>

\* For 2017 the total pari-mutuel wagering at Emerald Downs was up 3.67% from 2016. This increase may be attributed to the Emerald Downs schedule that included 2 extra wagering days during the calculated race year.

<b>Number of Race Days, Races, Horses, and Average Horses per Race</b>				
	Number Race Days	Number Of Races	Number Horses Starting	Average Per Race
Emerald Downs *	72	604	4,223	7.0
Sun Downs	6	56	362	6.5
<b>Total</b>	<b>78</b>	<b>660</b>	<b>4,585</b>	<b>6.9</b>

\* In 2016 the average number of horses starting at Emerald Downs was 7.4.

#### **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 each wager, the "source market fee," made 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 purse monies, breeder awards, owners bonus, and operating accounts per [WAC 260-49-070](#). The ADW handle was up 2.97% from 2016, while the source market fee was up 5.44%.

<b>Advance Deposit Wagers from Accounts held by Washington Residents 2017 Race Year (September 1, 2016 thru August 31, 2017)</b>		
<b>ADW Company</b>	<b>Wagers by Washington Residents</b>	<b>Source Market Fees Received</b>
123 Gaming	436,714.40	34,936.71
Lien Games	899,510.50	58,467.79
NYRA Bets	524,168.45	37,629.22
TVG Network	40,514,568.70	2,460,621.57
Twin Spires	21,125,162.70	1,428,254.88
Watch and Wager	193,330.10	11,857.54
XpressBet, Inc.	7,276,434.27	503,681.37
<b>Total</b>	<b>70,969,889.12</b>	<b>4,535,089.08</b>

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

In April 2011 the Legislature (ESSB 5747) amended RCW 67.16.105 to limit purses to the nonprofit racetracks (Class C race meets) to only the one tenth of one percent of the daily gross

receipts of all in-state pari-mutuel machines. The legislation eliminated fines, source market fees, and interest on the WHRC operating account as a source of revenue to fund purses at the Class C race meets. In 2017 the WHRC provided \$77,499.16 derived from 67.16.105 for purse monies, plus \$42,300.84 in additional grants from our operating account, to Sun Downs racetrack in Kennewick to fund six days of racing.

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

Interest derived from the Owner's Bonus Funds in 2016 were paid to the non-profit racetracks in 2017 for maintaining and upgrading their respective racing courses and equine quartering areas. In 2017 Sun Downs was the only non-profit racetrack that applied for racing dates and therefore received 100% of the Donohue Fund dispersed in 2017.

<b>Donohue Fund Revenue Source</b>	
Interest paid on the Washington-bred Owners' Bonus Funds	1,726.16

<b>Donohue Fund Revenue Distribution</b>	
Sun Downs	1,726.16
Total	<b>1,726.16</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. The owner's bonus was up 5.26% from 2016. These bonuses were distributed on November 18, 2017.

<b>Washington-bred Owners' Bonus (Revenue Sources &amp; Distribution) 2017 Race Year (September 12, 2016 thru September 24, 2017)</b>	
1% of Total Wagering – Live Meet (Emerald Downs and OTBs)	440,077.09
Source market fee (Sept 1, 2015 thru Aug 31, 2016)	113,377.23
<b>Total Distributed to Owners</b>	<b>553,454.32</b>

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

One percent of exotic pari-mutuel wagering<sup>1</sup> 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](#)). Calculations for the Breeder's awards in previous years were based on all exotic wagers placed by Washington residents on both live racing and simulcast racing. Following a review of the RCW it was determined that the one percent of exotic wagers withheld should be solely on the live races offered at Emerald Downs and that the simulcast wagers were exempt. This significantly reduced the available funds for the awards, and in order to assist the breeding industry, the Muckleshoot Tribe added \$100,000.00 to the fund. Based on the new calculations the breeder's bonus was down 50.12 % from 2016. These awards were distributed on November 18, 2017.

<sup>1</sup> Exotic wagering is all wagering other than win, place, and show wagering.

<b>Washington-bred Breeders' Awards (Revenue Sources and Distribution) 2017 Race Year ( September 12, 2016 thru September 24, 2017)</b>	
1% Exotic Wagering – Live Meet (Emerald Downs & OTBs)	59,049.01
Source market fee (Sept 1, 2016 thru Aug 31, 2017)	113,377.23
<b>Total</b>	<b>172,426.24</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 2017.

<b>License Types</b>	<b>Number Issued</b>
Apprentice Jockey	11
Assistant Trainer	28
Association Employee (Management)	21
Association Employee (Hourly)	243
Authorized Agent	58
Exercise Rider	136
Groom	227
Honorary License	20
Jockey	53
Jockey Agent	9
Other	9
Owner	1,387
Pony Rider	112
Prospective Owner	47
Service Employee	32
Spouse Groom	7
Stable License	206
Trainer	163
Vendor	38
Veterinarian	14
<b>Total</b>	<b>2,821</b>

### **WHRC Operating Revenue**

The WHRC operating account is comprised of revenue received from pari-mutuel tax, source market fees, license fees, fingerprint background fees, race track daily fees, fines, and interest derived on the operating account. The revenue sources listed below are based on the calendar year 2017 except the pari-mutuel tax received from Emerald Downs, and source market fees from advance deposit wagering, which are based on the race year of September 12, 2016 through September 24, 2017.

<b>WHRC Operating Revenue Sources</b>	
Licensing Fees	177,175.00
Fingerprint Background Fees	20,690.00
Daily Fee Emerald Downs (70 race days @ \$500 per day)	36,000.00
Daily Fee Nonprofit Tracks (6 race days at \$10 per day)	60.00
Advanced deposit wagering license fees	6,000.00

Source market fee	340,131.68
Fines	18,025.00
Interest on the WHRC Operating Account	8,722.78
Pari-mutuel tax on track/OTB wagers	1,027,869.19
<b>Total</b>	<b>1,634,673.65</b>