

Washington Horse Racing Commission
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2020 Annual Report

February 12, 2021

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 2020 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. 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. Advance deposit wagering and the source market fees derived; and
5. WHRC operating revenue.

The horse racing industry faced numerous challenges in 2020, as all other industries have due to the COVID-19 pandemic. The impact is apparent through the comparisons of the key performance measures, particularly the In-state pari-mutuel wagering, live race days, and the effects on the WHRC operating revenue which showed an overall decline of \$307,453.48. The entire live race meet at Emerald Downs was conducted without public attendance, a key contributor to the decline in In-state wagering. The inability to allow public attendance also resulted in no Non-profit racing in Eastern Washington being offered. The same challenges are facing the industry as we move into 2021.

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 the industry while we work to strengthen its role and sustainability in our state.

Respectfully submitted,



Robert J. Lopez, Chair

Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2020 Race Year (September 23, 2019 thru October 29, 2020)			
Racetrack	Pari-mutuel Wagering	Returned To Public	Retention
Emerald Downs *	40,672,486.00	30,518,076.49	10,154,409.51
Sun Downs	Meet canceled		
Total	40,672,486.00	30,518,076.49	10,154,409.51

* For 2020 the total pari-mutuel wagering at Emerald Downs was down 47.94% from 2019. This decrease is attributed to the Emerald Downs schedule that decreased the number of wagering days in the timeframe for which the race year is calculated by 52 less days due to the pandemic.

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 *	38	391	2905	7.48
Sun Downs	0	0	0	
Total	38	391	2905	7.48

* In 2019 the average number of horses starting at Emerald Downs was 6.83.

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 I 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 increased 32.3% while source market fee were up 31.5% from 2019. Both of the increases are directly attributed to the COVID-19 pandemic and the closure of the In-state wagering facilities which moved customers to the online wagering platforms.

Advance Deposit Wagers from Accounts held by Washington Residents 2020 Race Year (September 1, 2019 thru August 31, 2020)		
ADW Company	Wagers by Washington Residents	Source Market Fees Received
123 Gaming	226,366.40	18,065.13
NYRA Bets	3,056,283.20	198,658.46
TVG Network	67,304,466.20	4,100,865.17
Twin Spires	25,135,848.60	1,681,415.52
Watch and Wager	543,846.20	32,630.74
XpressBet, Inc.	15,811,583.19	940,183.24
Total	112,078,393.79	6,971,818.26

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 2019 a total of \$70,916.59 was generated as provided in 67.16.105 for purse monies. Due to the impact of the COVID-19 pandemic, no nonprofit meet was able to offer racing and these funds will be made available in 2021.

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

Interest derived from the Owner's Bonus Funds in 2019 is made available to the non-profit racetracks in that offered a live meet in 2020 for maintaining and upgrading their respective racing courses and equine quartering areas. In 2020 Sun Downs was the only non-profit racetrack that applied for racing dates. Due to the COVID-19 Pandemic and lack of racing these funds were not distributed and will be available in 2021.

Donohue Fund Revenue Source	
Interest paid on the Washington-bred Owners' Bonus Funds	4,529.64

Donohue Fund Revenue Distribution	
No funds distributed in 2020	
Total	

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 down 38.8% from 2019. These bonuses were distributed on December 9, 2020.

Washington-bred Owners' Bonus (Revenue Sources & Distribution) 2019 Race Year (September 24, 2018 thru September 22, 2019)	
1% of Total Wagering – Live Meet (Emerald Downs and OTBs)	13,297.13
Source market fee (Sept 1, 2017 thru Aug 31, 2018)	174,295.57
Total Distributed to Owners	187,592.70

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

One percent of exotic pari-mutuel wagering¹ 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](#)). The Washington Bred breeder's bonus that was earned from the handle was up 1.5 % from 2019. The increase is attributed to the gain in Source Market Fees from ADW wagering. These awards were distributed on December 9, 2020.

Washington-bred Breeders' Awards (Revenue Sources and Distribution) 2020 Race Year (September 23, 2019 thru October 29, 2020)	
1% Exotic Wagering – Live Meet (Emerald Downs & OTBs)	782.00
Source market fee (Sept 1, 2019 thru Aug 31, 2020)	174,295.57
Total	175,077.57

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 2020.

License Types	Number Issued
Apprentice Jockey	3
Assistant Trainer	23
Association Employee (Management)	15
Association Employee (Hourly)	151
Authorized Agent	37
Exercise Rider	127
Groom	231
Honorary License	9
Jockey	30
Jockey Agent	7
Other	7
Owner	976
Pony Rider	92
Prospective Owner	19
Service Employee	28
Spouse Groom	10
Stable License	162
Trainer	95
Vendor	33
Veterinarian	7
Total	2,062

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

¹ Exotic wagering is all wagering other than win, place, and show wagering.

year 2020 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 23, 2019 through October 29, 2020. As noted earlier in the report, revenue was down significantly, (\$307,453.48), in 2020. The agency is currently seeking legislation to allow some assistance from the State to ensure the agency has adequate funding to continue to operate.

WHRC Operating Revenue Sources	
Licensing Fees	149,934.00
Fingerprint Background Fees	11,500.00
Daily Fee Emerald Downs (38 race days @ \$500 per day)	19,000
Daily Fee Nonprofit Tracks (6 race days at \$10 per day)	
Advanced deposit wagering license fees	6,000.00
Source market fee	523,159.11
Fines	5,760.50
Interest on the WHRC Operating Account	8427.69
Pari-mutuel tax on track/OTB wagers	528,742.32
Total	1,252,523.51