

STATE OF COLORADO



DIVISION OF RACING EVENTS

Department of Revenue

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Bill Owens
Governor

M. Michael Cooke
Executive Director

Daniel J. Hartman
Division Director

Honorable Bill Owens
Governor of the State of Colorado

Honorable Members of the 71st General Assembly
State of Colorado

Dear Governor Owens and Honorable Members of the House and Senate:

It is with distinct pleasure that we provide you with the following Report of the 57th pari-mutuel wagering season, pursuant to Section 12-60-302(2), C.R.S. 1985-replacement volume 5. Included within this report are detailed figures and statements covering the 2005 racing calendar year.

We trust that the information proves to be informative and indicative of the benefits that properly regulated pari-mutuel wagering provides to the State of Colorado. The 306 live days and 489 horse and greyhound simulcast days in 2005 resulted in \$159,464,154 wagered in total, with \$3,550,926 in pari-mutuel taxes being deposited in the General Fund of the State of Colorado.

The Department of Revenue is required to report any information that may be related to taxes in aggregate form only. Therefore, we have grouped our data into "greyhound" and "horse" totals. Please note that this report does not intend to reflect profits or losses from any racetrack.

The Division expresses appreciation for the cooperation and service rendered by the Governor, the State Legislature, the Executive Director of the Department of Revenue and other public officials, as well as the various track operators, the law enforcement agencies of Colorado, the press and the Division staff.

Respectfully,

FOR THE DIVISION OF RACING EVENTS

A handwritten signature in black ink, appearing to read "Daniel J. Hartman". The signature is fluid and cursive.

Daniel J. Hartman
DIVISION DIRECTOR

2005 Annual Report

M. MICHAEL COOKE

Executive Director
Department of Revenue

DR. GENE NAUGLE

Chair
Colorado Racing Commission

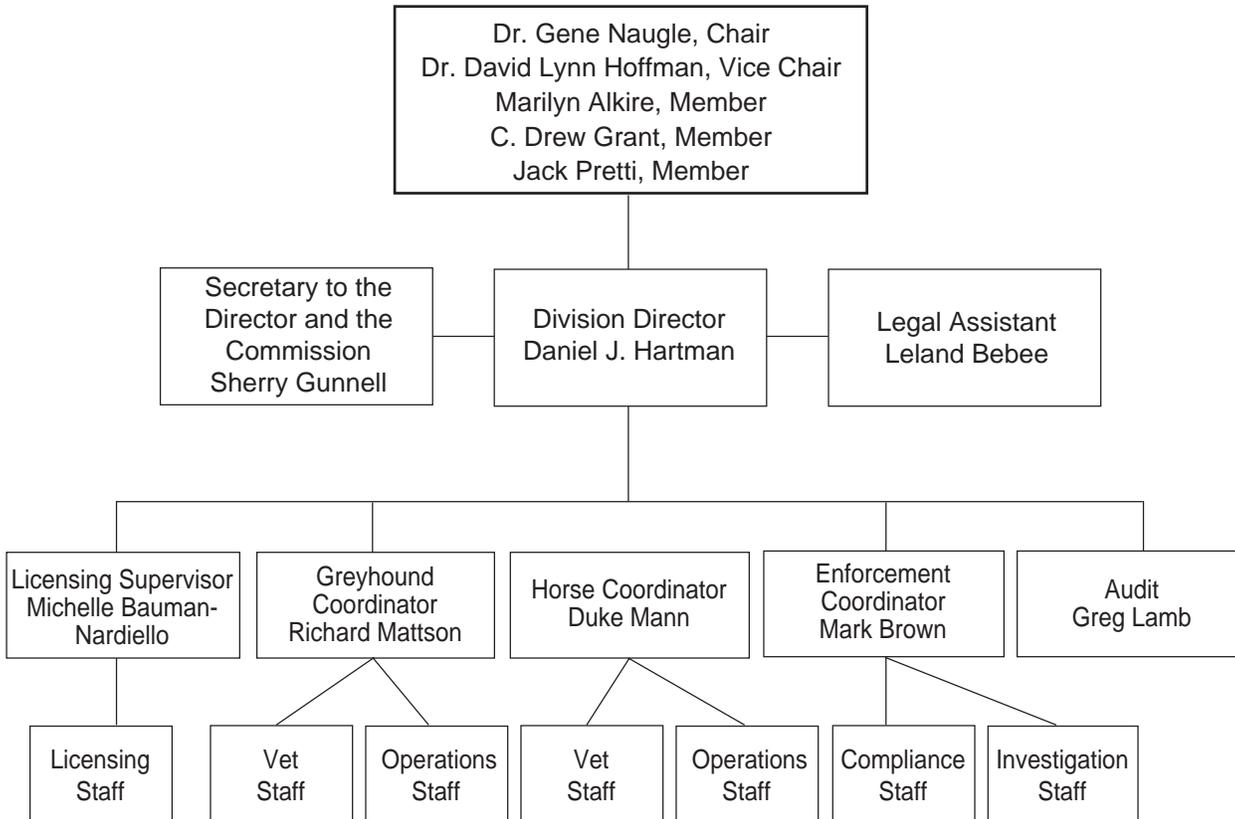
DANIEL J. HARTMAN

Division Director
Division of Racing Events

Table of Contents

Racing History/Mission Statement	1
2005 Events	2
Members of the Colorado Racing Commission	3
Licensed Race Tracks	4
Licensed OTB's	5
Cumulative Data	6
Performance Measures	7
Comparative Data	8-9
Approved 2006 Race Dates	10
Horse Owners and Breeders Awards and Supplemental Purse Fund	11
Division Receipts and Disbursements	12
Functions of the Division of Racing Events	13

COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



RACING HISTORY

The Division of Racing Events and the Colorado Racing Commission were established in 1949 to supervise pari-mutuel wagering in Colorado. Pari-mutuel means “betting among ourselves”. When placing a wager at a racetrack, a person is not betting against the “house” as he or she would at a casino. Pari-mutuel wagering is a form of betting in which the loser’s wagers (less a percentage for the racing associations and taxes) are distributed among the winners. The Division is a regulatory, enforcement and revenue-generating agency of State Government. The Colorado Legislature and the Racing Commission set a public policy in the area of racing regulation, which is then administered by the Division of Racing Events. The major functions of the Division and the Racing Commission are to promote racing and the recreational, entertainment and commercial benefits derived therefrom, to establish high standards of sport and fair-play, to promote the health and safety of the animals involved in racing and to foster honesty and fair-dealing in the industry. The Commission allocates race dates to various racing associations, adopts rules and supervises the conduct of race meets, racing officials and licensees. A staff of administrative, security and veterinary professionals, in conjunction with Division racing officials, supervised the daily activities at the five tracks (four greyhound tracks and one horse track) conducting pari-mutuel racing in Colorado during 2005.

In 2005, twelve Commission meetings were held. The Commission conducted a 2006 race date hearing, renewal application hearings for greyhound race meets in both the northern and southern sectors of the state and a renewal application hearing for the one major horse race meet. Additionally, numerous disciplinary, administrative and appeal hearings were held as were rule-making hearings related to the adoption of various greyhound, horse, pari-mutuel and racing rules. Pursuant to its statutory obligation and mandate, the Commission continued its official regulatory, supervisory and enforcement control of pari-mutuel wagering.

MISSION STATEMENT

TO PROMOTE AND FOSTER THE PUBLIC CONFIDENCE IN THE
PARI-MUTUEL INDUSTRY, PROTECT THE WELFARE OF THE
PARTICIPANTS THROUGH FAIR, CONSISTENT, PROACTIVE
ENFORCEMENT OF APPROPRIATE POLICIES, STATUTES AND
COLORADO RACING COMMISSION RULES

Visit us at our website at www.revenue.state.co.us/racing_dir/home.asp

2005 EVENTS

INDUSTRY NEWS:

In November, the Board of Directors of the North American Pari-Mutuel Regulators' Association (NAPRA) and the Board of Racing Commissioners International (RCI) voted unanimously in favor of adopting a Memorandum which facilitates the merging of all NAPRA jurisdictions into Racing Commissioners International, effectively forming one, strong, united association of racing and pari-mutuel regulators. This represents significant progress aimed at addressing issues of integrity in racing. According to Paul Bowlinger, Executive Director of NAPRA, "[t]his marriage makes sense, not only from a practical standpoint, but in terms of eliminating duplication and marshalling the effective use of our resources in a coordinated way." The Colorado Division of Racing Events and other racing jurisdictions will benefit from this alliance. The two organizations began functioning as one immediately, although the effective date of merger is January 1, 2006.

COMMISSION NEWS:

In July, Gene Naugle, DVM was re-appointed to serve as Chairman of the Commission and Commissioner David Lynn Hoffman was re-appointed to serve as Vice-Chairman. They will hold these positions for one year.

In July, David Lynn Hoffman was re-appointed to a second three-year term as a Commissioner. His term will continue until July 1, 2009.

LEGISLATION:

There was no racing-related legislation introduced during the 2005 legislative session.

CURRENT MEMBERS OF THE COLORADO RACING COMMISSION

Gene Naugle, DVM: (R) Dr. Naugle, a representative who is a practicing veterinarian, resides in Penrose. He was originally appointed to the Colorado Racing Commission in 1999 and was re-appointed to the Commission on June 5, 2003 for a second four-year term expiring on July 1, 2007. Additionally, Dr. Naugle is currently serving his second term as Chairman of the Commission. He has been a veterinarian in private practice in Colorado Springs since 1967. Dr. Naugle is a member of numerous professional organizations, including the American Association of Equine Practitioners and the American and Colorado Springs Area Veterinary Medical Association as well as being a charter member of the Colorado Mule Riders and an honorary lifetime member of the North American Trail Riders Conference.

David Lynn Hoffman: (D) Dr. Hoffman, a representative who has been engaged in business, is a retired professor of management at the University of Northern Colorado (Greeley). He was originally appointed to the Racing Commission in 2001 and was re-appointed to the Commission in July, 2005 for a second four-year term expiring on July 1, 2009. Dr. Hoffman has served as President of the Board for Platte River Industries, is the former President of the Westminster 7:10 Rotary and a former member of the Vocational Service Committee, Foundation Request Committee and the Foundation Board of Directors. Additionally, he headed the Small Business Institute Directors' Association.

Marilyn Alkire: (I) Ms. Alkire, who is a representative of the racing industry, joined the Racing Commission on June 3, 2002. Her first term as a Commission member will expire on July 1, 2006. Ms. Alkire succeeded W. Gale Davey. Ms. Alkire received her Juris Doctorate from the University of Denver College of Law in 1977 and spent several years as a partner in the law firm of Holme, Roberts and Owen. Her specialization was natural resources and environmental law. Ms. Alkire served as President of the Rocky Mountain Quarter Horse Association. She continues to be very active in community service. At the present time, Ms. Alkire is self-employed in breeding, showing and training world-class quarter horses, a business that affords her the opportunity to apply her lifelong knowledge and love of horses and the horse industry.

C. Drew Grant, Jr.: (R) Mr. Grant, a representative of the general public, is an Inspector in the Professional Standards Division of the Douglas County Sheriff's Office. He was appointed to the Commission on November 2, 2004 for a term to expire on July 1, 2008. Mr. Grant has served as the Chief Investigator for the District Attorney's Office of the 18th Judicial District in Centennial, a post he held from March 1993 until September 2004. Along with the array of supervisory and administrative duties that he has handled, Mr. Grant is an expert in the conduct of polygraph examinations.

Jack Pretti: (R) Mr. Pretti, a representative of the racing industry, is a Colorado native and fourth-generation resident of Garfield County, born in Rifle and raised on the family ranch located at Silt. He was appointed to the Commission on October 20, 2004 for a term to expire on July 1, 2008. Mr. Pretti has operated Colorado Heritage Real Estate Company, a firm servicing all classifications of general real estate properties with offices located in Rifle and Battlement Mesa, for over ten years. His early fondness and enthusiasm for racehorses, races and racing events has remained with him throughout his life. In the mid-1970's, when the Colorado Fair Circuit was active, Mr. Pretti was the Director, President and Association Steward for the Western Slope Race Association, which conducted a Fair Circuit race meet in Rifle.

LICENSED RACETRACKS

GREYHOUND TRACKS

MILE HIGH GREYHOUND PARK

Jim Fenton, General Manager
6200 Dahlia Street
Commerce City CO 80022
(303) 288-1591

INTERSTATE KENNEL CLUB

Jim Fenton, General Manager
6200 Dahlia Street
Commerce City CO 80022
(303) 288-1591

PUEBLO GREYHOUND PARK

Jim Fenton, General Manager
3215 Lake Avenue
P. O. Box 2220
Pueblo, CO 81005
(719) 566-0370

CLOVERLEAF KENNEL CLUB

John Manning, General Manager
P. O. Box 88
Loveland CO 80539
(970) 667-6211

POST TIME GREYHOUND RACING

Jim Fenton, General Manager
3701 North Nevada Avenue
Colorado Springs, CO 80907
(719) 632-1391

HORSE TRACK

ARAPAHOE PARK

Bruce Seymore, General Manager
26000 East Quincy
P. O. Box 460370
Aurora CO 80016
(303) 690-2400

LICENSED OTB'S

HAVANA PARK

10750 East Iliff Avenue

Aurora CO 80014

(303) 751-5918

Licensee: Mile High Greyhound Park

RED AND JERRY'S

1840 West Oxford Avenue

Sheridan CO 80110

(303) 783-0655

Licensee: Post Time Greyhound Racing

CUMULATIVE DATA

Year	Total Days		Pari-Mutuel Handle	Percent (compared to previous year)	Total Breakage	State Commission	Total Divisional Receipts
2000	f 659	d	241,368,462	-1.31	651,538.88	6,419,232.79	6,485,218.97
2001	f 859	d	233,123,732	-3.42	629,880.95	5,895,224.91	5,950,042.16
2002	f 727	d	219,180,341	-6.63	603,575.02	5,056,906.01	5,115,833.71
2003	f 799	d	206,686,801	-5.70	616,810.54	4,556,829.77	4,611,775.29
2004	f 815	d	186,170,578	-9.92	544,111.02	4,114,283.05	4,145,954.40
2005	f 795	d	159,464,155	-14.35	452,683.41	3,550,926.85	3,583,973.60

Footnotes

- d Includes handle wagered from out-of-state sources on in-state races.
- f Both live and simulcast days are included in this calculation.

2005 PERFORMANCE MEASURES

	Sum of Average Percentage
Number of Greyhound Race Days	249
Number of Greyhound Performances	355
Number of Horse Race Days	37
Number of Business/Occupational Licenses Issued	1,226
Total Licensee Population	2,897
Number of Denied/Issued Conditionally	65
Number of Rulings Issued Resulting in Fines/Suspensions	86
Number of Commission Disciplinary Hearings	6
Number of Greyhound Drug Tests	3,303
Percent of Greyhound Drug Tests in Compliance	100%
Number of Horse Drug Tests	510
Percent of Horse Drug Tests in Compliance	99.1%
Number of Greyhound Injuries Reported	181
Number of Horse Injuries Reported	47
Number of Audits Conducted	141
Number of Tote Tests Conducted	26
Percent of Race Meet Audits Completed Within Ninety (90) Days	100%
Total Handle Wagered	\$159,464,154
Number of Kennel/Stable Inspections Conducted	223
Number of Simulcast Facility Inspections Conducted	5
Number of Simulcast Routine Checks Conducted	360
Number of Investigations Completed	275
Percent of Investigations Resulting in Criminal/Administrative Charges	55.18%
Percent of Investigations Completed within 60 Days	91.6%

2005 RACING SEASON - COMPARATIVE DATA

	# Days	# of Races	Handle	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
GREYHOUND							
LIVE	269	5,494	\$64,416,233	\$1,724,742.80	\$169,045.97	\$13,690,393.74	NA
SIMULCAST	249	46,708	\$29,829,271	\$1,342,317.20	NA	\$5,679,631.24	NA
TOTAL	518	52,202	\$94,245,504	\$3,067,060.00	\$169,045.97	\$19,370,024.98	NA
HORSE							
LIVE	37	380	\$3,486,747	\$17,194.64	NA	\$889,253.10	\$25,842.24
SIMULCAST	240	27,871	\$61,731,904	\$466,672.21	NA	\$12,593,988.41	\$767,822.70
TOTAL	277	28,251	\$65,218,651	\$483,866.85	NA	\$13,483,241.51	\$793,664.94
GRAND TOTAL	795	80,453	\$159,464,155	\$3,550,926.85	\$169,045.97	\$32,853,266.49	\$793,664.94

NOTES Do not compare the horse numbers to previous years, as the calculation method has changed to show the difference between live and simulcast days.

	CSU Fund	Breakage	Pay to Public	Average Daily Handle
GREYHOUND				
LIVE	NA	\$114,481.56	\$48,717,026.13	\$239,466
SIMULCAST	NA	\$47,860.29	\$22,812,692.20	\$119,796
TOTAL	NA	\$162,341.85	\$71,529,718.33	\$181,941
HORSE				
LIVE	\$3,594.79	\$20,123.99	\$2,530,737.84	\$94,236
SIMULCAST	\$114,792.84	\$270,217.57	\$47,038,111.39	\$257,216
TOTAL	\$118,387.63	\$290,341.56	\$49,568,849.23	\$235,446
	\$118,387.63	\$452,683.41	\$121,098,567.56	\$200,584

2006 APPROVED RACE DATES

GREYHOUND

SOUTHERN CIRCUIT:

No Dates Requested

NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB
(Commerce City)

JANUARY 1 – JANUARY 29, 2006
(Sunday) (Sunday)
(Envelope of 29 days)

CLOVERLEAF GREYHOUND TRACK
(Loveland)

FEBRUARY 1 – MAY 31, 2006
(Wednesday) (Wednesday)
(Envelope of 120 days)

MILE HIGH GREYHOUND RACING
(Commerce City)

JUNE 2 – SEPTEMBER 29, 2006
(Friday) (Friday)
(Envelope of 120 days)

INTERSTATE KENNEL CLUB
(Commerce City)

SEPTEMBER 30 – DECEMBER 23, 2006
(Saturday) (Saturday)
(Envelope of 85 days)

DECEMBER 26 – DECEMBER 31, 2006*
(Tuesday) (Sunday)
(Envelope of 6 days)

* - No racing on December 24 (Christmas Eve) and December 25 (Christmas Day)

HORSE

ARAPAHOE PARK
(Unincorporated Arapahoe County)

JUNE 10 – SEPTEMBER 4, 2006
(Saturday) (Monday)
(39 live race days)

ALL APPROVALS GRANTED SUBJECT TO AVAILABILITY OF DIVISION FUNDING AND STAFFING

HORSE BREEDERS AND OWNERS AWARDS AND SUPPLEMENTAL PURSE FUND

12-60-704, C.R.S. as amended, June 6, 1993 provides for the Horse Breeders and Owners Awards and Supplemental Purse Fund program. The fund consists of 0.5% of the mutuel handle on win, place and show wagers and 1.5% of the mutuel handle on all other wagers from all horse meets, including simulcast programs, plus uncashed ticket money from previous years.

The following accounting of the Owners'/Breeders' Awards and Supplemental Purse Fund money to be distributed to the various breed organizations is summarized for the calendar year 2005 as follows:

Earned from wagering in 2005	\$ 793,685.62
Earned from 2004 uncashed tickets	324,919.55
Interest in 2005	16,719.02
Less Bank Fees	(3,500.00)
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TOTAL OWNERS' / BREEDERS' FUND	\$ 1,131,824.19

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2005 submitted for approval at the February 2006 Commission meeting:

Thoroughbreds	\$ 757,459.36
Quarterhorse	153,092.06
Arabian	21,347.00
Paint	3,609.36
Appaloosa	1,826.63
Harness	46,489.78
<hr/>	
TOTAL	\$ 983,824.19

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2005 took place in 2006. However, during 2005, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$148,000.00. The distribution amounts above reflect these advances.

Current escrow totals are:

Harness	\$171,515.79
Appaloosa	18,703.28
<hr/>	
TOTAL	\$ 190,219.07

DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

Horse	\$	483,866.85
Greyhound		<u>3,067,060.00</u>
TOTAL COMMISSION	\$	3,550,926.85

Occupational Licenses:

	# Issued	\$	Received
Horse	574	\$	11,002.10
Greyhound	341		5,448.20
Central	<u>182</u>		<u>4,060.90</u>
TOTAL LICENSES	1,097	\$	20,511.20

Lease Registration Fees Collected	\$	60.00
Fines and Penalties Collected		12,262.95
Investigation Fees Collected		114.60
Printing Fees Collected		<u>98.00</u>
TOTAL RECEIPTS	\$	3,583,973.60

DISBURSEMENTS:

Personal Services	\$	1,263,173
Operating Expenses		89,294
Laboratory Services		91,214
Legal Services		<u>7,932</u>
TOTAL DISBURSEMENTS	\$	1,451,613

NOTE: We have modified this report. Therefore, the reporting categories (and net balance) should not be compared to previous years.

FUNCTIONS OF THE DIVISION OF RACING EVENTS

The Division of Racing Events is statutorily mandated to regulate the greyhound and horse racing industries in Colorado. The Division is responsible for ensuring honesty and integrity in racing and racing-related activities, such as simulcasting, and for protecting the citizens of the state from corrupt practices. In order to fulfill its mission and its obligations to the people of the state, the Division performs the following functions:

Enforcement: Various types of investigations are performed by staff members engaged in enforcement. This is to ensure that proper action is taken for violations of rules or the Racing Statute. Additionally, Division staff are responsible for kennel, stable and off-track wagering facility inspections. As needed, staff performing enforcement-related duties prepare and defend adoption of new or amended rule proposals before the Commission and implement policies and procedures to support them. They assist the Division's veterinary group in the enforcement of its policies and procedures, such as state and federal laws requiring vaccinations and the presentation of current health certificates for racing animals coming into Colorado.

Licensing, racing operations and animal welfare: The Division licenses all racing participants, oversees operations at racetrack and simulcast sites and ensures the safety and welfare of animals racing in Colorado. It is also responsible for maintaining up-to-date rules, policies and procedures to carry out its regulatory roles. All staff members are charged with the responsibility for ensuring honesty and integrity in racing as well as protecting the health and safety of greyhounds and horses racing in the state. Several approaches are used to achieve this goal, consisting of multiple inspections of animals, a human and animal drug testing program and an injury tracking system. A comprehensive drug-testing program, which is overseen by animal welfare specialists, is used to monitor drug administration in racing animals.

Financial oversight: In order to determine compliance with statutory requirements, the financial services staff members conduct audits and calculate pari-mutuel taxes due and paid, minimum purse amounts, payments to and proposed distribution amounts from the Horse Breeders' and Owners' Awards and Supplemental Purse Fund, payments to the Colorado State University School of Veterinary Medicine for equine research, uncashed ticket monies, pre-meet tests, price tests and revenue audits. They review all racing association financial statements and make observations and recommendations to the Commission regarding acceptability of each fiscal report. The Division also maintains statistical information regarding all pari-mutuel wagering in Colorado. It continues to ensure totalisator compliance by means of regular performance audits.

