

DIVISION OF RACING EVENTS



Anniversary

60th



*Report of the Sixtieth Pari-Mutuel Wagering Season 2008
January 1, 2008–December 31, 2008*

Colorado Racing Commission • Department of Revenue

STATE OF COLORADO

DIVISION OF RACING EVENTS

Department of Revenue

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Bill Ritter, Jr.
Governor

Roxanne Huber
Executive Director

Daniel J. Hartman
Division Director

Honorable Bill Ritter, Jr.
Governor of the State of Colorado

Honorable Members of the 74th General Assembly
State of Colorado

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

It is with distinct pleasure that we provide you with the following Report of the 60th 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 2008 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 161 live days and 382 horse and greyhound simulcast days in 2008 resulted in \$90,756,248 wagered in total, with \$1,568,600 in pari-mutuel taxes being deposited in the General Fund of the State of Colorado. The pari-mutuel taxes collected in 2008 show a significant decrease related to the cessation of live greyhound racing on June, 28, 2008. The Division does not anticipate the return of live greyhound racing in 2009. The current racetrack operator is still evaluating its options for 2010.

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".

Daniel J. Hartman
DIVISION DIRECTOR

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2008 Annual Report

ROXANNE HUBER
Executive Director
Department of Revenue

DAVID LYNN HOFFMAN
Chair
Colorado Racing
Commission

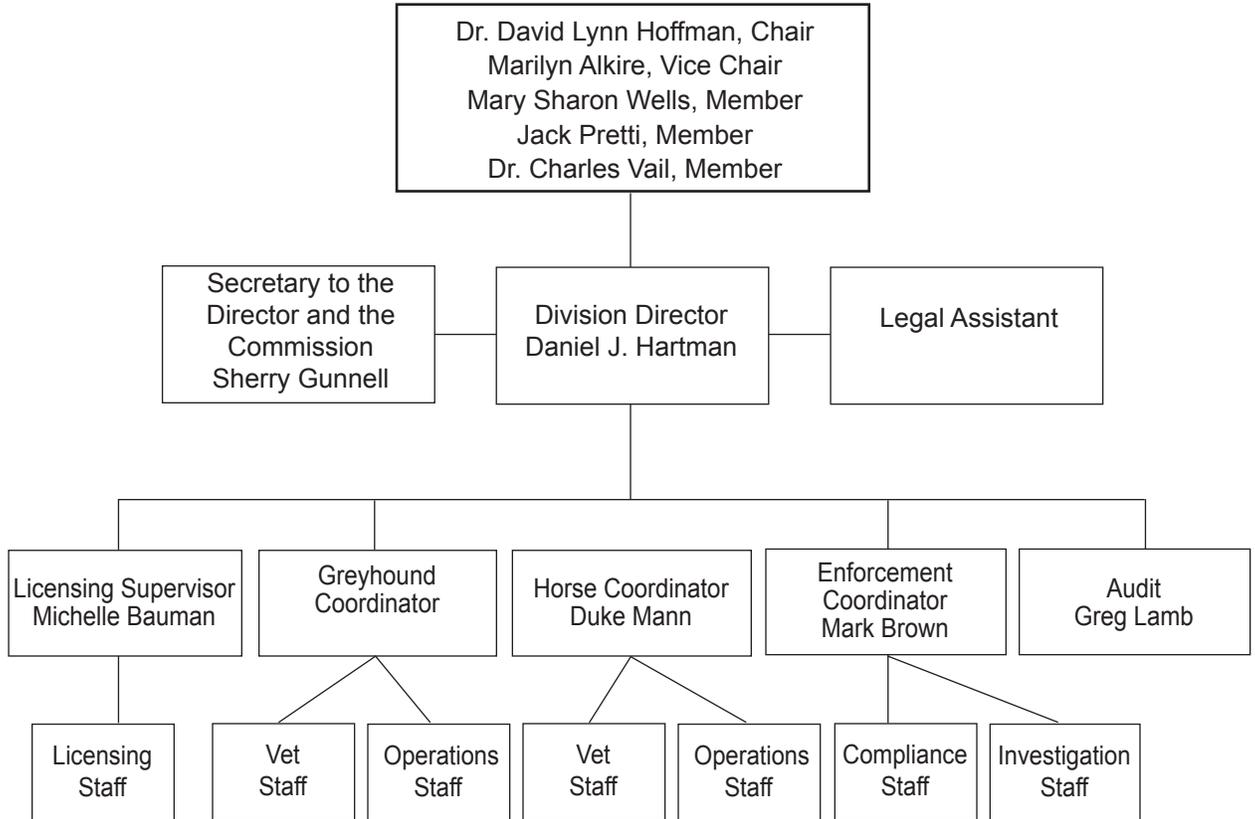
DANIEL J. HARTMAN
Division Director
Division of Racing Events

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COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



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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 three tracks (two greyhound tracks and one horse track) conducting pari-mutuel racing in Colorado during 2008.

In 2008, fourteen Commission meetings were held. The Commission conducted a 2009 race dates hearing, renewal application hearings for greyhound race meets in the northern sector 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.colorado.gov/revenue/racing

2008 EVENTS

COMMISSION NEWS

During the 2008 legislative session, the Senate confirmed the appointment of Charles Vail, DVM to serve a four-year term as a Commissioner. Dr. Vail's term will expire on July 1, 2011.

Mr. Jack Pretti was re-appointed to serve a second term on the Commission. His term will remain in effect until July 1, 2012.

Mr. C. Drew Grant elected not to stand for re-appointment to the Commission. On September 19, 2008, Mr. Grant's successor, Ms. Mary Sharon Wells, was appointed to serve her first term, which will remain in effect until July 1, 2012.

Commissioner David Lynn Hoffman was re-appointed to serve as the Chair of the Commission. Commissioner Marilyn Alkire was re-appointed to serve as the Vice-Chair of the Commission.

INDUSTRY NEWS

A complete liquidation auction/sale of all equipment and implements used at Cloverleaf Kennel Club in Loveland was conducted on April 5, 2008. The Cloverleaf buildings and facility, which closed permanently in late 2007, are to be razed at an unspecified future date.

On June 28, 2008, Mile High Racing and Entertainment of Colorado ceased conducting live greyhound racing at its facility in Commerce City. This ended sixty years of continuous operation at the same location.

LEGISLATION

On April 19, 2008, Governor Ritter signed into law Senate Bill 08-176, a measure that extended the validity of certain statutory provisions relating to the length of Arapahoe Park's race meet. Adoption of Senate Bill 08-176 will permit Arapahoe Park to conduct thirty rather than sixty days of live racing each year for a period of two years.

CURRENT MEMBERS OF THE COLORADO RACING COMMISSION

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), who, upon occasion, teaches on an interim basis. 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. She was re-appointed to the Commission in July, 2006 for a second four-year term expiring on July 1, 2010. 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.

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.

Charles D. Vail, DVM: (R) Dr. Vail, a representative who is a practicing veterinarian, was appointed to the Commission on November 20, 2007 for a term to expire on July 1, 2011. Dr. Vail has had a long and distinguished career in veterinary medicine, which has included serving as an Assistant Veterinarian at the 1958 and 1959 summer race meets at Centennial Racetrack and Brush, Colorado. Upon graduation from the Colorado State University College of Veterinary Medicine in 1960, Dr. Vail entered private equine practice in Littleton, Colorado. In 1962 and 1963, Dr. Vail served as the Track Veterinarian at Centennial Racetrack. Following the 1963 season at Centennial, Dr. Vail accepted the position of Senior Partner in the Littleton Large Animal Clinic, one that he continues to hold. He is now a Partner and Owner of the Littleton Large Animal Clinic. During his career, Dr. Vail has been affiliated with and held offices in numerous professional associations and societies. In 1987, the Colorado Veterinary Medical Association selected Dr. Vail as the Veterinarian of the Year.

Mary Sharon Wells: (D) On September 22, 2008, Mary Sharon Wells was appointed to serve as a representative of the general public to the Colorado Racing Commission. Ms. Wells' term of service will remain in effect until 2012. Ms. Wells possesses a wealth of varied employment, volunteer and community service experience. She taught music in the Denver Public Schools for approximately ten years; then, served in numerous capacities in state and county government. She worked for twenty-six years with the Colorado Legislature as both a lobbyist and an employee. She held the position of Executive Director of Governmental Relations for the Jefferson County Public Schools. Ms. Wells distinguished herself at the State House and gained a reputation for integrity, fairness and commitment. Her community service has included, but is not limited to, being the chair and an advisory board member for the Colorado Criminal Justice Commission's Build a Generation program, being a community activist in Jefferson County and working for the betterment of neighborhoods, schools and the environment there.

LICENSED RACETRACKS

GREYHOUND TRACKS

MILE HIGH GREYHOUND PARK

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

POST TIME GREYHOUND RACING

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

INTERSTATE KENNEL CLUB

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

PUEBLO GREYHOUND PARK

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

HORSE TRACK

ARAPAHOE PARK

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

LICENSED OTBS

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
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
2006	f 770 d	149,213,563	-6.43	427,317.06	3,235,269.31	3,270,570.16
2007	f 759 d	127,108,766	-14.81	261,110.42	2,792,776.48	2,810,254.76
2008	f 543 d	90,756,248	-28.59	290,518.85	1,568,600.28	1,612,516.59

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.

2008 PERFORMANCE MEASURES

	Sum of Average Percentage
Number of Greyhound Race Days	126
Number of Greyhound Performances	126
Number of Horse Race Days	36
Number of Business/Occupational Licenses Issued	720
Total Licensee Population	1,886
Number of Denied/Issued Conditionally	9
Number of Rulings Issued Resulting in Fines/Suspensions	70
Number of Commission Disciplinary Hearings	19
Number of Greyhound Drug Tests	1,606
Percent of Greyhound Drug Tests in Compliance	99.66%
Number of Horse Drug Tests	597
Percent of Horse Drug Tests in Compliance	98.50%
Number of Greyhound Injuries Reported	46
Number of Horse Injuries Reported	52
Number of Audits Conducted	58
Number of Tote Tests Conducted	3
Percent of Race Meet Audits Completed Within Ninety (90) Days	100%
Total Handle Wagered	\$90,756,248
Number of Kennel/Stable Inspections Conducted	202
Number of Simulcast Routine Checks Conducted	242
Number of Investigations Completed	156
Percent of Investigations Resulting in Criminal/Administrative Charges	66.83%
Percent of Investigations Completed within 60 Days	94.25%

2008 RACING SEASON—COMPARATIVE DATA

	# Days	# of Races	Handle	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
GREYHOUND							
LIVE	125	1,656	15,372,506.50	414,498.51	92,110.80	3,400,985.86	N/A
SIMULCAST TOTAL	132	27,311	15,709,356.60	706,921.05	N/A	2,957,420.22	N/A
TOTAL	257	28,967	31,081,863.10	1,121,419.56	92,110.80	6,358,406.08	N/A
HORSE							
SIMULCAST TOTAL	250	32,731	56,157,122.50	431,823.26	N/A	10,420,875.36	706,320.14
LIVE	36	328	3,517,262.00	15,357.46	N/A	722,232.83	22,737.68
TOTAL	286	33,059	59,674,384.50	447,180.72	N/A	11,143,108.19	729,057.82
GRAND TOTAL	543	62,026	\$90,756,247.60	\$1,568,600.28	\$92,110.80	\$17,501,514.27	\$729,057.82

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 TOTAL	N/A	23,535.79	11,439,319.78	122,980.05
SIMULCAST TOTAL	N/A	25,998.81	11,654,668.49	119,010.28
TOTAL	N/A	49,534.60	23,093,988.27	120,941.10
HORSE				
SIMULCAST TOTAL	106,383.64	226,132.27	42,688,725.17	224,628.49
LIVE	3,124.84	14,851.98	2,738,957.22	97,701.72
TOTAL	109,508.48	240,984.25	45,427,682.39	208,651.69
GRAND TOTAL	\$109,508.48	\$290,518.85	\$68,521,670.66	\$167,138.58

APPROVED 2009 RACE DATES CALENDAR

GREYHOUND

SOUTHERN CIRCUIT:

NO DATES REQUESTED

NORTHERN CIRCUIT:

RACE DATE REQUESTS WITHDRAWN

HORSE

ARAPAHOE PARK

MAY—AUGUST, 2009

(Unincorporated Arapahoe County)

APPROVAL 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 2008 as follows:

Earned from wagering in 2008	\$ 729,058.74
Earned from 2007 uncashed tickets	\$ 298,851.12
<u>Interest in 2008</u>	<u>\$ 8,879.81</u>
Less Bank Fees	\$ (3,500.00)
TOTAL OWNERS' / BREEDERS' FUND	\$ 1,033,289.67

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2008 submitted for approval at the February 2009 Commission meeting:

Thoroughbreds	\$ 691,631.74
Quarterhorse	\$ 109,283.00
Arabian	\$ 46,731.62
Paint	\$ 4,795.71
Appaloosa	\$ 1,201.47
Harness	\$ 43,838.25
Mule	\$ 807.88
TOTAL	\$ 898,289.67

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2008 took place in 2009. However, during 2008, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$135,000.00. The distribution amounts above reflect these advances.

ESCROW ACCOUNT UPDATE

In 2008, the Commission released the funds in the Appaloosa escrow account to the Appaloosa Breed Organization. In 2008, Arapahoe Park took Mule races from California, so an escrow account must be established for that breed until such time as a Mule Breed organization in Colorado is recognized by the Commission to receive those funds.

	2007 Balance	2008 Awards	Ending Balance
Harness	\$269,191.93	\$43,838.25	\$313,030.18
Mule	\$0.00	\$807.88	\$807.88
Appaloosa	\$23,165.09	(\$23,165.09)	\$0.00
Total in Escrow Account			\$313,838.06

DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

Horse	\$	447,180.72
Greyhound		<u>1,121,419.56</u>
TOTAL COMMISSION	\$	1,568,600.28

Occupational Licenses:

	# Issued	\$	Received
Horse	494	\$	9,183.75
Greyhound	83		1,310.45
Central	<u>116</u>		<u>3,094.55</u>
TOTAL LICENSES	693	\$	13,588.75

Lease Registration Fees Collected	\$	10.00
Fines and Penalties Collected		9,920.00
Investigation Fees Collected		229.56
Printing Fees Collected		<u>19.75</u>
TOTAL RECEIPTS	\$	1,582,189.03

DISBURSEMENTS:

Personal Services	\$	1,206,100
Operating Expenses		91,506
Laboratory Services		73,728
Legal Services		<u>36,946</u>
TOTAL DISBURSEMENTS	\$	1,408,280

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: Staff members engaged in the enforcement realm conduct various types of investigations. They are charged with responsibility for ensuring that proper actions are taken in the event of violations of rules or of the Racing Statute. Additionally, Division staff members 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

