STATE OF COLORADO

DIVISION OF RACING EVENTS

Department of Revenue

1881 Pierce Street, Suite 108 Lakewood, Colorado 80214-1494 Phone (303) 205-2990 FAX (303) 205-2950 Email - Racing@spike.dor.state.co.us Web - www.revenue.state.co.us/racing.dir/coracing.html



Bill Owens Governor

M.Michael Cooke Executive Director

Matt D. Cook Division Director

Honorable Bill Owens Governor of the State of Colorado

Honorable Members of the 69th 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 55th 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 2003 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 363 live days and 436 horse and greyhound simulcast days in 2003 resulted in \$206,686,801 wagered in total, with \$4,556,829.77 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

Then D Cook

Matt D. Cook

DIVISION DIRECTOR

2003 Annual Report



M. MICHAEL COOKE

Executive Director
Department of Revenue

DR. GENE NAUGLE

Chair

Colorado Racing Commission

MATT D. COOK

Division Director Division of Racing Events

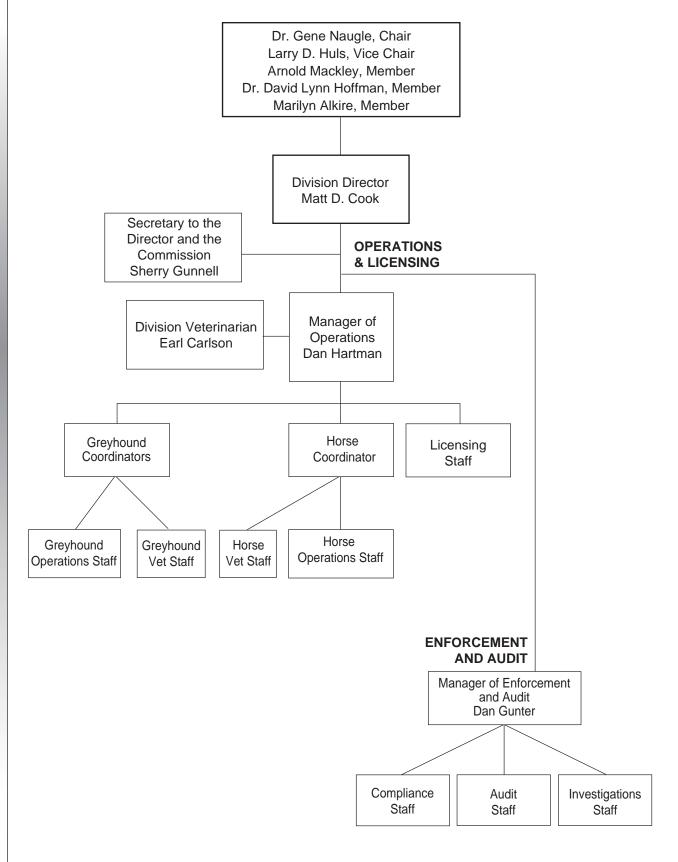
Table of Contents

Racing History/Mission Statement1
2003 Events
Members of the Colorado Racing Commission3
Licensed Race Tracks4
Licensed OTB's5
Cumulative Data6
Performance Measures
Comparative Data 8-9
Approved 2004 Race Dates10
Horse Owners and Breeders Awards and Supplemental Purse Fund
Division Receipts and Disbursements12
Functions of the Division of Racing Events13





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 six tracks (five greyhound tracks and one horse track) conducting pari-mutuel racing in Colorado during 2003.

In 2003, twelve Commission meetings were held. The Commission conducted a 2004 race date hearing, renewal application hearings for greyhound race meets in 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.state.co.us/racing dir/coracing.html





2003 EVENTS

DIVISION NEWS:

RETIREMENT OF DIRECTOR DAVID C. REITZ: On July 30, 2003, David C. Reitz retired as Director of the Division of Racing Events (and the Liquor Enforcement Division and Tobacco Unit) of the Department of Revenue. Mr. Reitz began his career in state government service approximately twenty years ago, becoming a Criminal Investigator for the Liquor Enforcement Division and, from 1993-95, serving as Interim Director of the Division of Racing Events. In 1999, Mr. Reitz was appointed to serve as Director of the combined Racing and Liquor Divisions.

APPOINTMENT OF NEW DIVISION DIRECTOR: On September 8, 2003, Mr. Matt Cook was appointed to serve as Director of the Liquor Enforcement Division/Tobacco Section and Racing Events Division.

COMMISSION NEWS:

- 1. Marilyn Alkire, who is self-employed in the breeding, training and showing of world class Quarter horses, was appointed to serve a four-year term expiring on July 1, 2006. The Senate confirmed Ms. Alkire's appointment during the 2003 legislative session (February 10, 2003).
- 2. Dr. Gene Naugle was re-appointed to serve a second four-year term on the Commission through June 30, 2007.
- 3. At July Commission meeting, Gene Naugle, DVM, was re-appointed Chairman of the Commission. Commissioner Larry Huls was re-appointed to serve as Vice-Chairman. They will hold these positions for one year.

ENACTED LEGISLATION:

House Bill 03-1123: An initiative to cash fund the Division of Racing Events, resulted in adjustments being made to association take-out rates to compensate for the effects of cash funding and license fees. In order to compensate racetrack and simulcast facilities for the new license fees, the Commission was allowed to adjust the take-out rate to a maximum level of 30%.

Senate Bill 03-107: This measure, introduced by the greyhound racing community to permit greyhound racetracks to annually receive 250 days of greyhound simulcast broadcasts, passed into law without the Governor's signature. To qualify to receive simulcast races, a greyhound track must have at least five days of live racing a week and each race day must have ten live races. The effective date of the bill was June 1, 2003, whereupon Colorado greyhound racetracks were permitted to submit requests to receive greyhound simulcast races. The intent of the measure was to enable greyhound racing to be competitive with other simulcast activities.



CURRENT MEMBERS OF THE COLORADO RACING COMMISSION



Gene Naugle, DVM: Dr. Naugle, a Veterinarian from Penrose, was originally appointed to the Colorado Racing Commission in 1999. He 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.

Larry Huls: Mr. Huls' initial appointment to the Racing Commission was confirmed on March 21, 2001. He is currently serving his second term as Vice-Chairman of the Commission. Mr. Huls, a resident of Arvada, held various positions in Colorado State Government for approximately twenty-five years, retiring in 1999 from the directorship of the Division of Racing Events.

Arnold Mackley: Mr. Mackley's initial appointment to the Racing Commission was confirmed on November 5, 1999 and his re-appointment for a second term was confirmed on October 11, 2000. This term will expire on July 1, 2004. Mr. Mackley, a resident of Rifle, is the Commission representative from the Western Slope. He brings over thirty years of experience as an accountant, controller, administrative assistant, vice-president of finance and director of finance for several large United States companies. Mr. Mackley served on the Planning and Zoning Commission of Garfield County, Colorado and was, also, a County Commissioner of Garfield County.

David Lynn Hoffman: Dr. Hoffman, a professor of management at the University of Northern Colorado (Greeley), was appointed to the Racing Commission effective October 2, 2001. His first term as a Commissioner will expire on July 1, 2005. Dr. Hoffman has served as President of the Board for Platt River Industries and 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: Ms. Alkire joined the Racing Commission on June 3, 2002. Her first term as a Commission member will expire on July 1, 2006. Ms. Alkire, who succeeded W. Gale Davey, represents the racing industry. 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.





LICENSED RACETRACKS

GREYHOUND TRACKS

MILE HIGH GREYHOUND PARK

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

INTERSTATE KENNEL CLUB

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

PUEBLO GREYHOUND PARK

Steve Rose, 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

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

HORSE TRACKS

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 (303) 783-0655

Licensee: Post Time Greyhound Racing





CUMULATIVE DATA

Year	Live Days		Pari- Mutuel Handle	Percent (compared previous ye	to	Total Breakage		State Commission	Total Divisional Receipts
1998	f 667	Ч	235,104,817	-6.66	е	629,328.78	σ	6,670,665.32	6,726,190.36
1999	f 652	d	244,568,401	+4.03	e	668,240.51	g g	6,542,580.07	6,592,394.72
	f 659	d	241,368,462	-1.31	e	651,538.88	g g	6,419,232.79	6,485,218.97
2000	f 859	d	233,123,732	-3.42	e	629,880.95	g	5,895,224.91	5,950,042.16
	f 727	d	219,180,341	-6.63	e	603,575.02	s g	5,056,906.01	5,115,833.71
	f 799	d	206,686,801	-5.70	e	616,810.54	s g	4,556,829.77	4,611,775.29

Footnotes

- d Includes handle wagered from out-of-state sources on in-state races.
- e Effective 07/01/98, the association share increased from 13% to 15%.
- f In previous years, both live and simulcast days were included in this calculation. However, starting in 1998 only live days are included.
- g State commission changed to 19.5% affective July 1, 1998.



2003 PERFORMANCE MEASUREMENTS



	Sum of Average Percentage	
Number of Greyhound Race Days	314	
Number of Greyhound Performances	421	
Number of Horse Race Days	49	
Number of Business/Occupational Licenses Issued	1,450	
Total Licensee Population	3,766	
Number of Denied/Issued Conditionally	65	
Number of Rulings Issued Resulting in Fines/Suspensions	105	
Number of Commission Disciplinary hearing	12	
Number of Greyhound Drug Test	1919	
Percent of Greyhound Drug Test in Compliance	100%	
Number of Horse Drug Test	477	
Percent of Horse Drug Tests in Compliance	98.10%	
Number of Greyhound Injuries Reported	209	
Number of Horse Injuries Reported	74	
Number of Audits Conducted	122	
Number of Tote Tests Conducted	36	
Percent of Race Meet Audits Completed Within Ninety (90) Days	100%	
Total Handle Wagered	\$206,686,801	
Number of Kennel/Stable Inspections Conducted	268	
Number of Simulcast Facility Inspection Conducted	2	
Number of Simulcast Routine Checks Conducted	317	
Number of Investigations Completed	222	
Percent of Investigations Resulting in Criminal/Administrative Charges	45%	
Percent of Investigations completed Within 60 Days	89%	





2003 RACING SEASON - COMPARATIVE DATA

	# of Race Days	# of Races	Pari- Mutuel Handle*	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
HORSE							
LIVE	47	420	\$7,670,563	\$23,495.93	NA	\$1,802,158.53	\$36,593.84
SIMULCAST	262	30,373	\$77,049,825	\$603,474.38	NA	\$14,118,647.99	\$944,826.66
TOTALS	309	30,793	\$84,720,388	\$626,970.31	NA	\$15,920,806.52	\$981,420.50
GREYHOUND							
LIVE	316	6,299	\$107,114,046	\$3,261,502.94	\$317,739.07	\$19,467,651.50	NA
SIMULCAST	174	11,419	\$14,852,367	\$668,356.52	NA	\$2,847,477.97	NA
TOTALS	490	17,718	\$121,966,413	\$3,929,859.46	\$317,739.07	\$22,315,129.47	NA
GRAND TOTA	L 799	48,511	\$206,686,801	\$4,556,829,77	\$317,739.07	\$38,235,935.99	\$981,420.50

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.



^{*} Includes off-track-betting (OTB) and out-of-state figures.



	CSU Fund	Breakage	Distributed to Public	Average Daily Handle
HORSE				
LIVE	\$5,232.46	\$41,371.04	\$5,761,711.20	\$163,203
SIMULCAST	\$139,670.66	\$372,566.11	\$58,886,779.05	\$294,083
TOTALS	\$144,903.12	\$413,937.15	\$64,648.490.25	\$274,176
GREYHOUND				
LIVE	NA	\$177,930.09	\$83,891,511.46	\$338,969
SIMULCAST	NA	\$24,943.30	\$11,012,691.49	\$85,358
TOTALS	NA	\$202,873.39	\$94,904,202.95	\$424,327
GRAND TOTAL	\$144,903.12	\$616,810.54	\$159,552,693.20	\$698,503





2004 APPROVED RACE DATES

GREYHOUND

SOUTHERN CIRCUIT:

NO LIVE RACING

NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB JANUARY 1 – JANUARY 31, 2004

(Commerce City) (Thursday) (Saturday) (Envelope of 31 days)

OCTOBER 2 – DECEMBER 23, 2004*

(Saturday) (Thursday) (Envelope of 83 days)

DECEMBER 26 – DECEMBER 31, 2004

(Sunday) (Friday) (Envelope of 6 days)

CLOVERLEAF KENNEL CLUB FEBRUARY 3 – JUNE 1, 2004

(Loveland) (Tuesday) (Tuesday)

(Envelope of 120 days)

MILE HIGH GREYHOUND PARK JUNE 4 – OCTOBER 1, 2004

(Commerce City) (Friday) (Friday) (Envelope of 120 days)

HORSE

ARAPAHOE PARK MAY 8 – AUGUST 31, 2004**
(Unincorporated Arapahoe County) (Saturday) (Tuesday)
(Envelope of 116 days)

** - Tentative dates - actual dates to be determined



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

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 fo the Owners'/Breeders' Awards and Supplemental Purse Fund money to be distributed to the various breed organizations is summarized for the calendar year 2003 as follows:

Earned from wagering in 2003	\$ 981 <i>,</i> 408.65
Earned from 2002 uncashed tickets	418,943.40
Interest in 2003	3,547.03
Less Bank Fees	(3,500.00)

TOTAL OWNERS' / BREEDERS' FUND

\$ 1,400,399.08

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2003 submitted for approval at the February 2004Commission meeting:

\$ 1, 231,398.08	TOTAL
51,624.56	Harness
1,637.40	Appaloosa
4,159.30	Paint
26,711.62	Arabian
195,946.94	Quarterhorse
\$ 951,319.26	Thoroughbreds

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2003 took place in 2004. However, during 2003, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$169,000.00. The distribution amounts above reflect these advances.

Current escrow totals are:

	TOTAL	\$ 83,207.04
Appaloosa		15,239.25
Harness		\$67,967.79





DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

\$ 4,556,829.77
3,929,859.46
\$ 626,970.31
\$ \$

Occupational Licenses:

	# Issued	\$ Received
Horse	646	\$ 16,283.25
Greyhound	533	11,628.20
Central	270_	<u>7,718.70</u>
Total Licenses	1,449	\$ 35,630.15

Lease Registration Fees Collected	\$ 70.00
Fines and Penalties Collected	18,542.90
Investigation Fees Collected	662.47
Printing Fees Collected	 40.00
TOTAL RECEIPTS	\$ 4,611,775.29

DISBURSEMENTS:

Personal Services	\$ 1,317,854
Operating Expenses	97,122
Laboratory Services	63,151
Legal Services	28,509
TOTAL DISBURSEMENTS	\$ 1,506,636



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.



