

DIVISION OF RACING EVENTS



Report of the Fifty-Eighth Pari-Mutuel Wagering Season 2006
January 1, 2006 – December 31, 2006



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 72nd 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 58th 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 2006 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 308 live days and 501 horse and greyhound simulcast days in 2006 resulted in \$149,213,563 wagered in total, with \$3,235,269 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".

Daniel J. Hartman
DIVISION DIRECTOR

2006 Annual Report

ROXANNE HUBER
Executive Director
Department of Revenue

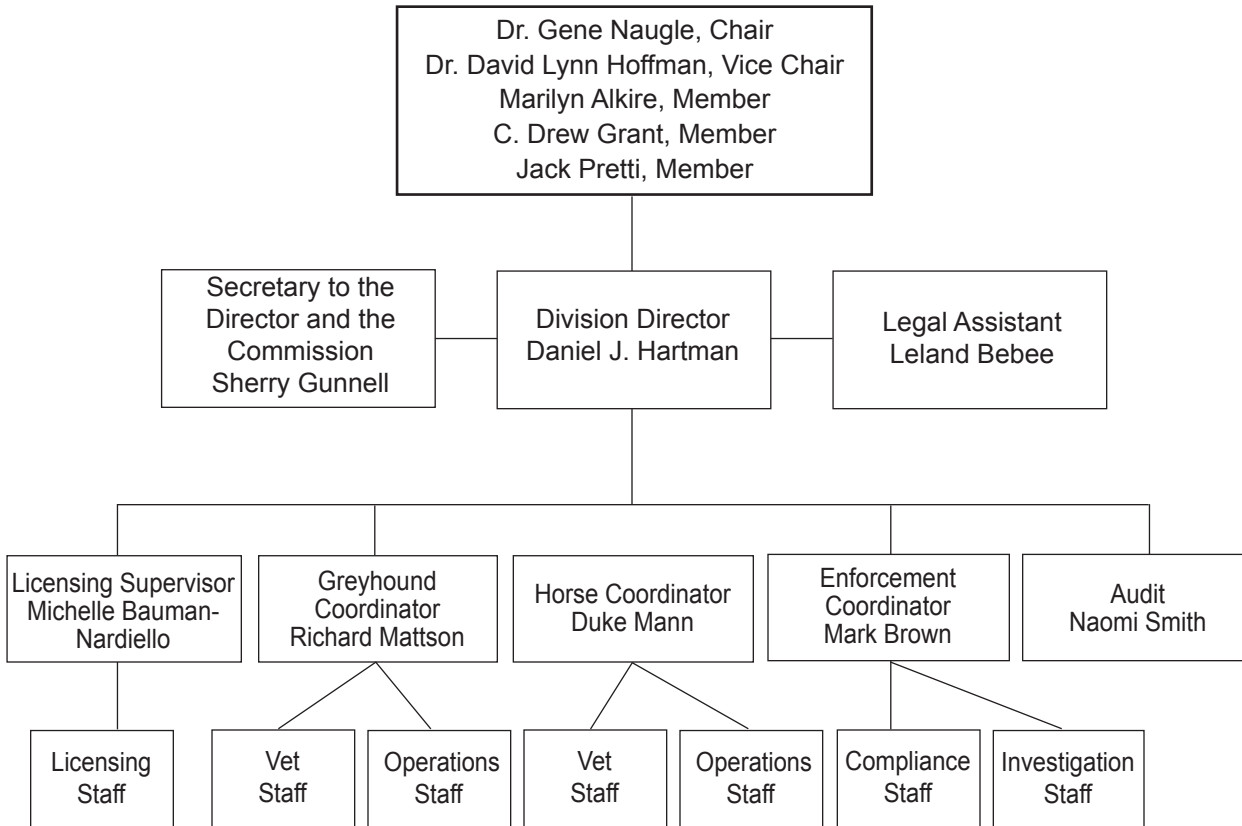
DR. GENE NAUGLE
Chair
Colorado Racing
Commission

DANIEL J. HARTMAN
Division Director
Division of Racing Events

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COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



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 four tracks (three greyhound tracks and one horse track) conducting pari-mutuel racing in Colorado during 2006.

In 2006, twelve Commission meetings were held. The Commission conducted a 2007 race date 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.revenue.state.co.us/racing_dir/home.asp

2006 EVENTS

COMMISSION NEWS:

David Lynn Hoffman, whose re-appointment to a second four-year term as a Commissioner took place in July 2005, received Senate confirmation of this re-appointment on February 1, 2006 during the 2006 Legislative Session.

Marilyn Alkire was re-appointed to serve a second four-year term expiring on July 1, 2010.

DIVISION NEWS:

The Sunset Review Committee commenced its audit of the Division of Racing Events in January and completed its audit report in October. This process is a routine one that every regulatory program/agency is statutorily mandated to undergo. The primary determination of the Review Committee and its recommendation to the Legislature was that the Division should continue to provide regulation of the racing industry in the future.

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. 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.

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

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

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

CLOVERLEAF KENNEL CLUB

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

POST TIME GREYHOUND RACING

Bruce Seymore, 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
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
2006	f 770	d	149,213,563	-6.43	427,317.06	3,235,269.31	3,270,570.16

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.

2006 PERFORMANCE MEASURES

	Sum of Average Percentage
Number of Greyhound Race Days	276
Number of Greyhound Performances	359
Number of Horse Race Days	39
Number of Business/Occupational Licenses Issued	1,154
Total Licensee Population	2,756
Number of Denied/Issued Conditionally	61
Number of Rulings Issued Resulting in Fines/Suspensions	131
Number of Commission Disciplinary Hearings	8
Number of Greyhound Drug Tests	3,774
Percent of Greyhound Drug Tests in Compliance	100%
Number of Horse Drug Tests	628
Percent of Horse Drug Tests in Compliance	97.74%
Number of Greyhound Injuries Reported	139
Number of Horse Injuries Reported	41
Number of Audits Conducted	19
Number of Tote Tests Conducted	13
Percent of Race Meet Audits Completed Within Ninety (90) Days	100%
Total Handle Wagered	\$149,213,563
Number of Kennel/Stable Inspections Conducted	122
Number of Simulcast Facility Inspections Conducted	0
Number of Simulcast Routine Checks Conducted	341
Number of Investigations Completed	262
Percent of Investigations Resulting in Criminal/Administrative Charges	73.45%
Percent of Investigations Completed within 60 Days	91.13%

2006 RACING SEASON - COMPARATIVE DATA

	# Days	# of Races	Handle	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
GREYHOUND							
LIVE TOTAL	269	5,510	\$57,045,235.50	\$1,481,784.08	\$201,433.06	\$11,929,451.65	NA
SIMULCAST TOTAL	251	52,606	\$28,168,579.00	\$1,267,686.80	NA	\$5,327,025.78	NA
TOTAL	520	58,116	\$85,213,814.50	\$2,749,470.88	\$201,433.06	\$17,256,477.43	NA
HORSE							
SIMULCAST TOTAL	250	33,058	\$59,441,807.35	\$469,793.39	NA	\$10,982,594.08	\$740,702.22
LIVE TOTAL	39	355	\$4,557,941.00	\$16,005.04	NA	\$941,030.13	\$23,920.37
TOTAL	250	33,413	\$63,999,748.35	\$485,798.43	NA	\$11,923,624.21	\$764,622.59
GRAND TOTAL	770	91,529	\$149,213,562.85	\$3,235,269.31	\$201,433.06	\$29,180,101.64	\$764,622.59

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	NA	\$102,233.27	\$43,213,126.62	\$212,064
SIMULCAST TOTAL	NA	\$45,681.68	\$21,262,095.05	\$112,225
TOTAL	NA	\$147,914.95	\$64,475,221.67	\$163,873
HORSE				
SIMULCAST TOTAL	\$110,873.06	\$253,487.39	\$45,590,385.81	\$237,767
LIVE TOTAL	\$3,312.64	\$25,914.72	\$3,547,758.10	\$116,870
TOTAL	\$114,185.70	\$279,402.11	\$49,138,143.91	\$255,999
GRAND TOTAL	\$114,185.70	\$427,317.06	\$113,613,365.58	\$193,784

2007 APPROVED RACE DATES

GREYHOUND

SOUTHERN CIRCUIT:

No Dates Requested

NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB
(Commerce City)

JANUARY 1 – FEBRUARY 5, 2007
(Monday) (Monday)
(Envelope of 36 days)

PUEBLO GREYHOUND PARK
(Commerce City)

FEBRUARY 7 – JUNE 6, 2007
(Wednesday) (Wednesday)
(Envelope of 120 days)

MILE HIGH GREYHOUND PARK
(Commerce City)

JUNE 8 – OCTOBER 5, 2007
(Friday) (Friday)
(Envelope of 120 days)

INTERSTATE KENNEL CLUB
(Commerce City)

OCTOBER 6 – NOVEMBER 21, 2007
(Saturday) (Wednesday)
(Envelope of 47 days)

NOVEMBER 23 – DECEMBER 23, 2007
(Friday) (Sunday)
(Envelope of 31 days)

DECEMBER 26 – DECEMBER 31, 2007
(Wednesday) (Monday)
(Envelope of 6 days)

HORSE

ARAPAHOE PARK
(Unincorporated Arapahoe County)

JUNE – SEPTEMBER, 2007

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 2006 as follows:

Earned from wagering in 2006	\$ 764,620.57
Earned from 2005 uncashed tickets	275,876.48
Interest in 2006	31,999.45
Less Bank Fees	(7,000.00)
Less adjustment from prior years	(16,224.28)
TOTAL OWNERS' / BREEDERS' FUND	\$ 1,049,272.22

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2006 submitted for approval at the February 2007 Commission meeting:

Thoroughbreds	\$703,818.61
Quarterhorse	130,885.22
Arabian	27,049.01
Paint	4,305.48
Appaloosa	2,102.77
Harness	52,111.13
TOTAL	\$ 920,272.22

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2006 took place in 2007. However, during 2006, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$129,000.00. The distribution amounts above reflect these advances.

Current escrow totals are:

Harness	\$224,864.69
Appaloosa	20,959.01
TOTAL	\$ 245,823.70

DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

Horse	\$	485,798.43
Greyhound		<u>2,749,470.88</u>
TOTAL COMMISSION	\$	3,235,269.31

Occupational Licenses:

	# Issued	\$	Received
Horse	598	\$	10,644.20
Greyhound	300		5,231.45
Central	<u>171</u>		<u>5,335.50</u>
TOTAL LICENSES	1,069	\$	21,211.15

Lease Registration Fees Collected	\$	20.00
Fines and Penalties Collected		13,680.00
Investigation Fees Collected		385.95
Printing Fees Collected		<u>3.75</u>
TOTAL RECEIPTS	\$	3,270,570.16

DISBURSEMENTS:

Personal Services	\$	1,288,533
Operating Expenses		91,089
Laboratory Services		100,811
Legal Services		<u>10,674</u>
TOTAL DISBURSEMENTS	\$	1,491,107

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.