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Indiana Horse Racing Commission State of Indiana

Mitchell E. Daniels, Jr., Governor

www.state.in.gov/hrc

June 2008

The Honorable Mitchell E. Daniels Governor of the State of Indiana Room 206, The Statehouse Indianapolis, IN 46204

Dear Governor Daniels:

With the passage of legislation in the spring of 2007 allowing slot machines at both of our pari-mutuel tracks, the industry began preparations for a new era of horse racing in Indiana. By year's end, both Hoosier Park and Indiana Downs had started construction on new facilities to house the gaming operations and were hopeful for early summer, 2008 openings.

For participants in horse racing, the "slots era" should result in increased purses, expanded breeding and training operations and a very high quality of horse racing. As a commission, we will be mindful of the positive impact to the agribusiness sector of the State's economy which must result from the new legislation.

Early in 2007 we were elated to receive the results of our independent survey of horsemen racing at the two tracks. We received an "excellent" or "good" rating from over two-thirds of the respondents, who were asked to evaluate the overall effectiveness of the regulatory efforts of the Commission.

In April of 2007, Executive Director Joe Gorajec and I traveled to Jackson Hole, Wyoming for the Association of Racing Commissioner's International (RCI) Annual Convention. We considered and voted on numerous regulations to present to our own commission, and I am pleased to report that the Indiana Horse Racing Commission acted upon several of these during the second half of the year. Mr. Gorajec is currently the Chairman-Elect of the RCI.

The Indiana Horse Racing Commission was pleased to hear at the end of the year that Hoosier Park's Indiana Oaks race for fillies in October 2008 has been upgraded from a Grade III to a Grade II status. This race will draw some of the best horses from around the country.

Thanks again for the opportunity to serve on this commission.

Sincerely,

Sarah W. McNaught Commission Chairman

Sarah W. McNaught

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Commissioners



Sarah McNaught Chairman

Sarah McNaught	Chairman
Alan Armstrong \	/ice-Chairman
Jim Lauck	Secretary
Doug Grimes	Member
Steve Schaefer	Member

Commission Senior Staff



Joe Gorajec Executive Director

Race Track Staff

Pat Adams	Assistant Director of Security
Abi Meister	Licensing Supervisor
Richard Wilbur	Investigator
Brad Jones	Investigator

To further assist the Commission with its regulatory responsibilities, the following individuals provided professional or technical service at Hoosier Park and Indiana Downs during the 2007 racing season.

Standardbred Judges

Timothy Schmitz, Presiding Judge Jim Curran, Associate Judge Richard (Dick) DiSantis, Associate Judge

Thoroughbred Stewards

Gary Wilfert, Senior State Steward Tim Day, Associate Steward Rick Evans, Associate Steward Jean Chalk, Associate Steward

Veterinary Technicians

Commission Veterinarians

David Morgan, DVM David Skand, DVM Janice Soika, DVM April Reid, DVM Kitson Logue, DVM

Stephanie Adams Claudia Shaff Barbara Sigman Cheryl Morris Yvonne Stephens Jenny Baughman

Racing Inspectors Karla Vaughn

Shelly McCracken-Rania

Standardbred Breed Development **Advisory Committee**

Michael Christner, Chair Don Eash Gordon Tabor

Thoroughbred Breed Development **Advisory Committee**

James Carmichael, D.V.M. Chair Jim Hartman Jim Elliott

Standardbred Advisory Board

Scott Snyder, Chair Byron Hooley Dwayne Rhule Randy Dever Tim Graber Pam Cross Jessica Barnes, ExOfficio Member

Quarter Horse Breed Development Advisory Committee

Shirley Tresner, Chair Jim Noel Carol Ecker, DVM

Indiana Racetracks & OTB's



Live Racing at Tracks

Standardbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total				
	61	78*	139				
	\$2,410,474	\$2,031,123	\$4,441,597				
	\$39,516	\$26,040	\$31,954				
Thoroughbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total				
	61	48	109				
	\$2,451,314	\$2,290,659	\$4,741,973				
	\$40,185	\$47,722	\$43,504				
Ouarter Horse Number of Races Total Handle Average Per-Race Handle	Hoosier Park	Indiana Downs	Total				
	43	43	86				
	\$175,576	\$174,761	\$350,337				
	\$4,083	\$4,064	\$4,074				
	Hoosier Park	Indiana Downs	Total				
Total Live Handle	\$5,037,364	\$4,496,543	\$9,533,907				

^{(*}Loss of two Standardbred race dates due to extreme temperatures.)

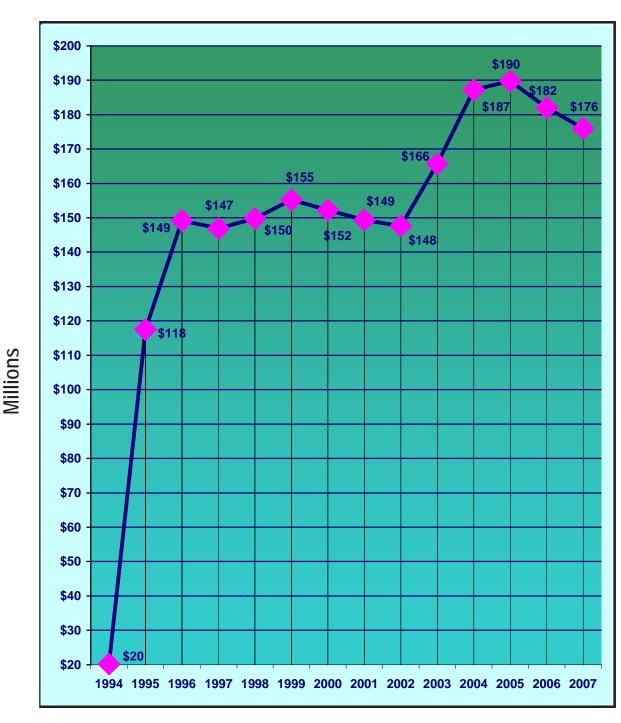
Simulcast Handle

Export Handle (1) Thoroughbred Standardbred Quarter Horse Total Simulcast Handle	Hoosier Park	Indiana Downs	Total
	\$65,660,588	\$43,452,937	\$109,113,525
	41,698,750	31,093,861	72,792,611
	2,197,301	1,231,614	3,428,915
	\$109,556,639	\$75,778,412	\$185,335,051
Average Daily Export Handle Thoroughbred Standardbred Quarter Horse *	Hoosier Park \$1,076,403 683,586 51,100	Indiana Downs \$905,270 388,673 28,642	\$1,001,046 523,688 *Quarter Horse handle is calculated on a <u>per race</u> basis not daily.
In-State Handle (2) Thoroughbred/Quarter Horses Standardbred Total In-State Handle	Hoosier Park	Indiana Downs	Total
	\$76,865,728	\$53,748,126	\$130,613,854
	25,621,909	9,997,653	35,619,562
	\$102,487,637	\$63,745,779	\$166,233,416

⁽¹⁾ Hoosier Park wagered \$2,104,710 on Indiana Downs' simulcast signal (\$1,278,963 on standardbred and \$825,747 on thoroughbred + Quarter Horse). Indiana Downs wagered \$1,468,108 on Hoosier Park's simulcast signal (\$842,941 on thoroughbred + Quarter Horse and \$625,167 on standardbred). These handle numbers are included in the "Export Handle" above by source of signal and in "In-State Handle" by location of wager.

⁽²⁾ Handle at Indiana OTB's on racing originating in-state is accounted for in **"In-State Handle"** source of wager (i.e. Hooiser Park's OTB handle on Hoosier Park's live racing is attributed to Hoosier Park).

Total In-State Handle

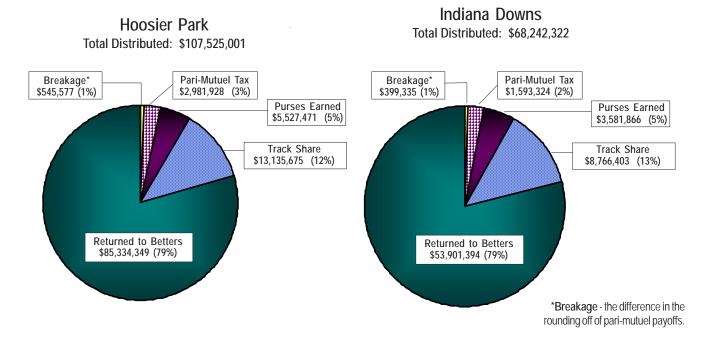


Year

(Handle - money wagered by the betting public on pari-mutuel races.)

Distribution of the Wagering Dollar

The following is a breakdown of the distribution of all monies wagered at both Hoosier Park and Indiana Downs and their satellite facilities:



State Revenues

The following are the direct state revenues collected in accordance with the pari-mutuel statute IC 4-31:

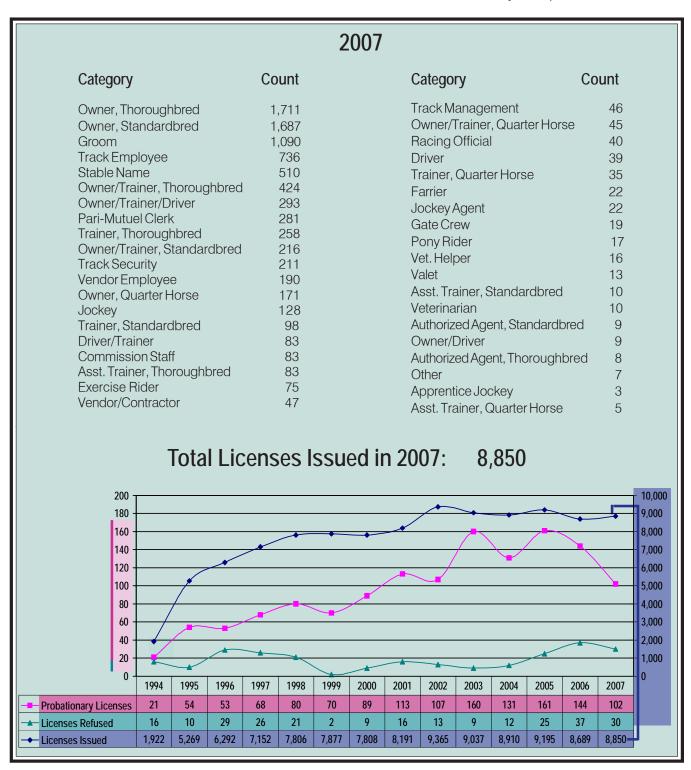
Hoosier Park
Pari-Mutuel Tax
Track Reimbursement for Officials
Occupational License Fees
Admission Tax
Fines and Civil Penalties Paid
Track Permit and License Fees
Total\$3,446,639
Indiana Downs
Pari-Mutuel Tax
Track Reimbursement for Officials
Occupational License Fees
Admission Tax
Fines and Civil Penalties Paid
Track Permit and License Fees
Total
Total State Revenue \$5,458,095

The direct revenue received by the State of Indiana exceeded the cost of regulation. Indiana Horse Racing Commission operating expenditures for calendar year 2007 were \$2,537,733.

Occupational Licensing

Pursuant to IC 4-31-6 and 71 IAC 5-1-1, all persons participating in pari-mutuel racing under the jurisdiction of the Commission are required to be licensed. The licensing process is the backbone of the Commission's regulatory efforts. Each prospective licensee is fingerprinted.

The Federal Bureau of Investigation (FBI) provides the Commission with criminal histories of all applicants. The Commission may refuse or deny the application for licensure of any person whose criminal or racing violation record is contrary to the public's best interest.



Equine Drug Testing

Pari-mutuel horse racing can succeed as a legitimate major league sport only if its races are perceived by the wagering public to be honest, competitive contests, free from manipulation by man or drugs. The Commission's drug

Breed	Race Dates	Urine	Blood	Positive Tests
Standardbred	139	1692	2188	6
Thoroughbred	109	1976	2250	8
Total	248	3668	4438	14

detection program is one of the nation's most comprehensive and its laboratory, one of the most respected in the racing industry.

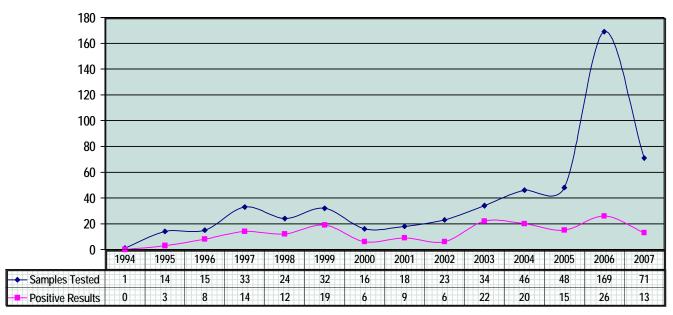
Truesdail Laboratory in Tustin, California, serves as the primary testing laboratory for the Indiana Horse Racing Commission. Truesdail Laboratory has been a leader in racing chemistry and drug-related research for over 50 years. For each positive test, the

offending horse was disqualified and placed last. In accordance with the pari-mutuel statute, all purse money earned is ordered returned and redistributed.

The table below represents a further breakdown, by breed, of the name and types of drugs reported by the laboratory.

Number o Standardbred	f Violations Thoroughbred	ARCI Drug Classification	Туре
4	6	Bute (Overage)	nonsteroidal anti-inflammatory
2		Banamine (Class 4)	analgesic
	1	3-Hydroxydetomidine (Class 3)	tranquilizer
	1	2-(1-hydroxyethyl)promazine (Class 3)	tranquilizer

Human Drug Testing



Breed Development

Overview

Pursuant to IC 4-31-11, breed development funds have been established to promote the breeding of horses while stimulating the agri-business sector of the state's economy. Standardbred, Thoroughbred and Quarter Horse breed development advisory committees make recommendations to the Commission regarding the distribution of these monies.

The Breed Development Fund was established by the Indiana pari-mutuel statute and is administered by Governor- appointed members of the Breed Development committees and boards. The Fund consists of breakage

(the difference in the rounding off of pari-mutuel payoffs), outs (all uncashed tickets), and the riverboat admissions tax allocation. The Indiana Horse Racing Commission receives 65 cents for every admission on an Indiana riverboat. Twenty (20) percent of the 65 cents goes into the Breed Development Fund. The Breed Development Fund is divided forty-eight (48) percent to the Indiana Thoroughbred Breed Development Fund and forty-eight (48) percent to the Standardbred Breed Development Fund and four (4) percent to the Quarter Horse Breed Development Fund.

Thoroughbred & Quarter Horse Programs

The mission of the Thoroughbred and Quarter Horse

Development Advisory Committees is to register thoroughbred and Quarter Horses for the Indiana bred program and provide incentives and awards to three important elements of the Indiana racing industry: the owner, the breeder and the stallion owner. The intent of these incentives and awards is to promote investment of capital into the Indiana economy (via breeding, racing and related agri-business) and maximize the positive

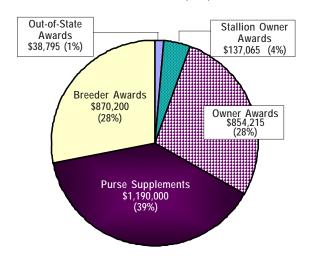
impact to the state's economy. The incentives reward risk, and the awards reward success on the

racetrack...through winning!

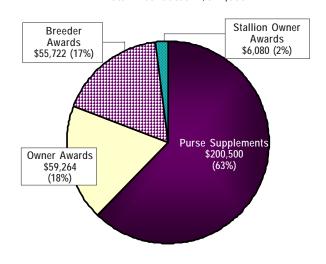
By visiting the commission website (www.in.gov/hrc), information can be obtained regarding eligibility requirements for racing awards such as those described in the chart below. There are detailed instructions on how to register a foal/horse, what applications to use and what type of deadlines apply.

Jacki Brown, Director
Thoroughbred & Quarter Horse
Breed Development

2007 Thoroughbred Award Distribution Total Distributed: \$3,090,275



2007 Quarter Horse Award Distribution Total Distributed: \$321,566



Breed Development

Standardbred Program

The Standardbred Breed Development Program concluded its 2007 year by continuing to offer a lucrative program for Indiana sired horses at Hoosier Park, Indiana Downs, and Indiana's County and State Fairs. This program provided racing opportunities and incentives for Indiana Sired horses through the Indiana Sired Late Closing Events, Indiana Sires Stakes, Genesis Series, Indiana Sired Fair Circuit Program, Overnight Race Supplements and Indiana Sired Bonus and Breeder's Awards. The success of the Indiana Sired Program during 2007 has resulted in over 8.6 million dollars paid

in purses at Indiana's pari-mutuel tracks to Indiana Sired horses, through breed development funds and track purse supplements. This is an increase of over 3.8% from 2006. In addition, Indiana's county fairs and State Fair, a main-



Jessica Barnes

Director of Standardbred Racing

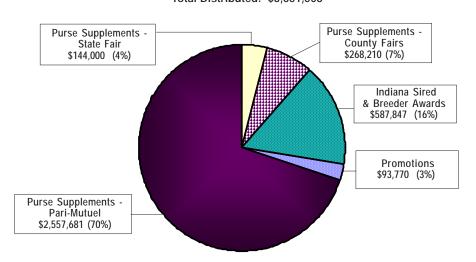
& Breed Development

stay in the history of Indiana horse racing, hosted 29 days of racing and 275 races during the Indiana Sired Fair Circuit Program. Overall, over 9.9 million dollars in purses and awards were paid to owners and breeders of Indiana Sired horses racing in the State of Indiana during 2007.

As a result of these efforts, the Indiana Standardbred Breed Development Program continues to develop and promote a high quality Standardbred industry in the State of Indiana, which in turn, continues to foster more agri-business growth for the

State. Please visit the commission website (www.in.gov/hrc) to obtain information regarding the Indiana Sired Program, nomination requirements, necessary applications, historical information, deadlines and more.

2007 Standardbred Award Distribution Total Distributed: \$3.651,508



2007 Breed Development Fund Revenues

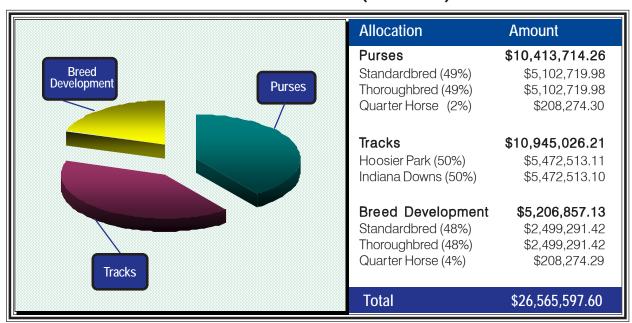
Breed	Breakage	Outstanding Tickets *	Riverboat Revenue	Total
Standardbred	453,558.24	418,491.29	2,499,291.42	3,371,340.95
Thoroughbred	453,558.24	418,491.28	2,499,291.42	3,371,340.94
Quarter Horse	37,796.52	34,874.27	208,274.29	280,945.08
Total	\$944,913.00	\$871,856.84	\$5,206,857.13	\$7,023,626.97

^{*} Outstanding ticket revenue is based on tickets purchased in 2006 which expired in 2007.

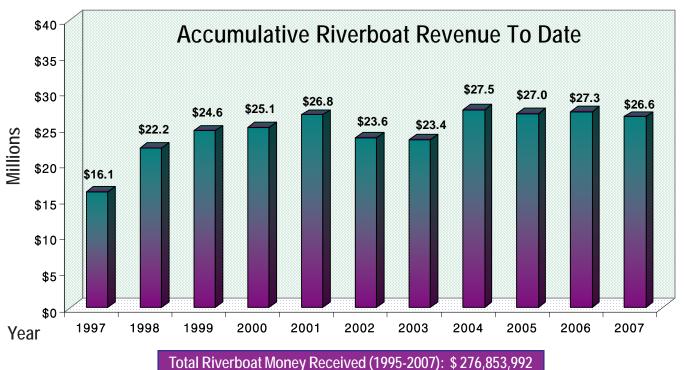
Riverboat Revenue

The statute permitting riverboat gaming in Indiana earmarks sixty-five (65) cents of the three dollar admission tax to the pari-mutuel horse racing industry. These funds are distributed to various segments of the racing industry in accordance with Commission rule 71 IAC 12-2-15.

2007 Riverboat Revenue Allocation to Racing From Admission Tax (65 cents)



Distribution Formula: Pursuant to 71 IAC 12-2-15, riverboat revenue was allotted 40% to purses, 40% to the tracks and 20% to breed development funds. Beginning April 2006, approximately 2% of the Riverboat revenue was utilized to implement Integrity '06.



2008 Race Dates listed by Track Location

(Green days denote Quarter Horse races also held)

2008 RACE DATES FOR HOOSIER PARK

ST	ΓΑΓ	ND	AR	DB	RE	ED ·	•		Аp	ril 5	- Ju	lly 12	2 (71	Day	/s) -	Post	Tim	ne W	ed -	Sun	6:45	6:45 p.m. (tan dates)									
		Al	PR	IL					I	MA	Y					J	UN	TE					•	JUI	Y						
S	М	T	W	T	F	S	S	М	T	W	T	F	S	5	M	T	W	T	F	S	S	М	T	W	T	F	S				
		1	2	3	4	5	* D	* Dan Patch			1	2	3	1	2	3	4	5	6 7				1	2	3	4	5				
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12				
13	14	15	16	17	18	19	11	12	13	14	15	16	17	1	5 16	17	18	19	20	21	13	14	15	16	17	18	19				
20	21	22	23	24	25	26	18	19	20	21	22	23	24*	2	2 23	24	25	26	27	28*	20	21	22	23	24	25	26				
27	28	29	30				25	26	27	28	29	30	31	2	29 30 * Hoosier Cup							27 28 29 30 31									

TH	IOF	SOI	JG	HB	RE	D -		Α	ugu	st 2	9 - N	lov 2	23 (6	3 D	ays	s)	Pos	st Ti	me \	Ned	- Su	n 6:4	5 p.n	n. (blue	date	s)		
		AI	JGI	USI	Γ			SE	PT	N BV	IB	ER	}		OCTOBER NOV										EN	EMBER			
S	М	T	W	T	F	S	S	М	T	W	T	F	S		S	М	T	W	T	F	S	S	М	T	W	T	F	S	
3	4	5	6	7	8	9		1*	2	3	4	5	6					1	2	3*	4*							1	
10	11	12	13	14	15	16	7	8	9	10	11	12	13		5	6	7	8	9	10	11	2	3	4	5	6	7	8	
17	18	19	20	21	22	23	14	15	16	17	18	19	20		12	13	14	15	16	17	18	9	10	11	12	13	14	15	
24	25	26	27	28	29	30	21	22	23	24	25	26	27		19	20	21	22	23	24	25	16	17	18	19	20	21	22	
31							28	29	30						26	27	28	29	30	31		23	24	25	26	27	28	29	

^{*}Labor Day Post = 6:55 p.m.

2008 RACE DATES FOR INDIANA DOWNS

TH	IOF	ROI	JG	HB	RE	D -		Apri	l 25 -	July	8 (5	3 Da	ys) F	Pos	t Tiı	me:	Mon	- We	Ned 4:55 p.m. FRI & SAT 6:55 p.m. (blue dates)											
		Al	PR	IL					I	MA	Y			JUNE								JULY								
S	M	T	W	T	F	S	S	М	T		S	М	T	W	T	F	S	S	М	T	W	T	F	S						
		1	2	3	4	5					1	2	3		1	2	3	4	5	6	7			1	2	3	4	5		
6	7	8	9	10	11	12	4	5	6	7	8	9	10		8	9	10	11	12	13	14	6	7	8	9	10	11	12		
13	14	15	16	17	18	19	11	12	13	14	15	16	17		15	16	17	18	19	20	21	13	14	15	16	17*	18	19		
20	21	22	23	24	25	26	18	19	20	21	22	23	24		22	23	24	25	26	27	28	20	21	22	23	24*	25	26		
27	28	29	30				25	26	27	28	29	30	31		29	30						27	28	29	30	31				

ST	STANDARDBRED - July 16 - Nov 8 (80 days) Post Tim															me: Mon - Wed 4:55 p.m Fri & Sat 6:55 p.m. (tan dates)														
AUGUST								SEPTEMBER							OCTOBER							NOVEMBER								
S	М	T	W	T	F	S	S	M	T	W	T	F	S		S	М	T	W	T	F	S	S	N.	Т	W	T	F	S		
1 2							1	2	3	4	5	6					1	2	3	4							1			
3	4	5	6	7	8	9	7	8	9	10	11	12	13		5	6	7	8	9	10	11	2	3	4	5	6	7	8		
10	11	12	13	14	15	16	1.	15	16	17	18	19	20		12	13	14	15	16	17	18									
17	18	19	20	21	22	23	2	22	23	24	25	26	27		19	20	21	22	23	24	25	*July 17 & 24 Post time will be 4:55 p.m.								
24	25	26	27	28	29	30	2	29	30						26	27	28	29	30	31										
31								*	ALL [)ATE:	S WE	RE A	PPRC	VEC	D BY	THE	INDI	ANA	HOR	SE R	ACING	CON	MISS	ION	ON NO	VEMB	ER 15	5. 2007		

^{*}Indiana Oaks & Indiana Derby

Indianapolis Office

Indiana Horse Racing Commission ISTA Center, Suite 530 150 W. Market St. Indianapolis, IN 46204 Phone: (317) 233-3119

Fax: (317) 233-4470

www.in.gov/hrc

Field Offices

Indiana Horse Racing Commission c/o Hoosier Park 4500 Dan Patch Circle Anderson, IN 46013

Phone: (765) 609-4855 Fax: (765) 683-2568

Indiana Horse Racing Commission c/o Indiana Downs 4425 N 200 W Shelbyville, IN 46176 (317)-713-3350 (317)-713-3355