

INDIANA HORSE RACING COMMISSION



Photo: Courtesy of Lawrence Van Garrett/coadyphoto.com



Photo: Courtesy of Jim Linscott

2006 ANNUAL REPORT

www.in.gov/ihrc



Indiana Horse Racing Commission State of Indiana

Mitchell E. Daniels, Jr., Governor

www.state.in.gov/ihrc

April 1, 2007

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

Dear Governor Daniels:

A review of 2006 includes some significant changes and challenges for the horse racing industry.

Integrity '06 was approved by the Commission before the race meets began in the spring. This was the largest regulatory reform since the pari-mutuel statute was enacted in Indiana more than 10 years ago. As you might imagine, there was stiff opposition from a vocal group of horsemen to this kind of sweeping change.

The heart of the program is designed to deter unauthorized race day medication to horses. The means to deter includes additional track security and escorts for veterinarians during salix administration. We believe the Integrity '06 regulations go a long way in protecting the level playing field for our racing product.

The Commission also responded to requests from the Jockey's Guild for changes in rules concerning safety and other issues, including use of telephones, advertising on apparel, padding in the starting gate, and the track warning system. We attempted to accommodate their needs, while protecting the betting public and track interests, as we crafted new regulations.

Unfortunately, both tracks posted millions of dollars in losses during the year. However, Indiana Downs creatively changed post times for thoroughbred races, which resulted in a ninety percent (90%) increase in simulcast wagers.

During the latter part of 2006, the national racing media seemed to focus even more intently on integrity in racing. A litany of illegal medication offenses around the country was cited by Stan Bergstein in the Daily Racing Form, but he stated that Indiana has "shown signs of a rigid backbone" when it comes to integrity. We will continue to monitor the situation and move forward on regulations which will keep us as leaders in the industry.

We are very happy to report the hiring of Ursula Jedra, D.V.M. as our first full-time Chief Veterinarian. She joined a dedicated staff in April, and has been a significant help to our operation.

In December, the Commission received a request to approve the sale of Churchill Downs' majority stake in Hoosier Park to Centaur, Inc., the minority shareholder. This will be considered in the first quarter of 2007.

Thank you for the opportunity to serve on the Commission.

Sincerely,

Sarah W. McNaught

Sarah W. McNaught Commission Chairman

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Indiana Horse Racing Commission

Commissioners



Sarah McNaught Chairman

Sarah McNaught Chairman
Alan Armstrong Vice-Chairman
Jim Lauck Secretary
Doug Grimes Member
Will KochMember

Commission Senior Staff

Joe Gorajec	Executive Director
Deena Pitman	Assistant Executive Director
Robert Smith	Director of Security
Wendi Samuelson-Dull	
Ursula Jedra, DVM	Chief Veterinarian
Jessica Barnes	Director of Standardbred
	Racing & Development
Jacki Brown	Director of Thoroughbred &
	Quarter Horse Development



Joe Gorajec Executive Director

Indiana Horse Racing Commission

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 2006 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

Leslie Ahluwalia, DVM David Morgan, DVM Russell Burger, DVM

Henry B. Blackwell, II

Nat Hill, IV

Stephanie Adams Claudia Shaff Barbara Sigman Cheryl Morris Jenny Baughman Kent Carpenter

Racing Inspectors

Paul Clark Karla Vaughn Shelly McCracken-Rania

Standardbred Breed Development Advisory Committee Ernest M. Gaskin, *Chair*

Thoroughbred Breed Development Advisory Committee

James Carmichael, D.V.M. Chair Mari Hulman George Jim Elliott

Standardbred Advisory Board

Jeff Henson, *Chair* Nancy Sabatini Richard Link Randy Dever Scott Snyder Pam Cross Jessica Barnes, *ExOfficio Member*

Quarter Horse Breed Development Advisory Committee Shirley Tresner, Chair

Shirley Tresner, *Chair* Michael Renihan Carol Ecker, DVM

Year In Review

April	Мау	June
After a nation-wide search, the Commission hires Ursula Jedra, D.V.M. to become its first full-time Chief Veterinarian.	The Governor signs a bill which gives the Commission discretion to permit medication consistent with the recommendations of the Racing Medication and Testing Consortium, our national experts on equine medicine. The bill, sponsored and championed by Senator Robert Jackman, leads to the regulated use of flunixin and ketoprofen.	Sale of Indiana Downs' thorough- bred simulcast signal explodes as patrons across the country em- brace the tracks' new twilight rac- ing calender. Signal sales in- crease over 90%.
October	March	October
Cielo Gold and Star Dab- bler finish in a dead heat to win the 12 th running of the Grade II Indiana Derby Sat- urday, October 7 at Hoosier Park. A total of 5,134 people were in attendance for the \$500,000 event.	The Commission approves "Integrity '06". The pro- gram deters the adminis- tration of unauthorized race day medication. New rules include enhanced track security and escorts for veterinarians during salix administration.	Jockey Rodney Prescott earns his 2,000 th career victory Wednesday, October 18 at Hoo- sier Park. Prescott guides the Ray Ginter Jr. owned and trained Sefayoself to a convincing win in the third race of the evening.
December	December	December
The Commission receives a re- quest to approve the sale of Churchill Downs Management Corporation's 62% stake in Hoo- sier Park to minority share- holder Centaur LLC.	Don Kubovchik, Executive Direc- tor of the Indiana HBPA, passes away after a brief illness. Don epitomized the term "gentlemen horseman" and will be missed by the entire racing industry.	Governor Mitch Daniels reappoints Sarah McNaught to serve a full four-year term expiring in Septem- ber 2010. McNaught remains as Chairman of the Commission.

Live Racing at Tracks

Standardbred	Hoosier Park	Indiana Downs	Total
Number of Dates	60	80*	140
Total Handle	\$2,278,284	\$2,136,072	\$4,414,356
Average Daily Handle	\$37,971	\$26,701	\$31,531
Thoroughbred	Hoosier Park	Indiana Downs	Total
Number of Dates	59 *	48 *	107
Total Handle	\$2,626,142	\$2,251,229	\$4,877,371
Average Daily Handle	\$44,511	\$46,901	\$45,583
Ouarter Horse	Hoosier Park	Indiana Downs	Total
Number of Races	45	37	82
Total Handle	\$197,252	\$156,196	\$353,448
Average <u>Per-Race</u> Handle	\$4,383	\$4,222	\$4,310
	Hoosier Park	Indiana Downs	Total
Total Live Handle	\$5,101,678	\$4,543,497	\$9,645,175

(*Loss of three Thoroughbred race dates and one Standardbred race date due to inclement weather.)

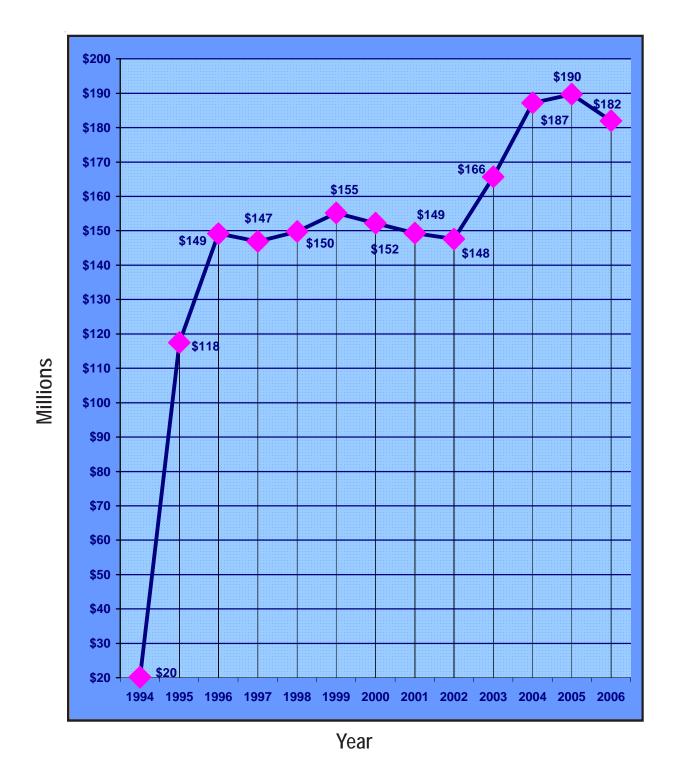
Simulcast Handle

Export Handle ⁽¹⁾	Hoosier Park	Indiana Downs	Total
Thoroughbred	\$97,634,694	\$33,331,895	\$130,966,589
Standardbred	52,359,902	34,773,449	87,133,351
Quarter Horse	2,979,918	893,777	3,873,695
Total Simulcast Handle	\$152,974,514	\$68,999,121	\$221,973,635
Average Daily Export Handle Thoroughbred Standardbred Quarter Horse *	Hoosier Park \$1,654,825 872,665 66,220	Indiana Downs \$680,243 429,302 24,156	*Quarter Horse handle is calculated on a <u>per race</u> basis not daily.
In-State Handle ⁽²⁾	Hoosier Park	Indiana Downs	Total
Thoroughbred/Quarter Horses	\$81,562,607	\$52,789,953	\$134,352,560
Standardbred	27,187,536	11,031,353	38,218,889
Total In-State Handle	\$108,750,143	\$63,821,306	\$172,571,449

(1) Hoosier Park wagered \$2,409,278 on Indiana Downs' simulcast signal (\$1,557,921 on standardbred and \$851,357 on thoroughbred + Quarter Horse). Indiana Downs wagered \$1,763,135 on Hoosier Park's simulcast signal (\$1,116,607 on thoroughbred + Quarter Horse and \$646,528 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).

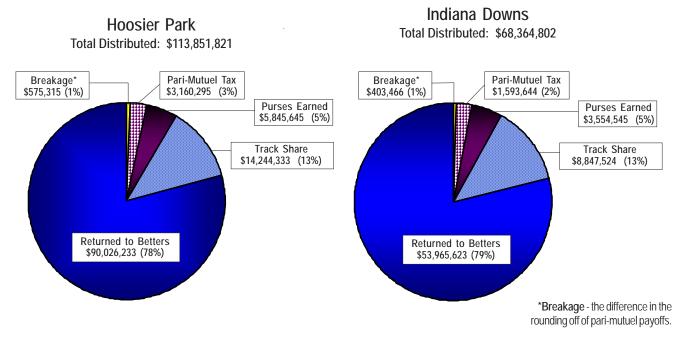
Total In-State Handle



(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\$3,160,295 Track Reimbursement for Officials						
Occupational License Fees 132,090 Admission Tax 3,809 Fines and Civil Penalties Paid 11,900						
Track Permit and License Fees 8,000 Total \$3,639,003						
Indiana Downs						
Pari-Mutuel Tax\$1,593,644Track Reimbursement for Officials277,106Occupational License Fees126,970Admission Tax-0-Fines and Civil Penalties Paid12,650Track Permit and License Fees7,000Total\$2,017,370						
Total State Revenue \$5,656,373						

The direct revenue received by the State of Indiana exceeded the cost of regulation. Indiana Horse Racing Commission operating expenditures for calendar year 2006 were \$2,424,307.

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.

2006														
Category	Count Categor						ory			С	ount			
Owner, Thoroughk Owner, Standardb Groom Track Employee Stable Name Owner/Trainer, The Vendor Employee Trainer, Thoroughl Owner/Trainer/Dri Pari-Mutuel Clerk Owner/Trainer, Sta Track Security Owner, Quarter Ho Jockey Trainer, Standardb Driver/Trainer Commission Staff Asst. Trainer, Thoro Exercise Rider Driver	ored ored ver andarc orse ored	lbred	1,723 1,720 1,084 742 511 d 399 183 276 267 248				Vendor/Contractor36Owner/Trainer, Quarter Horse42Track Management33Racing Official34Trainer, Quarter Horse27Farrier24Gate Crew16Valet14Pony Rider21Jockey Agent19Authorized Agent, Standardbred13Veterinarian12Owner/Driver13Other18Asst. Trainer, Standardbred11Vet. Helper11Apprentice Jockey4Authorized Agent, Thoroughbred3Asst. Trainer, Quarter Horse5							
Total Licenses Issued in 2006: 8,689														
180 9,0 160 8,0 120 6,0 100 5,0 80 60 40 2,0 20 1,0									10,000 9,000 8,000 7,000 6,000 5,000 4,000 3,000 2,000 1,000 0					
Probationary Licenses	1994 21	1995 54	1996 53	1997 68	1998 80	1999 70	2000 89	2001 113	2002 107	2003 160	2004 131	2005 161	2006 144	
Licenses Refused	16	10	29	26	21	2	9	16	13	9	12	25	37	
Licenses Issued	1,922	5, 269	6,292 7,152 7,806 7,877 7,808 8,191 9,365 9,037 8,910 9,195 8,689											

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	141	2095	2608	29
Thoroughbred	110	2070	2314	8
Total	251	4165	4922	37

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

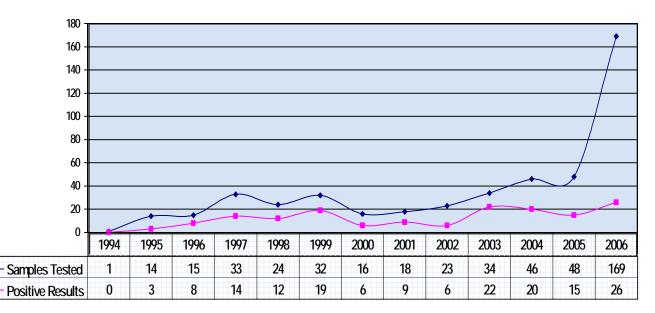
Truesdail Laboratory in Tustin, California, serves as the primary testing laboratory for the Indiana Horse Racing Commission. Truesdail Laboratory has been a leader in racing chemistry and drug-related re-

search 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.

	umber of Violations ARCI ardbred Thoroughbred Drug Classification					
1	6	Bute (Overage)	nonsteroidal anti-inflammatory			
	1	Banamine (Class 4)	analgesic			
23		Dexamethasone (Class 4)	corticosteroid			
4		Methylprednisolone (Class 4)	corticosteroid			
1		Clenbuterol (Class 3)	bronchodilator			
	1	Mephentermine (Class 1)	antihypotensive			

Human Drug Testing



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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



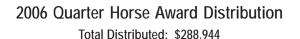
impact to the state's economy. The incentives reward

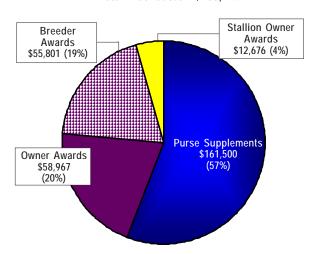
risk, and the awards reward success on the racetrack...through winning!

By visiting the commission website (www.in.gov/ihrc), 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.

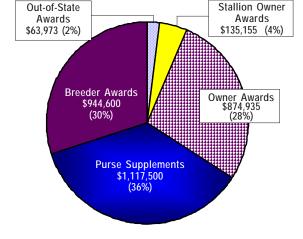
Jacki Brown, Director Thoroughbred & Quarter Horse **Breed Development**







Total Distributed: \$3,136,163



Breed Development

Standardbred Program

The Standardbred Breed Development Program concluded its 2006 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 2006 has resulted in over 8.3 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 6.4% from 2005. In addition, Indiana's county fairs and State Fair, a main-



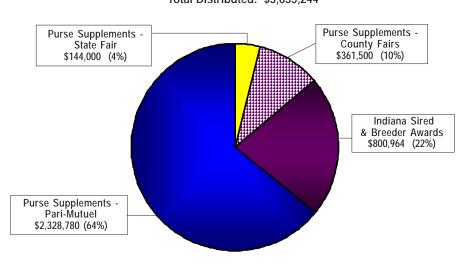
Jessica Barnes Director of Standardbred Racing & Breed Development

stay in the history of Indiana horse racing, hosted 29 days of racing and 304 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 2006.

As a result of these efforts, the Indiana Standardbred Breed Development Program con-

tinues 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 (<u>www.in.gov/</u><u>ihrc</u>) to obtain information regarding the Indiana Sired Program, nomination requirements, necessary applications, historical information, deadlines and more.



2006 Standardbred Award Distribution Total Distributed: \$3.635,244

2006 Breed Development Fund Revenues

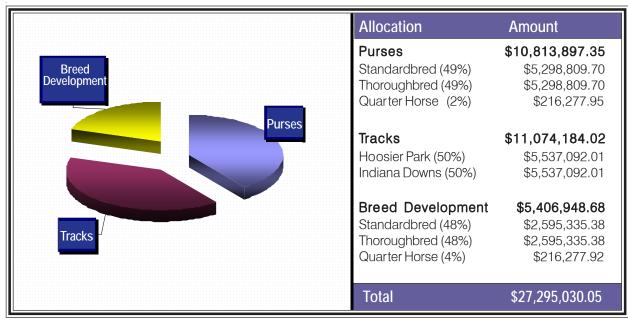
Breed	Breakage	Outstanding Tickets *	Riverboat Revenue	Total
Standardbred	469,814.88	439,592.00	2,595,335.38	3,504,742.26
Thoroughbred	469,814.88	439,592.00	2,595,335.38	3,504,742.26
Quarter Horse	39,151.24	36,632.66	216,277.92	292,062.82
Total	\$978,781.00	\$915,816.66	\$5,406,948.68	\$7,301,547.34

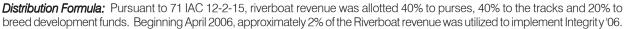
Outstanding ticket revenue is based on tickets purchased in 2005 which expired in 2006.

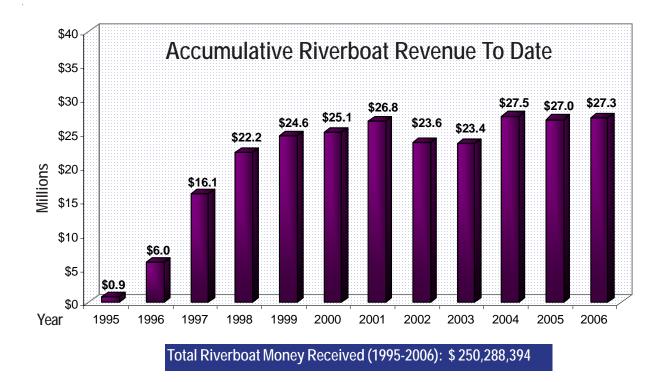
Riverboat Revenue

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.

2006 Riverboat Revenue Allocation to Racing From Admission Tax (65 cents)

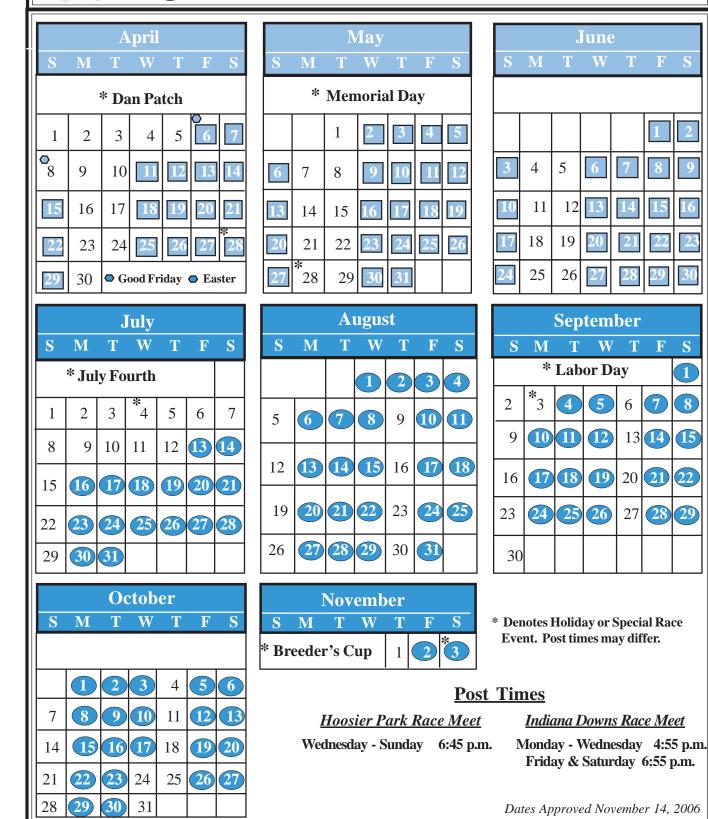


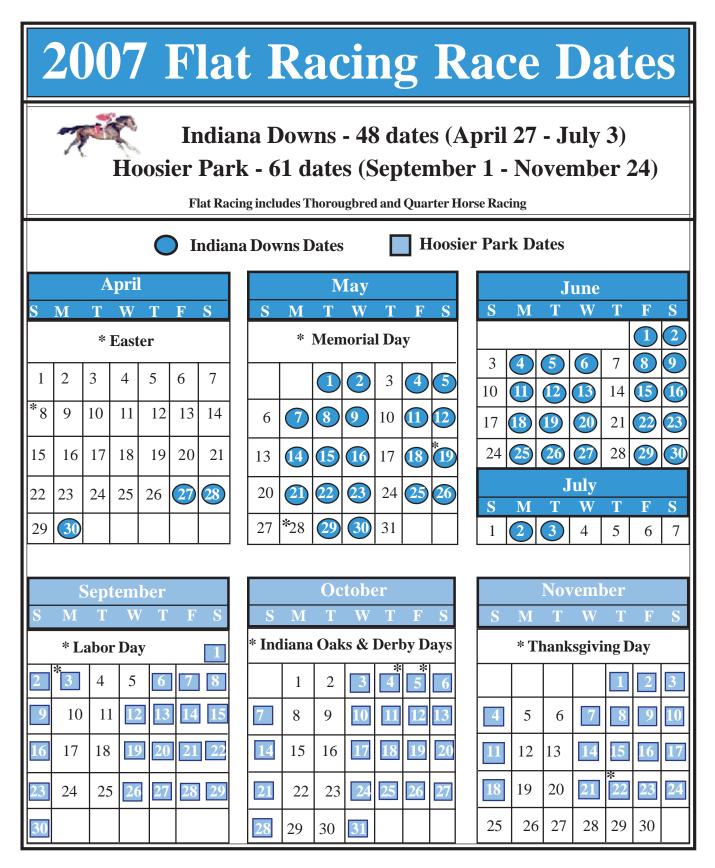




2007 Standardbred Race Dates

Hoosier Park - 61 dates (April 6 - June 30) Indiana Downs - 82 dates (July 13 - November 3)

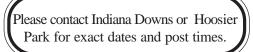




<u>Post Times</u> Indiana Downs - Monday, Tuesday Wednesday - 4:55 p.m. Friday & Saturday - 6:55 p.m. Hoosier Park - Wednesday - Sunday - 6:10 p.m.

* Denotes Holiday or Special Race Event; post times may differ.

Quarter Horse Racing



Dates Approved November 14, 2006

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/ihrc



Indiana Horse Racing Commission c/o Hoosier Park 4500 Dan Patch Circle Anderson, IN 46013 Phone: (765) 683-2565 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