

Indiana Horse Racing Commission



Photo: Courtesy of Lawrence Van Garrett/coadyphoto.com



Photo: Courtesy of Jim Linscott

2005 Annual Report

www.state.in.gov/ihrc

August 1, 2006

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

Dear Governor Daniels,

The following pages will give you a glimpse of the horse racing industry in Indiana for the calendar year of 2005. We are proud to report that Hoosier Park and Indiana Downs, and our five off-track betting facilities had an all-time record handle of \$190 million in 2005.

The five commissioners you appointed in April, 2005 worked diligently through the year to listen to concerns and regulate in the best interests of our participants and betting public. Indiana's regulatory program continues to be held in high esteem among our counterparts in other states.

This year we faced challenges, too. In May an equine disease known as "strangles" threatened to curtail racing at Indiana Downs. Due to quick action by Commission and track personnel, in addition to help from the Indiana State Veterinarian, Dr. Brett Marsh and his fine staff, Indiana lost only one evening of racing and horses were successfully quarantined and treated. In late 2005, the industry endured negative media attention over educational presentations we attempted at the tracks, and for investigative actions we had taken with licensees in 2003 at Hoosier Park. In both instances, I believe the Commission staff acted thoughtfully and appropriately to deal with the issues at hand.

During 2005, the first turf race for standardbreds was held at Indiana Downs. This one-of-a-kind event was won by trainer and Hoosier harness legend Jerry Landess.

The Indiana Derby at Hoosier Park drew 6,822 spectators and generated a nationwide handle of \$2,597,826. The \$500,000 Derby is Indiana's premier thoroughbred horse race. The annual Grade II event attracts both trainers and horses of national prominence and in many cases will have Breeders' Cup contenders among its starting field.

The Indiana Horse Racing Commission remains committed to fairly and effectively regulating this sector of our economy. We thank you for the opportunity to be of service.

Sincerely,

Sarah 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 Koch	Member

Commission Senior Staff



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 2005 racing season.

Standardbred Judges

Timothy Schmitz, Presiding Judge Richard Williams, Associate Judge Jim Curran, Associate Judge

Thoroughbred Stewards

Gary Wilfert, Senior State Steward Tim Day, Associate Steward Richard Evans, Associate Steward Steve Oberkitus, Associate Steward

Veterinary Technicians

Commission Veterinarians

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

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

Racing Inspectors Paul Clark

Paul Clark Karla Vaughn Shelly McCracken-Rania

Standardbred Breed Development Advisory Committee

Ernest M. Gaskin, *Chair* Henry B. Blackwell, II Nat Hill, IV

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*Michael Renihan
Carol Ecker, DVM

Year In Review

January

An 88-count federal indictment charges 17 defendants with operating an illegal gambling business that involves wagers made through rebate shops and a scheme to fix a race at Aqueduct Race Course in New York by giving a horse a performance-enhancing substance. The indictment leads to calls for strict and immediate security measures in the pari-mutuel industry.

February

The Commission approves an Administrative Law Judge's order to suspend Quarter Horse owner Michael Taylor for three (3) years for misrepresentations made pertaining to Indiana-bred races. Mr. Taylor is also fined \$15,000 and ordered to pay \$64,989 in Indiana Horse Racing Commission legal expenses.

April

At the annual convention of the Association of Racing Commissioners International (RCI) in Lexington, KY, Executive Director, Joe Gorajec is elected Secretary/Treasurer to the international trade association of racing regulators.

April

Jay Cross establishes a new world record in the special 15/16th mile pace driving "Devil's Music" during the Dan Patch night at Hoosier Park. The previous mark was set in 1954 at Vernon Downs in Vernon, New York.

April

Governor Mitch Daniels appoints Sarah McNaught (Indianapolis, IN) chairman of the Indiana Horse Racing Commission. The Governor also appoints Doug Grimes (Gary, IN) and Will Koch (Santa Claus, IN) to the Commission.

May

The first-ever quarantine of an Indiana pari-mutuel facility takes place at the Indiana Downs Thoroughbred/ Quarter Horse meet. The Indiana Board of Animal Health and track staff quickly react to an outbreak of strangles, a nonfatal equine disease.

August

Indiana Downs continues its support of grass roots harness racing by allowing the use of their facility during the 2005 Harness Racing Youth League Summer Camp. Campers (ages 11-13) spend a week "camping" (in the Jockey Quarters) with "hands-on" instruction covering horse care, training, driving and general racing philosophy.

November

Hoosier Park concludes both its standardbred and thoroughbred 2005 race meets with double digit simulcast increases, demonstrating strong support for its simulcast signal in offtrack betting facilities across the nation.

December

The two trade associations representing racing regulators, the Association of Racing Commissioners International (RCI) and the North American Pari-Mutuel Regulators Association (NAPRA) announce a merger. The merger allows regulators a stronger, more unified voice in racing industry affairs.

Live Racing at Tracks

Standardbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total
	61	82	143
	\$2,486,945	\$2,242,008	\$4,728,953
	\$40,770	\$27,342	\$33,070
Thoroughbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total
	57 *	48	108
	\$2,906,585	\$2,216,275	\$5,122,860
	\$50,993	\$46,172	\$47,434
Ouarter Horse Number of Races Total Handle Average Per-Race Handle	Hoosier Park	Indiana Downs	Total
	37	45	82
	\$107,168	\$163,704	\$270,872
	\$2,896	\$3,638	\$3,303
	Hoosier Park	Indiana Downs	Total
Total Live Handle	\$5,500,698	\$4,621,987	\$10,122,685

^{(*}Loss of three race dates due to inclement weather.)

Simulcast Handle

Export Handle (1)	Hoosier Park	Indiana Downs	Total
Thoroughbred	\$92,705,854	\$20,535,200	\$113,241,054
Standardbred Quarter Horse	47,388,738 2,297,033	17,117,483 968,416	64,506,221 3,265,449
Total Simulcast Handle	\$142,391,625	\$38,621,099	\$181,012,724
Average Daily Export	Hoosier Park	Indiana Downs	
Handle Thoroughbred Standardbred Quarter Horse *	\$1,626,418 776,865 62,082	\$427,817 208,750 21,520	*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	\$85,788,895	\$54,876,730	\$140,665,625
Standardbred	28,240,022	10,714,595	38,954,617
Total In-State Handle	\$114,028,917	\$65,591,325	\$179,620,242

⁽¹⁾ Hoosier Park wagered \$2,251,073 on Indiana Downs' simulcast signal (\$1,520,374 on standardbred and \$730,699 on thoroughbred + Quarter Horse). Indiana Downs wagered \$1,970,021 on Hoosier Park's simulcast signal (\$1,217,711 on thoroughbred + Quarter Horse and \$752,310 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

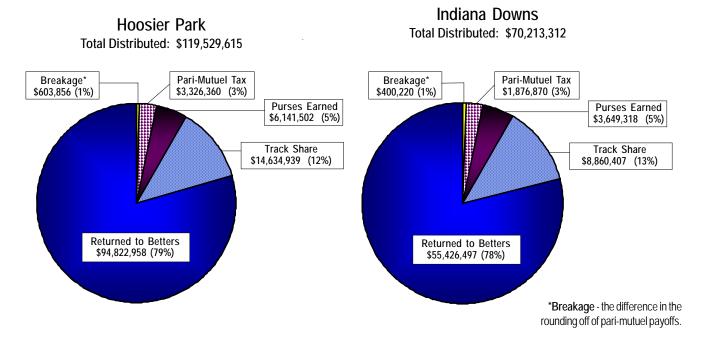


Year

(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

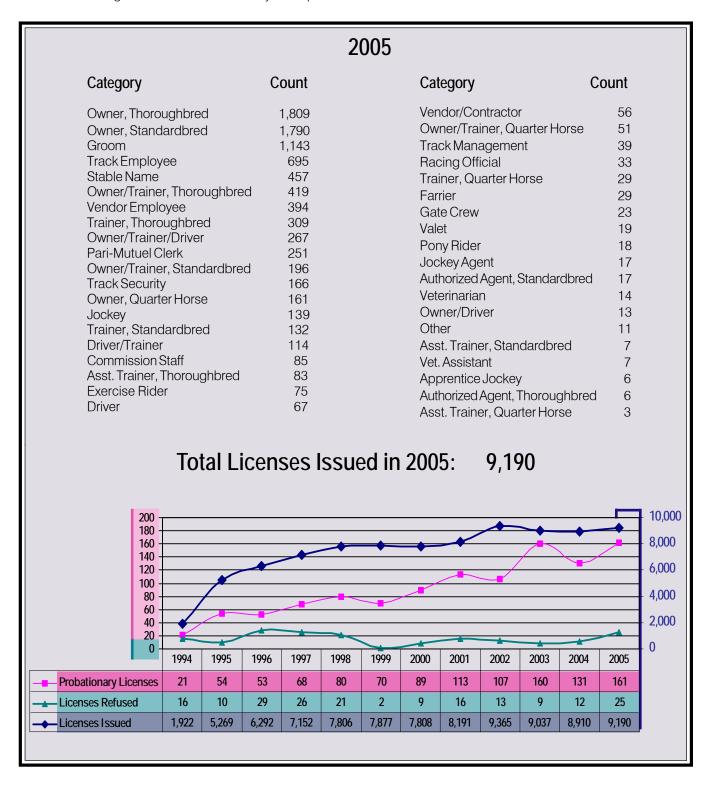
The following are the direct state revenues collected in accordance with the pari-mutuel statute IC 4-31:

Hoosier Park
Pari-Mutuel Tax\$ 3,326,360
Track Reimbursement for Officials
Occupational License Fees
Admission Tax
Track Permit and License Fees
Total
Indiana Downs
Pari-Mutuel Tax
Track Reimbursement for Officials
Occupational License Fees
Admission Tax
Fines and Civil Penalties Paid
Track Permit and License Fees
10ιαι φ2,230,322
Total State Revenue \$6,055,226

The direct revenue received by the State of Indiana exceeded the cost of regulation. Indiana Horse Racing Commission operating expenditures for calendar year 2005 were \$2,294,284.

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. With the exception of furosemide (salix) and phenylbutazone (bute), under regulatory restrictions, state law and Commission rules prohibit the presence of any

Breed	Race Dates	Urine	Blood	Positive Tests
Standardbred	143	2128	2577	20
Thoroughbred	105*	2074	2352	14
Total	248	4202	4929	34

drug in horses racing at a pari-mutuel track. The Commission's drug 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

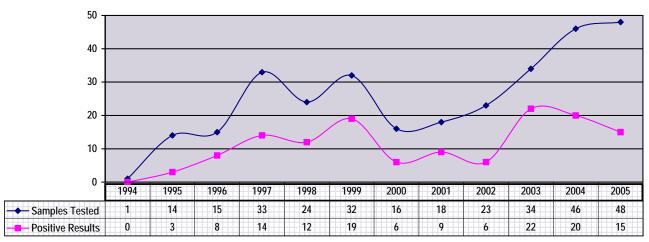
a leader in racing chemistry and drug-related research for over 50 years. In each instance, the offending horse was disqualified and placed last. In accordance with the pari-mutuel statute, all purse money earned is ordered returned and redistributed. (*Loss of three race dates due to inclement weather.)

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

Number of Violations Standardbred Thoroughbred		ARCI Drug Classification	Туре			
3	3	Bute (Overage)	nonsteroidal anti-inflammatory			
1	1	Banamine (Class 4)	analgesic			
8		Ergonovine (Class 4)	alkaľoid			
1		Dexamethasone (Class 4)	corticosteroid			
1	1	Methocarbamol (Class 4)	muscle relaxant			
	1	Procaine (Class 3)	local anesthetic			
4		Ipratropium (Class 3)	bronchodilator			
1		Albuterol (Class 3)	bronchodilator			
	1	Clenbuterol (Class 3)	bronchodilator			
1	7	Cocaine (Class 1)	contaminant at trace levels			

Human Drug Testing

Commission regulations provide that a licensee or an applicant for licensure may be required, if reasonable suspicion exists, to submit to a drug test.



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 Governorappointed 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 horses for the Indiana bred program and provide

Jacki Brown, Director **Breed Development**

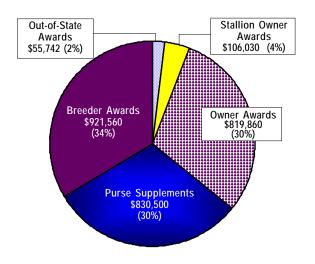
incentives and awards to three important elements of the Indiana thoroughbred industry: the owner. Thoroughbred & Quarter Horse the breeder and the stallion owner. The intent of these incentives and awards is to promote investment of capital into the Indiana economy (via

thoroughbred breeding, racing and related agri-business) and maximize the positive

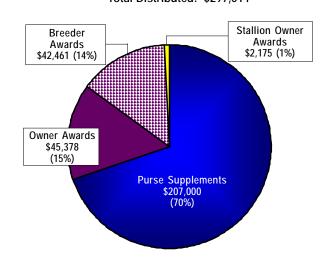
impact to the state's economy. The incentives reward risk, and the awards reward success on the racetrack...through winning!

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. Historical information regarding past winners and statistics can also be found at this site.

2005 Thoroughbred Award Distribution Total Distributed: \$2,733,692



2005 Quarter HorseAward Distribution Total Distributed: \$297,014



Breed Development



Standardbred Program

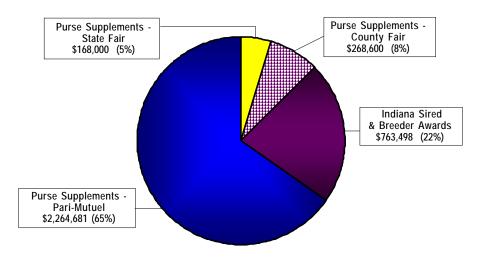
The Standardbred Breed Development Program concluded its 2005 year by continuing to offer a lucrative program for Indiana sired horses at Hoosier Park, Indiana Downs, and Indiana's County and State Fairs. This program provided racing opportunities and incentives for Indiana Sired horses through the Indiana Sired Late Closing Events, Indiana Sires

Jessica Barnes Director of Standardbred Racing & Breed Development 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 2005 has resulted in over 7.8 million dollars paid in purses at Indiana's pari-

mutuel tracks to Indiana Sired horses, through breed development funds and track purse suppliments. This is an increase of over 6.3% from 2004. In addition, Indiana's county fairs and State Fair, a mainstay in the history of Indiana horse racing, hosted 29 days of racing and 296 races during the Indiana Sired Fair Circuit Program. Overall, over 9.3 million dollars in purses and awards were paid to owners and breeders of Indiana Sired horses racing in the State of Indiana during 2005.

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/ihrc) to obtain information regarding the Indiana Sired Program, nomination requirements, necessary applications, historical information, deadlines and more.

2005 Standardbred Award Distribution Total Distributed: \$3,464,779



2005 Breed Development Fund Revenues

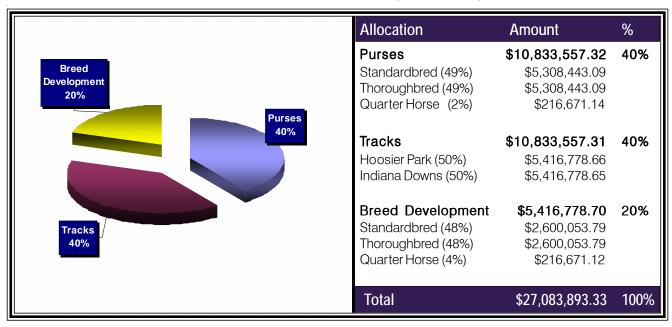
Breed	Breakage	Outstanding Tickets *	Riverboat Revenue	Total
Standardbred	481,946.88	439,592.00	2,600,053.79	3,521.592.67
Thoroughbred	481,946.88	439,592.00	2,600,053.79	3,521,592.67
Quarter Horse	40,162.24	36,632.66	216,671.12	293,466.02
Total	\$1,004,056.00	\$915,816.66	\$5,416,778.70	\$7,336,651.36

^{*} Outstanding ticket revenue is based on tickets purchased in 2004 which expired in 2005.

Riverboat Revenue

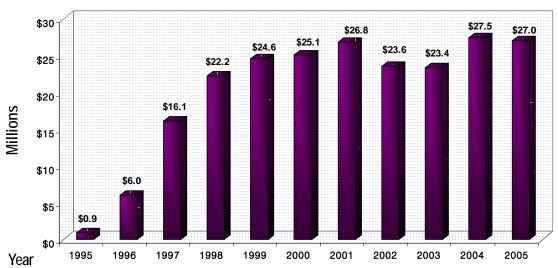
The statute permitting riverboat gaming in Indiana earmarks sixty-five (65) cents of the three dollar admission tax to the pari-mutuel horse racing industry. These funds are distributed to various segments of the racing industry in accordance with Commission rule 71 IAC 12-2-15.

2005 Riverboat Revenue Allocation to Racing From Admission Tax (65 cents)



Distribution Formula: Pursuant to 71 IAC 12-2-15, riverboat revenue is allotted 40% to purses, 40% to the tracks and 20% to breed development funds.

Accumulative Riverboat Revenue To Date



Total Riverboat Money Received (1995-2005): \$222,993,364

2005 Standardbred Race Dates



Hoosier Park - 61 dates (April 2 - June 25) Indiana Downs - 82 dates (July 1 - October 29)

		A	pril							ľ	May	,				June						
S	M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	V	V T	F	S
		* Da	n Pa	tch											* Hoosier Cup							
					1	2		1	2	3	4	5	6	7					1	2	3	4
3	4	5	6	7	8	9		8	9	10	11	12	13	14		5	6	7	8	9	10	11
10	11	12	13	14	15	16		15	16	17	18	19	20	21		12	13	14	15	16	17	18
17	18	19	20	21	22	23		22	23	24	25	26	27	28		19	20	21	22	23	24	* 25
24	25	26	27	28	29	* 30		29	30	31						26	27	28	29	30	31	
		J	Tuly							A	ugu	st						Sep	tem	ber		
S	M	T	W	T	F	S		S	M	T	W	T	F	S		S	M	T	W	Т	F	S
					1	2			1	2	3	4	(5)	6						1	2	3
3	4	<u>(5)</u>	6	7	8	9		7	8	9	10	11	12	13		4	5	6	7	8	9	10
10	11	12	13	14)	15)	16	-	14	15	16	17)	18)	19)	20	,	11	12	13	14)	15)	16)	17)
17	18	19	20	21)	22	23	-	21	22		-))	
24	25	26	27	28	29	30		21	22	23)	24	<u>25</u>	26	27		18	19	20	21	22	23)	24)
31								28	29	30	31)					25	26	27	28	29	30	
		Oc	ctob	er					Но	osie	er P	ark	Da	tes	(Indi	ana	ı Do	wn	s Da	ates
S	M	T	W	Т	F	S																
	2					1							<u>Po</u>	ost '	<u>Ti</u>	<u>me</u>	<u>s</u>					
2	3	4		<u>(6)</u>	7	8]	Hoo	sier	Pa	rk.		Wed	lnes	sday	- Su	nday	y	6	:45 p	o.m.
9	10	11)	_	13 20	(14) (21)	(15) (22)]	Indi	ana	Do	wns		Tue	sda	y - S	Satur	day		6	:55 p	o.m.
23	24	25)		20 27	28		*	* De	enote	es Ho	olida	y or i	Spec	ial R	lace	e Eve	ent.	Post	t tim	es m	ay di	iffer.
30	31													D_{i}	ates	s Apj	prove	ed Se	epten	ıber	20, 2	2004

2005 Flat Racing Race Dates

(Flat Racing denotes Thoroughbred and Quarter Horse race dates)

Indiana Downs - 48 dates (April 15 - June 18) Hoosier Park - 60 dates (September 3 - November 25)

April												
S	M	M T W T				S						
<u> </u>												
					1	2						
3	4	5	6	7	8	9						
10	11	12	13	14	15)	16)						
17	18	19	20	21)	22)	23						
24	25	26)	27	28	29	30						

	May											
S	M	T	\mathbf{W}	T	F	S						
* Memorial Day												
	2	3	4	(5)	6	7						
	9	10	(1)	12	13	14)						
	16	17)	18	19	20	21)						
	23	24)	25	26	27	28)						
29	*30	31)										

June							
S	M	T	W	T	F	S	
			1	2	3	4	
5	6	(7)	8	9	1	11	
12	13	14)	15	16	17)	18	
19	20	21	22	23	24	25	
26	27	28	29	30			

September							
S	M	T	W	T	F	S	
* Labor Day				1	2	3	
4	* 5	6	7	8	9	10	
11	12	13	14	15	16	17	
18]	19	20	21	22	23	24	
25	26	27	28	29	30		

October							
S	M	T	W	T	F	S	
* Indiana Derby Day							
						*1	
2	3	4	5	6	7	8	
9	10	11	12	13	14	15	
16	17	18	19	20	21	22	
23	24	25	26	27	28	29	
30	31						

November							
S	M	T	W	T	F	S	
* Thanksgiving Day							
		1	2	3	4	5	
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	* 24	25	26	
27	28	29	30				

Post Times

Indiana Downs - Tuesday (Thoroughreds Only) - 2:55 p.m.

Wednesday - Saturday - 6:55 p.m.

Hoosier Park - Wednesday - Sunday - 6:10 p.m.

Indiana Downs Dates

Hoosier Park Dates

Dates Approved September 20, 2004

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

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

Field Offices

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