



# Indiana Horse Racing Commission State of Indiana

Mitchell E. Daniels, Jr., Governor

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## Memorandum

**Date:** March 31, 2010

**To:** Indiana HBPA Board of Directors  
ITOBA Board of Directors  
Thoroughbred Breed Development Advisory Committee  
Jon Schuster  
Jeff Smith

**From:**  Joe Gorajec, Executive Director

**Re:**  Draft Breed Development Recommendation

Please find enclosed the draft recommendation for thoroughbred breed development.

This recommendation is consistent with action taken by the Indiana Horse Racing Commission at its public meeting on January 29, 2010.

Industry stakeholders are invited to comment on the draft proposal. Comments should be received to the Commission on or before Monday, May 3, 2010.

Cc: Indiana Horse Racing Commission

JG/md

## **Thoroughbred Breed Development Quality of Racing Staff Recommendations (Draft)**

**Purse Levels:** Purses (including owner's awards, if retained) for Indiana bred and/or Indiana sired races shall be the same as open race purses (excluding purse supplement). However, subject to available funds, should the number of Indiana bred races for a claiming price of \$10,000 or more fall below an average of two per day, the track may provide purse levels greater than open races.

**Breeder's Awards:** No change<sup>(1)</sup>.

**Stallion Owner Awards:** No change<sup>(1)</sup>.

**Out-of-state Owner awards:** No change.

**Purse Supplements in Open Races:** Initiate a forty percent (40%) purse supplement to be paid by each track with *track purse funds* generated from pari-mutuel handle. The supplement is to be paid to Indiana horses placing 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> in open races except races for a claiming price below \$10,000. The track may, with the approval of the Commission, elect to increase this purse supplement. This purse supplement replaces owner's awards for Indiana bred horses in open races.

### **Funding Sources:**

**Slot Funding:** As provided in IC § 4-35-7-12, 40% of thoroughbred monies are directed to be used solely for breed development purposes. Under this recommendation, 60% of thoroughbred monies would be utilized by the tracks solely for open race purses.

**Pari-mutuel Funds:** Purse monies generated from pari-mutuel wagering shall be allocated in proportion to the number of Indiana Bred and open races programmed. For example, if three of a track's nine races are Indiana bred races, then one-third of the pari-mutuel generated purse money will be allocated for breed development purposes<sup>(2)</sup>.

### **Number of Indiana Bred and Sired Races:**

**Minimum Number:** Average of two per day – excluding stakes. This includes all restricted races regardless of class of race.

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(1) Award calculations do not apply to open race purse supplements.

(2) The tracks, at their discretion, may utilize open purse money for the purpose of continued funding of Indiana bred races with a claiming price of less than \$10,000.

**Transition Period:** During the time when horses from the foal crop of 2007 and before are primarily competing, the number of races and type of races will approximate the 2009 program<sup>(3)</sup>.

**Slot era:** Beginning with foal crops of 2008 and after, the number of races will be determined on an annual basis<sup>(4)</sup> with the goal of providing sufficient opportunities to race 50% in Indiana bred or sired races and 50% in open company.

**Bred vs. Sired Races:** No change. The current mix of two-third bred races and one-third sired races for races \$10,000 claiming and above shall be retained.

**Stake Races:** Establish two signature Indiana bred races replacing existing stake races, at each track, with a guaranteed \$200,000 purse per race. The track shall pay a minimum of one-half of the purse from its purse fund generated by pari-mutuel handle for each race. The inaugural running of these races shall coincide with the horses bred in the slot era (beginning with the 2008 foal crop).

**Horse Residency Requirement:** No Change.

**Regulations:** The Commission shall amend its rules (including 71 IAC 2-1-1) to conform with changes approved in this report.

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*(3) A track may, for good cause (such as economic consideration) change race conditions to better reflect the quality of horses available. Any such adjustments are subject to the approval of the Commission or its Executive Director.*

*(4) This annual determination will be made separately for each category of race.*

## What Do the Scenarios Mean?

Two scenarios are provided as examples of possible purse structures under this proposed recommendation. To simplify, the categories of races listed are limited to the most common race types offered.

The purse projections have been provided by Indiana Downs and are based upon anticipated funding available for open purses and breed development purposes in 2011.

### Scenario 1

In this scenario the types and number of Indiana bred and sired races vary little from the 2009 and 2010 racing programs. Purse levels for Indiana races and open races are the same - except Indiana bred horses finishing 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> in an open race (\$10,000 claimers and above) receive a purse supplement equaling 40% of their earnings. For example, an Indiana bred winning an open maiden special weight, with a \$30,000 purse, will receive its 60% winners share of \$18,000 plus an additional \$7,200 purse supplement, totaling \$25,200 in earnings.

Should the Indiana foal crops increase to the point that Indiana bred horses are competing equally in restricted and open races then the current number of Indiana bred races will continue.

**Scenario 1 is proposed to be put in place for the 2011 racing season.**

### Scenario 2

In this scenario the number of Indiana bred races are reduced in order to equally balance participation of Indiana bred horses in restricted and open races.

A reduction of such races is likely to lead to the purse levels for Indiana bred races that exceed open races. It is also likely to lead to a larger open race purse supplement.

## Thoroughbred Breed Development

### Quality of Racing

#### Scenario 1

*Indy Bred Races:* 2.0 per day (plus stake races) – 10K Claiming and above  
1.2 per day – Under 10 K Claiming  
 3.2 per day (plus stake races)

#### Indiana Bred Races

Type of Race	2008 Purse <sup>(1)</sup>	2011 Projected <sup>(2)</sup>	\$ Increase	% Increase
ALW NW 3	\$18,100	\$36,000	\$17,900	99%
ALW NW 2	\$16,900	\$33,000	\$16,100	95%
<b>MAIDEN</b>	<b>\$15,700</b>	<b>\$30,000</b>	<b>\$14,300</b>	<b>91%</b>
Claiming \$10,000	\$10,465	\$12,400	\$1,135	18%
Mdn Clm \$10,000	\$10,465	\$11,400	\$935	9%
Claiming \$5,000	\$8,000	\$8,800	\$800	10%

(1) Includes owner's awards.

(2) Includes owner's awards, if retained.

#### Indiana Bred Horses Competing in Open Races – 40% Supplement

Type of Race	2008 Purses <sup>(1)</sup>	2011 Projected <sup>(2)(3)</sup>	\$ Increase	% Increase
ALW NW 3	\$15,600	\$48,960	\$33,360	214%
ALW NW 2	\$14,400	\$44,880	\$30,480	212%
<b>MAIDEN</b>	<b>\$13,200</b>	<b>\$40,800</b>	<b>\$27,600</b>	<b>209%</b>
Claiming \$10,000	\$10,465	\$16,900	\$6,435	61%
Mdn Clm \$10,000	\$10,465	\$15,500	\$5,035	48%
Claiming \$5,000	\$8,000	\$8,800	\$800	10%

(1) Includes owner's awards.

(2) Includes 40% purse supplement for Indiana bred (maximum 36% to be paid).

(3) Projected purses are rounded to the nearest 100<sup>th</sup>.

**Note:** Purse projections for draft recommendation have been prepared by Indiana Downs based on anticipated funding levels for 2011.

## Thoroughbred Breed Development

### Quality of Racing

#### Scenario 2

*Indy Bred Races:* 1.3 per day (plus stake races) – 10K Claiming and above  
1.4 per day – Under 10 K Claiming  
 2.7 per day (plus stake races)

#### Indiana Bred Races

Type of Race	2008 Purse <sup>(1)</sup>	Projected <sup>(2)</sup>	\$ Increase	% Increase
ALW NW 3	\$18,100	\$46,800	\$28,700	159%
ALW NW 2	\$16,900	\$42,900	\$26,000	154%
<b>MAIDEN</b>	<b>\$15,700</b>	<b>\$39,000</b>	<b>\$23,300</b>	<b>148%</b>
Claiming \$10,000	\$10,465	\$16,100	\$5,635	54%
Mdn Clm \$10,000	\$10,465	\$14,800	\$4,335	41%
Claiming \$5,000	\$8,000	\$8,800	\$800	10%

(1) Includes owner's awards.

(2) Includes owner's awards, if retained.

#### Indiana Bred Horses Competing in Open Races – 50% Supplement

Type of Race	2008 Purses <sup>(1)</sup>	Projected <sup>(2)</sup>	\$ Increase	% Increase
ALW NW 3	\$15,600	\$52,200	\$36,600	235%
ALW NW 2	\$14,400	\$47,850	\$33,450	232%
<b>MAIDEN</b>	<b>\$13,200</b>	<b>\$43,500</b>	<b>\$30,300</b>	<b>230%</b>
Claiming \$10,000	\$10,465	\$17,980	\$7,515	72%
Mdn Clm \$10,000	\$10,465	\$16,530	\$6,065	58%
Claiming \$5,000	\$8,000	\$8,800	\$800	10%

(1) Includes owner's awards.

(2) Includes 50% purse supplement for Indiana breds (maximum 45% to be paid).

**Note:** Purse projections for draft recommendation have been prepared by Indiana Downs based on anticipated funding levels for 2011.



