

Agenda Item #11

Pennycuff, Dale L

From: Tim Lambert <tlambert@caesars.com>
Sent: Monday, September 1, 2025 4:21 PM
To: Pennycuff, Dale L; Eggiman, Matt; Rothenberg, David
Subject: Notice of Twelfth Subsequent Term of the Initial Distribution Agreement

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Good afternoon, everyone. As you know, Section 2 of the Initial Distribution Agreement ("IDA") entered into by and among Harrah's Hoosier Park, Horseshoe Indianapolis, the IHBPA, the ISA, and the QHRAI provided for an initial term ending on December 31, 2014 ("Initial Term"), which automatically extends for additional one-year terms provided that neither the Negotiating Committee of the licensees or the associations provides written notice of non-renewal prior to September 1st of any then-current term. The IDA has been extended annually following the Initial Term.

The purpose of this email is to notify the Indiana Horse Racing Commission ("Commission") that as of September 1, 2025, no notice of non-renewal has been given or received by either the licensees' or the associations' Negotiating Committee and, therefore, a Twelfth Subsequent Term will commence on January 1, 2026 and end on December 31, 2026. No action or approval is required by the Commission.

Please let me know if you have any questions or require additional information.

Thank you,

Tim



Tim Lambert | Senior Vice President and Assistant General Counsel, Operations, Regulatory and Compliance
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Agenda Item #12

Rulemaking Update
(No Materials)

Agenda Item #13



Horseracing Integrity and Safety Authority
201 East Main Street, Suite 340
Lexington, Kentucky 40507

August 14, 2025

Via Electronic Mail

Eric Halstrom
Vice President and GM of Racing
Horseshoe Indianapolis
4300 N Michigan Rd
Shelbyville, IN 46176
chalstrom@caesars.com

Re: ISSUANCE OF HISA ACCREDITATION

Dear Mr. Halstrom:

Pursuant to § 3056 of the Horseracing Integrity and Safety Act, as amended, and Rules 2100 through 2193 of the Horseracing Integrity and Safety Authority (“HISA”), HISA conducted an on-site Racetrack Safety Accreditation Audit (“RSAA”) at Horseshoe Indianapolis in 2024.

Under HISA Rule 2112(b), a post-inspection report was provided to you following the on-site visit. Horseshoe Indianapolis subsequently submitted its written response to the post-inspection report setting forth remedial actions to address areas of non-compliance identified in the report and the timeframes necessary to implement those remedies.

Upon review of the information submitted by Horseshoe Indianapolis, the HISA Accreditation Team’s report, and the Racetrack Safety Committee’s recommendation, the HISA Board of Directors have made the following determination:

Horseshoe Indianapolis has achieved substantial compliance with the requirements set forth in the Rule 2100 Series and is entitled to Accreditation for a period of three (3) years. The accreditation period begins on August 14, 2025, and ends August 14, 2028.

This Accreditation award is contingent upon Horseshoe Indianapolis’s ongoing compliance with the Rule 2100 Series and good faith efforts to remedy all “partially mets” and “not mets” noted in the post-inspection report prior to the start of Horseshoe Indianapolis’s 2026 race meet.

Please be advised that during the accreditation period, HISA may request any additional information from Horseshoe Indianapolis that is necessary to determine ongoing compliance with the accreditation requirements and may conduct announced or unannounced on-site inspections at any time. HISA will also conduct another on-site inspection at Horseshoe Indianapolis prior to the expiration of the awarded accreditation term.



Additionally, we want to remind you of your continued obligation to submit annual reports by December 31 of each year demonstrating compliance with all accreditation requirements. There are additional mandatory reporting requirements within the accreditation rules. HISA encourages you to have a written compliance program to ensure these reporting requirements are met.

Thank you for your cooperation and commitment to enhancing racetrack safety standards at Horseshoe Indianapolis. Should you have any questions or concerns regarding the contents of this letter, please do not hesitate to contact me.

Sincerely,

Ann McGovern

Ann McGovern
HISA Director of Racetrack Safety

Cc: Dr. Susan Stover – Chairwoman, Racetrack Safety Committee
Lisa Lazarus - Chief Executive Officer
Sam Reinhardt – Assistant General Counsel

Enclosure:
Post-Inspection Report

OCTOBER 1, 2025

AFTER THREE YEARS

ASSESSING HISA.



ASSESSING THE EFFECTIVENESS OF HISA AFTER THREE YEARS IN OPERATION

Background:

The Horseracing Integrity and Safety Authority (HISA), designated by the Horseracing Integrity and Safety Act (ACT), assumed authority over thoroughbred equine welfare on July 1, 2022. Responsibility for equine medication and anti-doping control was delayed until May 22, 2023.

Prior to those dates this regulatory responsibility rested with individual State Racing Commissions whose authority and resources were dictated by individual state budgetary and programmatic legislation.

State Racing Commissions historically have relied upon the Model Rules of Racing, promulgated by the Association of Racing Commissioners International (ARCI), to provide a degree of uniformity in the regulation of this multi-jurisdictional sport. Prior to enactment of the ACT there was substantial uniformity in a number of areas, including medication, although there were some differences in certain jurisdictions.

In the anti-doping program, the testing labs were subject to individual state procurement contracts and the limitations of available funding. Many of the individual state rules pertaining to equine welfare were also based on the ARCI Model Rules, although enforcement was not necessarily consistent.

Proponents of a centralized rule making authority, including the ARCI, were in agreement for national, common rules with consistent enforcement. Failure of the racing industry to actively support an ARCI proposal to create an interstate compact - the mechanism normally used by the states in other areas of governance where multi-state uniformity was desired - was the reason some prominent organizations in the industry sought a federal solution.

A further impetus for a federal solution came from those advocating for the elimination of the legal, regulated, and disclosed use of furosemide on horses on the day of a race to prevent or mitigate instances of equine pulmonary hemorrhage. When the ARCI failed to modify its Model Rules on this matter those advocating a policy change focused their attention on Washington to outlaw this treatment and remove other policy decisions from the states.

It was not until almost a decade passed and a series of high profile equine fatalities in California brought national media attention to horses suffering catastrophic breakdowns that the political impetus was created that resulted in passage of the ACT.

The ACT was designed to:

- Achieve uniformity in equine welfare, medication and anti-doping rules;

- Utilize a central authority to enforce those rules consistently;
- Provide adequate funding to support those efforts;
- Reassess the raceday use of furosemide and settle the issue for good.¹

The purpose of this analysis is to provide an independent assessment, three years later, of how this all has played out.

The information contained in this report is not meant to be laudatory or critical. It is a sober presentation of how things have changed and how they may not have changed. The information is intended to be relied upon by those in the industry and public policy makers to improve upon the status quo.

How to build upon progress that has been made or address unforeseen problems is best determined by the professional horseracing interests most affected by HISA in that they are required to provide the bulk of the HISA budget and programmatic costs.

In the final analysis, only those involved in the thoroughbred industry alone can answer whether the 2024 cost - \$78,586,798 including new HISA assessments of 59,846,163 on top of \$18,740,635 State Racing Commission in-kind or financial support has been money well spent given the programmatic results.

In 2025, the HISA program cost \$80,376,289 including industry assessments of \$58,783,414 and credits for state assistance of \$21,592,875.

In 2026, the HISA program is expected to cost \$77,054,217 including industry assessments of \$60,493,771 and expected state contributions reflected as credits of \$16,560,446.

There was much expectation that HISA would deliver not only uniformity but a better anti-doping program, detecting new drugs and catching more cheaters. There was also the expectation that common rules and equine welfare policies implemented consistently would result in a safer racing.

This report examines whether those expectations have been met.

For over eighty years the Association of Racing Commissioners International (ARCI) has developed and promulgated regulatory standards and best practices for the independent regulation of professional horse racing and associated wagering.

ARCI Model Rules of Racing are relied upon by government agencies throughout North America and beyond. Its independence is unquestioned and the association historically has been asked to independently assess the performance of a racing regulatory agency.

¹ Proponents of federal legislation had advocated for a total ban on raceday furosemide and many were not satisfied with the final version of the Act which seemed to perpetuate the debate as to whether such treatments are in the health interest of the horse. The matter remains unsettled.

Executive Summary of Findings:

NOTE: This assessment is focused on the nineteen states where HISA is operative. The purpose is to assess how HISA has affected the regulation of the sport in those jurisdictions.

Cost:

- At the end of 2025, the thoroughbred racing industry will have paid over \$168 million in new regulatory costs to pay for HISA and its programs.
- States have mitigated new regulatory costs on the industry by providing \$56,712,010 in direct or indirect assistance during that time period.
- Although HISA is attempting to control costs through a 2026 budget reduction the industry assessments will still increase in due to reductions in overall state support.

Anti-Doping:

- Anti-doping testing has DECREASED despite an increase in thoroughbred races.
- 2024 Post race blood and urine anti-doping tests were 46% less than 2022.
- There has been a dramatic increase in testing for TCO2 which made up 31% of all race related HISA/HIWU testing in 2024.
- No new substances have been detected that had not previously been found by the state based programs.
- There are uniform rules in all HISA thoroughbred jurisdictions.

Racetrack Safety

- The overall equine fatality rate remains largely unchanged and the overwhelming majority of thoroughbred starters continue to run safe. In 2022, the “ran safe” rate was 99.87%. At the end of 2024, the rate was 99.90% representing a minor 0.03% improvement. For the first half of 2025 it slid backwards to 99.89%.
- There are uniform rules in all HISA thoroughbred jurisdictions although HISA has admitted to instances of non compliance in many states with regard to vet record submissions and location reporting.
- HISA has deployed an advanced AI system to identify “at risk” horses but no details are available as to how it is working or not.

Assessing the Anti-Doping Program:

The ACT envisioned that HISA would utilize the US Anti-Doping Agency (USADA) as its enforcement arm based upon its work with the Olympics and other human sport federations. USADA involvement in horseracing became a major selling point to some industry supporters as well as Members of Congress. After a year of planning including State specific meetings with HISA staff, state racing commission staff, and USADA staff coordinated by the ARCI, the Authority failed to finalize an agreement with its designated anti-doping enforcement agency. At the end of 2021, USADA decided that an agreement was not going to be possible and HISA was forced to explore alternatives.

Without a competitive or transparent procurement process, HISA soon selected Drug Free Sport, a respected anti-doping services company that had previously performed work for a HISA Board Member who had once been in charge of the NFL's anti-doping program. The Horseracing Integrity and Welfare Unit was subsequently created (HIWU) as a division of Drug Free Sport.

Despite having no direct experience with equine welfare or equine anti-doping regulation HIWU has for the most part done a credible job despite having employed many with little or no experience working with or caring for horses. They did augment those with a Director of Intelligence and Strategy, Shaun Richards, a former FBI agent who was raised in harness racing and had experience investigating a successful federal anti-doping horseracing case. Additionally, they did augment new hires with respected individuals with experience in horse racing anti-doping programs such as Dr. Mary Scollay (now retired). Others like Dr. Jennifer Durenberger were retained by HISA directly appear focused on racetrack and equine safety and it is unclear the degree to which they impact on the anti-doping enforcement effort. It is relevant to note that HISA and its programs are managed and overseen by a CEO with an equine and human sport anti-doping background.

With the implementation of the full HISA/HIWU program there was an expectation that variations in laboratory testing would end as a result of all the labs being retained by one central client. Previous state specific decision points for regulatory action for substances were expected to be replaced with a uniform policy that would address long standing complaints by horsemen operating in multiple states.

After initial complaints that the hoped for testing uniformity has not been achieved, such complaints appear to have subsided. It is beneficial to have all the testing laboratories working for one client who determines parameters of uniform testing and point of regulatory action.

HISA/HIWU opted to balance their staff with individuals with prior human sport anti-doping experience with those who have worked in horseracing. There have been growing pains as some lacked the knowledge of what is considered normal for proper equine care and management. There are countless reports of suspicions being raised about legal and appropriate treatments that were initially looked at as an attempt to cheat.

Throughout this learning curve, HISA has shown a flexibility to modify initial policies. It is still a work in progress and some horsemen complain that progress is slow going. HISA's sensitivity to horsemen complaints has improved, although some say they pick and choose which organizations to interact with, rather than welcome all constituent organizations to the dialogue. Unlike the ARCI Model Rules process, where everyone is welcome to attend and participate at the meetings, HISA's policy development discussions are held behind closed doors and the public may comment in writing on proposals once they are submitted.

HISA's initial rule making process included many organizations, but the participation was limited to those organizations and individuals willing to sign a non-disclosure agreement as if there was some proprietary secret in the development of regulatory rules affecting multiple constituencies. This secretive policymaking process was a major departure for an industry accustomed to open meetings and transparency.

The results of the HISA/HIWU testing program are found on the HIWU website. HIWA has built a credible testing program although they have not detected any substances that had not been previously found by the prior state administered programs.

It should be noted that the new HISA/HIWU program is not detecting substance overages at a greater degree than the individual programs it replaced. The "clear" rate continues to conclude that no adverse findings have been found in the overwhelming majority of samples tested. Like the previous state programs it replaced, most of the overages found involved legal, therapeutic substances. Findings of drugs that would indicate "doping" were rare as they were in the state programs.

HISA/HIWU's results are not only consistent with the prior state racing commission results, but also what anti-doping agencies find in the Olympics and other WADA regulated sports.

Prior to enactment of the ACT, proponents stressed the need to increase out-of-competition testing (OOC). This was consistent with calls for more OOC by the ARCI and other organizations. Prior to the ACT, the number of individual states deploying OOC testing was steadily increasing as was the percentage of all their tests. There

was an expectation that such testing would increase dramatically once the HISA/ HIWU program commenced.

To compare the 2024 HISA/HIWU program, we referenced the drug testing report for 2022 submitted to the ARCI from the nineteen States contained in the HIWU 2024 Annual Report. States that did not simulcast or were excluded from HISA regulation by court order were excluded.

The following assessment can be made about raceday testing:

- On first blush it appears that the number of race related samples that were tested for thoroughbred races in the nineteen HISA/HIWU states declined by 15,213 from 80,883 in 2022² to 65,670 in 2024³. This occurred when the number of thoroughbred races increased from 26,244 in 2022 to 28,965 in 2024.⁴
 - Because of the ability to screen and detect a vast number of doping agents, the state commission race related data focuses on post race blood and urine and OCT samples. TCO2 gas testing was used sporadically by the States and was determined to be less effective. HISA data includes TCO2 testing while the state data does not.
 - When the comparison is limited to post race blood and urine samples, **the HIWU program has reduced the number of post race blood and urine tests by 46%** In 2022, the state commissions tested 80,883 such samples. In 2024, HIWU tested 44,005. That is a decline of 36,878.
- The overall HISA testing numbers include TCO2 tests and the report indicates a significant increase in such testing for reasons unknown. Prior to HISA, state racing commissions conducted TCO2 testing but not to the extent now being done by HIWU. TCO2 tests historically have not yielded many results in thoroughbred racing and the HIWU annual report confirms this.

² Source: Official 2022 information on state testing programs provided the ARCI by the individual State Racing Commissions.

³ Source: 2024 Annual Report, Horseracing Integrity and Welfare Unit.

⁴ Source: US Jockey Club Analysis by State or Province reports for 2022 and 2024.

- In 2024, approximately 31% of HIWU testing was for TCO2 overages. In one jurisdiction, California, HIWU performed more TCO2 tests in 2024 (6877) than post race blood/urine samples (5510).⁵
- Despite the HIWU program's heavy emphasis on TCO2 testing, only 15 or 4.1% of the adverse analytical findings were for TCO2 overages⁶. As state testing found TCO2 overages rare in thoroughbred contests, the resources shifted elsewhere. While TCO2 testing has a place in an anti-doping program, its limitations diminish its value.
- The total number of samples tested (including HIWU's TCO2 tests) per race also declined from 2022 to 2024, dropping from 3.08 to 2.35.

The following assessment can be made about Out of Competition Testing (OCT):

- The number of out of competition tests increased across the HISA jurisdictions from 3,981 in 2022 to 5,673 in 2024.
- The percentage of out of competition tests performed in 2022 was 4.5% and 7.95% in 2024.
- Prior to passage of the ACT, some proponents advocated for a 20% OCT rate. In 2022 Kentucky and New York had the highest rate of OCT, 14.71% and 12.28% respectively. Several States did not do any OCT for thoroughbreds, these included Arkansas, Florida, Illinois, Ohio, and Washington. **In 2024, there were out of competition testing programs in all of the nineteen HISA states.** The percentage of OCT testing increased in all states, except Kentucky where it fell from 14.71% to 8.54% and New York where the percentage fell from 12.28 to 9.71%.

⁵ Source: 2024 Annual Report, Horseracing Integrity and Welfare Unit.

⁶ Ibid.

2022 State Racing Commission Testing Data:⁷

	Post Race (Blood and Urine)	Out of Competition Tests	SCS (Sample Collection Sessions)	Thorough bred Races	Race Related Samples Per Race	Out of Competition Tests as a Percentage
Arkansas	2365	0	2365	609	3.88	0.00
Arizona	2739	159	2898	1030	2.66	5.49
California*	13881	940	14821	3011	4.61	6.34
Delaware	1975	114	2089	702	2.81	5.46
Florida	8904	0	8904	2812	3.17	0.00
Iowa	2260	92	2352	573	3.94	3.91
Illinois	2430	0	2430	1002	2.43	0.00
Indiana	2493	11	2504	965	2.58	0.44
Kentucky	3403	587	3990	1813	1.88	14.71
Maryland	5734	60	5794	1571	3.65	1.04
Minnesota	2288	3	2291	529	4.33	0.13
New Jersey	2595	27	2622	656	3.96	1.03
New Mexico*	1351	32	1383	896	1.51	2.32
New York	9686	1356	11042	2588	3.74	12.28
Ohio	4305	0	4305	2359	1.82	0.00
Oklahoma*	4156	5	4161	975	4.26	0.12
Pennsylvania	8371	539	8910	3427	2.44	6.05
Virginia	974	15	989	307	3.17	1.52
Washington	973	0	973	419	2.32	0.00
	80883	3940	84824	26244	3.08	4.65

⁷ Data from States marked with an asterisk indicate an estimate based on the percentage of “flat” races that were for thoroughbreds only. Tests for quarter horse contests have been excluded.

2024 HIWU Testing Data:

	Post Race (Blood and Urine)	TCO2	Out of Competition Tests	SCS (Total Sample Collection Sessions)	Race Related Tests (No OCT.)	T-Bred Races	Samples per race.	OCT %
Arkansas	1205	634	130	1969	1839	651	2.825	6.60
Arizona	992	239	110	1341	1231	747	1.648	8.20
California	5510	6877	839	13226	12387	3334	3.715	6.34
Delaware	998	219	121	1338	1217	651	1.869	9.04
Florida	5054	2988	675	8717	8042	2782	2.891	7.74
Iowa	971	254	131	1356	1225	829	1.478	9.66
Illinois	1466	414	214	2094	1880	1030	1.825	10.22
Indiana	1681	534	160	2375	2215	1262	1.755	6.74
Kentucky	4724	2379	663	7766	7103	2063	3.443	8.54
Maryland	2895	745	266	3906	3640	1491	2.441	6.81
Minnesota	814	329	123	1266	1143	464	2.463	9.72
New Jersey	1040	432	145	1617	1472	574	2.564	8.97
New Mexico	1014	338	176	1528	1352	1684	0.803	11.52
New York	4899	2265	770	7934	7164	2597	2.759	9.71
Ohio	3962	1286	298	5546	5248	2459	2.134	5.37
Oklahoma	1218	296	114	1628	1514	1704	0.888	7.00
Pennsylvania	4470	1065	596	6131	5535	2861	1.935	9.72
Virginia	431	157	40	628	588	287	2.049	6.37
Washington	661	214	102	977	875	462	1.894	10.44
	44005	21665	5673	71343	65670	27932	2.351	7.95

COMPARISON: RACE RELATED TESTS (BLOOD/URINE AND TCO2)

	2022 SRC	2024 HIWU	Difference	2022 Tests/ Race	2024 Tests/ Race
Arkansas	2365	1839	-526	3.88	2.82
Arizona	2739	1231	-1508	2.66	1.65
California*	13881	12387	-1494.35	4.61	3.72
Delaware	1975	1217	-758	2.81	1.87
Florida	8904	8042	-862	3.17	2.89
Iowa	2260	1225	-1035	3.94	1.48
Illinois	2430	1880	-550	2.43	1.83
Indiana	2493	2215	-278	2.58	1.76
Kentucky	3403	7103	3700	1.88	3.44
Maryland	5734	3640	-2094	3.65	2.44
Minnesota	2288	1143	-1145	4.33	2.46
New Jersey	2595	1472	-1123	3.96	2.56
New Mexico*	1351	1352	1	1.51	0.80
New York	9686	7164	-2522	3.74	2.76
Ohio	4305	5248	943	1.82	2.13
Oklahoma*	4156	1514	-2642	4.26	0.89
Pennsylvania	8371	5535	-2836	2.44	1.93
Virginia	974	588	-386	2.35	2.05
Washington	973	875	-98	2.32	1.89
	80883	65670	-15213	3.08	2.35

COMPARISON: POST RACE BLOOD/URINE TESTS

	2022 SRC	2024 HIWU	Difference	2022 Tests/ Race	2024 Tests/ Race
Arkansas	2365	1205	-1160	3.88	1.85
Arizona	2739	992	-1747	2.66	1.33
California*	13881	5510	-8371	4.61	1.65
Delaware	1975	998	-977	2.81	1.53
Florida	8904	5054	-3850	3.17	1.82
Iowa	2260	971	-1289	3.94	1.17
Illinois	2430	1466	-964	2.43	1.42
Indiana	2493	1681	-812	2.58	1.33
Kentucky	3403	4724	1321	1.88	2.29
Maryland	5734	2895	-2839	3.65	1.94
Minnesota	2288	814	-1474	4.33	1.75
New Jersey	2595	1040	-1555	3.96	1.81
New Mexico*	1351	1014	-337	1.51	0.60
New York	9686	4899	-4787	3.74	1.89
Ohio	4305	3962	-343	1.82	1.61
Oklahoma*	4156	1218	-2938	4.26	0.71
Pennsylvania	8371	4470	-3901	2.44	1.56
Virginia	974	431	-543	3.17	1.50
Washington	973	661	-312	2.32	1.43
	80883	44005	-36878		

COMPARISON: OUT OF COMPETITION TESTING

	2022 SRC	2024 HIWU	Difference	2022 - % of all testing.	2024 - % of all testing.
Arkansas	0	130	130	0.00	6.60
Arizona	159	110	-49	5.49	8.20
California	940	839	-101	6.34	6.34
Delaware	114	121	7	5.46	9.04
Florida	0	675	675	0.00	7.74
Iowa	92	131	39	3.91	9.66
Illinois	0	214	214	0.00	10.22
Indiana	11	160	149	0.44	6.74
Kentucky	587	663	76	14.71	8.54
Maryland	60	266	206	1.04	6.81
Minnesota	3	123	120	0.13	9.72
New Jersey	27	145	118	1.03	8.97
New Mexico	73	176	103	5.28	11.52
New York	1356	770	-586	12.28	9.71
Ohio	0	298	298	0.00	5.37
Oklahoma	5	114	109	0.12	7.00
Pennsylvania	539	596	57	6.05	9.72
Virginia	15	40	25	1.52	6.37
Washington	0	102	102	0.00	10.44

	2022 SRC	2024 HIWU	Difference	2022 - % of all testing.	2024 - % of all testing.
	3981	5673	1692	4.49	7.95

Equine Safety Program.

Earlier this year broad claims were made in the media about the success of the HISA program in reducing the rate of catastrophic breakdowns (fatalities) by 35% in HISA regulated states when compared to non-HISA states.⁸ Upon examination of 2024 data, that statement was misleading and not accurate in assessing the performance results of the HISA program.

In HISA regulated states during 2024 there is a wide range of breakdown rates spanning a low of 0.026 per thousand to a high of 0.157 per thousand.⁹ Given this range and the fact that the policies and program were uniform in the HISA states, it is hard to make such a broad claim. Upon review of official state records from some non-HISA jurisdictions or tracks one finds that the breakdown rate is within the range reported from the HISA regulated states and tracks.

Given that HISA spends close to \$300,000 to retain an outside public relations firm in addition to funding a six person staff of Public Relations-Communication professionals, one can only question their collective wisdom of continually talking about a breakdown rate that has been so small and exposed to factors beyond the Authority's control.

To make claims that the fatality rate in HISA states dropped when compared to non-HISA states may have made sense in response to those in the industry who are increasingly questioning the cost and result of the HISA program. Such broad brush boastful claims of success have been recently undermined when HISA had to report

⁸ The source of this claim affecting non-HISA States is the private Equine Injury Database maintained by the US Jockey Club. Most track data is not available to the public or subject to independent third party audit. Originally intended to identify injuries and focus equine welfare research this data may differ from official equine fatality data maintained by statutory regulators.

⁹ HISA 2024 Metrics Report.

that the breakdown rate for the 2024 and 2025 April thru June period had jumped from 0.76 to 1.24 per thousand starters.¹⁰ That's a 63% increase.

History has shown that any reduction in fatality rates can change on a dime regardless of which regulatory agency is ultimately responsible. When one considers that the catastrophic breakdown rate is already so low a 33% or 63% change in that rate sounds far more monumental than it truly is. Nonetheless, given the fact that there are upwards of 175,000 thoroughbred starters the actual number of equine fatalities has declined.

In addition to HISA the official data of equine racing fatalities is maintained by each individual state and the fatality rate is traditionally determined by the number of starters in races in a particular state or at a particular track. Fatalities occurring during training or in freak accidents are also recorded. Unfortunately there has been no uniform reporting policy governing how this data is collected and maintained. It would serve the industry well if HISA, the State Commissions (individually or through ARCI) and the racetracks were to develop a uniform reporting format.

According to The Jockey Club's published rate from the non-public Equine Injury Database, the catastrophic breakdown rate has been trending downward for the thirteen years prior to HISA.¹¹ This progress is a result of unified industry initiatives in partnership with its regulators.

It is important to note that caution is advised when relying upon HISA's data because of discrepancies that exist between the Official state data, HISA data, and the data from the Equine Injury database.

In 2024 HISA reported thirteen fewer equine deaths than those officially recorded by their State Racing Commission partners in the HISA regulated jurisdictions. Discrepancies also exist in the HISA numbers when compared to the official numbers maintained in California, Indiana, Iowa, Maryland, New Mexico and New York.

The fatality rate is determined as a percentage of the number of thoroughbred starters who actually ran. There are discrepancies in those numbers as well.

The number of starters being used by HISA to calculate the fatality rate is not consistent with some official state records and in other cases the unofficial records maintained by Equibase.

¹⁰ HISA 2025 2Q Metrics Report.

¹¹ See Footnote #7.

For instance, in 2024, the total number of thoroughbred starters officially recorded in the states regulated by HISA was 175,918. HISA claims 178,564. Equibase claims 180,761.

Undercounting fatalities and over counting the number of starters raise doubts about the accuracy of HISA's claims for 2024 as these factors combined can artificially lower the fatality rate. Such inconsistencies undermine HISA's credibility at a time when horseracing is literally struggling to survive in an environment of enhanced competition, motivated anti-racing activists and concerns about the possible erosion of public support.

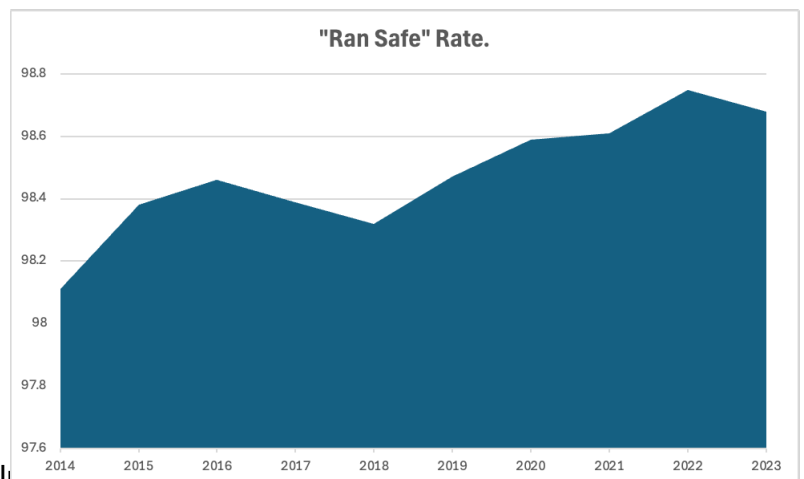
It is important to note that changes in the fatality rate have been so small regardless of whose data one relies on or who the responsible regulator was. HISA, as well as the entire thoroughbred industry might be better served if they addressed this issue in terms of the percentage of horses that "ran safe".

Using official state data for 2022 and 2023 and HISA data for 2024 and the first two quarters of 2025, the "Ran Safe" rate is as follows in the HISA regulated thoroughbred states:

2022 - 99.87 out of every 100 horses ran safe.
 2023 - 99.87 out of every 100 horses ran safe.
 2024 - 99.90 out of every 100 horses ran safe.
 2025 - 99.89 out of every 100 horses ran safe.

What these numbers show is that the "Ran Safe" rate has largely remained constant with extremely minor fluctuation. The improvement in the "Ran Safe" rate from 2022 thru 2024 was 0.03%.

If one were to rely upon the Jockey Club's Equine Injury Database fatality numbers, the following chart demonstrates what has been a multi year improvement in the percentage of horses than "ran safe".¹² Note: these numbers include all jurisdictions with thoroughbred racing.



¹² HISA's Equine Welfare Program took effect July 1, 2024.

This is not to diminish the seriousness of any horse that dies, but in the totality of the sport, it is the exception as opposed to the rule. It is important for the sport, if not crucial, to put his issue in perspective.

This does not absolve HISA or State Racing Commissions in non-HISA States from thoroughly investigating and understanding what happened and why any time a fatality occurs. Transparency is essential for public trust.

One of the benefits of the ACT is that it empowered an entity to bring a uniform approach to equine welfare policies in professional thoroughbred racing. The industry has worked collaboratively in this area and remains diligent although the brutal reality is that freak accidents happen and some horses, for whatever reason, don't survive.

This is not unlike other professional sports.

Basketball, football, soccer, hockey all struggle with preventing accidents and combatting sudden cardiac death. Like racing, when a death occurs in these sports it does not reflect the totality of the safety of their sport. In some instances the sudden death fatality rate is similar. In professional basketball (0.04¹³) and in bodybuilding where it is 0.13.¹⁴

Arguments can be made that horse racing poses greater risk in that certain injuries are deemed to warrant humane euthanasia which is certainly not done in human sport. This challenge has been clearly understood by all involved in thoroughbred racing and the continued focus on equine welfare has and continues to show progress.

HISA has put in place many positive reforms to identify "at risk" horses and conditions contributing that can elevate a risk of a breakdown. A massive data gathering system of veterinary records has been built and in December, 2023 HISA deployed a streamlined process for veterinarians to enter medical treatment records on each

¹³ British Journal of Sports Medicine: "A-etiology and incidence of sudden cardiac arrest and death in young competitive athletes in the USA: a 4-year prospective study."

¹⁴ National Library of Medicine: Mortality of Male Bodybuilding Athletes, May 20, 2025.

covered horse through their portal directly from mobile devices. This was designed to increase compliance with the pertinent rule.

That same month the Authority retained Palantir Technologies to develop an Artificial Intelligence system to analyze data. Two months prior to that announcement HISA announced collaboration with Amazon Web Services to apply data analytics, machine learning, and artificial intelligence to HISA's data with the goal of enhancing equine safety factors by analyzing the factors contributing to equine injuries.

The system was to be deployed in early 2024. According to HISA's December 5, 2023 press announcement:

“The new tool HISA and Palantir have developed reviews health information and historical entry data to determine whether each horse entered in a race is at increased risk for injury based on various factors. The tool accounts for such risk factors as the length of a horse's previous layoff (if any), term with current trainer, history on the vet's list and other indicators of previous injury or poor performance. The process for evaluating these records for each horse entered in a race had previously taken veterinarians an average of five hours per race. This same review can now be accomplished in a matter of minutes.”

This is a major leap forward yet it is unclear as to the extent to which these systems which are designed to issue a risk ranking on each horse have been relied upon in those instances where a fatality occurred.

The system sends daily reports on each horse scheduled to run to each racetrack and regulatory veterinarian. The regulatory veterinarians, who work directly or indirectly for HISA consistent with various “Voluntary Agreements”, have regulatory authority to prevent a horse from running in a race if deemed unsafe. Due to lack of transparency there is no way to independently assess if the system is working as intended or the extent to which “at risk” horses are being permitted to run by HISA.

(NOTE: HISA has deployed a similar approach - the Head Check program - in assessing jockey medical records to ensure that a rider is cleared to ride following an accident and participation in a concussion protocol if necessary. This joint effort with The Jockeys Guild is a positive reform that is up and running and by all accounts is working as intended.)

As noted above It is extremely difficult to assess the effectiveness of any program without a uniform reporting mechanism for both State Racing Commissions and HISA as well as total transparency as to what ultimately happens to horses who may have

been injured on the track and removed to a clinic, School of Veterinary Medicine, or farm.

Rather than humane euthanasia on the track following a serious injury/breakdown some racetracks have adopted a policy intended to try to save the horse in certain circumstances.

This is a laudable goal. Skeptics claim, without evidence, that this is an attempt to cover up the true number of equine fatalities.

HISA is the only entity that can shed light on this matter as their rules require individual horse registration and location reporting commencing the moment a horse has its first timed workout. HISA fatality reporting requirement appears to terminate 72 hours after the race so if a horse was removed to another location and did not survive it is unclear if the passing was counted.¹⁵

HISA rules require that upon termination of a horse's racing career they are to be notified promptly. It is unclear the extent to which this requirement is enforced. State racing commissions do not license the actual horse so they receive no such notification.

As HISA consistently maintains they are not subject to open records requests it is impossible to assess the extent to which they actively monitor what happens to the horse after being removed from the racetrack. It might be helpful to the sport to be able to report how many horses were able to be saved following an accident. But that requires a degree of transparency that does not now exist.

An equine fatality, no matter where it occurs or for what reason, commands significant attention and is often used to portray the sport as inherently unsafe or cruel. This has not changed now that HISA is responsible for equine welfare and safety in thoroughbred racing despite the expectations and hopes of HISA advocates that it would minimize concerns from animal welfare activists and organizations. To date this has not happened. People for the Ethical Treatment of Animals (PETA), an early supporter of the HISA legislation, now openly questions if HISA is living up to its mandate.

After three years HISA appreciates the difficulty that comes with the responsibilities they have. Despite their best efforts some continue to promote a perception that is not accurate when one considers the "Ran Safe" statistics referenced above. Having said this, the industry, its participants, HISA, and the state racing commissions must

¹⁵ HISA's policy is based on the International Federation of Horse Racing Authorities "Principles of Good Practice for Monitoring of Racing Injuries and Fatalities".

remain vigilant and united in this area. Political divisions in the sport must be minimized going forward as the challenge transcends whether one is a fan or critic of HISA.

2022-2024 FATALITY CHART:

	2022			2023			2024		
	FATALITIES	STARTERS		FATALITIES	STARTERS		FATALITIES	STARTERS	
Arizona	20	7499	0.267	12	4859	0.247	7	4445	0.157
Arkansas	2	5423	0.037	11	6238	0.176	7	6010	0.116
California	23	21101	0.109	15	20358	0.074	19	15291	0.124
Delaware	10	4776	0.209	7	4640	0.151	4	4232	0.095
Florida	10	15532	0.064	18	19882	0.091	16	21533	0.074
Illinois	3	4284	0.070	6	5726	0.105	7	6929	0.101
Indiana	3	7533	0.040	7	7837	0.089	3	7602	0.039
Iowa	8	3762	0.213	4	3519	0.114	6	3562	0.168
Kentucky	15	15913	0.094	25	16699	0.150	15	17918	0.084
Maryland	12	11182	0.107	7	10903	0.064	10	10805	0.093
Minnesota	4	3857	0.104	5	2577	0.194	2	2714	0.074
New Jersey	9	4780	0.188	5	3866	0.129	5	3669	0.136
New Mexico	11	18127	0.061	12	6855	0.175	6	5427	0.111
New York	29	18972	0.153	36	18719	0.192	15	18716	0.080
Ohio	33	16322	0.202	24	17771	0.135	20	15249	0.131
Oklahoma	12	8299	0.145	6	6811	0.088	6	6643	0.090
Pennsylvania	28	23291	0.120	26	22260	0.117	22	20418	0.108
Virginia	3	2055	0.146	1	2047	0.049	1	2012	0.050
Washington	5	2725	0.183	2	2852	0.070	3	2743	0.109

The previous chart is reliant on official State Racing Commission data.

The following chart demonstrates the discrepancies that exist in the various 2024 data kept by different entities:

State	FATALITIES	FATALITIES	FATALITIES	STARTS	STARTS	STARTS	STARTS
	State	HISA	EID	State	HISA	Equibase	EID
Arizona	7	7	n/a	4445	4445	4445	
Arkansas		7	n/a		6010	6010	
California	19	16	n/a	15291	18589	18589	
Delaware	4	4	4	4232	4232	4247	4230
Florida	16	16	n/a	21533	21533	21522	
Illinois	7	7	n/a	6929	6893	6887	
Indiana	3	2	2	7602	7601	7602	7602
Iowa	6	5	n/a	3562	3562	3562	
Kentucky	15	15	n/a	17918	17922	17921	
Maryland	10	9	10	10805	10805	10915	10085
Minnesota	2	2	n/a	2714	2966	2966	
New Jersey	5	5	5	3669	4161	4205	3669
New Mexico	6	3	n/a	5427	4764	5487	
New York	15	11	11	18716	18665	18716	18656
Ohio	20	20	n/a	15249	15255	15255	
Oklahoma	6	6	n/a	6643	5988	6645	
Pennsylvania	22	22	n/a	20418	20418	20535	
Virginia		1	n/a		2012	2509	
Washington	3	3	n/a	2743	2743	2743	

Cost:

The proposed 2026 HISA budget is \$78,422,485. This is \$3,155,069 less than the \$81,577,554 2025 budget.

Despite this reduction, the assessment on the industry will increase by \$1,710,357 to \$60,493,771 due to reductions in State support.

Since the outset HISA costs reflect new mandatory assessments which must be paid.

These new assessments which fall on racetracks who determine how to share costs with covered entities and persons have totaled \$168,741,513 from 2023 thru 2025. State racing commission funding or in-kind services provided HISA during those years have totaled \$56,712,010. Absent support from the State Racing Commissions the HISA assessments for those years would have been \$225,453,523.

These new assessments come at a time of increasing competition for the racing industry in part due to the explosion of sports betting and new forms of gaming being authorized by States. The assessments are a contributing factor in decisions being made by track operators to abandon or limit race meets, transfer ownership of a facility, seek State intervention for capital improvement funding, or limit thoroughbred racing opportunities governed by HISA due to simulcasting. Although anecdotal, there are a growing number of mid and small sized breeders and horsemen who are reassessing whether to remain in the business at the levels they have historically participated.

Complicating matters is the fact that some States may not be able to indirectly support HISA as they have in the past. This is reflected in HISA's proposed 2026 budget which anticipates a \$5,032,429 reduction in credits for state direct or in-direct support.

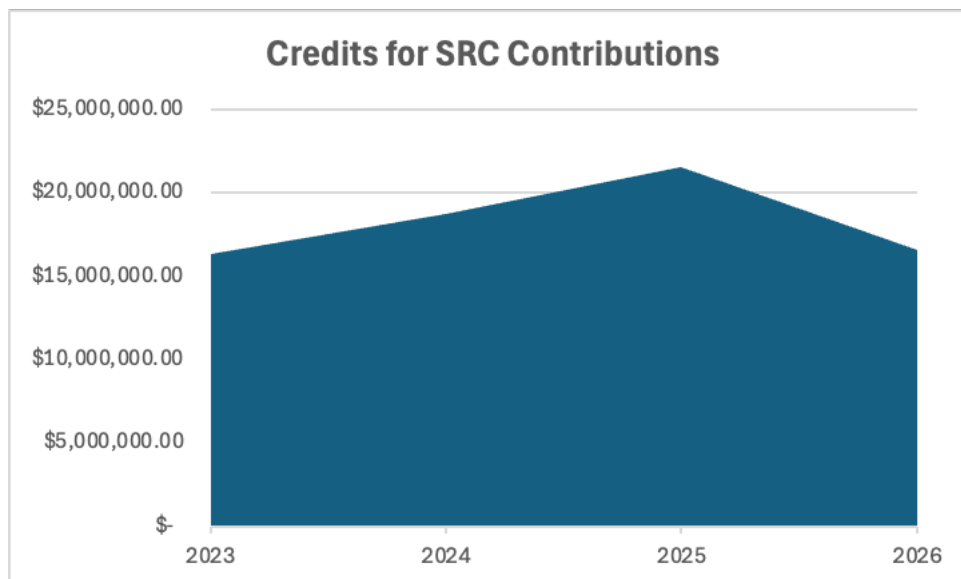
State budgets are already being challenged by changes in federal program reimbursements and questions are increasingly being asked as to why the state is still paying for things that are now the responsibility of HISA.

HISA Budget Trends:

Year	Overall Budget	Total Assessments	Credits fot SRC Contributions	Assessment on Industry
2023	\$66,490,436.00	\$66,490,436.00	\$16,378,500.00	\$50,111,936.00
2024	\$80,956,416.00	\$78,586,798.00	\$18,740,635.00	\$59,846,163.00
2025	\$81,577,554.00	\$80,376,289.00	\$21,592,875.00	\$58,783,414.00
2026	\$78,422,485.00	\$77,054,217.00	\$16,560,446.00	\$60,493,771.00

Credits and Industry Assessments:

Year	Credits for SRC Contributions	Assessment on Industry
2023	\$16,378,500.00	\$50,111,936.00
2024	\$18,740,635.00	\$59,846,163.00
2025	\$21,592,875.00	\$58,783,414.00
2026	\$16,560,446.00	\$60,493,771.00



It is hard, if not impossible, to assess how costs could be reduced. Certainly HISA is attempting to do that as evidenced by the \$3.1 million reduction in their overall budget from 2025 to 2026. But since 2023, their overall budget increased by \$11.9 million and assessments on the industry will have grown by \$10.4 million.

HISA has maintained that they are not subject to the laws that normally provide the same level of transparency the racing industry constituencies have been accustomed to from the State Racing Commissions. HISA claims to not be subject to public records requests, compensation disclosure, public meetings or any of the other safeguards contained in the Federal Advisory Committee Act governing advisory entities like HISA.¹⁶

This lack of transparency breeds distrust among those being regulated who must pay the assessments. Anecdotal reports of unnecessary travel, non-competitive or non-transparent procurements, and unusually generous compensation levels have raised operational doubts about the management of the Authority and its programs. There is no evidence that the Federal Trade Commission, the General Accounting Office, or the General Services Administration have performed an independent audit of HISA finances, operations, or performed a programmatic review. No Congressional panel has exercised any oversight of HISA and the prospects of that are limited when one considers the major issues Congress must address.

HISA was designed to ensure that the thoroughbred racing regulatory function had adequate resources, That is a noble goal but the ability to determine its own budget and impose mandatory assessments was a flawed design from the start especially considering the minimal operational oversight of the US Federal Trade Commission. The checks and balances and transparent operations that normally exist in public companies or government agencies are non-existent.

The potential costs associated with the creation of an additional regulatory layer in addition to the State Racing Commissions should have been more of a consideration when initial programmatic decisions were made by the HISA Board.

¹⁶ This matter is being litigated in one of the court challenges but there is nothing preventing HISA from voluntarily complying with the provisions of this statute.

While state racing commissions and HISA have largely worked cooperatively in partnership, HISA opted to not rely on an adjudication system and prosecutors who were already in place and paid for. They opted to minimize reliance on state investigative staff which could be augmented by HISA's multi-jurisdictional enforcement operation. In many cases their reliance was focused on regulatory veterinarians and test barn collection personnel.

Current HISA leadership inherited the program as it was initially designed by the Board and an interim CEO. Modest declines in overall HISA budgets since 2024 reflect an attempt by current leadership to manage costs, although efforts to mitigate the assessments on the racing industry are more difficult as credits for State direct and indirect support are being reduced.

Initial decisions to replicate rather than improve things that had been working and paid for at the State level have proven costly to the thoroughbred industry. The simple adage "if it's not broke, don't fix it" was ignored at what has become a costly endeavor that the thoroughbred industry has no choice but to pay for.

Relief from regulatory costs does not appear possible absent a complete overhaul of HISA and its programs.

Growing Pains:

Since its inception it is apparent that HISA is learning as it goes. There are many good people working for HISA/HIWU who are trying their best. Many had no prior racing regulatory experience and its Board was statutorily constructed to emphasize those with no racing experience at all.

They say hindsight is 20/20.

Perhaps many of HISA's initial mistakes might have been avoided if they had been more transparent and inclusive in how they organized their programs and decided on their rules.

It serves no useful purpose to itemize and detail the missteps that have occurred. The HISA roll out was an enormous undertaking and as any seasoned racing regulator knows there are many moving pieces and factors that need to be considered. It's always an ongoing process.

But any assessment would be remiss if it did not acknowledge that HISA has had to roll back and modify initial policies on toe grabs, provisional suspensions,

environmental contamination, treatment of medications like metformin, horses being allowed to race or work after being suspended, and testing laboratories not deploying a uniform point of regulatory action.

The following examples reveal additional “growing pains”:

- With regard to the breakdowns in 2022 at Prairie Meadows, HISA never responded to their state partners as to the results of the necropsies that were sent by the State on the horses that died following implementation of the HISA toe grab rule (since modified).
- In March, 2023 concerns about the safety of the track surface were raised by horsemen at Laurel Racecourse/Maryland Jockey Club that caused various assessments of the track surface and voluntary cancellation of racing. HISA's response over the ensuing weeks frustrated the track, owners, and horsemen so much so the Maryland Thoroughbred Horseman's Association and the Maryland Horse Breeders Association petitioned the Maryland Racing Commission to intervene even though HISA, by statute, was the responsible regulatory entity. The MRC helped facilitate an independent assessment of the track which identified the problems which then were rectified and racing resumed with no further fatalities. In the report released six months later, HISA acknowledged that it did not conduct an independent review of the track surface.
- On September 12, 2023 HISA released its report on fatalities that occurred at Churchill Downs during the 2023 Spring Meet. The report found a number of procedural and reporting deficiencies raising questions about HISA enforcement of its own rules. Specifically, timely horse registration and location reporting; failure to conduct mortality reviews at training facilities; failure to make timely reports of injuries; and the failure to provide necropsy reports deemed thorough and sufficiently comprehensive. The report noted that non-compliance with these HISA requirements was not limited to Kentucky.

HISA has made important strides to be less insular with the formation of various advisory groups. Members of these groups are hand picked and it is unclear if HISA's previous policies requiring informal advisors to sign non-disclosure agreements remain in effect. Advisory group meetings are not public and minutes of the discussions do not appear on the HISA website.

HISA has taken steps to be more transparent with the publication of Standard Committee minutes on their website. Minutes of HISA Board meetings do not appear

to be made available. These steps, although positive, fall short of the requirements contained in the Federal Advisory Committee Act (FACA). While there is litigation that addresses whether this law applies to HISA, there is nothing preventing HISA from voluntarily complying with the provisions of this statute.

There is no question that additional regulatory costs are having an impact on the financial stability of some entities and individuals involved in the racing industry. Racetrack operators, large and small, complain about the magnitude of the HISA assessments, which are partially mitigated by credits based on monetary or in-kind contributions of individual States.

Final Thoughts:

This assessment represents an independent analysis of the HISA programs.

The Association of Racing Commissioners International has remained neutral in pending litigation challenging various aspects of the HISA Act. Most members are not involved in the legal challenges, but some member States are.

State Racing Commissions in states that permit thoroughbred racing have worked cooperatively with HISA in an attempt to avoid or solve problems in what is a bifurcated regulatory scheme.

ARCI member regulatory commissions have long supported the concept of a central rule making authority and, despite recent comments by the President of the National Thoroughbred Racing Association, nobody is seeking a return to the pre-HISA days. Even a pending Congressional proposal to replace HISA preserves the original concept of a central rule making authority to have uniform and effective regulation.

The question for the racing industry is whether the results justify the cost.

If the answer to that is “no”, then HISA will need to be fixed or even replaced. The impetus for that can only come from those who must pay the bills.

CONCLUSION:

After three years and over \$168 million in new regulatory fees there is less anti-doping drug testing despite more racing, a modest expansion in out of competition tests in HISA jurisdictions except Kentucky and New York, no new drugs being detected, and an overall fatality rate that remains essentially the same but so low that minor variations in the rate should not be interpreted as a meaningful change.

The most meaningful result of the HISA program lies in uniform rules.

The HISA Authority is very much a work in progress.

NOTE:

On October 6, 2023 the ARCI issued the report “AFTER A YEAR IN THE SADDLE, ASSESSING HISA”. That report, like this one, was based on official data from HISA, HIWU and State Racing Commissions.

A HISA spokesperson reacted to the report in the press saying it was inaccurate even though it relied on information published on the HISA and HIWU websites.

The ARCI is proud of its long standing reputation for fairness and accuracy. If there are factual errors or omissions we shall amend our assessment accordingly. Our goal is to rely upon accurate information which is why we stand with confidence behind any assessments we make. Should we receive information that would warrant an update we will do so and modify the version number and re-issue the assessment.

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Agenda Item #14

Delegation of Authority to conduct
racing business to Executive Director
(No Materials)