

**FY17**

**Arizona Department of  
Gaming-Racing Division**



**Annual Report**



# Table of Contents

**Statutory Requirement**..... 2

**FY17 Annual Report/Org. Chart** ..... 3

**FY17 State Revenues** ..... 4

    Capital Improvement Funds ..... 11

    Hardship Tax Credit ..... 11

**Regulation** ..... 11

    Licensing/Permitting ..... 11

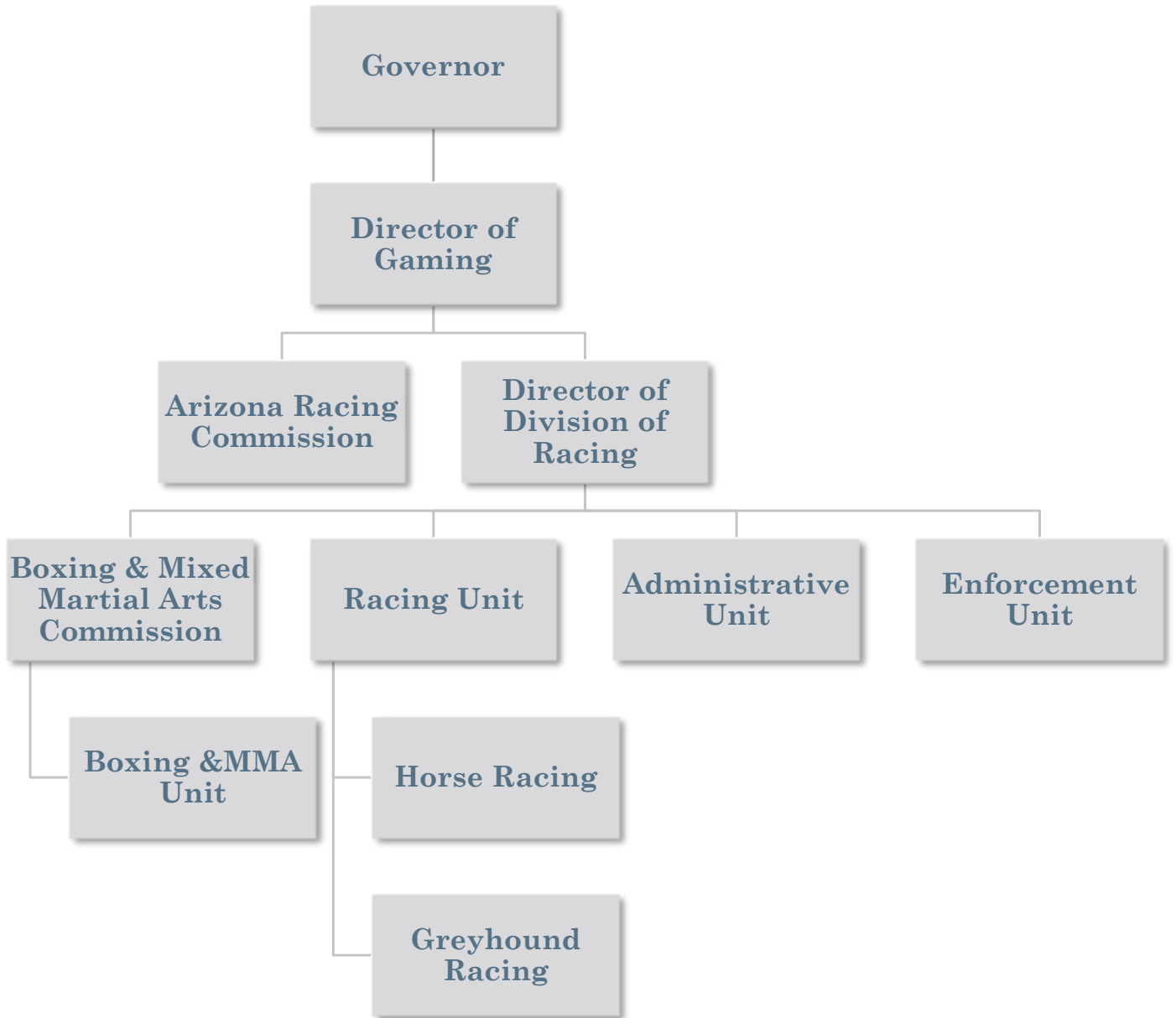
    Investigations ..... 12

**Division of Racing Budget**..... 12

In accordance with A.R.S. § 5-104(P), the Arizona Department of Gaming – Division of Racing/Racing Commission (“the Division”) submits this annual report for Fiscal Year 2017 (“FY17”). Pursuant to this statute, Racing shall distribute the report to the Governor, the President of the Senate, Speaker of the House of Representatives, as well as the Arizona State Library, Archives and Public Records, and will also be made available online for public access at [racing.az.gov](http://racing.az.gov).

# FY17 Annual Report/Org. Chart

The primary mission of the Department of Gaming – Division of Racing is to regulate and supervise pari-mutuel racing and wagering conducted in Arizona, in order to protect racing participants and the wagering public.



# FY17 State Revenues

	ADW	Commercial Horse	Commercial Dog	County Fair	FY17	FY16
<b>Race Days/Performances</b>						
Live Race Days/Performances*	507	104	0	38	649	357
Dark Day – Simulcast Only	1,456	341	725	38	2,560	1,679
<b>Total Race Days</b>	<b>1,963</b>	<b>445</b>	<b>725</b>	<b>76</b>	<b>3,209</b>	<b>2,036</b>
<b>Number of Races</b>						
Live AZ Races*	4,320	857	0	293	5,470	4,526
Simulcast Races	498,677	50,175	74,672	5,885	629,409	756,102
<b>Total Number of Races</b>	<b>502,997</b>	<b>51,032</b>	<b>74,672</b>	<b>6,178</b>	<b>634,879</b>	<b>760,628</b>
<b>Attendance</b>						
On-Track	8,372	246,994	24,448	105,649	385,463	393,338
Off-Track	74,831	458,273	55,814	76,579	665,497	701,628
<b>Total Attendance</b>	<b>83,203</b>	<b>705,267</b>	<b>80,262</b>	<b>182,228</b>	<b>1,050,960</b>	<b>1,094,603</b>
<b>Pari-Mutuel Handle</b>						
<b>Handle Breakdown by Source</b>						
Live Races* - Taxable	\$403,637	\$7,321,689	-	\$3,541,057	\$11,266,383	\$15,461,107
Simulcast Races – Non-Taxable	\$13,970,236	\$87,081,601	\$19,940,710	\$17,455,436	\$138,447,983	\$142,899,989
TGP Horse Handle	-	-	\$5,119,976	-	\$5,119,976	-
<b>Total Arizona Pari-Mutuel Handle</b>	<b>\$14,373,873</b>	<b>\$94,403,290</b>	<b>\$25,060,686</b>	<b>\$20,996,493</b>	<b>\$154,834,341</b>	<b>\$158,361,096</b>
<b>Handle Breakdown by Location</b>						
On-Track Handle	-	\$18,135,923	\$4,842,929	\$6,442,075	\$29,420,927	\$31,599,685
Off-Track Handle	-	\$76,267,367	\$15,097,782	\$14,554,418	\$105,919,566	\$126,761,411
<b>Average Handle Per Race Day</b>	<b>\$7,322</b>	<b>\$212,142</b>	<b>\$34,566</b>	<b>\$63,998</b>	<b>\$318,030</b>	<b>\$77,780</b>
<b>Commingled (Export out of AZ)</b>	<b>-</b>	<b>\$105,983,161</b>	<b>-</b>	<b>\$21,324,934</b>	<b>\$127,308,094</b>	<b>\$157,765,523</b>
<b>Distribution of Revenues</b>						
<b>State Pari-Mutuel Revenue</b>	<b>\$6,580</b>	<b>\$127,773</b>	<b>-</b>	<b>-</b>	<b>\$134,353</b>	<b>\$158,085</b>
<b>Regulatory Wagering Assessment (RWA)</b>	<b>\$120,214</b>	<b>\$1,680,435</b>	<b>\$166,227</b>	<b>\$348,857</b>	<b>\$2,315,733</b>	<b>\$2,361,177</b>
<b>Commission/State Tax</b>						
Track Commission	\$2,828,653	\$19,539,438	\$4,544,332	\$4,267,563	\$31,179,986	\$33,238,550
State Tax	\$8,063	\$146,439	-	\$70,823	\$225,325	\$432,133
<b>Total Track Commission</b>	<b>\$2,836,716</b>	<b>\$19,685,878</b>	<b>\$4,544,332</b>	<b>\$4,338,386</b>	<b>\$31,405,311</b>	<b>\$33,670,683</b>
<b>Returned to Wagering Public</b>	<b>\$11,079,611</b>	<b>\$69,863,788</b>	<b>\$15,331,614</b>	<b>\$15,622,458</b>	<b>\$111,897,470</b>	<b>\$118,286,982</b>
<b>Settlement to/from Host</b>	<b>\$425,767</b>	<b>\$4,508,686</b>	<b>\$30,924</b>	<b>\$971,469</b>	<b>\$5,936,847</b>	<b>\$6,016,155</b>
<b>Track Mutuel Revenue</b>						
Total Track/ADW Commission	\$2,836,716	\$19,685,878	\$4,544,332	\$4,338,386	\$31,405,311	\$33,670,683
Breakage	31,778	\$321,315	\$33,842	\$87,804	\$474,738	\$621,341
Total TGP Horse Commission	-	-	\$269,534	-	\$269,534	-
Capital Improvement Rebate	-	-	-	-	-	-
Capital Improvement AGP Non-Taxable	-	-	-	-	-	-
Revenue Withheld – Charity Days	\$95	\$7,446	-	-	\$7,541	\$10,089
Revenue Withheld – County Fair	\$1,388	-	-	\$70,823	\$72,211	\$58,983
Hardship Tax Credit+	-	\$11,220	-	-	\$11,220	\$192,137
<b>Total Track Revenue</b>	<b>\$2,869,977</b>	<b>\$20,025,858</b>	<b>\$4,847,707</b>	<b>\$4,497,012</b>	<b>\$32,240,555</b>	<b>\$34,553,233</b>
<b>Purses*</b>	<b>-</b>	<b>\$7,905,529</b>	<b>-</b>	<b>\$1,700,657</b>	<b>\$9,607,186</b>	<b>\$10,995,077</b>

\* A.R.S. Title 5, 5-110(H) – Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

\* Any differences with Total AZ Pari-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

+As of May 13, 2016, "Laws 2016, Chapter 247 eliminates the hardship tax credit, which is used to offset the amount of pari-mutuel tax owed by greyhound and horse racing tracks. Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-acrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming.

Commercial Horse Track	Rillito Park	Turf Paradise	FY17	FY16
<b>Race Days/Performances</b>				
Live Race Days/Performances	10	94	104	114
Dark Day – Simulcast Only	11	330	341	378
<b>Total Race Days</b>	<b>21</b>	<b>424</b>	<b>445</b>	<b>492</b>
<b>Number of Races</b>				
Live AZ Races	79	778	857	966
Simulcast Races	751	49,424	50,175	47,667
<b>Total Number of Races</b>	<b>830</b>	<b>50,202</b>	<b>51,032</b>	<b>48,633</b>
<b>Attendance</b>				
On-Track	20,819	226,175	246,994	239,567
Off-Track	0	458,273	458,273	431,452
<b>Total Attendance</b>	<b>20,819</b>	<b>684,448</b>	<b>705,267</b>	<b>671,019</b>
<b>Pari-Mutuel Handle</b>				
<b>Handle Breakdown by Source</b>				
Live Races* - Taxable	\$561,008	\$6,760,681	\$7,321,689	\$7,920,875
Simulcast Races – Non-Taxable	\$131,245	\$86,950,355	\$87,081,601	\$93,253,961
<b>Total Arizona Pari-Mutuel Handle</b>	<b>\$692,253</b>	<b>\$93,711,036</b>	<b>\$94,403,290</b>	<b>\$101,174,836</b>
<b>Handle Breakdown by Location</b>				
On-Track Handle	\$692,253	\$17,443,669	\$18,135,923	\$20,236,251
Off-Track Handle	-	\$76,267,367	\$76,267,367	\$93,501,121
<b>Total by Location</b>	<b>\$692,253</b>	<b>\$93,711,036</b>	<b>\$94,403,290</b>	<b>\$113,737,373</b>
<b>Average Handle Per Race Day</b>	<b>\$32,964</b>	<b>\$221,017</b>	<b>\$212,142</b>	<b>\$205,640</b>
<b>Commingled (Export out of AZ)</b>	<b>\$508,943</b>	<b>\$105,474,217</b>	<b>\$105,983,161</b>	<b>\$123,732,323</b>
<b>Distribution of Revenues</b>				
State Pari-Mutuel Revenue	-	\$127,773	\$127,773	\$150,861
<b>Regulatory Wagering Assessment (RWA)</b>	<b>\$10,178</b>	<b>\$1,670,258</b>	<b>\$1,680,435</b>	<b>\$1,633,981</b>
<b>Commission/State Tax</b>				
Track Commission	\$151,715	\$19,387,723	\$19,539,438	\$21,176,093
State Tax	\$11,220	\$135,219	\$146,439	\$174,340
<b>Total Track Commission</b>	<b>\$162,935</b>	<b>\$19,522,943</b>	<b>\$19,685,878</b>	<b>\$21,350,432</b>
<b>Returned to Wagering Public</b>	<b>\$466,414</b>	<b>\$69,397,374</b>	<b>\$69,863,788</b>	<b>\$75,451,640</b>
<b>Settlement to/from Host</b>	<b>\$58,566</b>	<b>\$4,450,120</b>	<b>\$4,508,686</b>	<b>\$4,942,890</b>
<b>Track Mutuel Revenue</b>				
Total Track Commission	\$162,935	\$19,522,943	\$19,685,878	\$21,350,432
Breakage	\$4,339	\$316,976	\$321,315	\$433,383
Capital Improvement Rebate	-	-	-	-
Revenue Withheld – Charity Days	-	\$7,446	\$7,446	\$9,969
Revenue Withheld – County Fair	-	-	-	-
Hardship Tax Credit+	\$11,220	-	\$11,220	\$13,509
<b>Total Track Revenue</b>	<b>\$178,494</b>	<b>\$19,847,364</b>	<b>\$20,025,858</b>	<b>\$21,807,294</b>
<b>Purses</b>	<b>\$80,572</b>	<b>\$7,825,957</b>	<b>\$7,906,529</b>	<b>\$10,376,497</b>

\* Any differences with Total AZ Pari-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

+As of May 13, 2016, Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming.

Commercial Greyhound Track	AGP	TGP	FY17	FY16
<b>Race Days/Performances</b>				
Live Race Days/Performances*	0	0	0	205
Dark Day – Simulcast Only	362	363	725	160
<b>Total Race Days</b>	<b>362</b>	<b>363</b>	<b>725</b>	<b>365</b>
<b>Number of Races</b>				
Live AZ Races*	0	0	0	3,295
Simulcast Races	63,283	11,389	74,672	61,332
<b>Total Number of Races</b>	<b>63,283</b>	<b>11,389</b>	<b>74,672</b>	<b>64,627</b>
<b>Attendance</b>				
On-Track	18,659	5,789	24,448	34,217
Off-Track	41,329	14,485	55,814	73,804
<b>Total Attendance</b>	<b>59,988</b>	<b>20,274</b>	<b>80,262</b>	<b>108,021</b>
<b>Pari-Mutuel Handle</b>				
<b>Handle Breakdown by Source</b>				
Live Races* - Taxable	-	-	-	\$3,247,768
Simulcast Races – Non-Taxable	\$13,891,345	\$6,049,366	\$19,940,710	\$20,111,672
TGP Horse Handle	-	\$5,119,976	\$5,119,976	-
<b>Total Arizona Pari-Mutuel Handle</b>	<b>\$13,891,345</b>	<b>\$11,169,341</b>	<b>\$25,060,686</b>	<b>\$23,359,440</b>
<b>Handle Breakdown by Location</b>				
On-Track Handle	\$2,951,833	\$1,891,096	\$4,842,929	\$2,487,220
Off-Track Handle	\$10,939,512	\$4,158,270	\$15,097,782	\$6,771,423
<b>Average Handle Per Race Day</b>	<b>\$38,374</b>	<b>\$30,770</b>	<b>\$34,566</b>	<b>\$63,998</b>
<b>Commingled (Export out of AZ)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$12,708,267</b>
<b>Distribution of Revenues</b>				
<b>State Pari-Mutuel Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Regulatory Wagering Assessment (RWA)</b>	<b>\$115,829</b>	<b>\$50,398</b>	<b>\$166,227</b>	<b>\$277,393</b>
<b>Commission/State Tax</b>				
Track Commission	\$3,196,714	\$1,347,618	\$4,544,332	\$5,240,374
State Tax	-	-	-	\$178,627
<b>Total Track Commission</b>	<b>\$3,196,714</b>	<b>\$1,347,618</b>	<b>\$4,544,332</b>	<b>\$5,419,001</b>
<b>Returned to Wagering Public</b>	<b>\$10,505,801</b>	<b>\$4,825,812</b>	<b>\$15,331,614</b>	<b>\$17,872,279</b>
<b>Settlement to/from Host</b>	<b>\$165,407</b>	<b>(\$134,484)</b>	<b>\$30,924</b>	<b>\$30,634</b>
<b>Track Mutuel Revenue</b>				
Total Track Commission	\$3,196,714	\$1,347,618	\$4,544,332	\$5,419,001
Breakage	\$23,422	\$10,419	\$33,842	\$43,920
Total TGP Horse Commission	-	\$269,534	\$269,534	-
Capital Improvement Rebate	-	-	-	-
Capital Improvement AGP Non-Taxable	-	-	-	-
Revenue Withheld – Charity Days	-	-	-	-
Revenue Withheld – County Fair	-	-	-	-
Hardship Tax Credit+	-	-	\$11,220	\$178,627
<b>Total Track Revenue</b>	<b>\$3,220,136</b>	<b>\$1,627,571</b>	<b>\$4,847,707</b>	<b>\$5,641,549</b>
<b>Purses*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$618,581</b>

\* A.R.S. Title 5, 5-110(H) – Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

\* Any differences with Total AZ Pari-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

+As of May 13, 2016, Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming.

Commercial Horse Track	Rillito Park	Turf Paradise	FY17	FY16
<b>Race Days/Performances</b>				
Live Race Days/Performances	10	94	104	114
Dark Day – Simulcast Only	11	330	341	378
<b>Total Race Days</b>	<b>21</b>	<b>424</b>	<b>445</b>	<b>492</b>
<b>Number of Races</b>				
Live AZ Races	79	778	857	966
Simulcast Races	751	49,424	50,175	47,667
<b>Total Number of Races</b>	<b>830</b>	<b>50,202</b>	<b>51,032</b>	<b>48,633</b>
<b>Attendance</b>				
On-Track	20,819	226,175	246,994	239,567
Off-Track	0	458,273	458,273	431,452
<b>Total Attendance</b>	<b>20,819</b>	<b>684,448</b>	<b>705,267</b>	<b>671,019</b>
<b>Pari-Mutuel Handle</b>				
<b>Handle Breakdown by Source</b>				
Live Races* - Taxable	\$561,008	\$6,760,681	\$7,321,689	\$7,920,875
Simulcast Races – Non-Taxable	\$131,245	\$86,950,355	\$87,081,601	\$93,253,961
<b>Total Arizona Pari-Mutuel Handle</b>	<b>\$692,253</b>	<b>\$93,711,036</b>	<b>\$94,403,290</b>	<b>\$101,174,836</b>
<b>Handle Breakdown by Location</b>				
On-Track Handle	\$692,253	\$17,443,669	\$18,135,923	\$20,236,251
Off-Track Handle	-	\$76,267,367	\$76,267,367	\$93,501,121
<b>Total by Location</b>	<b>\$692,253</b>	<b>\$93,711,036</b>	<b>\$94,403,290</b>	<b>\$113,737,373</b>
<b>Average Handle Per Race Day</b>	<b>\$32,964</b>	<b>\$221,017</b>	<b>\$212,142</b>	<b>\$205,640</b>
<b>Commingled (Export out of AZ)</b>	<b>\$508,943</b>	<b>\$105,474,217</b>	<b>\$105,983,161</b>	<b>\$123,732,323</b>
<b>Distribution of Revenues</b>				
State Pari-Mutuel Revenue	-	\$127,773	\$127,773	\$150,861
<b>Regulatory Wagering Assessment (RWA)</b>	<b>\$10,178</b>	<b>\$1,670,258</b>	<b>\$1,680,435</b>	<b>\$1,633,981</b>
<b>Commission/State Tax</b>				
Track Commission	\$151,715	\$19,387,723	\$19,539,438	\$21,176,093
State Tax	\$11,220	\$135,219	\$146,439	\$174,340
<b>Total Track Commission</b>	<b>\$162,935</b>	<b>\$19,522,943</b>	<b>\$19,685,878</b>	<b>\$21,350,432</b>
<b>Returned to Wagering Public</b>	<b>\$466,414</b>	<b>\$69,397,374</b>	<b>\$69,863,788</b>	<b>\$75,451,640</b>
<b>Settlement to/from Host</b>	<b>\$58,566</b>	<b>\$4,450,120</b>	<b>\$4,508,686</b>	<b>\$4,942,890</b>
<b>Track Mutuel Revenue</b>				
Total Track Commission	\$162,935	\$19,522,943	\$19,685,878	\$21,350,432
Breakage	\$4,339	\$316,976	\$321,315	\$433,383
Capital Improvement Rebate	-	-	-	-
Revenue Withheld – Charity Days	-	\$7,446	\$7,446	\$9,969
Revenue Withheld – County Fair	-	-	-	-
Hardship Tax Credit+	\$11,220	-	\$11,220	\$13,509
<b>Total Track Revenue</b>	<b>\$178,494</b>	<b>\$19,847,364</b>	<b>\$20,025,858</b>	<b>\$21,807,294</b>
<b>Purses</b>	<b>\$80,572</b>	<b>\$7,825,957</b>	<b>\$7,906,529</b>	<b>\$10,376,497</b>

\* Any differences with Total AZ Pari-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

+As of May 13, 2016, Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming.

Fair Meet	Santa Cruz County Fair & Rodeo Association	Total Fairs at Non-Commercial Tracks	Marticopa County Fair, Inc.	La Paz County Fair Association	Central AZ Fair Association - Pinal County	Pima County Fair Horse Racing Commission	Cochise County Fair	Navajo County Fair, Inc.	Yuma County Fair Association	Greenlee County Fair	Cocoonino County Parks & Rec.	Total Fairs at Commercial Tracks	FY17 Total - All County Fair Racing	FY16 Total - All County Fair Racing
<b>Race Days/Performances</b>														
Live Race Days/Performances	2	2	4	4	4	4	4	4	4	4	4	36	38	33
Dark Day - Simulcast Only	2	2	4	4	4	4	4	4	4	4	4	36	38	1
<b>Total Race Days</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>72</b>	<b>76</b>	<b>34</b>
<b>Number of Races</b>														
Live AZ Races	15	15	32	32	32	33	24	32	32	37	24	278	293	217
Simulcast Races	1	1	547	623	672	283	507	687	655	847	1,063	5,884	5,885	5,071
<b>Total Number of Races</b>	<b>16</b>	<b>16</b>	<b>579</b>	<b>655</b>	<b>704</b>	<b>316</b>	<b>531</b>	<b>719</b>	<b>687</b>	<b>884</b>	<b>1,087</b>	<b>6,162</b>	<b>6,178</b>	<b>5,288</b>
<b>Attendance</b>														
On-Track	1,750	1,750	10,862	10,510	11,684	11,177	9,177	14,662	14,554	9,457	11,816	103,899	105,649	5,228
Off-Track	0	0	6,418	7,803	9,291	0	6,250	9,131	7,232	9,735	20,619	76,579	76,579	160,409
<b>Total Attendance</b>	<b>1,750</b>	<b>1,750</b>	<b>17,280</b>	<b>18,413</b>	<b>20,975</b>	<b>11,177</b>	<b>15,427</b>	<b>23,793</b>	<b>21,786</b>	<b>19,192</b>	<b>32,435</b>	<b>180,478</b>	<b>182,228</b>	<b>165,637</b>
<b>Par-Mutuel Handle</b>														
<b>Handle Breakdown by Source</b>														
Live Races - Taxable	\$52,309	\$52,309	\$404,096	\$307,735	\$488,664	\$287,219	\$291,675	\$479,123	\$441,195	\$438,346	\$350,696	\$3,488,748	\$3,541,057	\$3,079,426
Simulcast Races - Non-Taxable	\$25,479	\$25,479	\$1,414,512	\$1,771,216	\$2,095,605	\$36,344	\$1,429,305	\$2,034,881	\$1,722,150	\$2,250,031	\$4,675,914	\$17,429,957	\$17,455,436	\$16,735,366
<b>Total Arizona Par-Mutuel Handle</b>	<b>\$77,788</b>	<b>\$77,788</b>	<b>\$1,818,608</b>	<b>\$2,078,950</b>	<b>\$2,584,269</b>	<b>\$323,563</b>	<b>\$1,720,980</b>	<b>\$2,514,004</b>	<b>\$2,163,345</b>	<b>\$2,688,377</b>	<b>\$5,026,610</b>	<b>\$20,918,705</b>	<b>\$20,996,493</b>	<b>\$19,814,792</b>
<b>Handle Breakdown by Location</b>														
On-Track Handle	\$77,788	\$77,788	\$599,205	\$573,726	\$818,832	\$323,563	\$553,444	\$778,984	\$789,200	\$838,733	\$1,108,601	\$6,364,287	\$6,442,075	\$5,887,186
Off-Track Handle	-	-	\$1,219,403	\$1,505,225	\$1,765,437	-	\$1,167,536	\$1,735,020	\$1,374,145	\$1,849,644	\$3,918,009	\$14,554,418	\$14,554,418	\$13,927,606
<b>Total by Location</b>	<b>\$77,788</b>	<b>\$77,788</b>	<b>\$1,818,608</b>	<b>\$2,078,950</b>	<b>\$2,584,269</b>	<b>\$323,563</b>	<b>\$1,720,980</b>	<b>\$2,514,004</b>	<b>\$2,163,345</b>	<b>\$2,688,377</b>	<b>\$5,026,610</b>	<b>\$20,918,705</b>	<b>\$20,996,493</b>	<b>\$19,814,791</b>
<b>Average Handle Per Race Day</b>	<b>\$19,447</b>	<b>\$19,447</b>	<b>\$227,326</b>	<b>\$259,669</b>	<b>\$323,034</b>	<b>\$40,445</b>	<b>\$215,122</b>	<b>\$314,250</b>	<b>\$270,418</b>	<b>\$336,047</b>	<b>\$628,326</b>	<b>\$2,614,838</b>	<b>\$276,270</b>	<b>\$582,788</b>
<b>Commingled (Export out of AZ)</b>	-	-	\$3,299,984	\$2,860,108	\$2,936,838	\$218,355	\$2,258,023	\$2,903,941	\$2,859,199	\$2,421,235	\$1,567,152	\$21,324,934	\$21,324,934	\$18,373,245
<b>Distribution of Revenues</b>														
State Par-Mutuel Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory Wagering Assessment (RWA)	-	-	\$43,432	\$41,920	\$46,834	-	\$33,769	\$45,968	\$42,611	\$43,354	\$50,970	\$348,857	\$348,857	\$285,144
<b>Commission/State Tax</b>														
Track Commission	\$16,093	\$16,093	\$374,448	\$424,526	\$524,986	\$71,370	\$350,872	\$510,687	\$440,058	\$535,756	\$1,018,768	\$4,251,470	\$4,267,563	\$4,047,171
State Tax	\$1,046	\$1,046	\$8,082	\$6,155	\$9,774	\$5,744	\$5,834	\$9,583	\$8,824	\$8,767	\$7,014	\$69,777	\$70,823	\$61,590
<b>Total Track Commission</b>	<b>\$17,139</b>	<b>\$17,139</b>	<b>\$382,530</b>	<b>\$430,681</b>	<b>\$534,759</b>	<b>\$77,114</b>	<b>\$356,706</b>	<b>\$520,270</b>	<b>\$448,882</b>	<b>\$544,523</b>	<b>\$1,025,782</b>	<b>\$4,321,247</b>	<b>\$4,338,386</b>	<b>\$4,108,761</b>
<b>Returned to Wagering Public</b>	\$64,368	\$64,368	\$1,369,005	\$1,551,090	\$1,883,983	\$226,857	\$1,280,110	\$1,880,541	\$1,618,388	\$1,981,290	\$3,756,825	\$15,558,090	\$15,622,458	\$15,024,098
<b>Settlement to/from Host</b>	(\$4,327)	(\$4,327)	\$56,240	\$87,475	\$137,909	\$17,230	\$80,458	\$99,646	\$124,797	\$157,154	\$214,888	\$97,796	\$97,149	\$622,001
<b>Track Mutuel Revenue</b>														
Total Track Commission	\$17,139	\$17,139	\$382,530	\$430,681	\$534,759	\$77,114	\$356,706	\$520,270	\$448,882	\$544,523	\$1,025,782	\$4,321,247	\$4,338,386	\$4,108,761
Breakage	\$608	\$608	\$7,073	\$9,734	\$12,553	\$2,362	\$8,131	\$8,939	\$11,426	\$6,507	\$20,471	\$97,196	\$97,804	\$99,355
Capital Improvement Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Withheld - Charity Days	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Withheld - County Fair	\$1,406	\$1,406	\$8,082	\$6,155	\$9,774	\$5,744	\$5,834	\$9,583	\$8,824	\$8,767	\$7,017	\$69,777	\$70,823	\$61,590
Handship Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Track Revenue</b>	<b>\$18,793</b>	<b>\$18,793</b>	<b>\$397,685</b>	<b>\$446,569</b>	<b>\$557,085</b>	<b>\$85,220</b>	<b>\$370,671</b>	<b>\$538,792</b>	<b>\$469,132</b>	<b>\$559,797</b>	<b>\$1,053,268</b>	<b>\$4,478,219</b>	<b>\$4,497,012</b>	<b>\$4,269,706</b>
<b>Purses</b>	\$8,046	\$8,046	\$170,647	\$178,372	\$220,145	\$36,657	\$146,215	\$213,440	\$191,021	\$214,824	\$321,289	\$1,692,610	\$1,700,657	\$1,605,336

\* Any differences with Total AZ Par-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

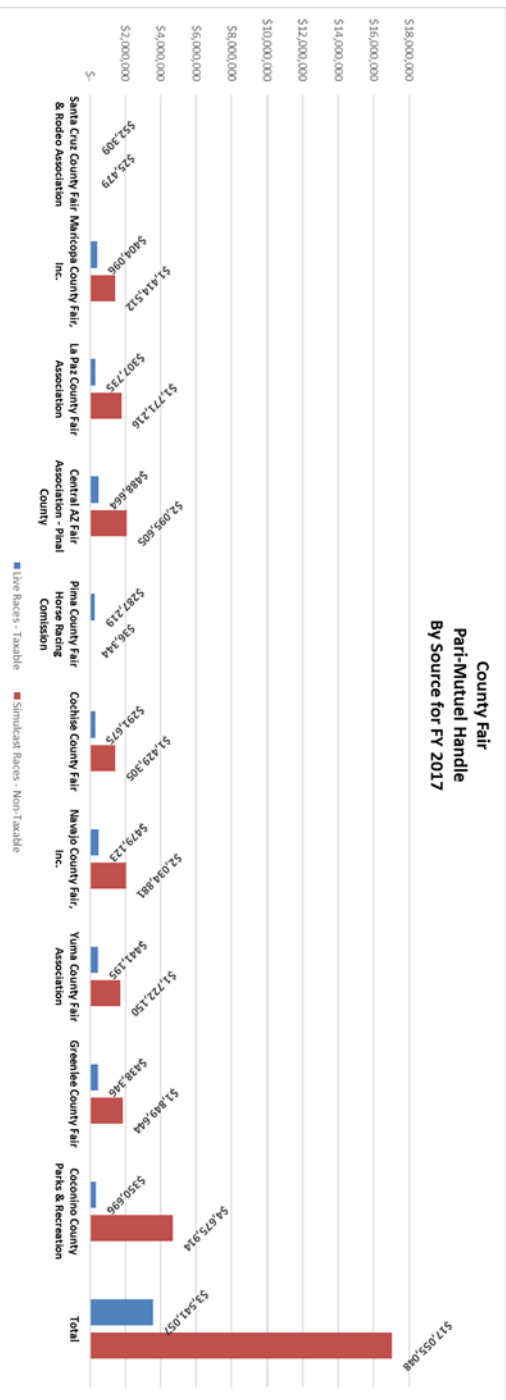
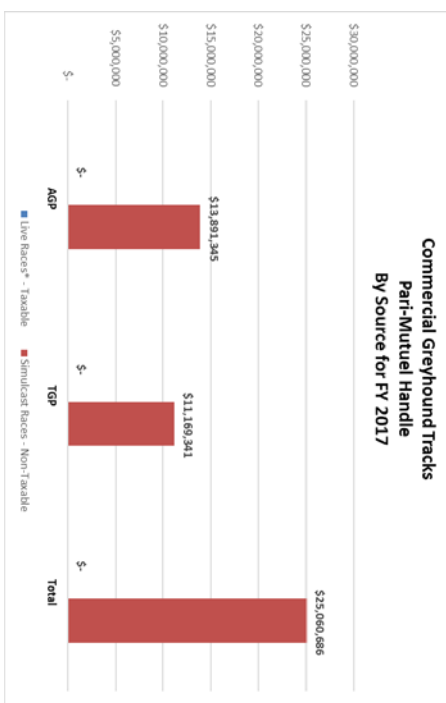
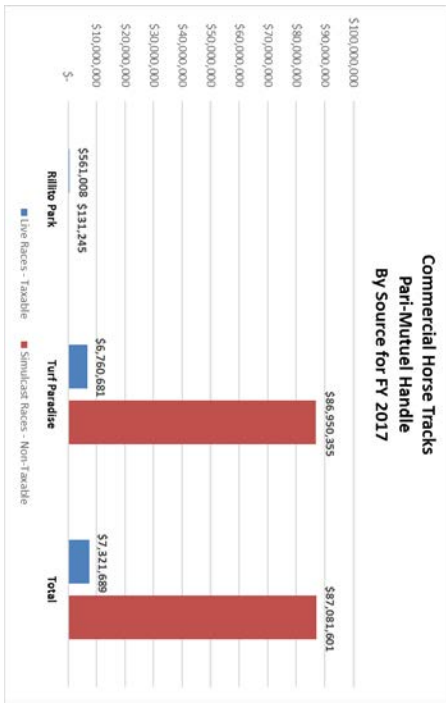
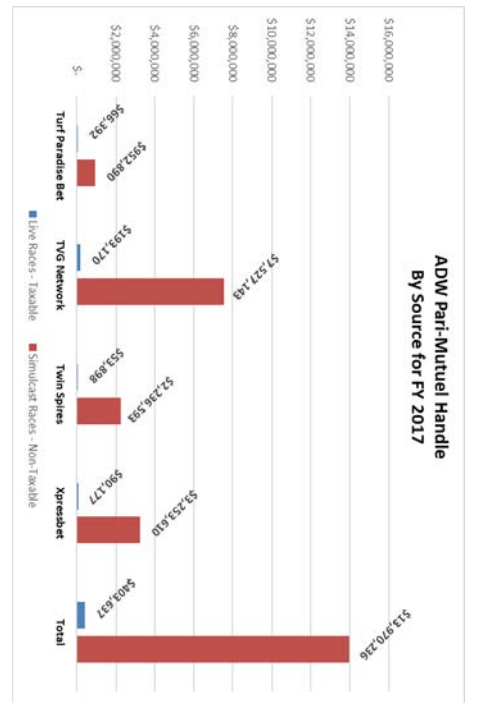
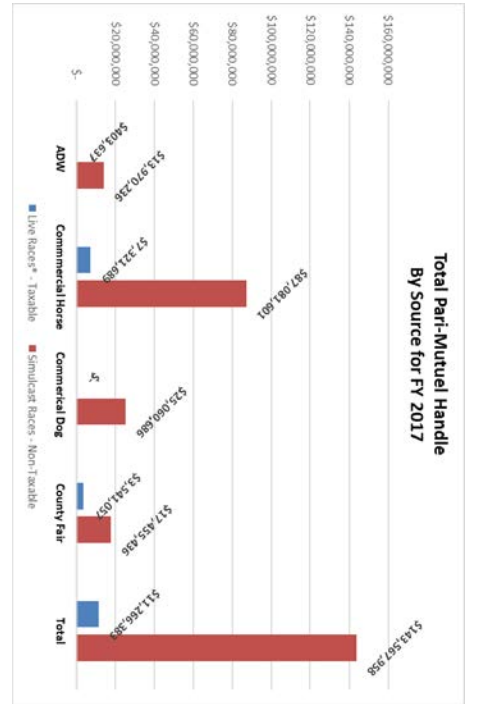
	Turf Paradise Bet	TVG Network	Twin Spires	XpressBet	FY17	FY16
<b>Wagering Days/Performances</b>						
Live Race Days/Performances*	126	129	126	126	507	540
Dark Day – Simulcast Only	364	364	364	364	1,456	923
<b>Total Wagering Days</b>	<b>490</b>	<b>493</b>	<b>490</b>	<b>490</b>	<b>1,963</b>	<b>1,463</b>
<b>Number of Races</b>						
Live AZ Races*	1,250	1,044	1,020	1,006	4,320	4,354
Simulcast Races	158,935	51,488	128,792	159,462	498,677	578,341
<b>Total Number of Races</b>	<b>160,185</b>	<b>52,532</b>	<b>129,812</b>	<b>160,468</b>	<b>502,997</b>	<b>582,695</b>
<b>AZ Patron Accounts Wagering</b>						
On Live AZ Races	1,313	3,998	1,216	1,845	8,732	8,363
On Simulcast Races	7,181	35,455	14,222	17,973	74,831	67,125
<b>Total Accounts Wagering</b>	<b>8,494</b>	<b>39,453</b>	<b>15,438</b>	<b>19,818</b>	<b>83,203</b>	<b>75,488</b>
<b>Pari-Mutuel Handle</b>						
<b>Handle Breakdown by Source</b>						
Live Races - Taxable	\$66,392	\$193,170	\$53,898	\$90,177	\$403,637	\$417,266
Simulcast Races – Non-Taxable	\$952,890	\$7,527,143	\$2,236,593	\$3,253,610	\$13,970,236	\$12,551,830
<b>Total Arizona Pari-Mutuel Handle</b>	<b>\$1,019,282</b>	<b>\$7,720,312</b>	<b>\$2,290,491</b>	<b>\$3,343,787</b>	<b>\$14,373,873</b>	<b>\$12,969,096</b>
<b>Average Handle Per Race Day</b>	<b>\$2,080</b>	<b>\$15,660</b>	<b>\$4,674</b>	<b>\$6,824</b>	<b>\$7,322</b>	<b>\$8,865</b>
<b>Distribution of Revenues</b>						
<b>State Pari-Mutuel Revenue</b>	\$1,014	\$3,158	\$875	\$1,533	\$6,580	\$7,223
<b>Regulatory Wagering Assessment (RWA)</b>	\$8,431	\$64,370	\$19,534	\$27,880	\$120,214	\$100,946
<b>Commission/State Tax</b>						
Track Commission	\$202,732	\$1,492,389	\$465,850	\$667,682	\$2,828,653	\$2,554,521
State Tax	\$1,328	\$3,863	\$1,069	\$1,804	\$8,063	\$8,343
<b>Total Track Commission</b>	<b>\$204,059</b>	<b>\$1,496,252</b>	<b>\$466,920</b>	<b>\$669,485</b>	<b>\$2,836,716</b>	<b>\$2,562,864</b>
<b>Returned to Wagering Public</b>	\$771,387	\$5,837,535	\$1,740,279	\$2,730,411	\$11,079,611	\$9,938,965
<b>Settlement to/from Host</b>	\$38,700	\$375,802	\$75,947	\$(64,682)	\$425,767	\$420,630
<b>ADW Mutuel Revenue</b>						
Total ADW Commission	\$204,059	\$1,496,252	\$465,850	\$669,485	\$2,836,716	\$2,562,864
Breakage	\$5,137	\$10,724	\$7,345	\$8,573	\$31,778	\$56,233
Revenue Withheld – Charity Days	\$25	\$45	\$5	\$20	\$95	\$120
Revenue Withheld – County Fair	\$289	\$659	\$189	\$250	\$1,388	\$1,120
<b>Total ADW Revenue</b>	<b>\$209,510</b>	<b>\$1,507,680</b>	<b>\$474,458</b>	<b>\$678,328</b>	<b>\$2,869,977</b>	<b>\$2,620,337</b>

\* These races were offered for wagering by the ADW operator and may or may not have been offered in Arizona

In FY17, the Division issued 2782 licenses, which generated an additional \$254,905 for Arizona's General Fund. It also assessed \$47,555 in penalties to licensees/permittees for various infractions.

	Horses	Greyhounds	FY17 Total
<b>Additional Revenue Source</b>			
Licensing Fees Assessed	\$250,625	\$4,280	\$254,905
Monetary Penalties Assessed	\$47,555	-*	\$47,555
<b>Total Revenues</b>	<b>\$298,180</b>	<b>\$4,280</b>	<b>\$298,180</b>

\* A.R.S. Title 5, 5-110(H) – Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.



## Capital Improvement Funds

**A.R.S. 5-111.02** permits a permittee to retain a percentage typically paid by the permittee to the State, as provided in A.R.S. 5-111, as a means of encouraging the improvement of racing facilities for the benefit of the public, breeders, and horse owners, and to increase revenue to the State from the increase in pari-mutuel wagering resulting from capital improvements.

In FY17, no capital improvement funds were used pursuant to A.R.S. 5-11.02 that would otherwise be State revenues.

## Hardship Tax Credit

**Laws 2016, Chapter 247** eliminated the hardship tax credit, which is used to offset the amount of pari-mutuel tax owed by horse and greyhound racing tracks. Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks are unable to use previously-accrued credits, due to the elimination of live dog racing, by laws 2016, Chapter 246.

	(As of 7/1/16) Allowable Hardship Tax Credit	FY17 Hardship Used or Transferred	Balance of Hardship Tax Credit (As of 6/30/17)
<b>Horse Track</b>			
Rillito Park	\$306,234	\$11,220	\$295,014
Turf Paradise	\$14,564	-	\$14,564

## Regulation

**The Division** regulates and supervises all commercial horse racing meetings and pari-mutuel wagering conducted on and off-track, in Arizona, in order to enforce laws and regulations and to protect racing participants and the wagering public.

## Licensing/Permitting

**The Division** processes and investigates all license applications in a timely manner, while ensuring only eligible applicants receive licenses. In FY17, the Division saw an increase in the total number of licenses and permits issued or renewed, in comparison to FY16.

Performance Measures	FY17
Number of Licenses/Permits Issued/Renewed	2782
Number of Licenses/Permits Denied	2
Number of Licenses/Permits Revoked	1

License Type	Horses				Greyhounds			FY17 Total	FY16 Total
	County Fair	Rillito Park	Turf Paradise	Total	Apache Greyhound	Tucson Greyhound	Total	Licenses Issued	Licenses Issued
ADWP	0	0	4	4	0	0	0	4	0
ADWP Employee	0	0	5	5	0	0	0	5	0
All Other Vendors	0	0	8	8	0	0	0	8	0
Apprentice Jockey	0	0	7	7	0	0	0	7	4
Assistant Starter	0	0	0	0	0	0	0	0	7
Assistant Trainer	0	0	0	0	0	0	0	0	6
Authorized Agent	1	5	28	34	0	0	0	34	0
Authorized Agent - Partial	0	0	41	41	0	0	0	41	28
Authorized Agent - Full	0	0	5	5	0	0	0	5	1
Chief Financial Officer	0	0	1	1	0	0	0	1	0
Coolout	0	0	0	0	0	0	0	0	12
County Fair Manager	4	0	0	4	0	0	0	4	5
County Fair Permit	6	0	0	6	0	0	0	6	3
Duplicate License	0	1	73	74	0	0	0	74	89
Exercise Rider	0	3	144	147	0	0	0	147	64
Groom	0	67	373	440	0	0	0	440	251
Hauler	0	0	0	0	0	0	0	0	1
Jockey	0	2	61	63	0	0	0	63	45
Jockey Agent	0	0	9	9	0	0	0	9	5
Kennel	0	0	0	0	0	0	0	0	5
Mutuel (Owner/Manager)	0	19	62	81	9	21	30	111	265
Occupational	4	104	144	252	2	1	3	255	192
Official	0	8	20	28	1	4	5	33	26
OTB (Owner/Manager)	0	0	61	61	5	8	13	74	192
Outrider	0	1	6	7	0	0	0	7	1
Owner	2	49	778	829	0	2	2	831	531
Owner/Assistant Trainer	0	0	1	1	0	0	0	1	0
Owner/Trainer	0	16	182	198	0	0	0	198	67
Permittee/Board	0	1	1	2	3	0	3	5	5
Plater/Farrier	0	0	19	19	0	0	0	19	13
Pony Person	0	16	96	112	0	0	0	112	40
RBO (Kennel/Racing or Breeding)	0	0	0	0	0	0	0	0	5
Security Employee	0	9	16	25	1	5	6	31	34
Stable	0	2	89	91	0	0	0	91	41
Temporary Claim to Owner	0	0	29	29	0	0	0	29	14
Tote Company	0	0	2	2	1	0	1	3	3
Tote Employee	0	0	12	12	11	6	17	29	32
Track GM	0	0	0	0	0	1	1	1	4
Trainer	0	3	66	69	0	0	0	69	45
Valet	0	1	7	8	0	0	0	8	0
Vendor Employee	0	0	18	18	0	0	0	18	23
Veterinarian	0	0	9	9	0	0	0	9	9
<b>Total Licenses Issued</b>	<b>17</b>	<b>307</b>	<b>2377</b>	<b>2701</b>	<b>33</b>	<b>48</b>	<b>81</b>	<b>2782</b>	<b>2068</b>
<b>Total Licensing Fees</b>				\$250,625.00			\$4,280.00	\$254,905.00	\$165,641.00

## Investigations

**The Division** investigates all possible violations of racing laws and rules. The numbers listed below reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications. A background investigation is conducted for each license applicant who submits fingerprints, as required by Division policy.

Performance Measures	FY17
Number of Incident Investigations	33
Number of Background Investigations	2782
Total Number of Investigations Conducted	2815

## Division of Racing Budget

**The Division** has an annual appropriation of \$2.9 million, with funds being predominantly provided through the Regulatory Wagering Assessment (RWA). Other contributions to the Division's budget come from licensing fees, pari-mutuel taxes, dark day assessments, and Advanced Deposit Wagering Assessments (ADWA)s. Day-to-day operations of the Division are funded entirely through the racing industry, with the the Division only receiving a General Fund appropriation for the Arizona Breeders' Awards, which was funded at \$200,000 for FY17, and an appropriation of \$1,779,500, that it passes through to the County Fairs Livestock and Agriculture Promotion Fund administered by the Governor's Office.

Expenditures for the immediately preceding three fiscal years and the Division's projected expenditures for FY18 are shown in the table below.

<b>OPERATING BUDGET</b>	<b>Actual Expenditures FY15</b>	<b>Actual Expenditures FY16</b>	<b>Actual Expenditures FY17</b>	<b>Expend. Plan FY18</b>
Full Time Equivalent Positions (FTE)	40.5	40.5	30	30
Personal Services	1,476,212	1,289,777	1,154,900	854,300
Employee-Related Expenses	616,414	529,511	398,500	340,800
Professional & Outside Services	474,139	431,911	226,900	325,600
Travel – In-State	52,273	31,456	20,300	9,300
Travel – Out-of-State	6,459	5,188	4,800	4,000
Other Operating Expenditures	217,367	204,090	146,900	116,900
Equipment	5,233	4,349	98,600	0
Transfer Out	0	270	17,000	267,000
<b>Operating Budget Subtotal</b>	<b>\$2,848,097</b>	<b>\$2,496,552</b>	<b>\$2,067,900</b>	<b>\$1,917,900</b>
<b>SPECIAL LINE ITEMS</b>				
Arizona’s Breeders’ Award – Governor’s Office	250,000	-	200,000	-
Arizona Breeders Award	-	37,642	36,500	280,000
County Fairs Livestock and Agricultural Promotion	1,779,500	1,779,500	1,779,500	1,779,500
<b>Special Line Item Subtotal</b>	<b>2,029,500</b>	<b>1,817,142</b>	<b>\$2,016,000</b>	<b>\$2,059,500</b>
<b>AGENCY TOTAL</b>	<b>\$4,877,597</b>	<b>\$4,313,695</b>	<b>\$4,083,900</b>	<b>\$3,977,400</b>
<b>FUND SOURCES</b>				
General Fund	2,029,500	1,779,500	1,979,500	1,779,500
Racing Regulation Fund	2,848,097	2,894,200	2,104,400	2,197,900
<b>AGENCY TOTAL</b>	<b>\$4,877,597</b>	<b>\$4,673,700</b>	<b>\$4,083,900</b>	<b>\$3,977,400</b>

<b>Employee Status</b>	<b>FY15*</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
FTEs	-	40.5	30	30
Full-Time Equivalent (FTE) - Avg.	-	15.7	12.67	-
Part-Time - Avg.	-	4	3.17	-
Temporary/Seasonal - Avg.	-	2	1.17	-
Contracted	-	5	12	-
<b>Total Employees</b>	<b>-</b>	<b>26.7</b>	<b>29.01</b>	<b>-</b>

\*The Department of Racing is now the Division of Racing within the Department of Gaming.

**A.R.S. 5-106** requires the [Division of Racing] to appoint:

1. A supervisor of Mutuels;
2. Security Personnel (establish a Security Section); and
3. As many other employees as may be necessary for the enforcement of the laws of this state and the rules relating to racing.

5-106 also requires the [Division of Racing] to employ **two (2)** persons qualified as stewards for all races, and **three (3)** persons qualified as stewards for races conducted by a county fair racing association.

In late FY17, in an attempt to ensure efficient regulation of the racing industry in Arizona, the Division reduced its staffing levels and shifted some employees to seasonal/temporary employment.

## Recommendations

**The Division** is currently researching but has no recommendations for increasing State revenues at this time.