

State of Arizona Department of Racing

**Annual Report
FY 2005**

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ARIZONA DEPARTMENT OF RACING

JANET NAPOLITANO
GOVERNOR



GEOFFREY E. GONSHER
DIRECTOR

October 1, 2005

The Honorable Janet Napolitano
Governor of the State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Napolitano:

It is my pleasure to submit the FY 2005 Department of Racing Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative responsibilities.

Last year, the Department regulated and supervised horse and greyhound racing and pari-mutuel wagering at three commercial horse tracks, three greyhound tracks, fifteen county fair racing meetings, and 82 teletrack locations throughout Arizona. The total pari-mutuel handle for all racing was \$264.6 million, an increase of \$465,000 or 0.2% from the prior year. The total pari-mutuel tax receipts amounted to \$483,901, a decrease of 14.5% from the prior year.

FY 2005 continued to be a period of progress for the Department. The Department introduced more management and operational improvements that are consistent with the resources and regulations. With the continued support of your administration, our objective is to build on the following for a more responsive and effective operation in the future.

- Regulate and supervise all pari-mutuel racing and wagering in order to protect racing participants and the wagering public.
- Strengthen agency management to respect and follow the rules, regulations and statutes that protect the integrity of the racing industry.
- Improve relationships with employees, permittees, licensees, and industry organizations to create partnerships to support the racing industry.

The Racing Department is committed to performing all statutory and regulatory duties in a manner that brings respect to the agency and the industry. Your continued support is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey E. Gonsher".

Geoffrey E. Gonsher
Director

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Arizona Racing Commission

The Arizona Racing Commission was established in 1949 by the Arizona Legislature. The Racing Commission is responsible for issuing racing dates; preparing and adopting rules to govern racing meetings as may be required to protect and promote the safety and welfare of the animals participating in racing meetings; protecting and promoting public health, safety and the proper conduct of racing and pari-mutuel wagering; conducting hearings on applications for racing permits; reviewing applications for capital improvements at racetracks; and conducting hearings and other legal procedures on matters relating to racing licensees and the racing industry.

Arizona Revised Statutes § 5-102 authorizes a five-member Racing Commission, who shall be appointed by the Governor pursuant to A.R.S. § 38-211. Appointment is for a term of five years.

Bob Ford, Racing Commission Chairman, was appointed to the Commission in 2001 and served as Vice-Chairman for two years. Serving as a public member, Mr. Ford comes from a family with over 50 years in the horseracing industry. Mr. Ford has worked at tracks in several positions, gaining first-hand knowledge that serves him well on the Commission. Retired from the City of Phoenix Fire Department, Mr. Ford currently serves on the City of Phoenix Planning Commission.

Burton Kruglick, Racing Commission Vice-Chairman, is serving as a representative of the Dog Racing Industry. Mr. Kruglick was appointed to the Commission in 1997, and has served one year as Chairman and three years as Vice-Chairman. Mr. Kruglick has been active in Arizona government and politics for many years, serving as Chairman of the Arizona Republican Party from 1985 through 1991. He has been appointed to several Commissions and Boards over the years and is an active participant in community and philanthropic organizations.

Michael Vespoli was appointed to the Racing Commission in 2003. Mr. Vespoli is serving as a public member and is Director of Community Affairs for UFCW Local 99. With extensive experience in labor-management relations, Mr. Vespoli brings a wealth of knowledge involving mediation, arbitration and representation to the board.

James N. Chilcoat, Sr. was appointed to the Racing Commission in 2005 to serve as a public member. Mr. Chilcoat retired from the Arizona Department of Public Safety after 30 years of service. During his career, he worked in Highway Patrol, Intelligence, Fiscal Management, Legislation, and retired at the rank of Assistant Director. Mr. Chilcoat has attended numerous law enforcement seminars and programs, including the FBI National Academy, to enhance his knowledge and expertise in several areas of criminal justice.

Erin Owens-Hall was appointed to the Racing Commission in 2005 to serve as the representative of the Horse Racing Industry. Ms. Owens-Hall was raised in the ranching and racing industry in Arizona. She spent several years in official positions at Canterbury Downs, San Juan Downs, Columbus Racetrack, and Turf Paradise. Ms. Owens-Hall is currently Director of Enrollment and Enrollment Manager at the University of Phoenix and supervises a staff of over 100 employees with responsibility for a total budget of \$9.2 Million.

Awards

HORSERACING INDUSTRY AWARDS

The Racing Commission adopted a new program to recognize individuals for service to the horseracing industry. The following awards were presented at the September 8, 2004 Commission meeting.

Recognition of Excellence Award. Loretta Brasher, Executive Director, AQRA

Industry Employee Superior Accomplishment Award. Shawn Swartz, Director of Racing, Turf Paradise

Lifetime Achievement Award. Jack Coady, Sr., Founder, Coady Photography

Sportsmanship Award. James Kelly, AQRA Board Member

Philanthropic Award. Sandra Hall, Horse Owner

GREYHOUND INDUSTRY AWARDS

The Racing Commission adopted a new greyhound racing industry recognition program. The following awards were presented at the December 15, 2004 Commission meeting.

Lifetime Achievement Award. Jack Allen, Track Steward, Phoenix Greyhound Park

Recognition of Excellence Award. Arizona Adopt-A-Greyhound Program

DEPARTMENT OF RACING EMPLOYEE RECOGNITION AWARDS

Governor Janet Napolitano proclaimed State Employee Recognition Day in Arizona to honor the dedication and commitment of all State employees. In the spirit of the Governor's proclamation, the Department of Racing announced a new Employee Recognition Program. The purpose of the program is to say "thank you," "well done," "we value you as an employee," and to acknowledge exemplary employee service and outstanding employee contributions that support the agency mission.

FY 2005 Awards

Employee of the Year Award. Kathryn "Katie" Kenfield, Examiner Technician II

Supervisor of the Year Award. Bryan Stoyer, Chief Greyhound Steward

Team of the Year Award. Andy Carlton, DVM, Veterinarian Supervisor
Cynthia Toering, DVM, Veterinarian

FY 2004 Awards

Employee of the Year Award. Eddie Rosano, Assistant Steward

Supervisor of the Year Award. Andy Carlton, DVM, Veterinarian Supervisor

Team of the Year Award. Accounting Staff
Amy Besco, Fiscal Services Specialist III
Karri Hernandez, Fiscal Services Specialist II
Pearl Pistiner, Administrative Services Officer I

FY 2003 Awards

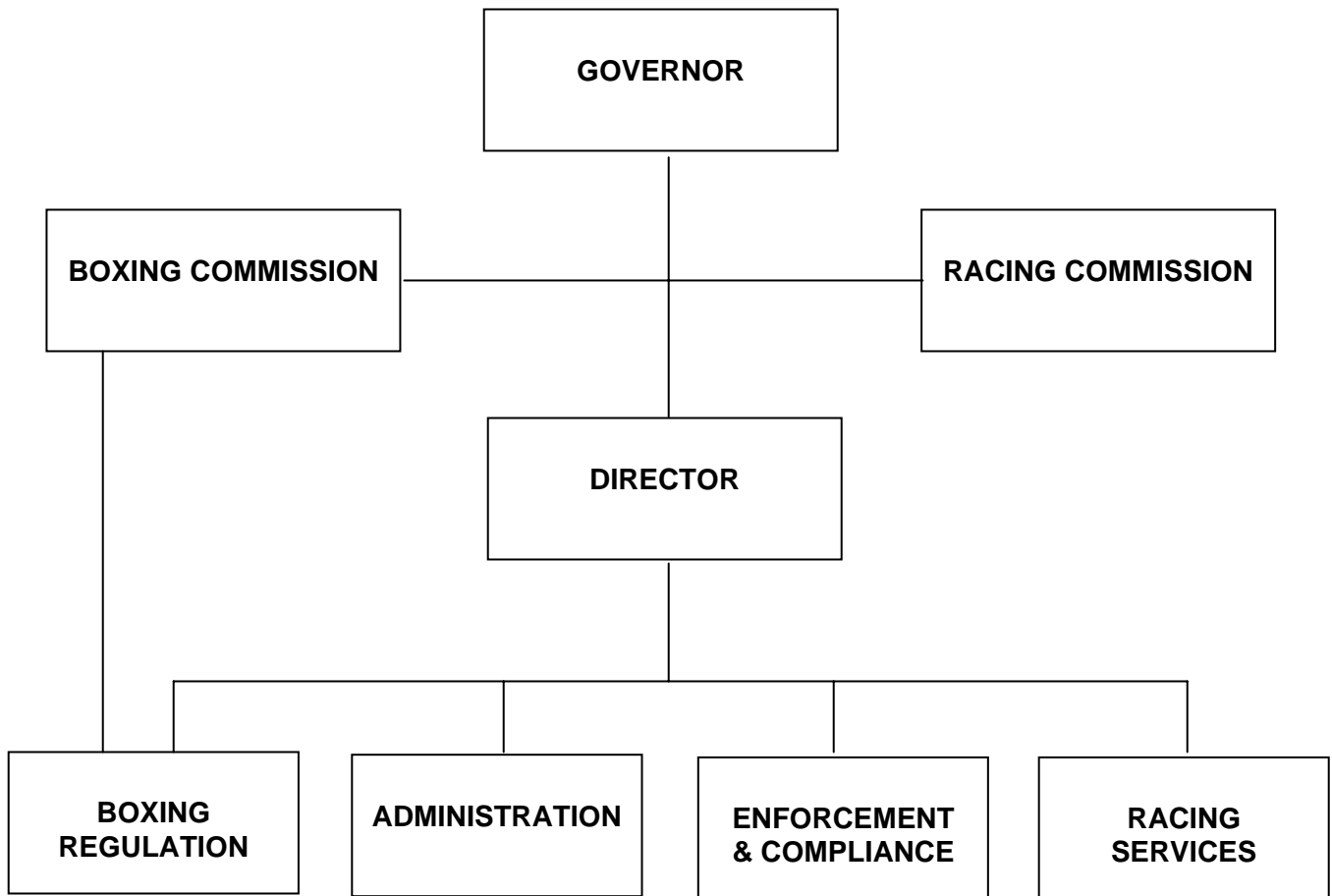
Employee of the Year Award. Norma Rivero, Accounting Technician III

Supervisor of the Year Award. Gerry Howard, Chief Horse Racing Steward (posthumous)

Team of the Year Award. Tucson Greyhound Park Stewards
Mike Brimmer, Chief Steward
Eddie Rosano, Assistant Steward
Katherine Vasco, Assistant Steward

Department Of Racing

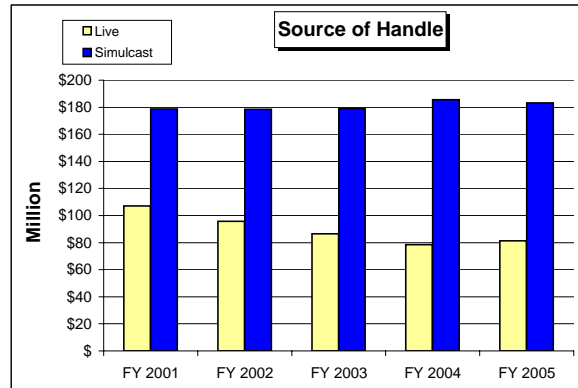
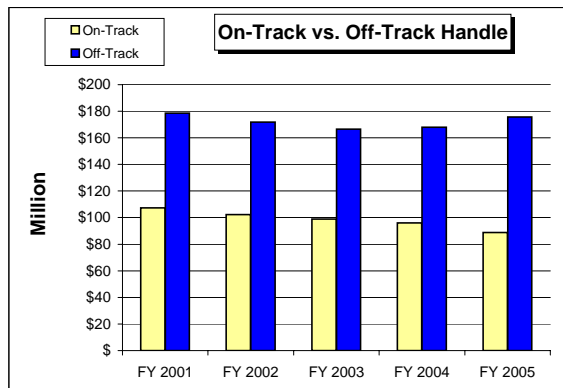
The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing events conducted in Arizona to protect participants in these events.



COMMERCIAL AND COUNTY FAIR RACING
Commercial Horse, Greyhound and County Fair Racing

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Race Days/Performances (including 15 Charity Days)					
Live Race Days	988	1,001	981	988	897
Dark Day-Simulcast only	607	588	611	605	697
Total Race Days	1,595	1,589	1,592	1,593	1,594
Total Live Performances (Matinee & Evening)	988	1,005	1,010	988	897
Number of Races					
Live Races	13,915	13,534	13,534	12,871	11,778
Simulcast Races	188,726	212,803	230,028	265,248	263,586
Total Number of Races	202,641	226,337	243,562	278,119	275,364
Attendance					
On-Track	880,614	810,454	843,474	852,987	768,582
Off-Track	932,595	855,374	838,310	848,157	905,002
Total Attendance	1,813,209	1,665,828	1,681,784	1,701,144	1,673,584
Pari-Mutuel Handle					
Average Handle per Race Day	\$179,253	\$172,579	\$166,823	\$165,786	\$165,974
Breakdown by location					
On-Track Handle	\$107,309,899	\$102,322,446	\$98,925,176	\$96,023,226	\$88,766,221
Off-Track Handle	\$178,599,279	\$171,906,178	\$166,657,437	\$168,073,643	\$175,795,846
Breakdown by source					
Live Races	\$107,074,785	\$95,785,970	\$86,628,828	\$78,573,084	\$81,251,006
Simulcast Races	178,834,393	178,442,654	178,953,785	185,523,785	183,311,061
Total Pari-Mutuel Handle	\$285,909,178	\$274,228,624	\$265,582,613	\$264,096,869	\$264,562,067
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$223,085,133	\$214,510,744	\$204,188,047	\$203,820,895	\$204,344,383
State Pari-Mutuel Revenues	\$1,826,665	\$757,662	\$628,564	\$565,191	\$483,901
Track Mutuel Revenues					
Track Commission	\$57,433,648	\$54,840,464	\$52,770,892	\$52,677,260	\$53,130,250
Capital Improvement Rebate	624,772	561,913	248,590	79,377	88,296
Capital Improvement Non-Taxable	368,886	339,609	116,933	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	61,457	63,297	69,660	69,895	87,259
Hardship Tax Credit	1,243,214	1,901,210	2,230,937	2,261,865	2,418,044
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,274,313	1,226,711	1,136,083	1,175,091	1,139,347
Total Track Revenues	\$61,006,290	\$58,933,204	\$56,573,095	\$56,263,488	\$56,863,196
Purses	\$23,590,039	\$24,187,316	\$20,842,682	\$20,497,445	\$20,708,997

Racetrack Trends at a Glance



Commercial Racing

The Department of Racing regulates and supervises all commercial horse and greyhound racing meetings and pari-mutuel wagering conducted on- and off-track in Arizona to enforce laws and regulations and to protect racing participants and the wagering public.

In FY 2005, the Arizona Racing Commission approved commercial racing permits for Apache Greyhound Park, Phoenix Greyhound Park, Tucson Greyhound Park and Yavapai Downs. In June 2005, the Arizona Racing Commission approved the merger of Western Racing, Inc. with American Greyhound Racing, Inc. This action terminated the permit for Western Racing, Inc. at Phoenix Greyhound Park and transferred Western's dates to the permit held by American Greyhound Racing, Inc. Pima County Horsemen's Association filed a new application for commercial racing at Rillito Park during FY 2005. By statute, PCHA may continue to operate under the permit issued Pima County Fair Horse Racing Commission until the Arizona Racing Commission, upon recommendation by the Department, has finally ruled on the application. Southern Arizona Greyhound Racing, Inc. did not apply to renew its permit to conduct greyhound racing at Yuma Greyhound Park.

Commercial Racing Permittees, Tracks and Permit Terms

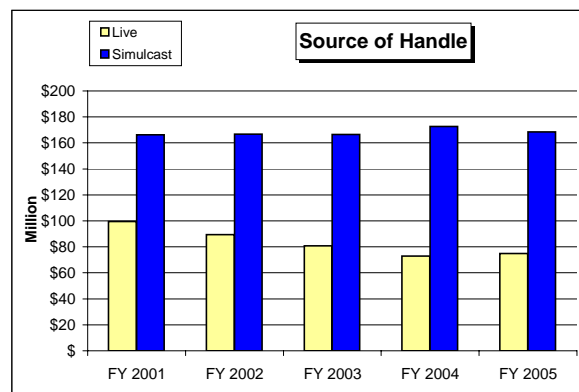
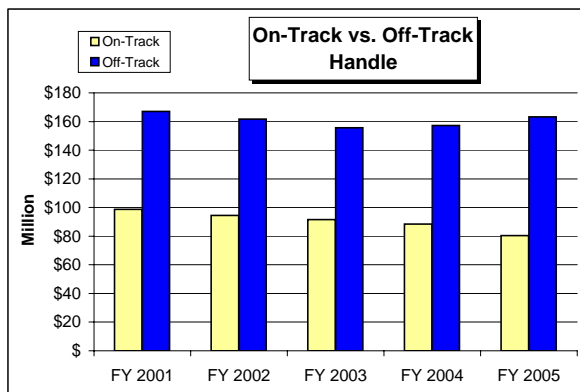
<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/05 - 12/31/07
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/05 - 12/31/07
Pima County Horsemen's Association	Rillito Park	application pending
Southern Arizona Greyhound Racing, Inc.	Yuma Greyhound Park	01/01/02 - 12/31/04
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/05 - 12/31/07
TP Racing, L.L.L.P.	Turf Paradise Race Course	06/01/03 - 05/31/06
Western Racing, Inc.	Phoenix Greyhound Park	01/01/05 - 06/08/05
Yavapai County Fair Association	Yavapai Downs at Prescott Valley	05/29/04 - 09/01/06

COMMERCIAL TRACKS

Commercial Horse and Greyhound Racing

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Race Days/Performances (including 15 Charity Days)</u>					
Live Race Days	927	943	921	927	835
Dark Day-Simulcast only	605	586	609	603	695
Total Race Days	1,532	1,529	1,530	1,530	1,530
Total Live Performances (Matinee & Evening)	927	947	950	927	835
<u>Number of Races</u>					
Live Races	13,367	13,029	13,028	12,358	11,244
Simulcast Races	186,798	211,006	227,928	262,400	260,574
Total Number of Races	200,165	224,035	240,956	274,758	271,818
<u>Attendance</u>					
On-Track	696,600	691,411	737,567	725,228	640,640
Off-Track	868,658	801,961	780,311	789,343	834,294
Total Attendance	1,565,258	1,493,372	1,517,878	1,514,571	1,474,934
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$173,444	\$167,509	\$161,673	\$160,457	\$159,162
Breakdown by location					
On-Track Handle	\$98,724,645	\$94,376,373	\$91,610,048	\$88,355,137	\$80,337,461
Off-Track Handle	\$166,991,763	\$161,744,757	\$155,749,842	\$157,143,398	\$163,180,209
Breakdown by source					
Live Races	\$99,487,061	\$89,292,335	\$80,765,076	\$72,812,408	\$74,986,000
Simulcast Races	166,229,347	166,828,795	166,594,814	172,686,127	168,531,669
Total Pari-Mutuel Handle	\$265,716,408	\$256,121,130	\$247,359,890	\$245,498,535	\$243,517,669
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$207,062,754	\$200,150,196	\$189,919,817	\$189,272,455	\$187,771,621
State Pari-Mutuel Revenues	\$1,826,665	\$757,662	\$628,564	\$565,191	\$483,901
<u>Track Mutuel Revenues</u>					
Track Commission	\$53,399,050	\$51,191,723	\$49,185,569	\$49,022,251	\$48,956,413
Capital Improvement Rebate	624,772	561,913	248,590	79,377	88,296
Capital Improvement Non-Taxable	368,886	339,609	116,933	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	61,457	63,297	69,660	69,895	87,259
Hardship Tax Credit	1,243,214	1,901,210	2,230,937	2,261,865	2,418,044
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,138,521	1,128,504	1,046,447	1,075,131	1,026,349
Total Track Revenues	\$56,835,900	\$55,186,256	\$52,898,136	\$52,508,519	\$52,576,361
Purses	\$21,175,708	\$20,538,575	\$18,842,906	\$18,435,371	\$18,523,133

Racetrack Trends at a Glance



Commercial Horse Racing

The Department of Racing is responsible for regulating and supervising all commercial horse racing meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of rulings issued	536	565	410
Percent of original actions upheld on appeal	59%	100%	100%
Number of investigations conducted regarding compliance with rules	178	261	276
Percent of investigations resulting in disciplinary action	78%	72%	86%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of licenses issued	1,905	3,157	3,941
Number of licenses denied	7	6	4
Number of investigations conducted regarding licensing	342	337	168
Percentage of background investigations resulting in disciplinary action	15%	15%	71%
Percent of license denials upheld on appeal	100%	100%	100%

Breeders & Stallion Awards

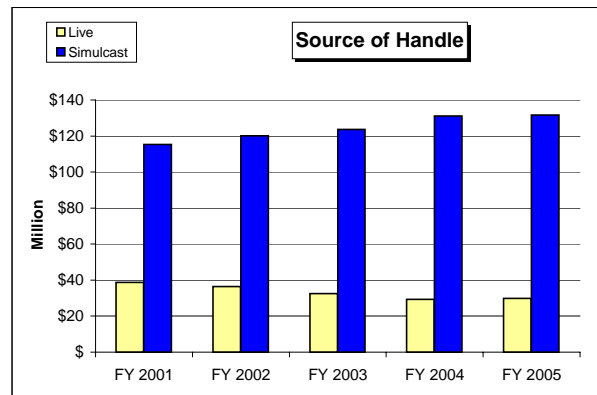
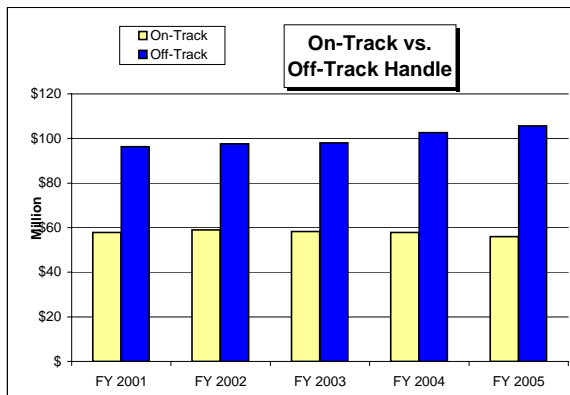
The Department encourages and promotes horse breeding in Arizona through the administration of and distribution to recipients of funds available through Breeders and Stallion Awards Programs.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of registered breeders	2,481	3,184	2,491
Percent of registered breeders winning awards	7%	14%	5%
Number of registered horses	4,972	5,239	5,590
Percent of registered horses winning awards	3%	5%	5%
Quarter Horse Breeders' Awards	\$69,258	\$39,369	\$38,691
Thoroughbred Breeders' Awards	\$348,751	\$419,357	\$418,126
Stallion Awards	\$40,000	\$40,000	\$39,991

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Race Days/Performances (including 3 charity days)					
Live Race Days	206	208	211	208	201
Dark Day-Simulcast Only	238	235	236	232	242
Total Race Days	444	443	447	440	443
Total Live Performances	206	208	211	208	201
Number of Races					
Live Races	1,988	1,989	2,079	1,866	1,872
Simulcast Races	13,652	32,429	37,039	44,178	46,735
Total Number of Races	15,640	34,418	39,118	46,044	48,607
Attendance					
On-Track	410,800	425,821	406,922	415,823	380,465
Off-Track	534,437	513,002	511,907	543,899	581,299
Total Attendance	945,237	938,823	918,829	959,722	961,764
Pari-Mutuel Handle					
Average Handle per Race Day	\$347,022	\$353,324	\$349,557	\$364,636	\$364,857
Breakdown by location					
On-Track Handle	\$57,801,999	\$58,975,299	\$58,231,225	\$57,798,008	\$55,917,152
Off-Track Handle	\$96,275,856	\$97,547,150	\$98,020,838	\$102,641,830	\$105,714,653
Breakdown by source					
Live Races	\$38,734,372	\$36,360,266	\$32,550,698	\$29,381,769	\$29,905,601
Simulcast Races	115,343,483	120,162,183	123,701,365	131,058,069	131,726,204
Total Pari-Mutuel Handle	\$154,077,855	\$156,522,449	\$156,252,063	\$160,439,838	\$161,631,805
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$121,121,937	\$124,128,643	\$120,365,579	\$124,211,953	\$125,373,998
State Pari-Mutuel Revenues	\$661,654	\$595,011	\$528,708	\$480,282	\$483,901
Track Mutuel Revenues					
Track Commission	\$31,391,214	\$30,883,355	\$30,943,734	\$31,866,767	\$32,537,928
Capital Improvement Rebate	100,581	107,288	93,873	79,377	88,296
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	8,911	14,628	12,935	11,869	10,949
Hardship Tax Credit	12,452	10,279	15,498	16,114	14,932
Breakage	790,018	783,247	780,344	828,287	796,754
Total Track Revenues	\$32,303,176	\$31,798,797	\$31,846,384	\$32,802,413	\$33,448,859
Purses	\$14,853,572	\$14,974,184	\$14,090,151	\$13,954,044	\$14,130,954

Racetrack Trends at a Glance



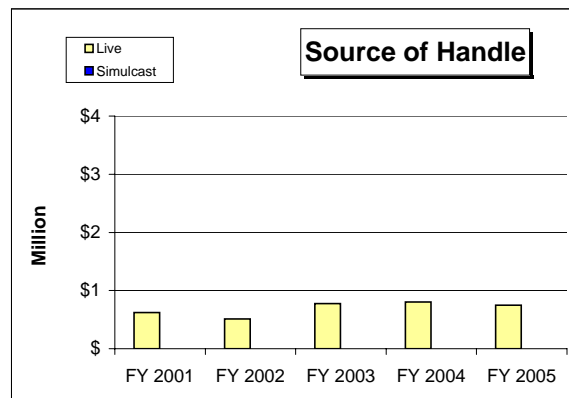
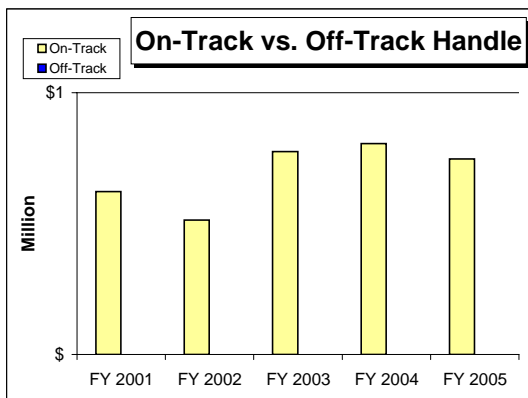
4502 North First Avenue
Tucson, Arizona 85728

RILLITO PARK
Pima County Fair Horse Racing Commission

FY 2005 Racing Dates:
February 5, 2005 - March 6, 2005

<u>RACING STATISTICS</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Race Days/Performances</u>					
Live Race Days	8	6	10	9	9
Dark Day-Simulcast Only	0	0	0	0	0
Total Race Days	8	6	10	9	9
Total Live Performances	8	6	10	9	9
<u>Number of Races</u>					
Live Races	70	55	91	84	86
Simulcast Races	0	0	0	0	0
Total Number of Races	70	55	91	84	86
<u>Attendance</u>					
On-Track	19,568	16,446	23,453	24,569	36,238
Off-Track	0	0	0	0	0
Total Attendance	19,568	16,446	23,453	24,569	36,238
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$77,827	\$85,657	\$77,492	\$89,521	\$82,955
Breakdown by location					
On-Track Handle	\$622,612	\$513,941	\$774,915	\$805,693	\$746,592
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$622,612	\$513,941	\$774,915	\$805,693	\$746,592
Simulcast Races	0	0	0	0	0
Total Pari-Mutuel Handle	\$622,612	\$513,941	\$774,915	\$805,693	\$746,592
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$478,943	\$396,671	\$597,804	\$621,883	\$575,682
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$127,203	\$102,977	\$155,644	\$161,251	\$150,150
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	12,452	10,279	15,498	16,114	14,932
Breakage	4,014	4,014	5,969	6,445	5,828
Total Track Revenues	\$143,669	\$117,270	\$177,111	\$183,810	\$170,910
Purses	\$148,810	\$92,922	\$173,139	\$165,283	\$205,624

Racetrack Trends at a Glance



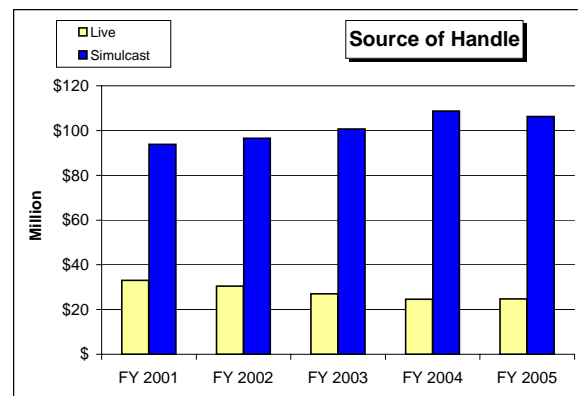
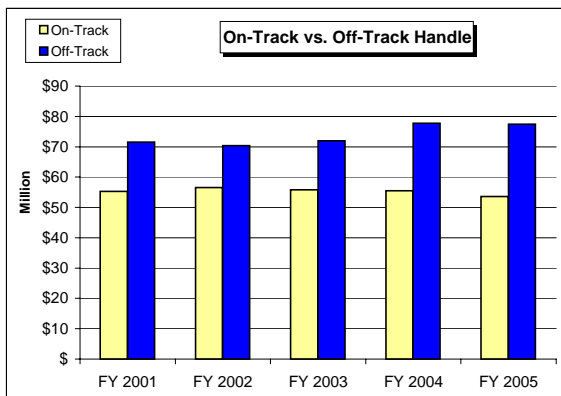
1501 West Bell Road
Phoenix, Arizona 85023

TURF PARADISE
TP Racing, L.L.L.P.

FY 2005 Racing Dates:
July 1, 2004-June 30, 2005

<u>RACING STATISTICS</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	150	151	152	154	144
Dark Day-Simulcast Only	198	195	196	194	202
Total Race Days	348	346	348	348	346
Total Live Performances	150	151	152	154	144
<u>Number of Races</u>					
Live Races	1,528	1,492	1,551	1,388	1,356
Simulcast Races	11,659	29,044	33,329	40,325	42,852
Total Number of Races	13,187	30,536	34,880	41,713	44,208
<u>Attendance</u>					
On-Track	330,615	333,776	314,606	324,061	301,100
Off-Track	381,201	371,515	374,886	408,908	407,370
Total Attendance	711,816	705,291	689,492	732,969	708,470
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$364,673	\$366,969	\$366,991	\$382,892	\$378,807
Breakdown by location					
On-Track Handle	\$55,318,801	\$56,603,892	\$55,788,355	\$55,502,312	\$53,625,809
Off-Track Handle	\$71,587,356	\$70,367,367	\$71,924,499	\$77,744,086	\$77,441,273
Breakdown by source					
Live Races	\$33,082,690	\$30,481,949	\$27,082,151	\$24,607,228	\$24,744,198
Simulcast Races	\$93,823,467	\$96,489,310	\$100,630,703	\$108,639,170	\$106,322,884
Total Pari-Mutuel Handle	\$126,906,157	\$126,971,259	\$127,712,854	\$133,246,398	\$131,067,082
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$99,669,190	\$100,733,160	\$98,413,195	\$103,130,018	\$101,896,223
<u>State Pari-Mutuel Revenues</u>	\$661,654	\$595,011	\$528,708	\$480,282	\$483,901
<u>Track Mutuel Revenues</u>					
Track Commission	\$25,927,603	\$25,004,970	\$25,275,721	\$26,422,880	\$26,370,398
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	8,911	14,628	12,935	11,869	10,949
Hardship Tax Credit	0	0	0	0	0
Breakage	647,711	623,491	632,473	692,750	645,789
Total Track Revenues	\$26,584,225	\$25,643,089	\$25,921,129	\$27,127,499	\$27,027,136
<u>Purses</u>	\$12,895,787	\$12,934,104	\$11,878,800	\$11,834,760	\$11,690,443

Racetrack Trends at a Glance

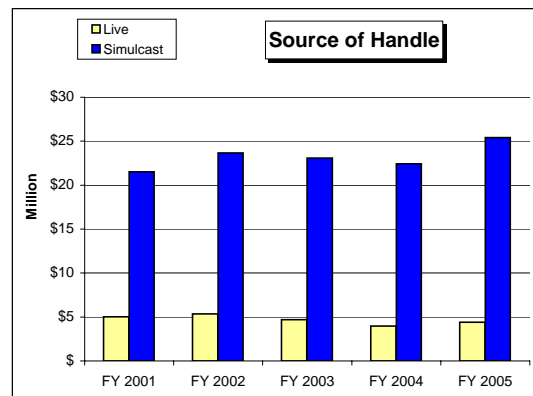
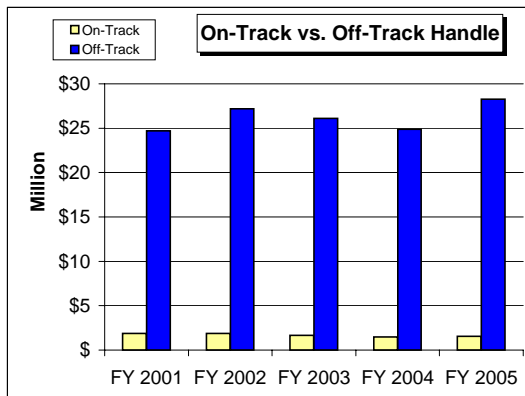


YAVAPAI DOWNS
 Yavapai County Fair Association

FY 2005 Racing Dates:
 July 1, 2004 - September 3, 2004
 May 28, 2005 - June 30, 2005

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Race Days/Performances</u>					
Live Race Days	48	51	49	45	48
Dark Day-Simulcast Only	40	40	40	38	40
Total Race Days	88	91	89	83	88
Total Live Performances	48	51	49	45	48
<u>Number of Races</u>					
Live Races	390	442	437	394	430
Simulcast Races	1,993	3,385	3,710	3,853	3,883
Total Number of Races	2,383	3,827	4,147	4,247	4,313
<u>Attendance</u>					
On-Track	60,617	75,599	68,863	67,193	43,127
Off-Track	153,236	141,487	137,021	134,991	173,929
Total Attendance	213,853	217,086	205,884	202,184	217,056
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$301,694	\$319,091	\$311,958	\$317,925	\$338,842
Breakdown by location					
On-Track Handle	\$1,860,586	\$1,857,466	\$1,667,955	\$1,490,003	1,544,751
Off-Track Handle	\$24,688,500	\$27,179,783	\$26,096,339	\$24,897,744	28,273,380
Breakdown by source					
Live Races	\$5,029,070	\$5,364,376	\$4,693,632	\$3,968,848	4,414,811
Simulcast Races	21,520,016	23,672,873	23,070,662	22,418,899	25,403,320
Total Pari-Mutuel Handle	\$26,549,086	\$29,037,249	\$27,764,294	\$26,387,747	\$29,818,131
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$20,973,804	\$22,998,812	\$21,354,580	\$20,460,052	\$22,902,092
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,336,408	\$5,775,408	\$5,512,369	\$5,282,636	\$6,017,380
Capital Improvement Rebate	100,581	107,288	93,873	79,377	88,296
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
Breakage	138,293	155,742	141,902	129,092	145,136
Total Track Revenues	\$5,575,282	\$6,038,438	\$5,748,144	\$5,491,104	\$6,250,812
Purses	\$1,808,975	\$1,947,158	\$2,038,212	\$1,954,001	\$2,234,887

Racetrack Trends at a Glance



* Prescott Downs through 2001

County Fair Racing

The Department of Racing is responsible for regulating and supervising all county fair horse racing meetings, providing staff to operate race meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, conducting hearings on investigation referrals, and collecting revenues for the State.

The Department of Racing recognizes that county fair racing is an important component of the Arizona racing industry. The racing fans and general public who attend have an enjoyable time. The horse owners, grooms, jockeys, and others are able to experience a competitive environment. Local communities also benefit from the economic and entertainment value of the races. An economic impact report submitted to the Commission concluded that 36,700 fans attended county fair race events in FY 2002. In addition, this segment of the racing industry had a total economic impact of \$22.7 million. In FY 2005, the Commission approved 15 applications for county fair racing.

In FY 2005, a total of \$1.23 million was available for county fair racing activities. County fair racing is supported by the following two fund sources:

County Fair Racing. This appropriated fund, used for the administration of county fair racing, is generated by 9% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$300,000 annually. In FY 2005, this fund received \$300,000, and \$360,900 was spent for the program administration.

County Fair Racing Betterment. This non-appropriated fund provides purse subsidy and betterment grants to every eligible county fair association for conducting county fair racing meetings. The fund receives 22% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$800,000 annually. In FY 2005, this fund received \$800,000, and \$861,025 was distributed.

Nine of the ten counties conducting a meet in FY 2005 received \$51,400 each to subsidize purses, the remaining county received \$46,800. Five counties conducted their meets at commercial tracks and did not receive funding for this purpose.

Ten counties received either \$24,250, \$35,825, \$37,500, or \$38,300 each in Betterment Grants last year. These funds were used for personnel, maintenance, security, emergency medical services, marketing, and other operating expenses. The five counties that conducted their racing at commercial sites were not entitled to the funds.

County Fair Racing

Betterment Payments to Counties

<u>County</u>	<u>Purses</u>	<u>Betterment</u>	<u>Total</u>
Apache County	\$51,400	\$35,825	\$87,225
Cochise County	51,400	38,300	89,700
Coconino County	51,400	37,500	88,900
Gila County	51,400	38,300	89,700
Graham County	51,400	38,300	89,700
Greenlee County	46,800	38,300	85,100
La Paz County	0	0	0
Maricopa County	0	0	0
Mohave County	51,400	38,300	89,700
Navajo County	0	0	0
Pima County	51,400	24,250	75,650
Pinal County	0	0	0
Santa Cruz County	51,400	38,300	89,700
Yavapai County	51,400	24,250	75,650
Yuma County	0	0	0
	\$509,400	\$351,625	\$861,025

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of rulings issued	50	64	41
Percent of original actions upheld on appeal	75%	100%	100%
Number of investigations conducted regarding compliance with rules	13	19	23
Percentage of background investigations resulting in disciplinary or enforcement action	62%	62%	83%

Licensing

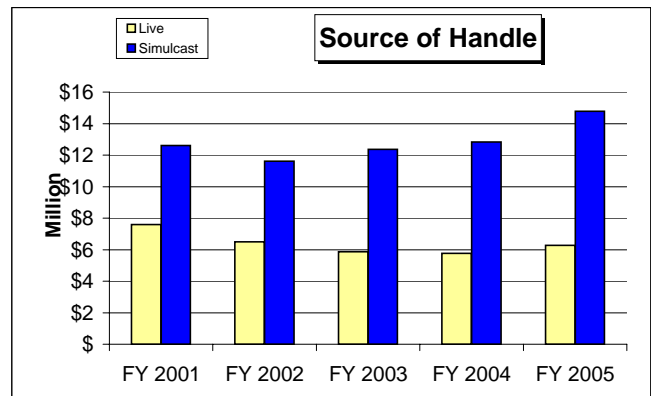
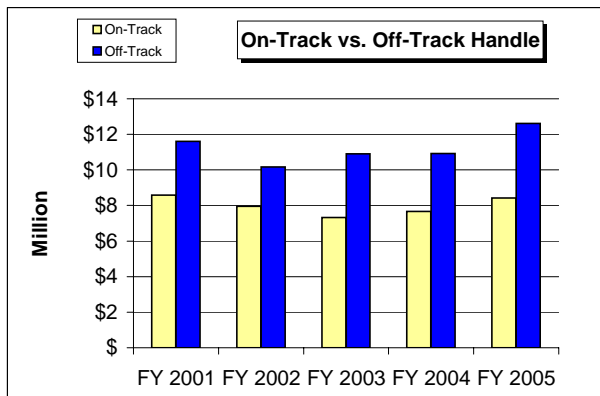
The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of licenses issued	252	420	715
Number of licenses denied	1	1	1
Number of investigations conducted regarding licensing	48	43	23
Percent of background investigations resulting in disciplinary or enforcement action	8%	20%	9%
Percent of license denials upheld on appeal	100%	100%	100%

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Race Days/Performances</u>					
Live Race Days	61	58	60	61	62
Dark Day-Simulcast Only	2	2	2	2	2
Total Race Days	63	60	62	63	64
Total Live Performances	61	58	60	61	62
<u>Number of Races</u>					
Live Races	548	505	506	513	534
Simulcast Races	1,928	1,797	2,100	2,848	3,012
Total Number of Races	2,476	2,302	2,606	3,361	3,546
<u>Attendance</u>					
On-Track	184,014	119,043	105,907	127,759	127,942
Off-Track	63,937	53,413	57,999	58,814	70,708
Total Attendance	247,951	172,456	163,906	186,573	198,650
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$320,520	\$301,792	\$293,915	\$295,212	\$328,819
Breakdown by location					
On-Track Handle	\$8,585,254	\$7,946,073	\$7,315,128	\$7,668,089	\$8,428,760
Off-Track Handle	\$11,607,516	\$10,161,421	\$10,907,595	\$10,930,245	\$12,615,638
Breakdown by source					
Live Races	\$7,587,724	\$6,493,635	\$5,863,752	\$5,760,676	\$6,265,006
Simulcast Races	12,605,046	11,613,859	12,358,971	12,837,658	14,779,392
Total Pari-Mutuel Handle	\$20,192,770	\$18,107,494	\$18,222,723	\$18,598,334	\$21,044,398
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$16,022,379	\$14,360,548	\$14,268,230	\$14,548,440	\$16,572,761
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,034,598	\$3,648,741	\$3,585,323	\$3,655,009	\$4,173,837
Breakage	135,792	98,207	89,636	99,960	112,998
Total Track Revenues	\$4,170,390	\$3,746,948	\$3,674,959	\$3,754,969	\$4,286,835
<u>Purses</u>	\$2,414,331	\$3,648,741	\$1,999,776	\$2,062,074	\$2,185,863

Racetrack Trends at a Glance



County Fair Racing

Schedule and Statistics

FY 2005

	<u>Race Days</u>	<u>Live Races</u>	<u>Simulcast Races</u>	<u>Total Handle</u>	<u>Simulcast Handle</u>	<u>Attendance</u>	<u>Returned to Public</u>	<u>Track Commission</u>	<u>Breakage to Track</u>	<u>Purses</u>
Fairs at Non-Commercial Tracks										
Coconino County Fair at Flagstaff July 1, 2, 3, 4, 5, 6, 2004	6	36	244	\$2,391,290	\$1,829,165	22,051	\$1,838,607	\$475,022	\$12,967	\$171,654
Apache County Fair at St. Johns September 18, 19, 25, 26, 2004	4	31	0	39,668	0	1,315	30,856	7,537	483	56,735
Gila County Fair at Globe October 2, 3, 9, 10, 2004	4	33	0	75,071	0	2,275	58,313	14,670	587	63,752
Greenlee County Fair at Duncan March 12, 13, 19, 20, 2005	4	33	0	86,048	0	1,675	67,035	16,560	733	66,402
Graham County Fair at Safford April 2, 3, 9, 10, 2005	4	36	0	127,338	0	6,900	99,128	24,780	884	61,316
Cochise County Fair at Douglas April 16, 17, 23, 24, 2005	4	35	0	116,475	0	4,900	90,617	22,635	893	93,752
Santa Cruz County Fair at Sonoita April 30, May 1, 7, 8, 2005	4	35	0	175,557	0	10,150	136,615	33,896	1,535	98,876
Mohave County Fair at Kingman May 14, 15, 21, 22, 2005	4	31	0	106,813	0	2,653	83,228	20,289	1,159	63,188
Subtotal - Fairs at Non-Commercial Tracks	34	270	244	\$3,118,260	\$1,829,165	51,919	\$2,404,397	\$615,389	\$19,241	\$675,675
Fairs at Commercial Tracks										
Yavapai County Fair at Prescott Valley (Yavapai Downs) September 4, 5, 6, 7, 2004	4	39	144	\$1,581,610	\$1,200,620	11,334	\$1,286,737	\$313,633	\$8,018	\$120,986
La Paz County Fair at Phoenix (Turf Paradise) January 15, 16, 22, 23, 2005	4	36	428	2,909,664	1,970,301	24,398	2,250,276	576,026	14,521	248,708
Maricopa County Fair at Phoenix (Turf Paradise) January 8, 9, 29, 30, April 16, 2005	5	45	684	3,866,610	2,825,803	24,646	3,127,807	765,127	20,321	333,934
Pima County Fair at Tucson (Rillito Park) January 22, 23, 29, 30, 2005	4	36	0	323,189	0	16,355	249,561	64,835	2,329	72,598
Pinal County Fair at Phoenix (Turf Paradise) February 5, 12, 13, 19, 2005	4	27	584	3,533,831	2,835,630	20,513	2,786,622	702,556	19,566	272,869
Navajo County Fair at Phoenix (Turf Paradise) March 12, 13, 19, 20, 2005	4	36	618	3,346,902	2,442,811	24,276	2,531,177	665,250	17,144	270,809
Graham County Fair at Phoenix (Turf Paradise) March 26, 2005	1	9	170	914,224	651,245	7,473	774,089	181,832	5,032	76,289
Yuma County Fair at Prescott Valley (Yavapai Downs) May 28, 29, 30, 31, 2005	4	36	140	1,450,107	1,023,816	17,736	1,162,094	289,189	6,826	113,995
Subtotal - Fairs at Commercial Tracks	30	264	2,768	\$17,926,138	\$12,950,227	146,731	\$14,168,364	\$3,558,448	\$93,758	\$1,510,188
Total - All County Fair Racing	64	534	3,012	\$21,044,398	\$14,779,392	198,650	\$16,572,761	\$4,173,837	\$112,998	\$2,185,863

Commercial Greyhound Racing

The Department of Racing is responsible for regulating and supervising all commercial greyhound racing meetings, conducting investigations, issuing licenses, conducting greyhound drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of rulings issued	123	122	106
Percent of original actions upheld on appeal	25%	100%	100%
Number of investigations conducted regarding compliance with rules	128	81	58
Percent of investigations resulting in disciplinary action	14%	69%	100%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of licenses issued	481	582	1,420
Number of licenses denied	2	2	2
Number of investigations conducted regarding licensing	92	98	58
Percent of background investigations resulting in disciplinary action	10%	12%	35%
Percent of license denials upheld on appeal	100%	100%	100%

Inspections

The Department issues licenses to greyhound farms, kennels and other operations after the facilities have been inspected and satisfied requirements.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of facility licenses issued	7	5	36
Number of inspections conducted at facilities	145	37	50
Percent of inspections resulting in violations and disciplinary action	3%	14%	6%
Number of litter inspections	130	141	127

Commercial Greyhound Racing

Breeders' Awards

The Department encourages and promotes greyhound breeding in Arizona through the administration of and distribution to recipients of funds available through the Breeders' Awards Programs.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Amount of awards	\$320,570	\$309,339	\$379,768
Percent of breeders winning awards	12%	14%	8%
Number of greyhounds earning awards	1,330	800	689
Number of registered greyhounds	7,100	8,000	5,321

Greyhound Adoption

The Department provides grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. This fund receives 100% of all fees collected from licensing greyhound racing kennels, breeding farms and other operations where greyhounds are raised for racing purposes. In FY 2005, the fund received \$2,827.

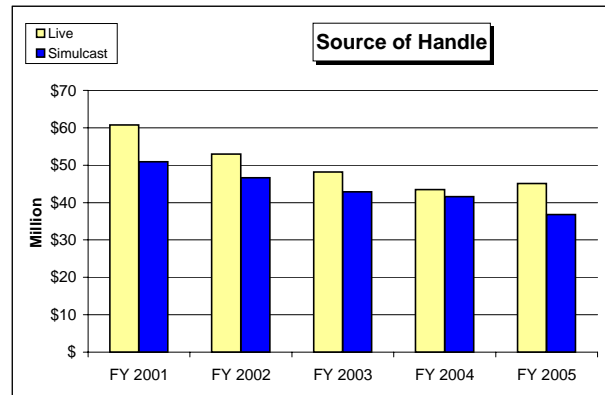
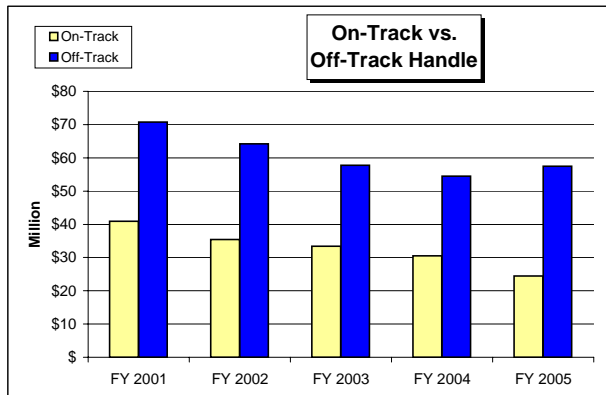
<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of grants awarded	2	0	2
Amount of grants awarded	\$375	\$0	\$3,143

COMMERCIAL GREYHOUND TRACKS

Apache Greyhound, Phoenix Greyhound,
Tucson Greyhound

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Race Days/Performances (including 12 charity days)</u>					
Live Race Days	721	735	710	719	634
Dark Day-Simulcast only	367	351	373	371	453
Total Race Days	1,088	1,086	1,083	1,090	1,087
Total Live Performances (Matinee & Evening)	721	739	739	719	634
<u>Number of Races</u>					
Live Races	11,379	11,040	10,949	10,492	9,372
Simulcast Races	173,146	178,577	190,889	218,222	213,839
Total Number of Races	184,525	189,617	201,838	228,714	223,211
<u>Attendance</u>					
On-Track	285,800	265,590	330,645	309,405	260,175
Off-Track	334,221	288,959	268,404	245,444	252,995
Total Attendance	620,021	554,549	599,049	554,849	513,170
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$102,609	\$91,711	\$84,125	\$78,036	\$75,332
Breakdown by location					
On-Track Handle	\$40,922,646	\$35,401,074	\$33,378,823	\$30,557,129	\$24,420,309
Off-Track Handle	\$70,715,907	\$64,197,607	\$57,729,004	\$54,501,568	\$57,465,556
Breakdown by source					
Live Races	\$60,752,689	\$52,932,069	\$48,214,378	\$43,430,639	\$45,080,399
Simulcast Races	50,885,864	46,666,612	42,893,449	41,628,058	36,805,465
Total Pari-Mutuel Handle	\$111,638,553	\$99,598,681	\$91,107,827	\$85,058,697	\$81,885,864
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$85,940,817	\$76,021,553	\$69,554,238	\$65,060,502	\$62,397,624
State Pari-Mutuel Revenues	\$1,165,011	\$162,651	\$99,856	\$84,909	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$22,007,836	\$20,308,368	\$18,241,835	\$17,155,485	\$16,418,485
Capital Improvement Rebate	524,191	454,625	154,717	0	0
Capital Improvement Non-Taxable	368,886	339,609	116,933	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	52,546	48,669	56,725	58,026	76,310
Hardship Tax Credit	1,230,762	1,890,931	2,215,439	2,245,751	2,403,112
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	348,503	345,257	266,103	246,844	229,595
Total Track Revenues	\$24,532,724	\$23,387,459	\$21,051,752	\$19,706,106	\$19,127,502
Purses	\$6,322,136	\$5,564,391	\$4,752,755	\$4,481,327	\$4,392,179

Racetrack Trends at a Glance



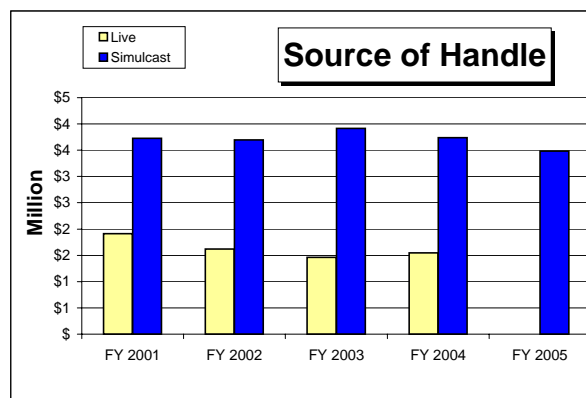
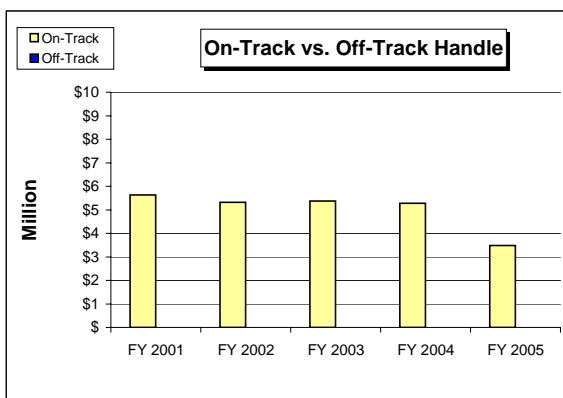
2551 West Apache Trail
 Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2005 Racing Dates:
 July 1, 2004-June 30, 2005

<u>RACING STATISTICS</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Race Days/Performances (including 3 charity days)</u>					
Live Race Days	69	69	52	56	0
Dark Day-Simulcast only	294	293	310	308	362
Total Race Days	363	362	362	364	362
Total Live Performances (Matinee & Evening)	69	69	52	56	0
<u>Number of Races</u>					
Live Races	1,123	932	774	834	0
Simulcast Races	52,035	56,843	59,484	60,250	60,270
Total Number of Races	53,158	57,775	60,258	61,084	60,270
<u>Attendance</u>					
On-Track	38,290	42,600	127,819	126,750	81,353
Off-Track	0	0	0	0	0
Total Attendance	38,290	42,600	127,819	126,750	81,353
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$15,535	\$14,684	\$14,846	\$14,511	\$9,629
Breakdown by location					
On-Track Handle	\$5,639,221	\$5,315,494	\$5,374,389	\$5,281,988	\$3,485,747
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$1,911,793	\$1,619,524	\$1,461,493	\$1,544,305	\$0
Simulcast Races	\$3,727,428	\$3,695,970	\$3,912,896	\$3,737,683	\$3,485,747
Total Pari-Mutuel Handle	\$5,639,221	\$5,315,494	\$5,374,389	\$5,281,988	\$3,485,747
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$4,399,937	\$4,071,255	\$4,092,042	\$4,103,541	\$2,670,590
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,113,932	\$1,126,627	\$1,135,328	\$1,103,296	\$813,942
Capital Improvement Rebate	38,236	32,390	0	0	0
Capital Improvement Non-Taxable	74,549	73,904	27,383	0	0
Capital Improvement AGP Non-Taxable	(112,784)	(106,310)	(27,383)	0	0
Charity Days-Revenues Withheld	4,958	3,532	4,710	4,418	0
Hardship Tax Credit	100,191	85,542	75,362	80,519	0
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	20,203	27,789	17,158	18,363	8,938
Total Track Revenues	\$1,239,285	\$1,243,474	\$1,232,558	\$1,206,597	\$822,880
Purses	\$382,432	\$169,194	\$278,658	\$255,152	\$160,366

Racetrack Trends at a Glance



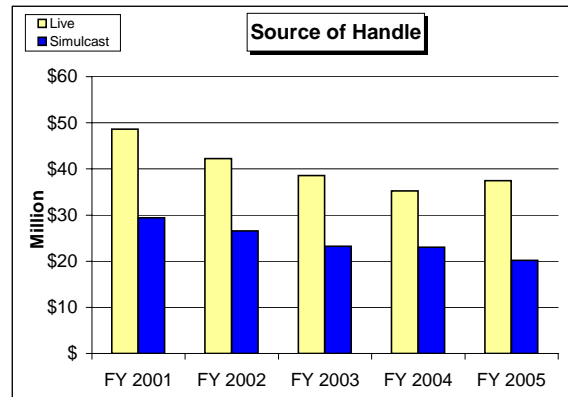
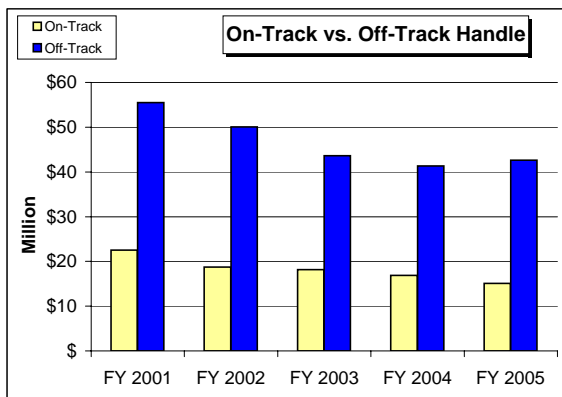
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc. and Western Racing, Inc.

FY 2005 Racing Dates:
July 1, 2004-June 30, 2005

<u>RACING STATISTICS</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Race Days/Performances (including 9 charity day)</u>					
Live Race Days	337	354	349	352	352
Dark Day-Simulcast only	26	8	10	11	10
Total Race Days	363	362	359	363	362
Total Live Performances (Matinee & Evening)	337	358	378	352	352
<u>Number of Races</u>					
Live Races	5,333	5,174	5,486	5,169	5,387
Simulcast Races	47,383	46,694	57,608	74,579	67,266
Total Number of Races	52,716	51,868	63,094	79,748	72,653
<u>Attendance</u>					
On-Track	180,723	157,522	148,984	133,309	127,079
Off-Track	234,716	197,407	183,820	165,126	165,341
Total Attendance	415,439	354,929	332,804	298,435	292,420
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$214,957	\$190,044	\$172,202	\$160,503	\$159,323
Breakdown by location					
On-Track Handle	\$22,547,761	\$18,742,278	\$18,182,026	\$16,906,712	\$15,080,705
Off-Track Handle	\$55,481,483	\$50,053,671	\$43,638,503	\$41,355,918	\$42,594,136
Breakdown by source					
Live Races	\$48,595,503	\$42,224,319	\$38,568,181	\$35,263,900	\$37,464,322
Simulcast Races	\$29,433,741	\$26,571,630	\$23,252,348	\$22,998,730	\$20,210,518
Total Pari-Mutuel Handle	\$78,029,244	\$68,795,949	\$61,820,529	\$58,262,630	\$57,674,840
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$60,237,048	\$52,487,648	\$46,744,353	\$44,174,254	\$43,953,881
State Pari-Mutuel Revenues	\$1,165,011	\$162,651	\$99,856	\$84,909	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$14,875,989	\$13,737,588	\$11,967,747	\$11,362,412	\$11,130,623
Capital Improvement Rebate	485,955	422,235	154,717	0	0
Capital Improvement Non-Taxable	294,337	265,705	89,550	0	0
Capital Improvement AGP Non-Taxable	112,784	106,310	27,383	0	0
Charity Days-Revenues Withheld	47,588	45,137	52,015	53,609	76,310
Hardship Tax Credit	567,075	1,305,647	1,689,918	1,800,998	1,984,228
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	243,455	246,051	187,772	175,420	170,544
Total Track Revenues	\$16,627,183	\$16,128,673	\$14,169,102	\$13,392,439	\$13,361,706
Purses	\$3,952,833	\$3,570,784	\$3,317,197	\$3,188,597	\$3,189,057

Racetrack Trends at a Glance



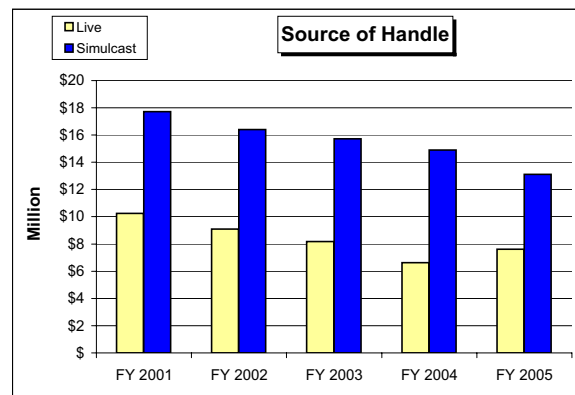
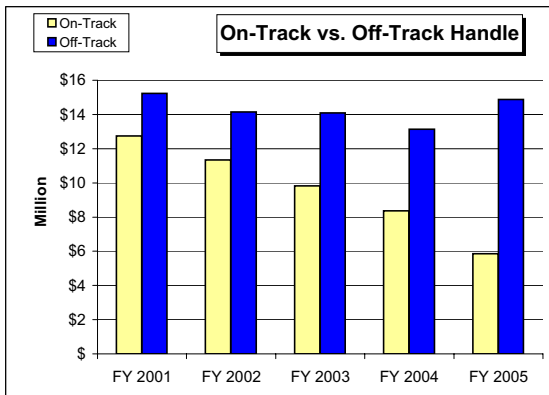
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2005 Racing Dates:
July 1, 2004-June 30, 2005

RACING STATISTICS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<u>Race Days/Performances</u>					
Live Race Days	315	312	309	311	282
Dark Day-Simulcast only	47	50	53	52	81
Total Race Days	362	362	362	363	363
Total Live Performances (Matinee & Evening)	315	312	309	311	282
<u>Number of Races</u>					
Live Races	4,923	4,934	4,689	4,489	3,985
Simulcast Races	73,728	75,040	73,797	83,393	86,303
Total Number of Races	78,651	79,974	78,486	87,882	90,288
<u>Attendance</u>					
On-Track	66,787	65,468	53,842	49,346	51,743
Off-Track	99,505	91,552	84,584	80,318	87,654
Total Attendance	166,292	157,020	138,426	129,664	139,397
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$77,265	\$70,407	\$66,058	\$59,267	\$57,094
Breakdown by location					
On-Track Handle	\$12,735,664	\$11,343,302	\$9,822,408	\$8,368,429	\$5,853,857
Off-Track Handle	\$15,234,424	\$14,143,936	\$14,090,501	\$13,145,650	\$14,871,420
Breakdown by source					
Live Races	\$10,245,393	\$9,088,226	\$8,184,704	\$6,622,434	\$7,616,077
Simulcast Races	17,724,695	16,399,012	15,728,205	14,891,645	13,109,200
Total Pari-Mutuel Handle	\$27,970,088	\$25,487,238	\$23,912,909	\$21,514,079	\$20,725,277
Returned to Wagering Public	\$21,303,832	\$19,462,650	\$18,717,843	\$16,782,707	\$15,773,153
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$6,017,915	\$5,444,153	\$5,138,760	\$4,689,776	\$4,473,920
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	563,496	499,742	450,159	364,234	418,883
Breakage	84,845	71,417	61,173	53,061	50,114
Total Track Revenues	\$6,666,256	\$6,015,312	\$5,650,092	\$5,107,071	\$4,942,917
Purses	\$1,986,871	\$1,824,413	\$1,156,900	\$1,037,578	\$1,042,756

Racetrack Trends at a Glance



Teletracking

The Department of Racing has the authority to approve applications for teletracking (off-track betting) permits, license teletracking sites and their personnel, and monitor compliance for both operational and technical requirements. Coconino County Racing (Fort Tuthill Downs), the Yavapai County Fair Association (Yavapai Downs), Phoenix Greyhound Park and Tucson Greyhound Park each filed teletracking applications approved by the Department in FY 2005. Other permittees have three-year term permits that expire at a later date. A total of 82 off-track-betting sites were authorized to support both greyhound and horse racing in Arizona.

The total handle generated by commercial and county fair racing for teletracking was \$173.1 million. This included \$115.6 million for horse racing and \$57.4 million for greyhound racing. The State of Arizona received \$228,498 in revenue from the teletracking handle.

The handle at teletracking facilities was up during FY 2005, 3% from the prior year. The Table below summarizes the teletrack handle generated by commercial and county fair meets.

Teletrack Handle

<u>Track</u>	<u>FY 2004</u>	<u>FY 2005</u>
Turf Paradise	\$77,744,186	\$74,473,836
Phoenix Greyhound Park	41,363,291	42,593,968
Yavapai Downs	24,896,743	28,264,640
Tucson Greyhound Park	13,170,992	14,823,435
Turf Paradise (Fair Meets)	6,684,106	7,864,349
Yavapai Downs (Fair Meets)	2,563,940	2,708,144
Fort Tuthill Downs (Fair Meet)	1,682,199	2,329,318
Rillito Park	0	0
TOTAL	\$168,105,457	\$173,057,690

TELETRACKING ACTIVITY - COMMERCIAL HORSE MEETS

City	Site	YAVAPAI DOWNS			TURF PARADISE		
		Handle	Revenue	Performances	Handle	Revenue	Performances
AHWATUKEE	PAYTON'S PLACE	\$347,517	-	88	974,985	2,992	243
APACHE JUNCTION	APACHE GREYHOUND PARK	637,764	-	88	2,264,658	6,950	241
APACHE JUNCTION	ARIZONA JOE'S	356,537	-	88	1,027,836	3,154	243
BISBEE	BREWERY STEAKHOUSE	35,845	-	58	-	-	-
CASA GRANDE	MCMASHER'S SPORTS BAR	256,262	-	87	814,179	2,499	240
CAVE CREEK	SATISFIED FROG	234,746	-	59	1,215,842	3,731	240
CHANDLER	DIRTY DRUMMER	1,178,588	-	88	3,519,352	10,801	242
CHANDLER	STADIUM CLUB	1,009,663	-	88	2,856,910	8,768	243
COTTONWOOD	ZOOMER'S	280,781	-	88	599,144	1,839	239
FLAGSTAFF	MUSEUM CLUB	335,266	-	87	724,714	2,224	240
FORT MOHAVE	THUNDER LANES	37,925	-	29	52,951	163	68
GLENDALE	MAX'S SPORTS BAR	1,073,752	-	88	3,203,000	9,830	241
GOODYEAR	ROMAN'S OASIS	151,262	-	88	356,412	1,094	242
KINGMAN	ABC RESTAURANT	186,444	-	59	-	-	-
KINGMAN	CERBAT HILLS	87,288	-	29	814,825	2,501	241
LAKE HAVASU CITY	GALLAGHER'S AGAIN	469,969	-	88	1,035,387	3,178	242
MARANA	SILVERADO STEAKHOUSE	203,630	-	40	-	-	-
NEW RIVER	NEW RIVER STATION	85,943	-	59	302,420	928	184
NOGALES	AMERICANA MOTEL	-	-	-	186,913	574	156
PARKER	STROKES	102,734	-	88	274,418	842	236
PAYSON	FAMOUS SAM'S	139,634	-	88	348,562	1,070	242
PEORIA	GRAND INN	732,719	-	88	2,263,257	6,946	243
PEORIA	MCDUFFY'S SPORTS GRILL	664,661	-	88	1,981,407	6,081	242
PHOENIX	AMERICAN LEGION #7	772,364	-	88	2,118,836	6,503	240
PHOENIX	ARMADILLO GRILL	772,122	-	88	2,045,490	6,278	242
PHOENIX	BRENNAN'S	1,420,296	-	88	4,950,043	15,192	241
PHOENIX	CROSSROADS	105,426	-	29	271,322	833	106
PHOENIX	DRAW 10	57,639	-	29	309,887	951	191
PHOENIX	FINAL SCORE SPORTS GRILL	464,865	-	59	596,449	1,831	100
PHOENIX	GALLAGHER'S	810,805	-	88	1,803,109	5,534	242
PHOENIX	HAM'S RESTAURANT	509,283	-	88	1,341,391	4,117	241
PHOENIX	LAS BRIZAS	131,505	-	46	431,536	1,324	163
PHOENIX	METRO SPORTS BAR	109,712	-	29	481,633	1,478	118
PHOENIX	NORTH STAR RESTAURANT	802,976	-	88	2,117,787	6,500	243
PHOENIX	PADRE MURPHY'S	1,685,785	-	88	4,437,369	13,618	243
PHOENIX	ROMAN'S COUNTY LINE	666,488	-	88	1,805,136	5,540	242
PHOENIX	TURF PARADISE	543,988	-	48	-	-	-
PRESCOTT	MATT'S SALOON	246,153	-	88	661,078	2,029	242
PRESCOTT VALLEY	ANTELOPE LANES	267,650	-	88	776,225	2,382	241
PRESCOTT VALLEY	YAVAPAI DOWNS	-	-	-	472,469	1,450	225
QUARTZSITE	QUARTZSITE YACHT CLUB	105,972	-	56	629,686	1,933	241
ROCK SPRINGS	ROCK SPRINGS CAFE	142,603	-	88	366,627	1,125	241
SAFFORD	CHALO'S LA CASA REYNOSC	243,702	-	88	637,586	1,957	240
SCOTTSDALE	CASINO ARIZONA	1,037,451	-	88	-	-	-
SHOW LOW	RT'S BLACK BULL	337,277	-	88	408,262	1,253	241
SIERRA VISTA	P.C.'S LOUNGE	391,013	-	88	934,657	2,868	243
SURPRISE	RUNNER'S SPORTS BAR	389,606	-	88	1,155,486	3,546	243
TEMPE	DERBY GRILL	475,619	-	88	1,710,583	5,250	242
TEMPE	HORSE & HOUND-BROADWA	1,039,429	-	88	2,883,002	8,848	243
TEMPE	MCDUFFY'S SPORTS BAR	619,324	-	88	1,978,015	6,071	243
TEMPE	SKIP & JAN'S	973,761	-	88	2,704,380	8,300	243
TONOPAH	TIN TOP RESTAURANT	2,048	-	5	11,622	36	26
TUCSON	AIRPORT INN	125,446	-	88	271,346	833	240
TUCSON	BRAT'S GRILL	36,958	-	64	109,376	336	178
TUCSON	FAMOUS SAM'S-CENTRAL	251,475	-	88	772,268	2,370	242
TUCSON	FAMOUS SAM'S-EAST	197,110	-	88	512,655	1,573	241
TUCSON	FAMOUS SAM'S-SOUTH	180,710	-	88	469,550	1,441	241
TUCSON	GOLDEN PIN LANES	759,599	-	88	2,180,341	6,692	242
TUCSON	JEFF'S PUB	437,298	-	88	1,140,226	3,499	241
TUCSON	MAVERICK KING OF CLUBS	147,596	-	50	39,531	121	13
TUCSON	RILLITO PARK	-	-	-	72,801	223	6
TUCSON	TOUCHDOWN'S	126,487	-	29	767,171	2,354	191
TUCSON	TUCSON GREYHOUND PARK	956,794	-	88	2,509,504	7,702	241
WICKENBERG	MECCA RESTAURANT	54,233	-	29	192,164	590	216
WICKENBERG	UP YOUR ALLEY	66,745	-	59	21,723	67	21
WINSLOW	PT'S COCKTAILS	19,543	-	29	249,448	766	214
YUMA	FAMOUS SAM'S	1,170,854	-	88	2,288,090	7,022	241
Sub-Total		\$28,264,640	-	4,676	\$74,453,032	\$228,498	13,042
County Fairs							
ST. JOHNS	APACHE COUNTY FAIR	-	-	-	6,926	-	4
SONOITA	SANTA CRUZ COUNTY FAIR	-	-	-	13,878	-	4
Sub-Total		-	-	-	20,804	-	8
TOTAL		\$28,264,640	-	4,676	\$74,473,836	\$228,498	13,050

TELETRACKING ACTIVITY - COUNTY FAIR MEETS

		<u>FORT TUTHILL DOWNS</u>		<u>YAVAPAI DOWNS</u>		<u>TURF PARADISE</u>	
		(Coconino)		(Yavapai & Yuma)		(La Paz, Maricopa, Navajo Pinal, and Graham)	
City	Site	Handle	Performances	Handle	Performances	Handle	Performances
AHWATUKEE	PAYTON'S PLACE	20,745	7	36,403	8	103,129	18
APACHE JUNCTION	APACHE GREYHOUND PARK	52,668	7	70,722	8	287,448	18
APACHE JUNCTION	ARIZONA JOE'S	30,766	7	35,389	8	107,722	18
BISBEE	BREWERY STEAKHOUSE	2,488	6	4,279	4	-	-
CASA GRANDE	MCMASHER'S SPORTS BAR	20,515	7	27,043	8	85,068	18
CAVE CREEK	SATISFIED FROG	23,412	6	19,092	4	143,508	18
CHANDLER	DIRTY DRUMMER	77,861	7	104,433	8	368,346	18
CHANDLER	STADIUM CLUB	90,261	7	97,395	8	303,870	18
COTTONWOOD	ZOOMER'S SPORTS BAR	22,756	6	19,120	6	63,846	18
FLAGSTAFF	MUSEUM CLUB	27,124	7	29,954	8	66,410	18
FORT MOHAVE	THUNDER LANES	636	1	6,149	4	1,775	3
GLENDALE	MAX'S SPORTS BAR	80,366	7	119,086	8	372,104	18
GOODYEAR	ROMAN'S OASIS	8,457	7	16,627	8	51,153	18
KINGMAN	ABC RESTAURANT	18,834	5	19,651	4	-	-
KINGMAN	CERBAT HILLS	3,145	1	12,258	4	93,905	18
LAKE HAVASU CITY	GALLAGHER'S AGAIN	36,099	7	28,954	8	125,753	18
MARANA	SILVERADO STEAKHOUSE	42,395	6	-	-	-	-
NEW RIVER	NEW RIVER STATION	12,346	6	5,628	4	36,363	17
NOGALES	AMERICANA MOTEL	-	-	-	-	35,602	18
PARKER	STROKES	13,685	7	13,167	8	35,994	18
PAYSON	FAMOUS SAM'S	22,438	7	11,453	8	47,920	18
PEORIA	GRAND INN	58,012	7	61,527	8	261,508	18
PEORIA	MCDUFFY'S SPORTS BAR	35,754	7	55,579	8	196,018	18
PHOENIX	ARMADILLO GRILL	84,937	7	67,918	8	166,300	18
PHOENIX	AMERICAN LEGION #7	74,085	7	68,791	8	195,792	18
PHOENIX	BRENNAN'S	84,319	6	169,105	8	545,368	18
PHOENIX	CROSSROADS	3,023	1	13,946	4	30,672	12
PHOENIX	DRAW 10	1,889	1	5,043	4	25,919	17
PHOENIX	FINAL SCORE SPORTS GRILL	51,972	6	37,063	4	-	-
PHOENIX	GALLAGHER'S	65,667	7	93,517	8	160,784	18
PHOENIX	HAM'S RESTAURANT	32,069	6	35,921	6	150,102	18
PHOENIX	METRO SPORTS BAR	5,666	1	12,721	4	64,231	16
PHOENIX	NORTH STAR RESTAURANT	53,997	7	64,030	8	211,690	18
PHOENIX	LAS BRIZAS	-	-	11,531	3	52,067	11
PHOENIX	PADRE MURPHY'S	142,588	7	167,350	8	471,390	18
PHOENIX	ROMAN'S COUNTY LINE	61,801	7	70,404	8	195,296	18
PHOENIX	TURF PARADISE	48,997	4	93,256	8	-	-
PRESCOTT	MATT'S SALOON	35,042	7	23,896	8	67,741	18
PRESCOTT VALLEY	ANTELOPE LANES	27,244	7	22,353	8	73,916	18
PRESCOTT VALLEY	YAVAPAI DOWNS	36,004	7	-	-	75,796	18
QUARTZSITE	QUARTZSITE YACHT CLUB	3,316	1	16,573	4	85,532	18
ROCK SPRINGS	ROCK SPRINGS CAFE	10,160	7	12,648	8	38,945	18
SAFFORD	CHALO'S LA CASA REYNOSO	18,331	7	26,104	8	58,808	18
SCOTTSDALE	CASINO ARIZONA	91,138	7	106,951	8	-	-
SHOW LOW	RT'S BLACK BULL	44,642	7	26,443	8	30,741	18
SIERRA VISTA	P.C.'S LOUNGE	34,188	7	39,319	8	76,337	18
SURPRISE	RUNNER'S SPORTS BAR	28,138	7	33,386	8	113,702	18
TEMPE	DERBY GRILL	29,580	7	40,053	8	143,792	18
TEMPE	HORSE & HOUND-BROAD'Y	84,446	7	74,910	8	249,540	18
TEMPE	MCDUFFY'S SPORTS BAR	53,826	7	42,221	8	177,584	18
TEMPE	SKIP & JAN'S	79,732	7	96,273	8	235,443	18
TONOPAH	TIN TOP RESTAURANT	535	1	-	-	-	-
TUCSON	AIRPORT INN	14,484	7	9,663	8	17,891	18
TUCSON	BRAT'S BAR & GRILL	648	5	2,036	4	15,398	18
TUCSON	FAMOUS SAM'S-EAST	20,595	7	20,076	8	37,003	18
TUCSON	FAMOUS SAM'S-CENTRAL	18,181	7	21,756	8	53,540	18
TUCSON	FAMOUS SAM'S-SOUTH	14,529	7	20,412	8	64,797	18
TUCSON	GOLDEN PIN LANES	50,746	7	78,174	8	235,225	18
TUCSON	JEFF'S PUB	39,040	7	52,213	8	96,847	18
TUCSON	MAVERICK KING OF CLUBS	25,734	4	3,957	2	-	-
TUCSON	RILLITO PARK	-	-	-	-	107,789	7
TUCSON	TOUCHDOWNS	70	1	23,908	4	83,359	18
TUCSON	TUCSON GREYHOUND PARK	78,105	7	106,549	8	274,877	18
WICKENBERG	MECCA RESTAURANT	541	1	4,830	4	27,405	18
WICKENBERG	UP YOUR ALLEY	5,218	5	3,824	4	-	-
WINSLOW	PT'S COCKTAILS	465	1	2,916	4	46,416	18
YUMA	FAMOUS SAM'S	72,867	7	92,195	8	318,872	18
TOTAL		\$2,329,318	368	\$2,708,144	417	\$7,864,349	1,001

TELETRACKING ACTIVITY - GREYHOUND MEETS

		<u>PHOENIX GREYHOUND PARK</u>			<u>TUCSON GREYHOUND PARK</u>		
City	Site	Handle	Revenue	Performances	Handle	Revenue	Performances
APACHE JUNCTION	APACHE GREYHOUND PARK	\$1,186,102	-	352	\$0	-	-
CASA GRANDE	MCMASHER'S SPORTS BAR	453,822	-	301	0	-	-
CAVE CREEK	SATISFIED FROG	324,434	-	252	0	-	-
CHANDLER	GALLAGHER'S	573,228	-	361	14,821	-	63
CHANDLER	DIRTY DRUMMER	2,674,415	-	361	332,472	-	256
CHANDLER	STADIUM CLUB	1,649,120	-	361	130,901	-	249
FLAGSTAFF	JOE'S PLACE	244,850	-	193	0	-	-
GLENDALE	MAX'S SPORTS BAR	5,159,670	-	361	484,013	-	256
HOLBROOK	MESA GRILL & SPORTS BAR	77,400	-	111	0	-	-
KINGMAN	DAMBAR & STEAKHOUSE	258,943	-	197	0	-	-
LITCHFIELD PARK	LIGHTHOUSE RESTAURANT	2,424,674	-	359	212,844	-	254
MARANA	SILVERADO STEAKHOUSE	9,245	-	17	187,491	-	46
PEORIA	GALLAGHER'S	1,624,286	-	361	188,618	-	255
PEORIA	GRAND INN	491,938	-	94	46,535	-	55
PHOENIX	BIG DADDY'S	815,822	-	360	27,732	-	62
PHOENIX	BRENNAN'S	2,284,864	-	357	314,870	-	255
PHOENIX	BRENNAN'S PUB & GRUB	1,174,211	-	349	33,999	-	64
PHOENIX	GALLAGHER'S	1,642,383	-	361	169,601	-	256
PHOENIX	HAM'S RESTAURANT	1,737,869	-	357	270,203	-	254
PHOENIX	METRO SPORTS BAR	1,465,737	-	361	0	-	-
PHOENIX	PADRE MURPHY'S	5,024,133	-	361	304,269	-	256
PHOENIX	PHOENIX GREYHOUND PARK	-	-	-	864,482	-	256
PHOENIX	PURPLE TURTLE	119,045	-	155	0	-	-
PRESCOTT	PLAZA BOWL	308,847	-	306	0	-	-
SCOTTSDALE	CASINO ARIZONA	2,887,020	-	361	0	-	-
SIERRA VISTA	COCHISE HEALTH & RACQUET	499,539	-	299	0	-	-
SURPRISE	RUNNER'S SPORTS BAR	480,342	-	360	0	-	-
TEMPE	BOSTON'S BAR & GRILLE	486,115	-	361	0	-	-
TEMPE	HORSE & HOUND-OFF BROADWAY	1,395,619	-	361	0	-	-
TEMPE	MCDUFFY'S SPORTS BAR	826,658	-	359	15,157	-	61
TEMPE	SKIP & JAN'S	946,015	-	361	0	-	-
TUCSON	AIRPORT INN	65,915	-	321	681,285	-	360
TUCSON	BRAT'S GRILL	43,017	-	230	144,001	-	254
TUCSON	FAMOUS SAM'S - CENTRAL	203,342	-	323	1,371,700	-	362
TUCSON	FAMOUS SAM'S - EAST	181,227	-	323	1,560,620	-	362
TUCSON	FAMOUS SAM'S - SOUTH	121,064	-	323	734,689	-	360
TUCSON	GOLDEN PIN LANES	527,635	-	322	2,974,899	-	362
TUCSON	JEFF'S PUB	372,347	-	323	2,367,702	-	362
TUCSON	MAVERICK KING OF CLUBS	21,959	-	44	144,194	-	70
TUCSON	TOUCHDOWNS	302,956	-	233	1,246,337	-	242
TUCSON	TUCSON GREYHOUND PARK	740,617	-	323	0	-	-
YUMA	YUMA GREYHOUND PARK	767,543	-	236	0	-	-
TOTAL		\$42,593,968	-	12,111	\$14,823,435	-	5,632

Racing Regulation

The Department of Racing's regulatory responsibilities ensure that all participants and permittees involved in commercial horse racing, greyhound racing, and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations. This is accomplished through the investigation and licensing activities of the Department.

Licensing

The Department processes and investigates all license applications in a timely manner while ensuring only those eligible receive licenses.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of licenses issued	2,638	4,164	6,112
Number of licenses denied	9	9	7

Civil Penalties/Fines

The Boards of Stewards have the authority to impose penalties and fines up to a maximum of a 60-day suspension and/or \$500. The Director has the authority to affirm, reverse or modify the Stewards' Rulings, including license revocation.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of disciplinary actions	709	743	557
Percent total licensees with disciplinary action	5%	11%	9%
Amount of fines imposed	\$50,645	\$60,255	\$54,661
Amount of fines collected	\$50,748	\$42,930	\$41,921

Stewards Rulings by Track

<u>Track</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Turf Paradise	372	341	266
Yavapai Downs	167	173	114
Rillito Park	26	22	30
All County Fairs	56	50	41
Apache Greyhound Park	11	22	0
Phoenix Greyhound Park	45	44	29
Tucson Greyhound Park	66	57	77
Total	743	709	557

Racing Regulation

Director's Rulings

The Director may conduct hearings of appeals or Stewards' referrals or may assign a case that has been appealed or referred to the Arizona Office of Administrative Hearings. The Administrative Law Judge provides the Director findings of fact, conclusions of law and a proposed order. The Director may accept or modify any decision proposed by the Judge. The table below summarizes hearings and cases by the Director, the Office of Administrative Hearings, and the Racing Commission.

<u>Summary of Hearings and Orders</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Director's Hearings	112	191	217
Referrals	110	168	56
Appeals	25	15	10
<i>Sua Sponte</i> Director Review	7	17	35
Administrative Law Judge Hearings	23	4	1
Racing Commission Hearings	7	4	2
Cases Withdrawn/Dismissed	28	8	2
Total Number of Hearings	135	199	220
Total Number of Director's Orders*	200	244	293

* (Includes orders for action taken not requiring a hearing, i.e. stays, reinstatements, cases dismissed, etc.)

Investigations

The Department investigates all possible violations of racing laws and rules. In addition, investigations are conducted in connection with license applications.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of Investigations Regarding Violations	319	380	293
Percentage of Investigations Resulting in Disciplinary Action	51%	51%	65%
Number of Investigations Regarding Licensing	482	478	335
Percentage of Investigations Resulting in Disciplinary Action	13%	23%	59%

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Denied</u>	<u>Referred</u>	<u>Pending</u>	<u>Warning</u>	<u>No Violation</u>
Criminal Records Received	88	0	0	0	0	58
Inspection-Kennels	50	0	5	0	0	45
Interviews	37	4	0	0	0	33
False Application	202	0	186	0	0	16
Human Drug Testing	41	0	31	0	0	10
Animal Drug Testing	37	0	37	0	0	0
Horse Rule Violation	237	0	230	4	0	3
Miscellaneous	13	0	13	0	0	0
Undesirables	3	0	3	0	0	0
Greyhound Rule Violation	58	0	55	0	0	3
Possession of Contraband	14	0	14	0	0	0
Criminal Violation	3	0	0	3	0	0
Illegal Gambling	0	0	0	0	0	0
Total	750	4	574	7	0	168

Racing Regulation

Drug/Alcohol Abuse Investigations

The Department of Racing is authorized to require persons licensed to submit to testing when there is reason to believe they may be under the influence of or unlawfully in possession of any prohibited substance regulated by Title 13, Chapter 34, or has consumed alcohol in violation of A.A.C. R19-2-112(8) or (10) or R19-2-311(9).

<u>Testing Summary</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Human Drug Tests	45	41	41
Positive Drug Tests	4	9	11
Licensee Refused to Test	6	11	4
Percent Positive	22%	21%	27%
Breath/Alcohol Tests	5	1	0
Positive Breath/Alcohol Tests	2	1	0
Percent Positive	40%	100%	0%

Equine & Canine Drug Testing

The Department contracts with independent laboratories for the analysis of equine urine and blood samples and canine urine samples. This analysis is required to enforce the rules of racing that prohibit animals from racing while under the influence of foreign substances.

<u>Testing Summary</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equine Drug Testing			
Number positive equine drug tests	40	44	37
Percent positive equine drug tests	1.6%	1.4%	1.3%
Canine Drug Testing			
Number positive canine tests	2	1	5
Percent positive canine tests	.03%	.02%	.10%
Totals			
Total Positive tests	42	45	42
Percent Total positive tests	0.50%	0.55%	0.53%

LICENSE BY CATEGORY

CATEGORY	HORSE						GREYHOUNDS						GRAND TOTAL
	TURF PARADISE	YAVAPAI DOWNS	COUNTY FAIR	RILLITO PARK	TOTAL	PHOENIX	APACHE	TUCSON	RBO	TOTAL			
1 YR CONCESSION	0	0	0	0	0	0	0	0	0	0	0	0	0
1 YR MUTUEL	0	0	0	0	0	0	0	0	0	0	0	0	0
1 YR PEACE OFFICER	0	0	0	0	0	0	0	0	0	0	0	0	0
3 YR COOLOUT	0	0	0	0	0	12	0	26	0	38	0	0	38
3 YR MUTUEL	97	20	136	42	295	145	0	97	0	242	0	0	537
3 YR PEACE OFFICER	0	0	14	0	14	0	0	0	0	0	0	0	14
APPRENTICE JOCKEY	4	1	0	0	5	0	0	0	0	0	0	0	5
ASSISTANT STARTER	6	4	7	3	22	0	0	0	0	0	0	0	22
ASSISTANT TRAINER	20	1	1	1	23	18	0	10	0	28	0	0	61
AUTH. AGENT-FULL	4	0	1	0	5	1	0	0	0	1	0	0	6
AUTH. AGENT-PARTIAL	173	28	2	1	204	11	0	2	0	13	0	0	217
BREED FARMOTHER OP	11	0	0	0	11	0	0	0	0	8	0	0	19
COMBINATION OPER	0	0	0	0	0	0	0	0	0	0	0	0	0
DUPLICATE/NO FEE	24	0	0	0	24	0	0	0	0	0	0	0	24
EXERCISE RIDER	115	54	14	8	191	0	0	0	0	0	0	0	191
FACILITY MGR/AGENT	0	0	0	0	0	1	0	0	0	0	0	0	1
GROOM	270	75	50	33	428	0	0	0	0	0	0	0	428
INELIGIBLE	4	0	1	0	5	1	0	1	0	2	0	0	7
JOCKEY	72	18	22	6	118	0	0	0	0	0	0	0	118
JOCKEY AGENT	10	1	1	0	12	0	0	0	0	0	0	0	12
KENNEL-NEW	0	0	0	0	0	9	0	2	0	11	0	0	11
KENNEL-RENEWAL	0	0	0	0	0	8	0	1	0	9	0	0	9
OCCUPATIONAL	245	92	138	67	642	200	0	83	0	283	0	0	825
OCCUPATIONAL-BRDR	0	0	0	0	0	2	0	2	0	2	0	0	2
OFFICIAL	4	9	7	10	30	28	0	30	0	68	0	0	88
OTB	93	4	0	0	97	95	0	35	0	130	0	0	227
OUTRIDER	1	1	0	2	4	0	0	0	0	4	0	0	4
OWNER	1,116	285	181	83	1,645	250	0	85	0	335	0	0	1,980
OWNER-TRAINER	139	40	42	13	234	15	0	10	0	25	0	0	269
PADDOCK EMPLOYEE	0	0	0	0	0	50	0	84	0	134	0	0	134
PERMITTEE DIR/BD MBR	6	4	22	5	37	4	0	2	0	6	0	0	43
PLATER	9	2	3	5	19	0	0	0	0	0	0	0	19
PONY RIDER	65	23	27	14	129	0	0	0	0	0	0	0	129
RACING KENNEL	0	0	0	0	0	0	0	0	0	0	0	0	0
SECURITY	14	9	15	26	64	31	0	22	0	63	0	0	117
STABLE-NEW	51	8	1	2	62	0	0	0	0	0	0	0	62
STABLE-RENEWAL	59	16	2	0	77	0	0	0	0	0	0	0	77
TEMP. CLAIM	30	1	0	2	33	0	0	0	0	0	0	0	33
TEMP. OWNER	16	1	1	6	24	0	0	0	0	0	0	0	24
TEMP. STABLE	5	0	0	0	5	0	0	0	0	0	0	0	5
TRAINER	110	26	23	15	174	18	0	10	0	28	0	0	202
VENDOR-BUSINESS	10	9	4	1	24	3	0	4	0	4	0	0	28
VENDOR-EMPLOYEE	30	24	15	14	83	14	0	4	0	18	0	0	101
VETERINARIAN	10	4	6	1	21	0	0	1	0	1	0	0	22
VOIDS	0	0	0	0	0	0	0	0	0	0	0	0	0
LICENSES ISSUED	2,825	760	716	360	4,661	916	0	506	36	1,458	0	0	6,119
FINGERPRINTS TAKEN	1,148	286	342	131	1,907	409	0	241	0	650	0	0	2,657
LICENSING FEES	\$80,807	\$21,861	\$18,043	\$7,846	\$134,557	\$20,826	\$0	\$9,648	\$2,650	\$32,924	\$0	\$0	\$167,481
FINGERPRINT FEES	\$33,282	\$8,294	\$9,889	\$3,799	\$55,274	\$11,861	\$0	\$6,989	\$0	\$18,860	\$0	\$0	\$74,124
TOTAL FEES	\$120,089	\$30,155	\$27,932	\$11,645	\$189,331	\$32,487	\$0	\$16,637	\$2,650	\$51,774	\$0	\$0	\$241,605

ARIZONA DEPARTMENT OF RACING
FY 2005 ANNUAL REPORT

Boxing Regulation

The Boxing Commission regulates and supervises all boxing events conducted in Arizona to protect the participants in these events and to ensure compliance with the Boxing laws and regulations. The events include traditional boxing, kickboxing, tough man contests, and mixed martial arts.

In 1992, the Arizona Department of Racing assumed responsibility for the financial administration of the Arizona State Boxing Commission. In this capacity, the Department collects and deposits State receipts associated with boxing.

The Department collects a fee of four percent of the gross receipts after deduction of any federal, state, and local taxes generated from boxing matches. In FY 2005, the Department collected \$62,822 in taxes generated from 40 boxing events in the State.

The State Boxing Commission issued 651 licenses, and the Department collected a total of \$10,080 in license fees from these applicants.

Additionally, the State Boxing Commission entered into intergovernmental agreements with Tribal organizations to supervise Boxing events conducted on Tribal land. The Arizona State Boxing Commission receives an average of \$3,000 per event subject to these agreements. During FY 2005, the Boxing Commission regulated seven of these events and collected \$21,000 for their regulation. All Boxing Commission revenues are deposited into the General Fund.

Sanctioned Events

The Boxing Commission ensures that all events under Commission jurisdiction held in the State are sanctioned by the Arizona State Boxing Commission and that all participants are duly licensed.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	26	40	40
Number of bouts	130	200	200
Number of licenses issued	335	784	651
Percent of licenses issued for all applications	99%	99%	98%

Licensing

The Boxing Commission issues licenses to participate in Boxing to those who are qualified and eligible. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Revenue Summary</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Taxes	\$21,531	\$21,929	\$62,822
License Fees	8,905	12,855	10,080
Fines	0	0	1,700
Other (Tribal Agreements)	0	9,000	21,000
Total Revenue Collected	\$30,436	\$43,784	\$95,602

Boxing Regulation

Investigations

The Boxing Commission investigates all allegations of statutory and rule violations that may harm the athlete or the public.

<u>Performance Measures</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Number of investigations conducted	2	0	6
Percent of investigations resulting in disciplinary action	0%	N/A	33%

Financial Issues

Department Of Racing Budget

The Department of Racing's expenditures for the last three fiscal years, the appropriated funds for FY 2006 and FY 2007, including a summary of full-time and seasonal positions are included below.

A continuation of the current budget level will enable the Department to provide the services required to regulate and support the racing industry in Arizona. Several administrative changes and modernization of the Department's rules, policies, and procedures have been implemented or are being developed to allow the Department to provide better services to its customers while using resources as currently appropriated.

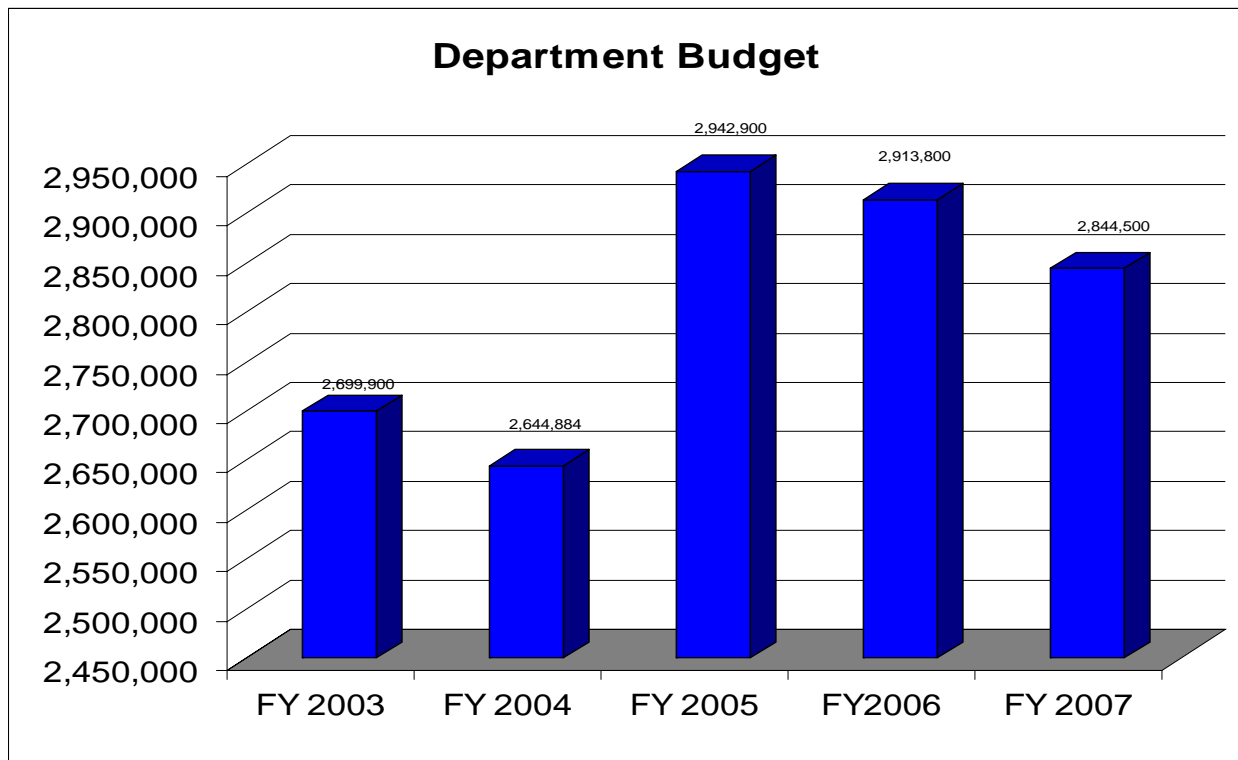
The total Department of Racing budget for FY 2005 was \$2,953,400. This was an increase of \$69,200, or 3%, from the prior budget period to pay for part of the increased employee benefits, scheduled rent increase, and other scheduled cost increases. Nearly 85% of the Department's budget was appropriated from the State General Fund.

OPERATING BUDGET

	Actual Exp FY 2003	Actual Exp FY 2004	Actual Exp FY 2005	Appropriation FY 2006	Appropriation FY 2007
Full Time Equivalent Positions (FTE)	46.5	46.5	46.5	46.5	46.5
Full Time	33.0	33.0	33.0	33.0	33.0
Seasonal	13.5	13.5	13.5	13.5	13.5
Personal Services	\$1,611,000	\$1,494,585	\$1,686,092	\$1,728,200	\$1,702,100
Employee Related Expenses (ERE)	394,500	357,095	418,555	466,400	423,200
Professional & Outside Services	323,500	278,767	330,557	358,300	358,300
Travel - In State	150,700	153,743	165,147	116,700	116,700
Travel - Out of State	3,200	4,983	3,851	2,500	2,500
Other Operating	214,300	246,668	246,096	241,700	241,700
Equipment	2,700	109,043	92,602	-	-
AGENCY TOTAL	\$2,699,900	\$2,644,884	\$2,942,900	\$2,913,800	\$2,844,500

FUND SOURCES

General Fund	\$2,366,400	\$2,294,645	\$2,504,796	\$2,568,800	\$2,499,500
<u>Other Appropriated Funds</u>					
County Fair Racing Fund	295,300	300,683	360,969	300,000	300,000
Administration of Betterment & Breeders' Awards Fund	38,200	52,556	77,135	45,000	45,000
<i>SUBTOTAL</i>	333,500	353,239	438,104	345,000	345,000
AGENCY TOTAL	\$2,699,900	\$2,644,884	\$2,942,900	\$2,913,800	\$2,844,500



Department Of Racing Revenues

The Department of Racing collects pari-mutuel taxes, license fees and fines that are deposited into eight separate funds, the State General Fund and the Greyhound and Retired Race Horse Adoption Fund. Pari-mutuel taxes and license fees collected are deposited into eight separate funds as described below. Fines are deposited directly into the State General Fund, license fees collected from dog breeders and racing kennels are deposited into the Greyhound Adoption fund and revenues collected from the 5% Retired Race Horse surcharge added to each horse racing-related fine are deposited into the Retired Race Horse Adoption fund. See tables and charts on page 35.

Distribution of Revenues to the Eight Separate Funds and Maximum Dollars Allowed

Fund	Distribution	Annual Maximum
County Fairs Livestock & Agriculture Promotion	33%	\$1,200,000
County Fairs Racing Betterment	22%	800,000
Breeders' Award	22%	800,000
Exposition and State Fair	11%	400,000
County Fair Racing	9%	300,000
Stallion Award	1%	40,000
Administration of Betterment & Breeders Awards	1%	45,000
Agricultural Consulting and Training	1%	N/A
Total Maximum Funding Allowed	100%	\$3,585,000

Revenues from pari-mutuel taxes continued to decline in FY 2005. They declined 14.4% or \$81,290 when compared to FY 2004. Several tax breaks have been provided to the racing industry since 1995. The tax breaks listed below contribute, in part, to the continued reduction in pari-mutuel tax revenues from the racing industry.

- Tax reductions for greyhound tracks.
- Exemption from State tax on dollars wagered on simulcast.
- Hardship tax credit for tracks, which have suffered a decline in business.
- Capital improvement program tax reduction.

Additional funds are received from the Arizona Department of Revenue transfer of unclaimed property funds to the Department of Racing. During FY 2005, the transfer was for \$8,706,424. These dollars are distributed among the eight separate funds and enables the Department of Racing to reach the statutorily authorized levels for each fund. The dollars remaining are deposited into the General Fund, which received \$5,807,008, from the Department of Racing's portion of unclaimed property dollars in FY 2005.

As the pari-mutuel tax revenues continue to decline, the contributions from the unclaimed property fund to each of the eight funds increase. This in turn, reduces the funds available for the State's General Fund. Therefore, the unclaimed property funds become increasingly more important to the continuation of the programs supported by these eight funds and the State's General Fund. See tables and charts on page 36.

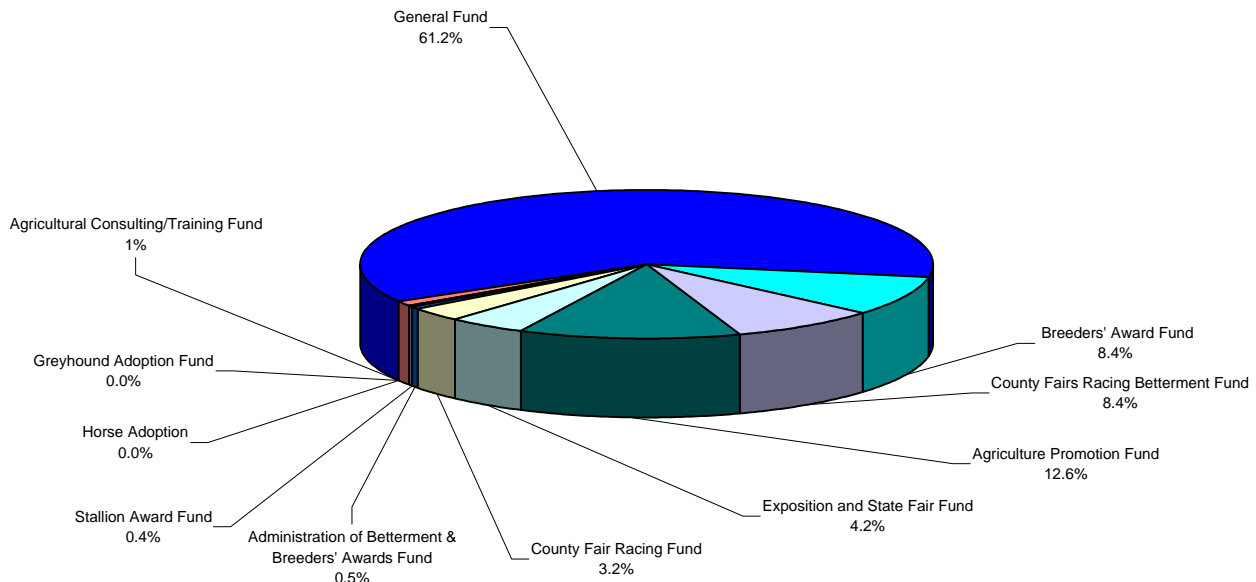
The seven funds summarized on page 37 are the funds administered by the Department of Racing for various programs. The County Fairs Livestock & Agriculture Promotion Fund, the Exposition and State Fair Fund, and the Agricultural Consulting and Training Fund are administered by other State programs, as described below.

- County Fairs Livestock & Agriculture Promotion FundGovernor's Office
- Exposition and State Fair FundArizona Exposition and State Fair
- Agricultural Consulting and Training FundArizona Department of Agriculture

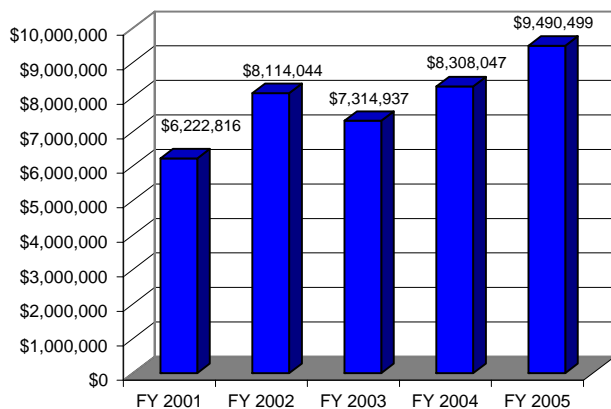
Distribution of Department of Racing Revenues

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
General Fund	\$2,575,970	\$4,444,693	\$3,657,354	\$4,640,891	\$5,807,008
Breeders' Award	800,000	800,000	800,000	800,000	800,000
County Fairs Racing Betterment	800,000	800,000	800,000	800,000	800,000
Agriculture Promotion	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Exposition and State Fair	400,000	400,000	400,000	400,000	400,000
County Fair Racing	300,000	300,000	300,000	300,000	300,000
Administration of Betterment and Breeders' Award	45,000	45,000	45,000	45,000	45,000
Stallion Award	40,000	40,000	40,000	40,000	40,000
Agricultural Consulting/Training	61,771	80,951	72,508	82,006	94,480
Horse Adoption	N/A	N/A	N/A	N/A	1,186
Greyhound Adoption	75	3,400	75	150	2,825
Total Distribution	\$6,222,816	\$8,114,044	\$7,314,937	\$8,308,047	\$9,490,499

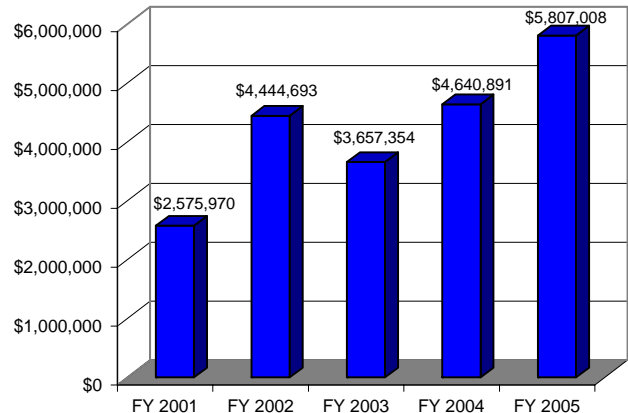
Distribution of Department of Racing Revenues FY 2005



Total Department Revenues by Fiscal Year



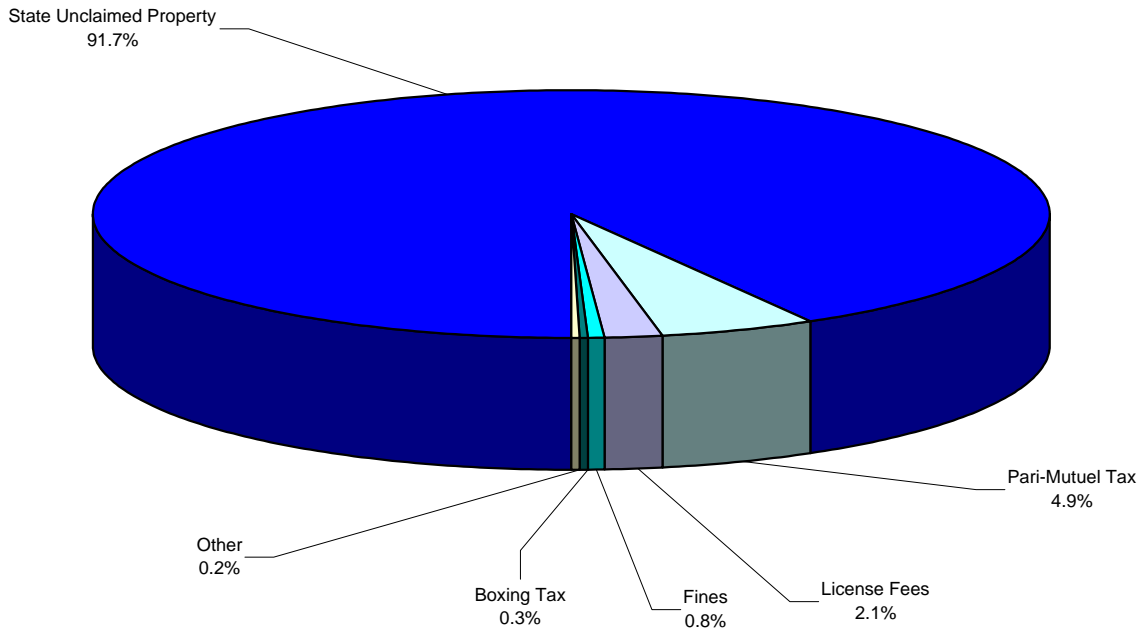
General Fund Revenues by Fiscal Year



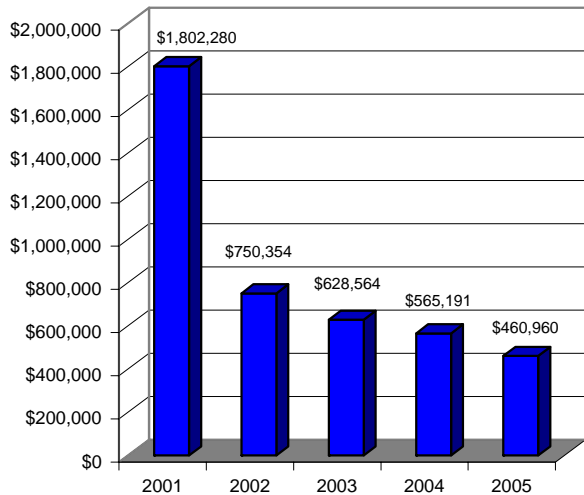
Department of Racing Revenues by Category

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
State Unclaimed Property	\$4,266,855	\$7,186,030	\$6,527,513	\$7,530,279	\$8,706,424
Pari-Mutuel Tax	1,802,280	750,354	628,564	565,191	483,901
License Fees	91,558	158,988	111,750	130,900	193,974
Fines	42,502	56,315	50,748	50,748	58,073
Boxing Tax	49,275	13,929	21,531	21,929	29,116
Other	19,621	(37,643)	(25,169)	9,000	19,011
Total	\$6,272,091	\$8,127,973	\$7,314,937	\$8,308,047	\$9,490,499

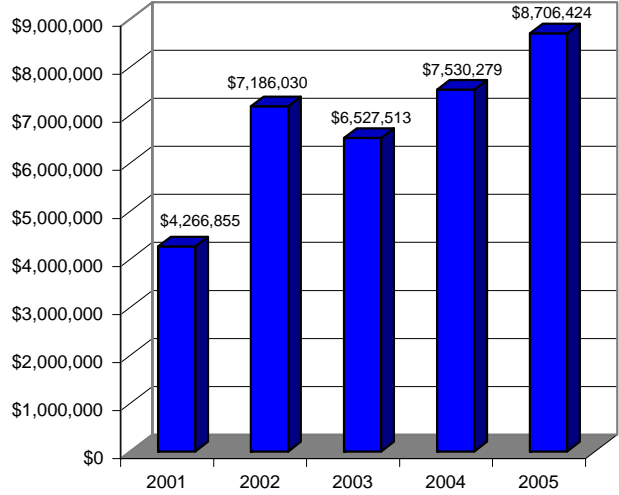
Department of Racing Revenues by Category FY 2005



**Pari-Mutuel Tax Revenue
by Fiscal Year**



**State Unclaimed Property
Transfers by Fiscal Year**



FY 2005 Appropriated and Non-Appropriated Funds

<u>DESCRIPTION OF FUNDS</u>	<u>FY 2004</u>	<u>FY 2005</u>
<p>County Fair Racing (RCA2170 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 9% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$300,000). <u>Purpose of Fund:</u> For the administration of county fair racing.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$300,683	\$360,969
<p>Administration of County Fair Racing & Breeders Awards Fund (RCA2018 / A.R.S. 5-113) <i>APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$45,000). <u>Purpose of Fund:</u> To administer the Arizona County Fairs Racing Betterment Fund, the Arizona Breeders' Award Fund, the Arizona Stallion Award Fund, and the Greyhound Adoption Fund.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$52,556	\$77,135
<p>Arizona Breeders Award (RCA2206 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To award the breeder of every winning horse or greyhound foaled or whelped in this state.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$714,903	\$797,403
<p>County Fair Racing Betterment (RCA2207 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$800,000). <u>Purpose of Fund:</u> To provide a grant to each eligible county fair association conducting a county fair racing meeting.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$845,700	\$861,025
<p>Greyhound Adoption (RCA2015 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> License fees collected from dog breeders, racing kennels, and other operations where greyhounds are raised for dog racing. <u>Purpose of Fund:</u> To provide grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$0	\$3,143
<p>Retired Horse Adoption (RCA2015 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> A 5% Retired Race Horse Surcharge is levied against each horse racing-related fine <u>Purpose of Fund:</u> To provide grants to non-profit organizations to promote the adoption of retired racing horses.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	N/A	\$0
<p>Stallion Award (RCA2315 / A.R.S. 5-113) <i>NON-APPROPRIATED</i> <u>Source of Revenue:</u> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$40,000). <u>Purpose of Fund:</u> To award owners or lessees of stallions that bred winning horses in this state.</p> <p style="text-align: center;">FUNDS EXPENDED</p>	\$40,000	\$39,992

Department of Racing Pari-Mutuel Tax and Hardship Tax Credit Projections

The revenue projections developed by the Department of Racing and included in the tables below are based on historical levels and industry trends and assume the continued operation of each of Arizona's commercial race tracks. These tables indicate anticipated State pari-mutuel taxes from dollars wagered over the next three fiscal years. The tables also provide actual and estimated amounts for the Hardship Tax Credit during the next three fiscal years.

FY 2007 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2006 HARDSHIP TAX CREDIT	FY 2007 TAX CREDIT WITH FY 2006 CARRYOVER
			FY 2006 AMOUNT WAGERED	FY 2006 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2007 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	746,592	-80.80%	14,932	12,065	36,194	127,175	163,369
Turf Paradise	FY 1994	101,467,993	131,067,082	29.17%	494,850	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	29,818,131	70.48%	88,296	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$3,485,747	-71.57%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	57,674,840	-39.72%	2,060,538	818,578	2,455,733	1,045,606	3,501,339
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	20,725,277	-45.62%	418,883	191,072	573,216	1,550,184	2,123,400

FY 2008 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2007 HARDSHIP TAX CREDIT	FY 2008 TAX CREDIT WITH FY 2007 CARRYOVER
			FY 2007 AMOUNT WAGERED	FY 2007 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2008 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	727,927	-81.28%	14,559	11,833	35,499	148,810	184,309
Turf Paradise	FY 1994	101,467,993	132,377,753	30.46%	499,799	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	29,072,678	66.22%	86,089	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$3,398,603	-72.28%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	56,232,969	-41.23%	2,009,025	828,388	2,485,163	1,492,314	3,977,478
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	20,207,145	-46.98%	408,411	191,847	575,542	1,714,989	2,290,531

FY 2009 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2008 HARDSHIP TAX CREDIT	FY 2009 TAX CREDIT WITH FY 2008 CARRYOVER
			FY 2008 AMOUNT WAGERED	FY 2008 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2009 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	709,729	-81.75%	14,195	11,604	34,811	170,114	204,925
Turf Paradise	FY 1994	101,467,993	133,701,530	31.77%	504,796	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	28,345,861	62.06%	83,936	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$3,313,638	-72.98%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	54,827,145	-42.70%	1,958,799	836,458	2,509,374	2,018,679	4,528,053
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	19,701,966	-48.30%	398,201	192,329	576,988	1,892,330	2,469,318

Hardship Tax Credit

The Department of Racing determines the amount, if any, of a Hardship Tax Credit available to the commercial horse and greyhound permittees. This credit supports the pari-mutuel industry by responding to the reduction in wagering that has occurred and offsetting the tax due the State.

Determination of the FY 2006 Hardship Tax Credit Based on the FY 2005 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2005 AMOUNT WAGERED	FY 2005 % DECREASE	FY 2005 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2006 HARDSHIP TAX CREDIT	CARRYOVER FROM FY 2005 HARDSHIP TAX CREDIT	FY 2006 TAX CREDIT WITH FY 2005 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	746,592	-80.80%	14,932	12,065	36,194	127,175	163,369
Turf Paradise	FY 1994	101,467,993	131,067,082	29.17%	494,850	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	29,818,131	70.48%	88,296	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$3,485,747	-71.57%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	57,674,840	-39.72%	2,060,538	818,578	2,455,733	1,045,606	3,501,339
Tucson Greyhound Park	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	20,725,277	-45.62%	418,883	191,072	573,216	1,550,184	2,123,400

Department of Racing Pari-Mutuel Tax Revenue - FY 2005

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2005	FY 2005 HANDLE	FY 2005 PARI-MUTUEL TAX DUE	FY 2005 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2005 HARDSHIP TAX CREDIT	AGP CREDITS to PGP	FY 2005 CHARITY DAYS	FY 2005 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$142,107	\$746,592	\$14,932	\$0	\$14,932	\$0	\$0	\$0
Turf Paradise	0	131,067,082	494,850	0	0	0	10,949	483,901
Yavapai Downs	0	29,818,131	88,296	88,296	0	0	0	0
Subtotal Horse Tracks	\$142,107	\$161,631,805	\$598,078	\$88,296	\$14,932	\$0	\$10,949	\$483,901
GREYHOUND TRACKS:								
Apache Greyhound Park	\$296,317	\$3,485,747	\$0	\$0	\$0	\$0	\$0	\$0
Phoenix Greyhound Park	3,029,834	57,674,840	2,060,538	0	1,984,228	0	76,310	0
Tucson Greyhound Park	1,969,067	20,725,277	418,883	0	418,883	0	0	0
Subtotal Greyhound Tracks	\$5,359,751	\$81,885,864	\$2,479,421	\$0	\$2,403,111	\$0	\$76,310	\$0
GRAND TOTAL	\$5,501,858	\$243,517,669	\$3,077,499	\$88,296	\$2,418,043	\$0	\$87,259	\$483,901

Track Capital Improvements

The Department was authorized by statute to encourage the improvement of racing facilities by reducing the pari-mutuel tax due the State. The percentages paid the State by the permittee was reduced by 1% of the total amount wagered in counties with a population over 500,000 and 27% in all other counties. This program continues to benefit the racing industry and the public by supporting completed capital improvement projects, which should result in increased revenue from pari-mutuel wagering.

Prior approval of the Racing Commission for the capital improvement proposed was required to qualify for the reduction. This provision expired on June 30, 1992 for counties with populations of 500,000 or more and on June 30, 1999 for counties with populations of less than 500,000 according to the previous United States decennial census. The capital improvement dollars for projects approved before the expiration date may continue to be deducted from the pari-mutuel tax due until exhausted. The following table show dollars deducted by all racetracks during FY 2005. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2005	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$88,296	\$385,409	\$51,722,931
Other Permittees		\$0	\$0	\$0	\$0

This table excludes permittees that have used all approved capital improvements dollars.