

State of Arizona Department of Racing



**Annual Report
FY 2007**

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ARIZONA DEPARTMENT OF RACING

JANET NAPOLITANO
GOVERNOR



GEOFFREY E. GONSHER
DIRECTOR

October 1, 2007

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 2007 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 83 teletrack locations throughout Arizona. The total pari-mutuel handle for all racing was \$266.6 million, a decrease of \$18.8 million or 6.6% from the prior year. The total pari-mutuel tax receipts amounted to \$431,437, a decrease of 18.3% from the prior year.

FY 2007 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 continue building 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 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.

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The Honorable Janet Napolitano

October 1, 2007

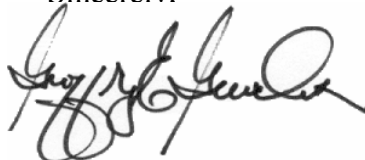
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As part of the annual report, the Department is required by statute to submit recommendations for increasing state revenues from the regulation of the racing industry while maintaining the financial health of the industry and protecting the public interest. These are challenges that the Department and the industry must confront together.

During the past four years, the Department has proposed various options for the generation of revenue from the industry to support its statutory, administrative, and regulatory duties. The industry and legislature, however, have not supported this objective. This year, the Department will again work with the industry and the Racing Commission to propose various mechanisms in which the racing industry funds a portion of the Department operating costs related to racing regulation while reducing the need for General Fund monies.

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". The signature is fluid and cursive, with a large, stylized initial "G".

Geoffrey E. Gonsher
Director

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.

James N. Chilcoat, Sr., Racing Commission Chairman, 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.

Paul Ulan, Racing Commission Vice-Chairman, is the principal of Primary Consultants, L.L.C., a Phoenix-based market research consulting firm specializing in political campaign management, phone banks, public affairs and issue management. Mr. Ulan has specialized in bond and override elections for school districts and tax-related elections, performing a variety of services including polling, demographics and public relations.

Bob Ford was appointed to the Commission in 2001, served as Vice-Chairman for two years and one year as Chairman. Serving as a public member to fill the seat vacated by Michael Vespoli, 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.

Erin Owens was appointed to the Racing Commission in 2005 to serve as the representative of the Horse Racing Industry. Ms. Owens was raised in the thoroughbred racing industry in Arizona and her family actively participates in the Arizona Racing and Breeding Program. She spent several years in official positions at Canterbury Downs, San Juan Downs, Columbus Racetrack, and Turf Paradise. She currently serves as Secretary/Treasurer of the Association of Racing Commissioners International (ARCI) and owns her own business.

Leslie A. Wootten was appointed to the Racing Commission to serve as the representative of the Greyhound Racing Industry. Ms. Wootten's family experience with greyhound racing dates back to the 1800s. Ms. Wootten is a historian of the sport and a regular contributor to the monthly magazine of the National Greyhound Association, as well as in *Arizona Player: Gaming and Entertainment Guide*. Ms. Wootten has taught creative writing at Central Arizona College and coordinated its Visiting Writers Series, a program supported by the Arizona Commission on the Arts.

Awards

HORSERACING INDUSTRY AWARDS

The Racing Commission Horseracing Industry Awards Program recognizes individuals for service to the horseracing industry. The following awards were presented at the December 13, 2006 Commission meeting.

Recognition of Excellence Award. Herman Mineer, Apache County Fair Racing

Lifetime Achievement Award. Ralph and Gloria Andersen, owners, trainers

GREYHOUND INDUSTRY AWARDS

The Racing Commission Greyhound Racing Industry Recognition Program recognizes individuals for service to the greyhound racing industry. The following awards were presented at the December 13, 2006 Commission meeting.

Lifetime Achievement Award. Gene Cowart, greyhound kennel owner, breeder

Recognition of Excellence Award. Bryan Stoyer, retired Department of Racing Chief Greyhound Steward

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 conducts an annual Employee Recognition Program 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. The following are the FY 2007 recipients.

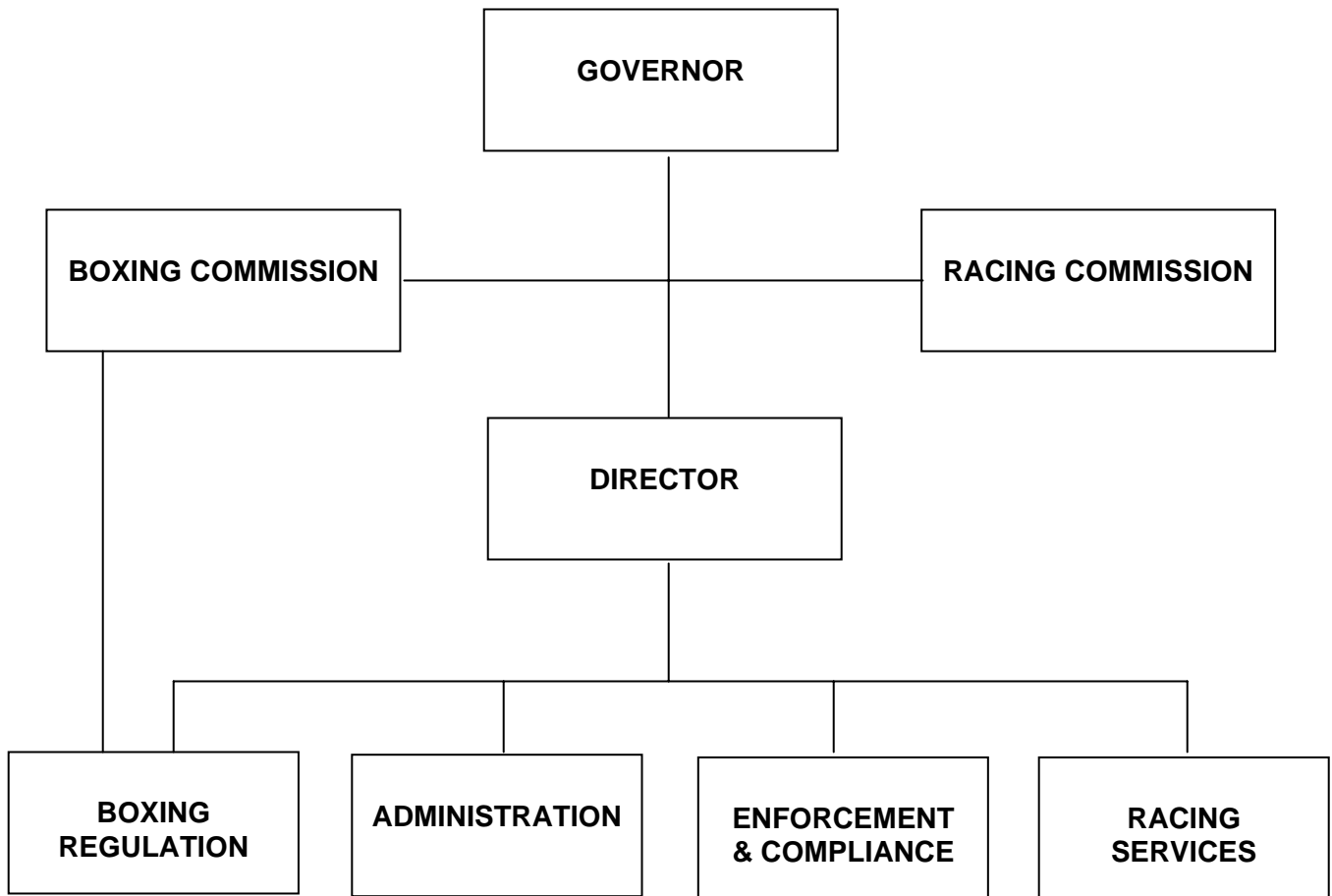
Employee of the Year Award. John Parkey, Special Investigator

Supervisor of the Year Award. Nan Mitchell, Administrative Services Coordinator

Team of the Year Award. John Neely, DVM, Phoenix Greyhound Park Veterinarian
Angela Schmitt, DVM, Phoenix Greyhound Park Veterinarian

Department Of Racing

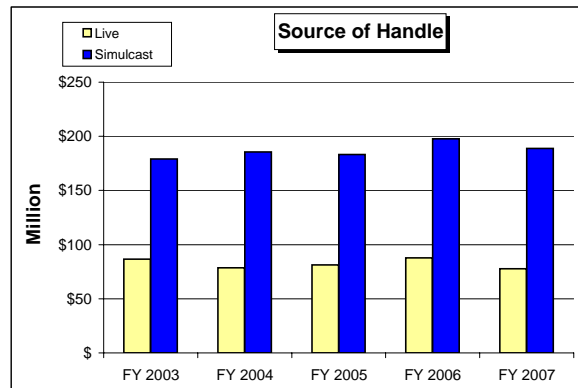
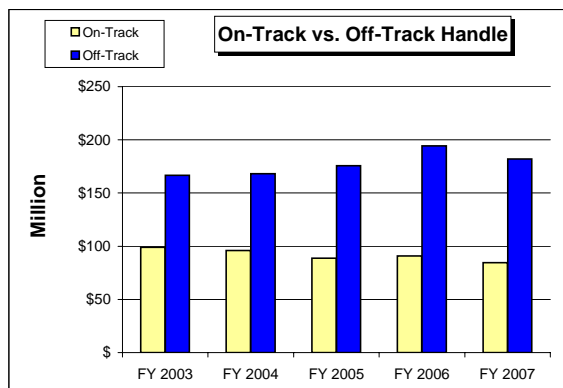
The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing events conducted in Arizona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



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

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Race Days/Performances (including 12 Charity Days)					
Live Race Days	981	988	897	933	909
Dark Day-Simulcast only	611	605	697	662	681
Total Race Days	1,592	1,593	1,594	1,595	1,590
Total Live Performances (Matinee & Evening)	1,010	988	897	933	909
Number of Races					
Live Races	13,534	12,871	11,778	12,513	11,791
Simulcast Races	230,028	265,248	263,586	262,275	284,597
Total Number of Races	243,562	278,119	275,364	274,788	296,388
Attendance					
On-Track	843,474	852,987	768,582	819,425	723,879
Off-Track	838,310	848,157	905,002	1,022,623	887,078
Total Attendance	1,681,784	1,701,144	1,673,584	1,842,048	1,610,957
Pari-Mutuel Handle					
Average Handle per Race Day	\$166,823	\$165,786	\$165,974	\$178,946	\$167,667
Breakdown by location					
On-Track Handle	\$98,925,176	\$96,023,226	\$88,766,221	\$90,944,292	\$84,486,049
Off-Track Handle	\$166,657,437	\$168,073,643	\$175,795,847	\$194,474,484	\$182,104,065
Breakdown by source					
Live Races	\$86,628,828	\$78,573,084	\$81,251,006	\$87,686,434	\$77,780,820
Simulcast Races	\$178,953,785	\$185,523,785	\$183,311,061	\$197,732,342	\$188,809,295
Total Pari-Mutuel Handle	\$265,582,613	\$264,096,869	\$264,562,067	\$285,418,776	\$266,590,114
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$204,188,047	\$203,820,895	\$204,344,382	\$219,060,582	\$203,766,212
State Pari-Mutuel Revenues	\$628,564	\$565,191	\$483,901	\$527,860	\$431,437
Track Mutuel Revenues					
Track Commission	\$52,770,892	\$52,677,260	\$53,130,250	\$57,052,294	\$53,620,670
Capital Improvement Rebate	248,590	79,377	88,296	89,991	100,917
Capital Improvement Non-Taxable	116,933	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	69,660	69,895	87,259	71,464	55,863
Hardship Tax Credit	2,230,937	2,261,865	2,418,044	2,653,989	2,353,026
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,136,083	1,175,091	1,139,347	1,221,958	1,085,469
Total Track Revenues	\$56,573,095	\$56,263,488	\$56,863,196	\$61,089,696	\$57,215,946
Purses	\$20,842,682	\$20,497,445	\$20,708,997	\$22,314,331	\$21,133,206

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 2007, the Arizona Racing Commission approved a three-year commercial racing permit for Turf Paradise. Yavapai County Fair Association filed a new application for commercial racing at Yavapai Downs for calendar years 2007, 2008 and 2009. By statute, Yavapai Downs may continue to operate under the permit issued Yavapai County Fair Association until the Arizona Racing Commission, upon recommendation by the Department, has finally ruled on the application. Rillito Park did not apply for commercial race dates for 2007.

Commercial Racing Permittees, Tracks and Permit Terms

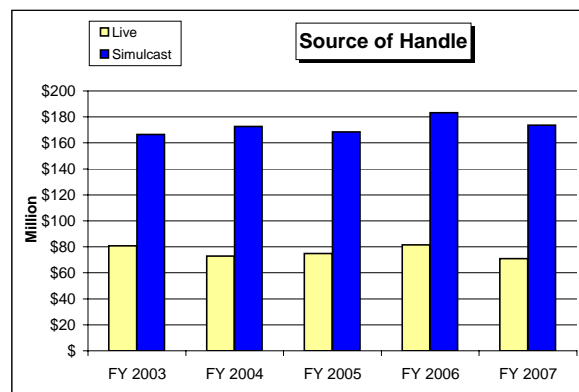
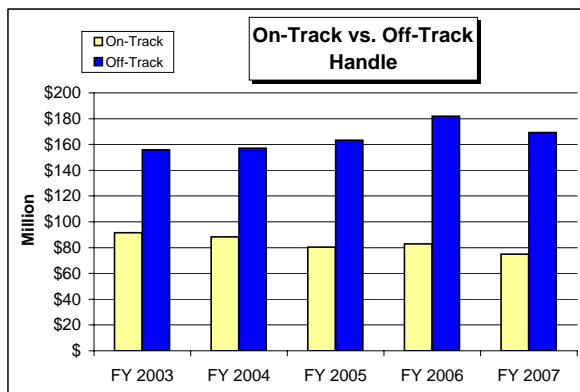
<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/05 - 12/31/07
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/05 - 12/31/07
Pima County Horsemen's Association	Rillito Park	02/05/05 - 2007
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/05 - 12/31/07
TP Racing, L.L.L.P.	Turf Paradise Race Course	06/01/06 - 05/31/09
Yavapai County Fair Association	Yavapai Downs at Prescott Valley	05/26/07 - 09/04/09

COMMERCIAL TRACKS

Commercial Horse and Greyhound Racing

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<u>Race Days/Performances (including 12 Charity Days)</u>					
Live Race Days	921	927	835	874	845
Dark Day-Simulcast only	609	603	695	659	679
Total Race Days	1,530	1,530	1,530	1,533	1,524
Total Live Performances (Matinee & Evening)	950	927	835	874	845
<u>Number of Races</u>					
Live Races	13,028	12,358	11,244	11,994	11,219
Simulcast Races	227,928	262,400	260,574	259,747	281,048
Total Number of Races	240,956	274,758	271,818	271,741	292,267
<u>Attendance</u>					
On-Track	737,567	725,228	640,640	690,948	570,571
Off-Track	780,311	789,343	834,294	949,002	818,825
Total Attendance	1,517,878	1,514,571	1,474,934	1,639,950	1,389,396
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$161,673	\$160,457	\$159,162	\$172,643	\$160,357
Breakdown by location					
On-Track Handle	\$91,610,048	\$88,355,137	\$80,337,461	\$82,814,154	\$75,031,996
Off-Track Handle	\$155,749,842	\$157,143,398	\$163,180,209	\$181,847,949	\$169,352,518
Breakdown by source					
Live Races	\$80,765,076	\$72,812,408	\$74,986,000	\$81,471,551	\$70,820,823
Simulcast Races	\$166,594,814	\$172,686,127	\$168,531,669	\$183,190,552	\$173,563,691
Total Pari-Mutuel Handle	\$247,359,890	\$245,498,535	\$243,517,669	\$264,662,103	\$244,384,514
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$189,919,817	\$189,272,455	\$187,771,621	\$203,192,511	\$186,927,263
State Pari-Mutuel Revenues	\$628,564	\$565,191	\$483,901	\$527,860	\$431,437
<u>Track Mutuel Revenues</u>					
Track Commission	\$49,185,569	\$49,022,251	\$48,956,413	\$52,948,454	\$49,230,357
Capital Improvement Rebate	248,590	79,377	88,296	89,991	100,917
Capital Improvement Non-Taxable	116,933	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	69,660	69,895	87,259	71,464	55,863
Hardship Tax Credit	2,230,937	2,261,865	2,418,044	2,653,989	2,353,026
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,046,447	1,075,131	1,026,349	1,110,798	968,928
Total Track Revenues	\$52,898,136	\$52,508,519	\$52,576,361	\$56,874,696	\$52,709,092
Purses	\$18,842,906	\$18,435,371	\$18,523,133	\$20,107,799	\$18,520,580

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. Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Stewards' rulings issued	410	411	458
Number of incident investigations	100	210	140
Total number of investigations conducted	1,534	1,307	1,519
Percentage of incident investigations resulting in disciplinary action	40%	44%	30%
Percentage of Stewards' rulings upheld on appeal to the Director	100%	99%	96%
Percentage of total investigations resulting in disciplinary action	15%	36%	22%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. A background investigation is conducted for each license applicant who submits fingerprints as required by Department policy. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of licenses issued	3,941	2,229	2,817
Number of licenses denied	4	9	11
Number of background/license investigations conducted	1,434	1,097	1,379
Percentage of background/license investigations resulting in disciplinary action	9%	24%	14%
Percentage of license denials upheld on appeal	100%	99%	99%

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of registered breeders	2,491	3,279	3,380
Percentage of registered breeders winning awards	5%	8%	3.5%
Number of registered horses	5,590	6,034	6,347
Percentage of registered horses winning awards	5%	6.5%	3.9%
Quarter Horse Breeders' Awards	\$38,691	\$34,585	\$82,260
Thoroughbred Breeders' Awards	\$418,126	\$434,823	\$683,863
Stallion Awards	\$39,991	\$37,374	\$35,388

Racehorse Adoption

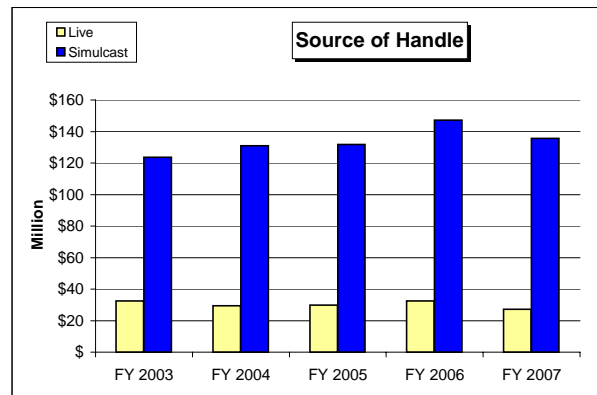
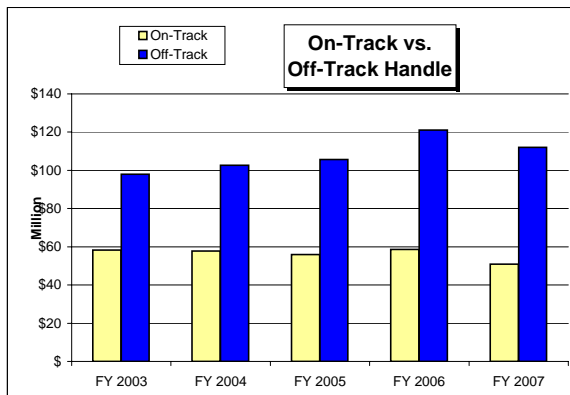
The Department provides grants to non-profit organizations to promote the adoption of retired racehorses in Arizona. The funds for this program are generated from a surcharge against all civil penalties assessed in connection with horseracing in Arizona. The program went into effect in 2005 and the first award was made in 2006.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of grants awarded	0	1	1
Amount of grants awarded	\$0	\$2,500	\$1,890

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Race Days/Performances (including 3 charity days)					
Live Race Days	211	208	201	207	185
Dark Day-Simulcast Only	236	232	242	239	252
Total Race Days	447	440	443	446	437
Total Live Performances	211	208	201	207	185
Number of Races					
Live Races	2,079	1,866	1,872	1,875	1,674
Simulcast Races	37,039	44,178	46,735	47,514	48,881
Total Number of Races	39,118	46,044	48,607	49,389	50,555
Attendance					
On-Track	406,922	415,823	380,465	432,654	328,492
Off-Track	511,907	543,899	581,299	683,821	592,070
Total Attendance	918,829	959,722	961,764	1,116,475	920,562
Pari-Mutuel Handle					
Average Handle per Race Day	\$349,557	\$364,636	\$364,857	\$402,987	\$372,843
Breakdown by location					
On-Track Handle	\$58,231,225	\$57,798,008	\$55,917,152	\$58,639,790	\$50,914,112
Off-Track Handle	\$98,020,838	\$102,641,830	\$105,714,653	\$121,092,552	\$112,018,399
Breakdown by source					
Live Races	\$32,550,698	\$29,381,769	\$29,905,601	\$32,503,981	\$27,254,506
Simulcast Races	\$123,701,365	\$131,058,069	\$131,726,204	\$147,228,362	\$135,678,005
Total Pari-Mutuel Handle	\$156,252,063	\$160,439,838	\$161,631,805	\$179,732,342	\$162,932,511
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$120,365,579	\$124,211,953	\$125,373,998	\$138,105,510	\$124,571,918
State Pari-Mutuel Revenues	\$528,708	\$480,282	\$483,901	\$527,860	\$431,437
Track Mutuel Revenues					
Track Commission	\$30,943,734	\$31,866,767	\$32,537,928	\$36,050,363	\$32,688,941
Capital Improvement Rebate	93,873	79,377	88,296	89,991	100,917
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	12,935	11,869	10,949	15,413	12,743
Hardship Tax Credit	15,498	16,114	14,932	16,825	0
Breakage	780,344	828,287	796,754	889,107	768,659
Total Track Revenues	\$31,846,384	\$32,802,413	\$33,448,859	\$37,061,698	\$33,571,259
Purses	\$14,090,151	\$13,954,044	\$14,130,954	\$15,515,306	\$14,260,653

Racetrack Trends at a Glance



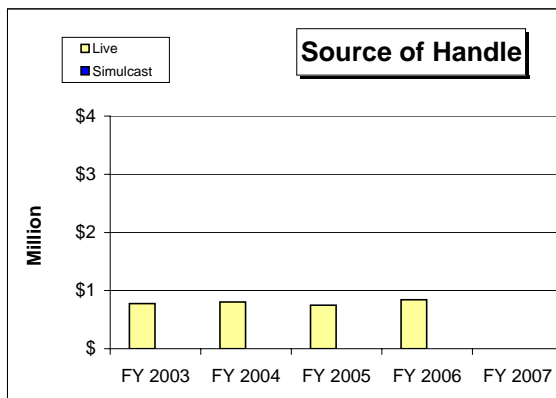
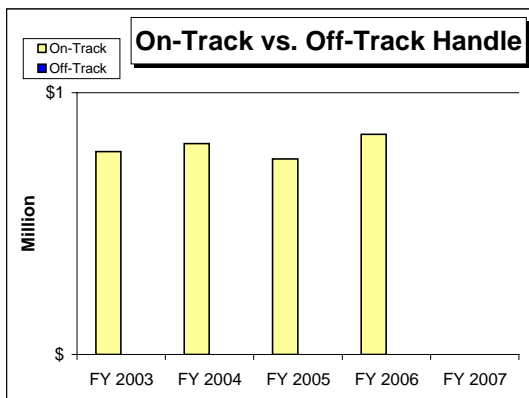
4502 North First Avenue
Tucson, Arizona 85728

RILLITO PARK
Pima County Fair Horse Racing Commission

FY 2007 Racing Dates:
None (see county fairs)

<u>RACING STATISTICS</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>Race Days/Performances</u>					
Live Race Days	10	9	9	9	0
Dark Day-Simulcast Only	0	0	0	0	0
Total Race Days	10	9	9	9	0
Total Live Performances	10	9	9	9	0
<u>Number of Races</u>					
Live Races	91	84	86	83	0
Simulcast Races	0	0	0	0	0
Total Number of Races	91	84	86	83	0
<u>Attendance</u>					
On-Track	23,453	24,569	36,238	40,705	0
Off-Track	0	0	0	0	0
Total Attendance	23,453	24,569	36,238	40,705	0
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$77,492	\$89,521	\$82,955	\$93,470	\$0
Breakdown by location					
On-Track Handle	\$774,915	\$805,693	\$746,592	\$841,230	\$0
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$774,915	\$805,693	\$746,592	\$841,230	\$0
Simulcast Races	0	0	0	0	0
Total Pari-Mutuel Handle	\$774,915	\$805,693	\$746,592	\$841,230	\$0
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$597,804	\$621,883	\$575,682	\$643,248	\$0
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$155,644	\$161,251	\$150,150	\$175,287	\$0
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	15,498	16,114	14,932	16,825	0
Breakage	5,969	6,445	5,828	5,871	0
Total Track Revenues	\$177,111	\$183,810	\$170,910	\$197,982	\$0
Purses	\$173,139	\$165,283	\$205,624	\$189,054	\$0

Racetrack Trends at a Glance



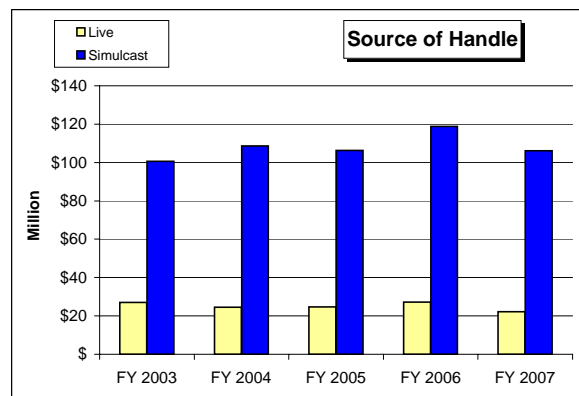
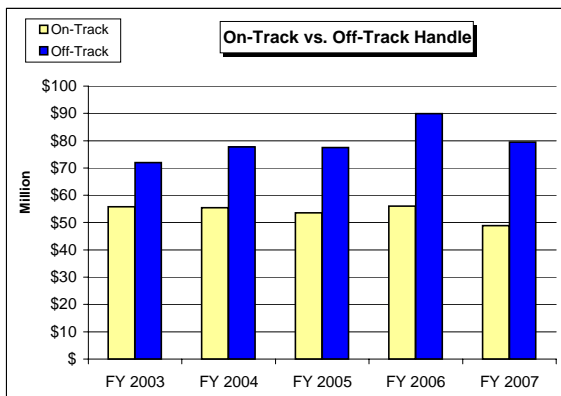
1501 West Bell Road
Phoenix, Arizona 85023

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

FY 2007 Racing Dates:
July 1, 2006-June 30, 2007

<u>RACING STATISTICS</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>Race Days/Performances</u> (including 3 charity days)					
Live Race Days	152	154	144	151	133
Dark Day-Simulcast Only	196	194	202	197	211
Total Race Days	348	348	346	348	344
Total Live Performances	152	154	144	151	133
<u>Number of Races</u>					
Live Races	1,551	1,388	1,356	1,375	1,205
Simulcast Races	33,329	40,325	42,852	43,371	44,605
Total Number of Races	34,880	41,713	44,208	44,746	45,810
<u>Attendance</u>					
On-Track	314,606	324,061	301,100	331,511	282,764
Off-Track	374,886	408,908	407,370	473,525	420,788
Total Attendance	689,492	732,969	708,470	805,036	703,552
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$366,991	\$382,892	\$378,807	\$419,562	\$373,056
Breakdown by location					
On-Track Handle	\$55,788,355	\$55,502,312	\$53,625,809	\$56,037,345	\$48,856,296
Off-Track Handle	\$71,924,499	\$77,744,086	\$77,441,273	\$89,970,068	\$79,475,014
Breakdown by source					
Live Races	\$27,082,151	\$24,607,228	\$24,744,198	\$27,163,223	\$22,208,647
Simulcast Races	100,630,703	108,639,170	106,322,884	118,844,190	106,122,663
Total Pari-Mutuel Handle	\$127,712,854	\$133,246,398	\$131,067,082	\$146,007,413	\$128,331,310
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$98,413,195	\$103,130,018	\$101,896,223	\$112,372,468	\$98,117,698
<u>State Pari-Mutuel Revenues</u>	\$528,708	\$480,282	\$483,901	\$527,860	\$431,437
<u>Track Mutuel Revenues</u>					
Track Commission	\$25,275,721	\$26,422,880	\$26,370,398	\$29,267,373	\$25,747,068
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	12,935	11,869	10,949	15,413	12,743
Hardship Tax Credit	0	0	0	0	0
Breakage	632,473	692,750	645,789	721,384	600,244
Total Track Revenues	\$25,921,129	\$27,127,499	\$27,027,136	\$30,004,169	\$26,360,055
<u>Purses</u>	\$11,878,800	\$11,834,760	\$11,690,443	\$12,841,141	\$11,532,280

Racetrack Trends at a Glance

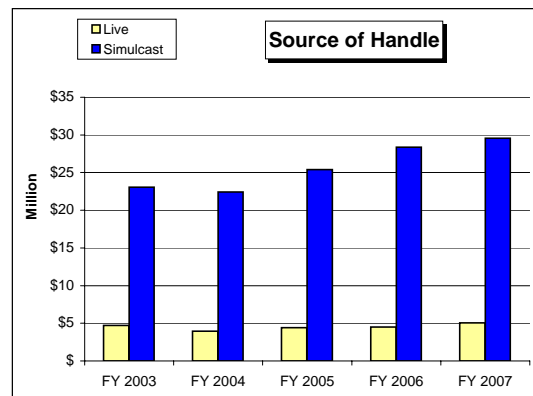
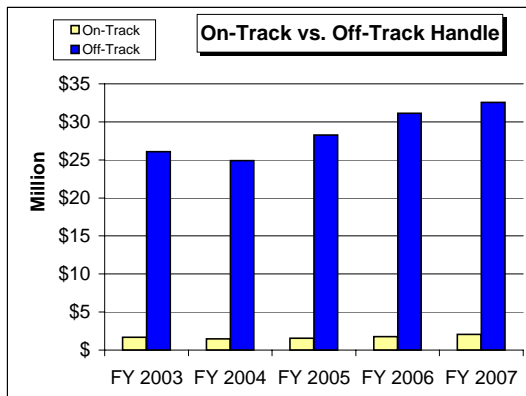


YAVAPAI DOWNS
 Yavapai County Fair Association

FY 2007 Racing Dates:
 July 6, 2006 - September 1, 2006
 May 26, 2007 - June 29, 2007

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<u>Race Days/Performances</u>					
Live Race Days	49	45	48	47	52
Dark Day-Simulcast Only	40	38	40	42	41
Total Race Days	89	83	88	89	93
Total Live Performances	49	45	48	47	52
<u>Number of Races</u>					
Live Races	437	394	430	417	469
Simulcast Races	3,710	3,853	3,883	4,143	4,276
Total Number of Races	4,147	4,247	4,313	4,560	4,745
<u>Attendance</u>					
On-Track	68,863	67,193	43,127	60,438	45,728
Off-Track	137,021	134,991	173,929	210,296	171,282
Total Attendance	205,884	202,184	217,056	270,734	217,010
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$311,958	\$317,925	\$338,842	\$369,480	\$372,056
Breakdown by location					
On-Track Handle	\$1,667,955	\$1,490,003	1,544,751	1,761,215	2,057,817
Off-Track Handle	\$26,096,339	\$24,897,744	28,273,380	31,122,484	32,543,385
Breakdown by source					
Live Races	\$4,693,632	\$3,968,848	4,414,811	4,499,528	5,045,859
Simulcast Races	23,070,662	22,418,899	25,403,320	28,384,172	29,555,342
Total Pari-Mutuel Handle	\$27,764,294	\$26,387,747	\$29,818,131	\$32,883,699	\$34,601,201
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$21,354,580	\$20,460,052	\$22,902,092	\$25,089,795	\$26,454,220
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,512,369	\$5,282,636	\$6,017,380	\$6,607,704	\$6,941,873
Capital Improvement Rebate	93,873	79,377	88,296	89,991	100,917
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	141,902	129,092	145,136	161,852	168,414
Total Track Revenues	\$5,748,144	\$5,491,104	\$6,250,812	\$6,859,546	\$7,211,204
Purses	\$2,038,212	\$1,954,001	\$2,234,887	\$2,485,110	\$2,728,373

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. County fairs are currently in the midst of three-year county fair racing permits issued for fiscal years 2006, 2007 and 2008.

In FY 2007, a total of \$1.41 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, authorized for the administration of county fair racing, is generated by 9% of all pari-mutuel receipts, license fees, and State unclaimed property up to \$450,000 annually. In FY 2007, this fund received \$450,000, but only \$300,000 was appropriated for operating and regulatory expenses. In FY 2007, the Department spent \$299,700 for this program.

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 \$1.2 million annually. In FY 2007, this fund received \$1.2 million, and \$1.11 million was distributed.

Seven of the ten counties conducting a meet in FY 2007 received \$55,000 each to subsidize purses; the remaining counties received \$46,800, each. Five counties conducted their meets at commercial tracks and did not receive funding for this purpose.

Ten counties received either \$23,050, \$35,825, \$69,300, or \$70,100 each in Betterment Grants last year. These funds were used for personnel, maintenance, security, emergency medical services, capital improvements to racing facilities, and other operating expenses. Counties that began their meet after January 1, 2007 received a significant increase in betterment monies because of legislative changes to the revenue caps that became effective on January 1, 2007. The five counties that conducted their racing at commercial sites were not entitled to the funds.

County Fair Racing

Betterment Payments to Counties

County	Purses	Betterment	Total
Apache County	\$46,800	\$35,825	\$82,625
Cochise County	55,000	70,100	125,100
Coconino County	55,000	69,300	124,300
Gila County	46,800	35,825	82,625
Graham County	55,000	70,100	125,100
Greenlee County	55,000	70,100	125,100
La Paz County	0	0	0
Maricopa County	0	0	0
Mohave County	55,000	70,100	125,100
Navajo County	0	0	0
Pima County	55,000	69,300	124,300
Pinal County	0	0	0
Santa Cruz County	55,000	70,100	125,100
Yavapai County	46,800	23,050	69,850
Yuma County	0	0	0
	\$525,400	\$583,800	\$1,109,200

Investigations

The Department investigates possible violations of racing laws and rules and imposes administrative sanctions on those determined to have committed violations. Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Stewards' rulings issued	41	41	33
Number of incident investigations	25	76	22
Total number of investigations conducted	498	372	355
Percentage of incident investigations resulting in disciplinary action	16%	11%	32%
Percentage of total investigations resulting in disciplinary action	11%	31%	21%
Percentage of Stewards' rulings upheld on appeal to the Director	100%	100%	100%

County Fair Racing

Licensing

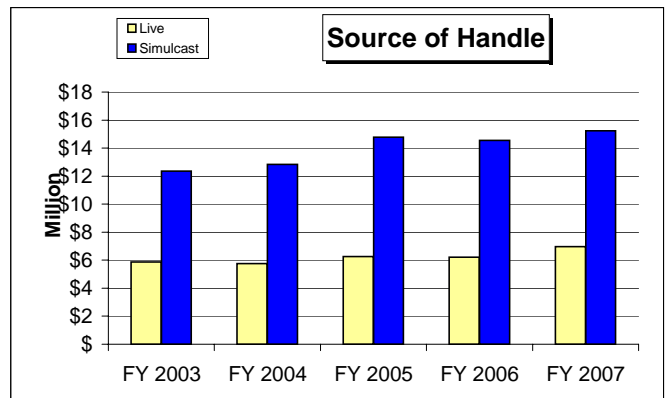
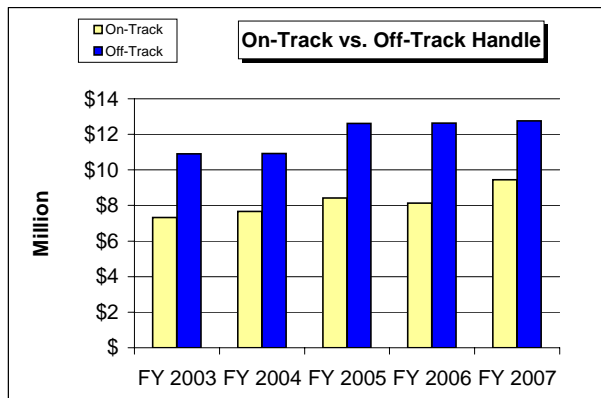
The Department issues licenses to participate in racing to those who are qualified and eligible. A background investigation is conducted for each license applicant who submits fingerprints as required by Department policy. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of licenses issued	715	325	660
Number of licenses denied	1	0	2
Number of background/license investigations conducted	473	296	333
Percentage of background/license investigations resulting in disciplinary action	6%	13%	15%
Percentage of license denials upheld on appeal	100%	100%	100%

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<u>Race Days/Performances</u>					
Live Race Days	60	61	62	59	64
Dark Day-Simulcast Only	2	2	2	3	2
Total Race Days	62	63	64	62	66
Total Live Performances	60	61	62	59	64
<u>Number of Races</u>					
Live Races	506	513	534	519	572
Simulcast Races	2,100	2,848	3,012	2,528	3,549
Total Number of Races	2,606	3,361	3,546	3,047	4,121
<u>Attendance</u>					
On-Track	105,907	127,759	127,942	128,477	153,308
Off-Track	57,999	58,814	70,708	73,621	68,253
Total Attendance	163,906	186,573	198,650	202,098	221,561
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$293,915	\$295,212	\$328,819	\$334,785	\$336,448
Breakdown by location					
On-Track Handle	\$7,315,128	\$7,668,089	\$8,428,760	\$8,130,138	\$9,454,053
Off-Track Handle	\$10,907,595	\$10,930,245	\$12,615,638	\$12,626,535	\$12,751,547
Breakdown by source					
Live Races	\$5,863,752	\$5,760,676	\$6,265,006	\$6,214,883	\$6,959,997
Simulcast Races	12,358,971	12,837,658	14,779,392	14,541,789	15,245,603
Total Pari-Mutuel Handle	\$18,222,723	\$18,598,334	\$21,044,398	\$20,756,673	\$22,205,600
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$14,268,230	\$14,548,440	\$16,572,761	\$15,868,071	\$16,838,949
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$3,585,323	\$3,655,009	\$4,173,837	\$4,103,839	\$4,390,313
Breakage	89,636	99,960	112,998	111,160	116,542
Total Track Revenues	\$3,674,959	\$3,754,969	\$4,286,835	\$4,214,999	\$4,506,854
Purses	\$1,999,776	\$2,062,074	\$2,185,863	\$2,206,532	\$2,612,626

Racetrack Trends at a Glance



County Fair Racing

Schedule and Statistics
FY 2007

	<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 June 30, July 1, 2, 3, 4, 5, 2006	6	36	280	\$2,787,581	\$2,176,292	22,095	\$2,144,024	\$550,729	\$14,560	\$191,626
Apache County Fair at St. Johns September 16, 17, 23, 24, 2006	4	30	0	\$44,445	\$0	1,372	\$34,625	\$8,504	\$427	\$53,841
Gila County Fair at Globe September 30, October 1, 7, 8, 2006	4	32	0	\$76,695	\$0	1,950	\$59,542	\$14,938	\$681	\$60,787
Pima County Fair at Tucson February 10, 11, 17, 18, 24, 25, March 3, 4, 2007	8	78	0	\$915,587	\$0	39,491	\$699,970	\$190,569	\$6,736	\$225,892
Greenlee County Fair at Duncan March 10, 11, 17, 18, 2007	4	36	0	\$104,710	\$0	2,048	\$81,572	\$19,973	\$1,071	\$82,090
Graham County Fair at Safford March 24, 25, 31, April 1, 2007	4	36	0	\$141,509	\$0	5,900	\$109,839	\$27,516	\$1,324	\$69,868
Cochise County Fair at Douglas April 14, 15, 21, 22, 2007	4	38	0	\$119,878	\$0	8,250	\$93,506	\$23,079	\$896	\$234,276
Santa Cruz County Fair at Sonoita April 28, 29, May 5, 6, 2007	4	36	0	\$190,421	\$0	11,200	\$148,284	\$36,780	\$1,548	\$111,219
Mohave County Fair at Kingman May 12, 13, 19, 20, 2007	4	32	0	\$125,293	\$0	3,100	\$97,856	\$23,748	\$1,184	\$82,158
Subtotal - Fairs at Non-Commercial Tracks	42	354	280	\$4,506,119	\$2,176,292	95,406	\$3,469,218	\$895,835	\$28,427	\$1,111,757
Fairs at Commercial Tracks										
Yavapai County Fair at Prescott Valley (Yavapai Downs) September 2, 3, 4, 5, 2006	4	38	157	\$1,741,887	\$1,254,819	12,546	\$1,282,943	\$347,333	\$8,686	\$143,014
Maricopa County Fair at Phoenix (Turf Paradise) January 6, 7, 27, 28, 2007	4	36	553	\$3,185,293	\$2,289,545	25,043	\$2,499,120	\$625,544	\$15,895	\$279,645
La Paz County Fair at Phoenix (Turf Paradise) January 13, 14, 20, 21, 2007	4	36	515	\$2,749,971	\$2,175,488	16,561	\$2,104,313	\$543,291	\$13,306	\$226,458
Pinal County Fair at Phoenix (Turf Paradise) February 10, 11, 17, 18, 2007	4	36	634	\$3,487,452	\$2,509,078	24,080	\$2,598,333	\$683,793	\$18,178	\$303,793
Yuma County Fair at Phoenix (Turf Paradise) March 3, 4, 24, 25, 2007	4	36	729	\$3,372,890	\$2,524,005	27,860	\$2,552,465	\$666,766	\$17,093	\$279,563
Navajo County Fair at Phoenix (Turf Paradise) March 10, 11, 17, 18, 2007	4	36	681	\$3,161,989	\$2,316,376	20,065	\$2,332,557	\$627,751	\$14,956	\$268,396
Subtotal - Fairs at Commercial Tracks	24	218	3,269	\$17,699,481	\$13,069,311	126,155	\$13,369,731	\$3,494,478	\$88,115	\$1,500,869
Total - All County Fair Racing	66	572	3,549	\$22,205,600	\$15,245,603	221,561	\$16,838,949	\$4,390,313	\$116,542	\$2,612,626

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. Investigation 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. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Stewards' rulings issued	106	184	195
Number of incident investigations	61	93	201
Total number of investigations conducted	711	458	575
Percentage of incident investigations resulting in disciplinary action	5%	12%	19%
Percentage of total investigations resulting in disciplinary action	15%	40%	47%
Percentage of Stewards' rulings upheld on appeal to the Director	100%	100%	100%

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible. A background investigation is conducted for each license applicant who submits fingerprints as required by Department policy. Licenses are denied for those who are undesirable or statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of licenses issued	1,420	566	522
Number of licenses denied	2	2	1
Number of background/license investigations conducted	650	365	374
Percentage of background/license investigations resulting in disciplinary action	7%	25%	18%
Percentage of license denials upheld on appeal	100%	100%	100%

Commercial Greyhound Racing

Inspections

The Department inspects greyhound farms, kennels, vehicles that haul greyhounds and other operations after the facilities have satisfied requirements.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of facility licenses issued	36	8	8
Number of inspections conducted at facilities	50	58	87
Percentage of inspections resulting in violations and disciplinary action	6%	4%	1.2%
Number of litter inspections	127	76	104
Number of vehicle inspections	N/A	N/A	45

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Amount of awards	\$379,768	\$298,026	\$455,259
Percentage of breeders winning awards	8%	8%	49%
Number of greyhounds earning awards	689	664	639
Number of registered greyhounds	8,707	9,439	9,909

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 2007, the fund received \$200.

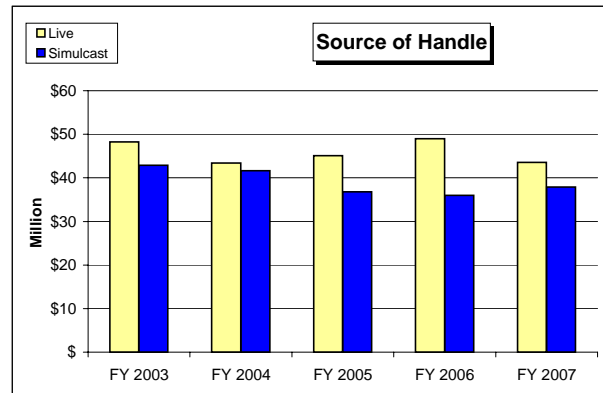
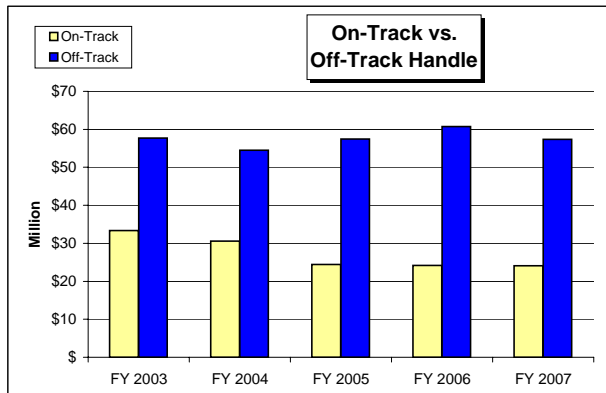
<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of grants awarded	2	2	0
Amount of grants awarded	\$3,143	\$1,534	\$0

COMMERCIAL GREYHOUND TRACKS

Apache Greyhound, Phoenix Greyhound,
Tucson Greyhound

RACING STATISTICS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<u>Race Days/Performances (including 9 charity days)</u>					
Live Race Days	710	719	634	667	660
Dark Day-Simulcast only	373	371	453	420	427
Total Race Days	1,083	1,090	1,087	1,087	1,087
Total Live Performances (Matinee & Evening)	739	719	634	667	660
<u>Number of Races</u>					
Live Races	10,949	10,492	9,372	10,119	9,545
Simulcast Races	190,889	218,222	213,839	212,233	232,167
Total Number of Races	201,838	228,714	223,211	222,352	241,712
<u>Attendance</u>					
On-Track	330,645	309,405	260,175	258,294	242,079
Off-Track	268,404	245,444	252,995	265,181	226,755
Total Attendance	599,049	554,849	513,170	523,475	468,834
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$84,125	\$78,036	\$75,332	\$78,132	\$74,933
Breakdown by location					
On-Track Handle	\$33,378,823	\$30,557,129	\$24,420,309	\$24,174,364	\$24,117,884
Off-Track Handle	\$57,729,004	\$54,501,568	\$57,465,556	\$60,755,397	\$57,334,119
Breakdown by source					
Live Races	\$48,214,378	\$43,430,639	\$45,080,399	\$48,967,570	\$43,566,317
Simulcast Races	\$42,893,449	\$41,628,058	\$36,805,465	\$35,962,191	\$37,885,687
Total Pari-Mutuel Handle	\$91,107,827	\$85,058,697	\$81,885,864	\$84,929,761	\$81,452,003
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$69,554,238	\$65,060,502	\$62,397,624	\$65,087,000	\$62,355,345
State Pari-Mutuel Revenues	\$99,856	\$84,909	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$18,241,835	\$17,155,485	\$16,418,485	\$16,898,092	\$16,541,416
Capital Improvement Rebate	154,717	0	0	0	0
Capital Improvement Non-Taxable	116,933	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	56,725	58,026	76,310	56,052	43,121
Hardship Tax Credit	2,215,439	2,245,751	2,403,112	2,637,164	2,353,026
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	266,103	246,844	229,595	221,691	200,269
Total Track Revenues	\$21,051,752	\$19,706,106	\$19,127,502	\$19,812,998	\$19,137,832
Purses	\$4,752,755	\$4,481,327	\$4,392,179	\$4,592,493	\$4,259,927

Racetrack Trends at a Glance



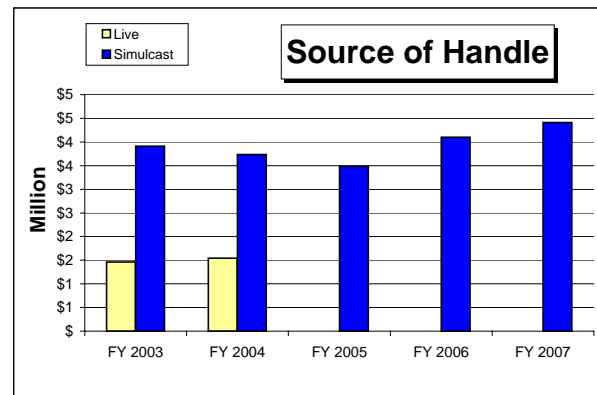
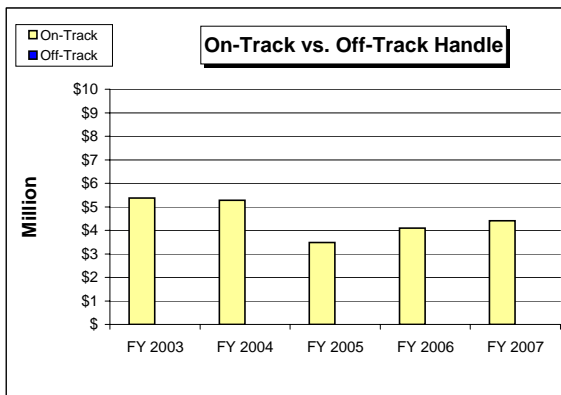
2551 West Apache Trail
 Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2007 Racing Dates:
 July 1, 2006-June 30, 2007

<u>RACING STATISTICS</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>Race Days/Performances</u>					
Live Race Days	52	56	0	0	0
Dark Day-Simulcast only	310	308	362	362	362
Total Race Days	362	364	362	362	362
Total Live Performances (Matinee & Evening)	52	56	0	0	0
<u>Number of Races</u>					
Live Races	774	834	0	0	0
Simulcast Races	59,484	60,250	60,270	64,529	72,968
Total Number of Races	60,258	61,084	60,270	64,529	72,968
<u>Attendance</u>					
On-Track	127,819	126,750	81,353	82,160	79,200
Off-Track	0	0	0	0	0
Total Attendance	127,819	126,750	81,353	82,160	79,200
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$14,846	\$14,511	\$9,629	\$11,329	\$12,191
Breakdown by location					
On-Track Handle	\$5,374,389	\$5,281,988	\$3,485,747	\$4,101,136	\$4,413,071
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$1,461,493	\$1,544,305	\$0	\$0	\$0
Simulcast Races	3,912,896	3,737,683	\$3,485,747	\$4,101,136	\$4,413,071
Total Pari-Mutuel Handle	\$5,374,389	\$5,281,988	\$3,485,747	\$4,101,136	\$4,413,071
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$4,092,042	\$4,103,541	\$2,670,590	\$3,223,463	\$3,441,643
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,135,328	\$1,103,296	\$813,942	\$942,979	\$1,032,928
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	27,383	0	0	0	0
Capital Improvement AGP Non-Taxable	(27,383)	0	0	0	0
Charity Days-Revenues Withheld	4,710	4,418	0	0	0
Hardship Tax Credit	75,362	80,519	0	0	0
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	17,158	18,363	8,938	8,810	9,110
Total Track Revenues	\$1,232,558	\$1,206,597	\$822,880	\$951,789	\$1,042,037
Purses	\$278,658	\$255,152	\$160,366	\$187,587	\$201,092

Racetrack Trends at a Glance



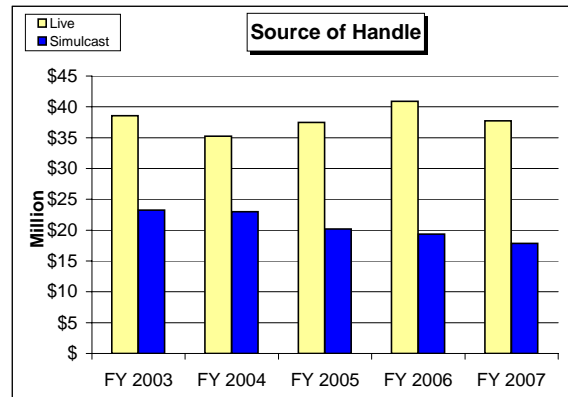
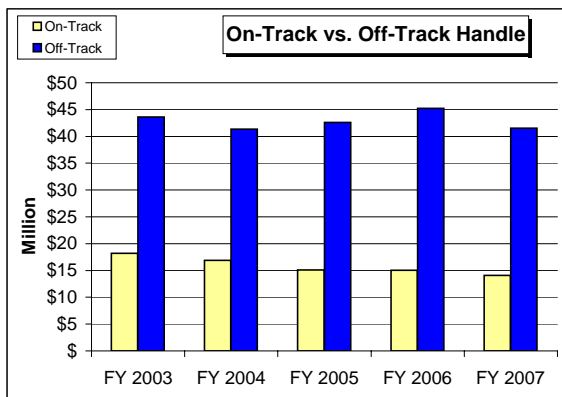
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2007 Racing Dates:
July 1, 2006-June 30, 2007

<u>RACING STATISTICS</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>Race Days/Performances (including 9 charity day)</u>					
Live Race Days	349	352	352	362	362
Dark Day-Simulcast only	10	11	10	0	0
Total Race Days	359	363	362	362	362
Total Live Performances (Matinee & Evening)	378	352	352	362	362
<u>Number of Races</u>					
Live Races	5,486	5,169	5,387	5,770	5,733
Simulcast Races	57,608	74,579	67,266	63,841	70,123
Total Number of Races	63,094	79,748	72,653	69,611	75,856
<u>Attendance</u>					
On-Track	148,984	133,309	127,079	123,617	122,821
Off-Track	183,820	165,126	165,341	171,657	150,734
Total Attendance	332,804	298,435	292,420	295,274	273,555
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$172,202	\$160,503	\$159,323	\$166,511	\$153,588
Breakdown by location					
On-Track Handle	\$18,182,026	\$16,906,712	\$15,080,705	\$15,043,286	\$14,071,955
Off-Track Handle	\$43,638,503	\$41,355,918	\$42,594,136	\$45,233,757	\$41,526,811
Breakdown by source					
Live Races	\$38,568,181	\$35,263,900	\$37,464,322	\$40,908,294	\$37,733,613
Simulcast Races	23,252,348	22,998,730	20,210,518	19,368,749	17,865,152
Total Pari-Mutuel Handle	\$61,820,529	\$58,262,630	\$57,674,840	\$60,277,043	\$55,598,765
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$46,744,353	\$44,174,254	\$43,953,881	\$45,922,489	\$42,367,781
State Pari-Mutuel Revenues	\$99,856	\$84,909	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$11,967,747	\$11,362,412	\$11,130,623	\$11,577,368	\$10,757,869
Capital Improvement Rebate	154,717	0	0	0	0
Capital Improvement Non-Taxable	89,550	0	0	0	0
Capital Improvement AGP Non-Taxable	27,383	0	0	0	0
Charity Days-Revenues Withheld	52,015	53,609	76,310	56,052	43,121
Hardship Tax Credit	1,689,918	1,800,998	1,984,228	2,193,905	2,032,228
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	187,772	175,420	170,544	163,624	143,872
Total Track Revenues	\$14,169,102	\$13,392,439	\$13,361,706	\$13,990,948	\$12,977,090
Purses	\$3,317,197	\$3,188,597	\$3,189,057	\$3,352,976	\$3,095,274

Racetrack Trends at a Glance



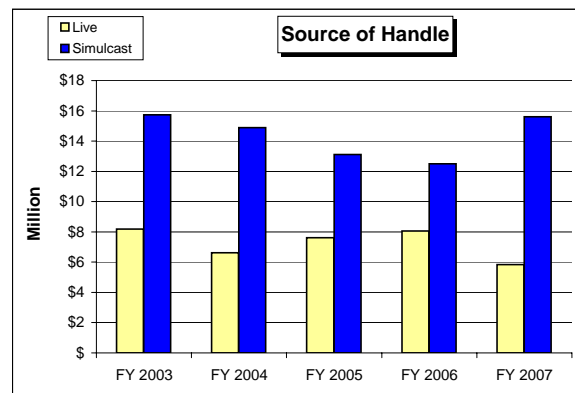
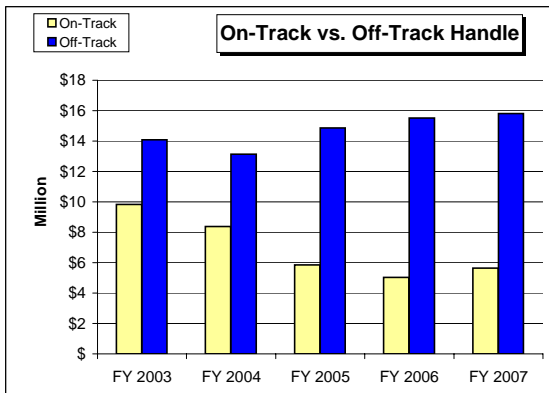
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2007 Racing Dates:
July 1, 2006-June 30, 2007

<u>RACING STATISTICS</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>Race Days/Performances</u>					
Live Race Days	309	311	282	305	298
Dark Day-Simulcast only	53	52	81	58	65
Total Race Days	362	363	363	363	363
Total Live Performances (Matinee & Evening)	309	311	282	305	298
<u>Number of Races</u>					
Live Races	4,689	4,489	3,985	4,349	3,812
Simulcast Races	73,797	83,393	86,303	83,863	89,076
Total Number of Races	78,486	87,882	90,288	88,212	92,888
<u>Attendance</u>					
On-Track	53,842	49,346	51,743	52,517	40,058
Off-Track	84,584	80,318	87,654	93,524	76,021
Total Attendance	138,426	129,664	139,397	146,041	116,079
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$66,058	\$59,267	\$57,094	\$56,616	\$59,064
Breakdown by location					
On-Track Handle	\$9,822,408	\$8,368,429	\$5,853,857	\$5,029,942	\$5,632,858
Off-Track Handle	\$14,090,501	\$13,145,650	\$14,871,420	\$15,521,640	\$15,807,308
Breakdown by source					
Live Races	\$8,184,704	\$6,622,434	\$7,616,077	\$8,059,276	\$5,832,704
Simulcast Races	15,728,205	14,891,645	13,109,200	12,492,307	15,607,463
Total Pari-Mutuel Handle	\$23,912,909	\$21,514,079	\$20,725,277	\$20,551,582	\$21,440,167
Returned to Wagering Public	\$18,717,843	\$16,782,707	\$15,773,153	\$15,941,049	\$16,545,921
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,138,760	\$4,689,776	\$4,473,920	\$4,377,744	\$4,750,619
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	450,159	364,234	418,883	443,259	320,798
Breakage	61,173	53,061	50,114	49,257	47,288
Total Track Revenues	\$5,650,092	\$5,107,071	\$4,942,917	\$4,870,261	\$5,118,705
Purses	\$1,156,900	\$1,037,578	\$1,042,756	\$1,051,930	\$963,561

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), Turf Paradise, Yavapai County Fair Association (Yavapai Downs), Phoenix Greyhound Park, and Tucson Greyhound Park each held teletracking permits approved by the Arizona Racing Commission to operate off-track wagering sites in FY 2007. A total of 83 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 \$182.1 million. This included \$124.9 million for horse racing and \$57.3 million for greyhound racing. The State of Arizona received \$203,221 in revenue from the teletracking handle, all of which was generated from the Turf Paradise handle at off-track sites.

The handle at teletracking facilities declined 6.5% during FY 2007 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 2006</u>	<u>FY 2007</u>
Turf Paradise	\$89,970,048	\$79,467,200
Phoenix Greyhound Park	45,152,079	41,525,858
Yavapai Downs	31,147,803	32,543,425
Tucson Greyhound Park	15,734,151	15,793,792
Turf Paradise (Fair Meets)	7,789,048	8,866,302
Yavapai Downs (Fair Meets)	2,942,721	1,542,698
Fort Tuthill Downs (Fair Meet)	2,074,058	2,440,143
Rillito Park*	0	0
TOTAL	\$194,809,908	\$182,179,418

* No teletracking since FY 2000.

TELETRACKING ACTIVITY - COMMERCIAL HORSE MEETS

City	Site	YAVAPAI DOWNS			TURF PARADISE		
		Handle	Revenue	Performances	Handle	Revenue	Performances
AHWATUKEE	PAYTON'S PLACE / BLEACHER'S	\$550,795	-	93	\$1,346,829	\$3,445	241
APACHE JUNCTION	APACHE GREYHOUND PARK	890,483	-	93	2,582,012	6,605	239
APACHE JUNCTION	ARIZONA JOE'S	301,563	-	93	970,447	2,482	240
BENSON	BIG BOY'S ARENA GRILL	54,548	-	35	394,051	1,008	88
BUCKEYE	WADDEL'S CORRAL	82,050	-	92	252,457	646	238
CASA GRANDE	MCMASHER'S SPORTS BAR	379,991	-	93	1,179,748	3,018	238
CAVE CREEK	HAROLD'S RESTAURANT	344,782	-	93	1,094,732	2,800	239
CHANDLER	DIRTY DRUMMER	1,671,083	-	93	4,350,780	11,129	240
CHANDLER	STADIUM CLUB	1,194,700	-	93	3,256,442	8,330	240
COTTONWOOD	ZOOMER'S SPORTS BAR	188,389	-	93	601,804	1,539	233
FLAGSTAFF	MUSEUM CLUB	413,964	-	93	813,519	2,081	237
GLENDALE	MAX'S SPORTS BAR	1,186,031	-	93	3,264,494	8,350	239
GOODYEAR	ROMAN'S OASIS	245,161	-	91	622,502	1,592	240
GREEN VALLEY	GREEN VALLEY LANES	24,196	-	33	-	-	-
KINGMAN	CERBAT HILLS	274,222	-	93	662,187	1,694	239
LAKE HAVASU CITY	GALLAGHER'S AGAIN	358,011	-	93	964,189	2,466	241
MARANA	OLD FATHER INN	335,100	-	93	-	-	-
NEW RIVER	GAVILAN PEAK	302,452	-	81	928,593	2,375	234
PARKER	JULIO'S	89,068	-	62	218,926	560	149
PAYSON	FAMOUS SAM'S	120,148	-	93	296,399	758	241
PEORIA	GALLAGHER'S	354,313	-	93	855,585	2,189	241
PEORIA	GRAND INN / RAMADA INN	732,599	-	93	1,919,125	4,909	240
PEORIA	MC DUFFY'S SPORTS BAR	671,215	-	92	2,082,965	5,328	240
PHOENIX	1800'S SALOON	173,718	-	93	410,604	1,050	237
PHOENIX	AMERICAN LEGION #7	751,162	-	92	2,053,063	5,252	239
PHOENIX	AMF CHRISTOWN LANES	590,494	-	93	1,482,664	3,793	239
PHOENIX	ARMADILLO GRILL	1,118,280	-	93	2,993,285	7,657	239
PHOENIX	BIG DADDY'S	167,029	-	93	438,836	1,123	240
PHOENIX	BRENNAN'S	1,671,320	-	93	6,493,779	16,611	239
PHOENIX	CROSSROADS	415,586	-	93	911,376	2,331	241
PHOENIX	DRAW 10	158,177	-	92	553,280	1,415	239
PHOENIX	FINAL SCORE SPORTS GRILL	346,146	-	93	694,311	1,776	241
PHOENIX	GALLAGHER'S / CHEERLEADER'S	176,116	-	88	897,990	2,297	240
PHOENIX	GALLAGHER'S - 16TH STREET	713,870	-	93	2,027,532	5,186	239
PHOENIX	HAM'S RESTAURANT	611,308	-	90	1,874,792	4,796	238
PHOENIX	METRO SPORTS BAR	248,478	-	93	760,244	1,945	241
PHOENIX	NORTH STAR RESTAURANT	715,250	-	93	1,872,234	4,789	241
PHOENIX	PADRE MURPHY'S	1,854,724	-	93	5,162,840	13,206	241
PHOENIX	ROMAN'S COUNTY LINE	603,145	-	93	1,846,051	4,722	240
PHOENIX	UNO MAS BAR & GRILL	-	-	-	200,325	512	184
PHOENIX	TURF PARADISE	495,794	-	54	-	-	-
PRESCOTT	MATT'S SALOON	391,034	-	93	1,117,107	2,857	239
PRESCOTT VALLEY	ANTELOPE LANES	312,890	-	93	1,078,519	2,759	240
PRESCOTT VALLEY	YAVAPAI DOWNS	-	-	-	574,147	1,469	226
QUARTZSITE	QUARTZSITE YACHT CLUB	72,322	-	62	370,804	948	217
ROCK SPRINGS	ROCK SPRINGS CAFE	120,867	-	85	287,692	736	202
SAFFORD	CHALO'S LA CASA REYNOSO	228,039	-	90	598,420	1,531	238
SCOTTSDALE	CASINO ARIZONA	771,556	-	58	-	-	-
SCOTTSDALE	UPPER DECK SPORTS GRILL	346,603	-	35	206,686	529	20
SEDONA	LOS ABRIGADOS RESORT	38,877	-	35	106,831	273	89
SHOW LOW	RT'S BLACK BULL	419,187	-	92	446,561	1,142	238
SIERRA VISTA	P.C.'S LOUNGE	432,545	-	93	1,220,945	3,123	241
SURPRISE	COYOTE ALLEY	249,112	-	93	758,004	1,939	240
SURPRISE	RUNNER'S SPORTS BAR	486,384	-	93	1,349,398	3,452	241
TEMPE	BOSTON'S GRILLE	441,712	-	93	1,816,110	4,645	241
TEMPE	DERBY GRILL	326,147	-	58	90,459	231	17
TEMPE	HORSE & HOUND-OFF BROADWAY	1,103,142	-	93	3,070,835	7,855	240
TEMPE	SIX SHOOTER'S	190,429	-	35	789,369	2,019	155
TEMPE	SKIP & JAN'S	603,225	-	58	2,409,492	6,163	212
TEMPE	STRAY CAT	433,230	-	93	944,193	2,415	239
TUCSON	AIRPORT INN	101,667	-	93	-	-	-
TUCSON	ARIZONA ALE HOUSE	137,843	-	58	-	-	-
TUCSON	FAMOUS SAM'S-EAST	155,197	-	93	-	-	-
TUCSON	FAMOUS SAM'S-CENTRAL	208,899	-	93	-	-	-
TUCSON	FAMOUS SAM'S-SOUTH	92,960	-	92	-	-	-
TUCSON	GOLDEN PIN LANES	593,378	-	93	-	-	-
TUCSON	JEFF'S PUB	440,417	-	93	-	-	-
TUCSON	PUTNEY'S SPORTS BAR	67,171	-	35	-	-	-
TUCSON	RILLITO PARK	-	-	-	-	-	-
TUCSON	TOUCHDOWN'S	581,724	-	93	-	-	-
TUCSON	TUCSON GREYHOUND PARK	807,171	-	93	-	-	-
WICKENBERG	MECCA RESTAURANT	103,915	-	67	297,075	760	164
YUMA	FAMOUS SAM'S	466,335	-	58	1,008,863	2,581	104
YUMA	RON'S PLACE	243,986	-	35	1,574,962	4,029	133
Sub-Total		\$32,543,425	-	5,854	\$79,447,464	\$203,221	12,731
County Fairs							
ST. JOHNS	APACHE COUNTY FAIR	-	-	-	6,434	-	4
SONOITA	SANTA CRUZ COUNTY FAIR	-	-	-	13,302	-	2
Sub-Total		-	-	-	19,736	-	6
TOTAL		\$32,543,425	-	5,854	\$79,467,200	\$203,221	12,737

TELETRACKING ACTIVITY - COUNTY FAIR MEETS

		<u>FORT TUTHILL DOWNS</u>		<u>YAVAPAI DOWNS</u>		<u>TURF PARADISE</u>	
		(Coconino)		(Yavapai)		(La Paz, Maricopa, Navajo, Pinal, and Yuma)	
City	Site	Handle	Performances	Handle	Performances	Handle	Performances
AHWATUKEE	PAYTON'S PLACE / BLEACHER'S	\$44,107	6	\$19,102	4	\$151,772	20
APACHE JUNCTION	APACHE GREYHOUND PARK	60,728	6	52,675	4	324,929	20
APACHE JUNCTION	ARIZONA JOE'S	16,406	6	14,648	4	97,045	20
BENSON	BIG BOY'S ARENA GRILL	2,328	1	-	-	49,874	10
BUCKEYE	WADDEL'S CORRAL	6,602	6	5,072	4	31,227	20
CASA GRANDE	MCMASHER'S SPORTS BAR	27,025	6	9,598	4	127,552	20
CAVE CREEK	HAROLD'S RESTAURANT	29,262	6	12,108	4	167,384	20
CHANDLER	DIRTY DRUMMER	138,424	6	79,122	4	575,358	20
CHANDLER	STADIUM CLUB	90,064	6	50,272	4	360,188	20
COTTONWOOD	ZOOMER'S SPORTS BAR	13,599	6	6,912	4	83,095	19
FLAGSTAFF	MUSEUM CLUB	26,487	6	17,552	4	98,121	20
GLENDALE	MAX'S SPORTS BAR	82,953	6	71,298	4	393,155	20
GOODYEAR	ROMAN'S OASIS	18,907	6	14,218	4	91,787	20
GREEN VALLEY	GREEN VALLEY LANES	825	1	-	-	-	-
KINGMAN	CERBAT HILLS	23,213	6	12,469	4	67,908	20
LAKE HAVASU CITY	GALLAGHER'S AGAIN	37,749	6	13,327	4	127,698	20
MARANA	OLD FATHER INN	67,724	6	18,745	4	-	-
NEW RIVER	GAVILAN PEAK	25,294	6	15,076	4	98,474	20
PARKER	JULIO'S	9,719	4	5,361	3	45,249	20
PAYSON	FAMOUS SAM'S	12,753	6	12,094	4	35,269	20
PEORIA	GALLAGHER'S	22,721	6	13,242	4	116,615	20
PEORIA	GRAND INN / RAMADA INN	49,658	6	28,890	4	183,830	20
PEORIA	MCDUFFY'S SPORTS BAR	45,644	6	35,591	4	211,663	20
PHOENIX	1800'S SALOON	15,086	6	3,337	4	32,073	20
PHOENIX	AMERICAN LEGION #7	71,637	6	34,758	4	247,272	20
PHOENIX	AMF CHRISTOWN LANES	38,727	6	37,854	4	159,305	20
PHOENIX	ARMADILLO GRILL	86,685	6	68,136	4	321,031	20
PHOENIX	BIG DADDY'S	7,808	5	4,127	4	45,648	20
PHOENIX	BRENNAN'S	83,258	5	75,922	4	699,479	20
PHOENIX	CROSSROADS	25,176	6	11,921	4	87,258	20
PHOENIX	DRAW 10	5,790	5	5,612	3	42,509	20
PHOENIX	FINAL SCORE SPORTS GRILL	24,750	6	7,731	4	93,799	20
PHOENIX	GALLAGHER'S / CHEERLEADER'S	4,345	1	3,867	4	80,059	20
PHOENIX	GALLAGHER'S - 16TH STREET	54,010	6	36,712	4	200,767	20
PHOENIX	HAM'S RESTAURANT	32,561	6	16,074	3	149,836	20
PHOENIX	METRO SPORTS BAR	11,020	6	13,735	4	52,866	20
PHOENIX	NORTH STAR RESTAURANT	52,060	6	31,673	4	188,827	20
PHOENIX	PADRE MURPHY'S	124,580	6	89,415	4	528,670	20
PHOENIX	ROMAN'S COUNTY LINE	62,411	6	23,956	4	189,006	20
PHOENIX	UNO MAS BAR & GRILL	-	-	-	-	18,903	20
PHOENIX	TURF PARADISE	34,497	5	44,432	4	-	-
PRESCOTT	MATT'S SALOON	30,538	6	17,472	4	115,069	20
PRESCOTT VALLEY	ANTELOPE LANES	29,920	6	13,262	4	103,050	20
PRESCOTT VALLEY	YAVAPAI DOWNS	34,404	6	-	-	92,923	20
QUARTZSITE	QUARTZSITE YACHT CLUB	4,472	3	4,499	3	72,353	20
ROCK SPRINGS	ROCK SPRINGS CAFE	11,599	6	8,936	4	26,329	20
SAFFORD	CHALO'S LA CASA REYNOSO	19,365	5	10,708	4	72,277	20
SCOTTSDALE	CASINO ARIZONA	83,060	5	68,551	4	-	-
SCOTTSDALE	UPPER DECK SPORTS GRILL	11,100	1	-	-	-	-
SEDONA	LOS ABRIGADOS RESRT	2,489	1	-	-	-	-
SHOW LOW	RT'S BLACK BULL	36,054	6	16,349	4	24,729	20
SIERRA VISTA	P.C.'S LOUNGE	33,181	6	19,757	4	118,542	20
SURPRISE	COYOTE ALLEY	20,296	6	7,421	4	99,163	20
SURPRISE	RUNNER'S SPORTS BAR	25,195	6	18,583	4	127,517	20
TEMPE	BOSTON'S	29,089	6	9,578	4	182,177	20
TEMPE	DERBY GRILL	26,132	5	39,517	4	-	-
TEMPE	HORSE & HOUND-OFF BROADWAY	73,120	6	64,480	4	316,327	20
TEMPE	SIX SHOOTER'S	7,028	1	-	-	122,429	20
TEMPE	SKIP & JAN'S	37,772	5	35,424	4	241,797	20
TEMPE	STRAY CAT	40,308	6	14,836	4	78,168	20
TUCSON	AIRPORT INN	8,602	6	6,876	4	-	-
TUCSON	ARIZONA ALE HOUSE	16,209	5	7,379	4	-	-
TUCSON	FAMOUS SAM'S-EAST	11,530	6	4,764	4	-	-
TUCSON	FAMOUS SAM'S-CENTRAL	14,567	6	9,895	4	-	-
TUCSON	FAMOUS SAM'S-SOUTH	5,545	5	6,720	4	-	-
TUCSON	GOLDEN PIN LANES	43,749	6	21,734	4	-	-
TUCSON	JEFF'S PUB	36,780	6	22,170	4	-	-
TUCSON	PUTNEY'S SPORTS BAR	1,320	1	-	-	-	-
TUCSON	RILLITO PARK	-	-	-	-	15,812	1
TUCSON	TOUCHDOWN'S	37,763	6	23,550	4	-	-
TUCSON	TUCSON GREYHOUND PARK	56,028	6	47,855	4	-	-
WICKENBERG	MECCA RESTAURANT	9,799	4	3,167	2	44,239	20
YUMA	FAMOUS SAM'S	49,720	5	22,581	4	-	-
YUMA	RON'S PLACE	6,816	1	-	-	437,900	20
TOTAL		\$2,440,143	374	\$1,542,698	250	\$8,866,302	1,090

TELETRACKING ACTIVITY - GREYHOUND MEETS

City	Site	PHOENIX GREYHOUND PARK			TUCSON GREYHOUND PARK		
		Handle	Revenue	Performances	Handle	Revenue	Performances
APACHE JUNCTION	APACHE GREYHOUND PARK	\$ 3,146,488	-	362	\$ -	-	-
CASA GRANDE	MCMASHER'S SPORTS BAR	555,159	-	313	-	-	-
CAVE CREEK	CREEKERS	38,237	-	30	-	-	-
CHANDLER	GALLAGHER'S	482,505	-	361	-	-	-
CHANDLER	DIRTY DRUMMER	2,456,608	-	362	180,711	-	153
CHANDLER	STADIUM CLUB	1,597,698	-	360	45,582	-	79
GLENDALE	MAX'S SPORTS BAR	5,697,492	-	362	348,818	-	153
GREEN VALLEY	GREEN VALLEY LANES	321	-	4	266,458	-	201
KINGMAN	DAMBAR & STEAKHOUSE	209,516	-	205	-	-	-
LITCHFIELD PARK	LIGHTHOUSE RESTAURANT	1,607,841	-	359	103,565	-	153
MARANA	OLD FATHER INN	115,793	-	181	1,446,610	-	363
PEORIA	GALLAGHER'S	1,882,829	-	362	98,642	-	153
PHOENIX	BIG DADDY'S	960,883	-	361	-	-	-
PHOENIX	BRENNAN'S	2,020,829	-	359	139,138	-	152
PHOENIX	GALLAGHER'S / CHEERLEADERS	2,599,736	-	362	170,346	-	153
PHOENIX	HAM'S RESTAURANT	1,344,967	-	312	104,915	-	152
PHOENIX	METRO SPORTS BAR	1,357,772	-	362	-	-	-
PHOENIX	NORTH STAR	1,058,881	-	359	-	-	-
PHOENIX	PADRE MURPHY'S	5,252,007	-	362	267,016	-	153
PHOENIX	PHOENIX GREYHOUND PARK	-	-	-	532,489	-	153
PHOENIX	PURPLE TURTLE	514,446	-	362	-	-	-
PRESCOTT	PLAZA BOWL	185,953	-	204	-	-	-
SCOTTSDALE	CASINO ARIZONA	1,012,448	-	123	-	-	-
SIERRA VISTA	PC'S LOUNGE	608,657	-	312	-	-	-
SURPRISE	RUNNER'S SPORTS BAR	800,301	-	362	-	-	-
TEMPE	BOSTON'S BAR & GRILLE	720,495	-	362	-	-	-
TEMPE	HORSE & HOUND-OFF BROADWAY	1,505,194	-	362	-	-	-
TEMPE	SIX SHOOTER'S	544,868	-	209	-	-	-
TEMPE	SKIP & JAN'S	907,844	-	296	-	-	-
TUCSON	AIRPORT INN	42,264	-	177	748,466	-	362
TUCSON	ARIZONA ALE HOUSE	102,681	-	127	253,192	-	127
TUCSON	FAMOUS SAM'S - CENTRAL	58,999	-	180	1,066,888	-	363
TUCSON	FAMOUS SAM'S - EAST	90,431	-	181	1,196,732	-	363
TUCSON	FAMOUS SAM'S - SOUTH	37,410	-	175	529,786	-	360
TUCSON	GOLDEN PIN LANES	419,110	-	181	4,042,874	-	362
TUCSON	JEFF'S PUB	214,032	-	181	2,223,587	-	363
TUCSON	PUTNEY'S SPORTS BAR	-	-	-	72,991	-	42
TUCSON	TOUCHDOWNS	348,738	-	181	1,954,986	-	362
TUCSON	TUCSON GREYHOUND PARK	415,845	-	182	-	-	-
YUMA	RON'S PLACE	80,643	-	47	-	-	-
YUMA	YUMA GREYHOUND PARK	529,937	-	225	-	-	-
TOTAL		\$ 41,525,858	-	10,167	\$ 15,793,792	-	4,722

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of licenses issued	6,112	3,120	4,007
Number of licenses denied	7	11	14

Stewards' Rulings by Track

<u>Track</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Turf Paradise	266	320	324
Yavapai Downs	114	74	134
Rillito Park (no commercial racing in FY 2007)	30	17	0
All County Fairs	41	41	33
Apache Greyhound Park	0	0	0
Phoenix Greyhound Park	29	84	91
Tucson Greyhound Park	77	100	104
Total	557	636	686

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 \$1,000. The Director has the authority to affirm, reverse or modify the Stewards' Rulings, including license revocation.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of Stewards' Rulings	557	636	686
Amount of fines imposed	\$54,661	\$54,018	\$58,542
Amount of fines collected	\$41,921	\$47,438	\$44,098

Racing Regulation

Investigations

The Department investigates all possible violations of racing laws and rules. Investigation 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 Department policy.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of incident investigations	186	379	363
Number of background/license investigations conducted	2,557	1,758	2,086
Total number of investigations	2,743	2,137	2,449
Percentage of incident investigations resulting in disciplinary action	26%	29%	24%
Percentage of total investigations resulting in disciplinary action	21%	43%	16%
Percentage of background/license investigations resulting in disciplinary action	8%	25%	15%

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Referred</u>	<u>No Violation</u>
False application	306	301	5
Disorderly conduct/assault	15	15	0
Human drug -testing	68	33	35
Animal drug testing	33	33	0
Kennel inspection	87	1	86
Whelping inspection	104	0	104
Vehicle inspection	45	0	45
License denial/ineligible	4	4	0
Information only	7	0	7
Total	669	387	282

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Director's hearings	217	916 *	315
Administrative Law Judge hearings	1	10	19
Racing Commission hearings	2	7	11
Cases withdrawn/dismissed	2	2	2
Total number of hearings	220	933	345
Total number of Director's orders**	293	1,093	416

* Includes 591 backlog hearings.

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

Racing Regulation

Drug/Alcohol Testing

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Human Drug Tests	41	50	68
Positive Drug Tests	11	13	31
Licensee Refused to Test	4	7	2
Percent Positive	27%	26%	51%
Breath/Alcohol Tests	0	8	2
Positive Breath/Alcohol Tests	0	8	2
Percent Positive	0%	100%	100%

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 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Equine Drug Testing			
Number positive equine drug tests	37	48	33
Percent positive equine drug tests	1.3%	1.8%	1.3%
Canine Drug Testing			
Number positive canine tests	5	0	0
Percent positive canine tests	.10%	.00%	.00%
Totals			
Total Positive tests	42	48	33
Percent Total positive tests	0.53%	0.63%	0.44%

LICENSE BY CATEGORY

CATEGORY	HORSES					GREYHOUNDS				GRAND TOTAL
	TURF PARADISE	YAVAPAI DOWNS	COUNTY FAIR	RILLITO PARK	TOTAL	PHOENIX	TUCSON	RBO	TOTAL	
1 YR CONCESSION	0	0	0	0	0	0	0	0	0	0
1 YR MUTUEL	0	0	5	0	5	0	0	0	0	5
1 YR PEACE OFFICER	0	0	0	0	0	0	0	0	0	0
3 YR COOLOUT	0	0	0	0	0	15	17	0	32	32
3 YR MUTUEL	115	42	59	3	219	48	55	0	103	322
3 YR PEACE OFFICER	0	0	2	0	2	0	0	0	0	2
APPRENTICE JOCKEY	3	3	0	0	6	0	0	0	0	6
ASSISTANT STARTER	1	9	1	2	13	0	0	0	0	13
ASSISTANT TRAINER	8	0	0	0	8	4	8	0	12	20
AUTH. AGENT-FULL	2	1	0	0	3	0	0	0	0	3
AUTH. AGENT-PARTIAL	121	31	2	0	154	3	5	0	8	162
BREED FARM/OTHER OP	0	0	0	0	0	0	0	1	1	1
COMBINATION OPER	0	0	0	0	0	0	0	0	0	0
DUPLICATE/NO FEE	2	0	0	0	2	0	0	0	0	2
EXERCISE RIDER	57	39	12	3	111	0	0	0	0	111
FACILITY MGR/AGENT	0	0	0	0	0	0	0	0	0	0
GROOM	222	58	59	26	365	0	0	0	0	365
INELIGIBLE	8	3	2	0	13	1	0	0	1	14
JOCKEY	36	12	9	1	58	0	0	0	0	58
JOCKEY AGENT	7	1	1	0	9	0	0	0	0	9
KENNEL-NEW	0	0	0	0	0	4	1	0	5	5
KENNEL-RENEWAL	0	0	0	0	0	1	0	0	1	1
OCCUPATIONAL	269	155	72	24	520	81	26	0	107	627
OCCUPATIONAL-BRDR	0	0	0	0	0	0	0	0	0	0
OFFICIAL	10	12	4	3	29	5	8	0	13	42
OTB	31	2	0	0	33	25	9	0	34	67
OUTRIDER	2	4	1	0	7	0	0	0	0	7
OWNER	623	390	161	36	1,210	35	24	0	59	1,269
OWNER-TRAINER	70	90	57	3	220	0	0	0	0	220
PADDOCK EMPLOYEE	0	0	0	0	0	36	67	0	103	103
PERMITTEE DIR/BD MBR	0	6	5	0	11	1	0	0	1	12
PLATER	10	10	5	0	25	0	0	0	0	25
PONY RIDER	31	32	23	4	90	0	0	0	0	90
RACING KENNEL	0	0	0	0	0	0	0	7	7	7
SECURITY	26	9	22	8	65	14	6	0	20	85
STABLE-NEW	48	8	2	1	59	0	0	0	0	59
STABLE-RENEWAL	14	22	2	0	38	0	0	0	0	38
TEMP. CLAIM	21	1	2	0	24	0	0	0	0	24
TEMP. OWNER	10	0	0	0	10	0	0	0	0	10
TEMP. STABLE	4	0	0	0	4	0	0	0	0	4
TRAINER	63	43	24	3	133	3	10	0	13	146
VENDOR-BUSINESS	5	3	3	0	11	0	0	0	0	11
VENDOR-EMPLOYEE	11	6	8	1	26	11	0	0	11	37
VETERINARIAN	2	4	1	0	7	0	0	0	0	7
VOIDS	0	0	0	0	0	0	0	0	0	0
LICENSES ISSUED	1,832	996	544	118	3,490	287	236	8	531	4,021
FINGERPRINTS TAKEN	966	413	254	79	1,712	235	139	0	374	2,086
LICENSING FEES	\$28,514	\$29,530	\$12,710	\$947	\$71,701	\$3,265	\$2,365	\$300	\$5,930	\$77,631
FINGERPRINT FEES	\$27,937	\$11,977	\$7,366	\$2,286	\$49,566	\$6,467	\$4,031	\$0	\$10,498	\$60,064
TOTAL FEES	\$56,451	\$41,507	\$20,076	\$3,233	\$121,267	\$9,732	\$6,396	\$300	\$16,428	\$137,695

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 2007, the Department collected \$24,731 in taxes generated from 19 boxing events in the State.

The State Boxing Commission issued 791 licenses, and the Department collected a total of \$11,595 in license fees from these applicants.

Additionally, the State Boxing Commission entered into intergovernmental agreements with two 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 2007, the Boxing Commission regulated 11 of these events and collected \$33,000 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. The Commission was authorized to approve up to 30 events in FY 2007.

<u>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	40	35	30
Number of bouts	200	280	240

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>Performance Measures</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of licenses issued	651	792	791
Percent of licenses issued for all applications	98%	99%	99%
<u>Revenue Summary</u>			
Taxes	\$62,822	\$39,948	\$24,731
License Fees	10,080	10,980	11,595
Fines	1,700	1,400	1,200
Other (Tribal Agreements)	21,000	24,000	33,000
Total Revenue Collected	\$95,602	\$76,328	\$67,526

Boxing Regulation

Investigations

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

Performance Measures

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Number of investigations conducted	6	13	8
Percent of investigations resulting in disciplinary action	33%	98%	99%

Financial Issues

Department Of Racing Budget

The Department of Racing's expenditures for the last three fiscal years, the appropriated funds for FY 2008 and FY 2009, including a summary of full-time and seasonal positions are included below.

Additional funds are necessary to 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, but appropriate regulation to maintain the integrity of the racing industry requires additional resources.

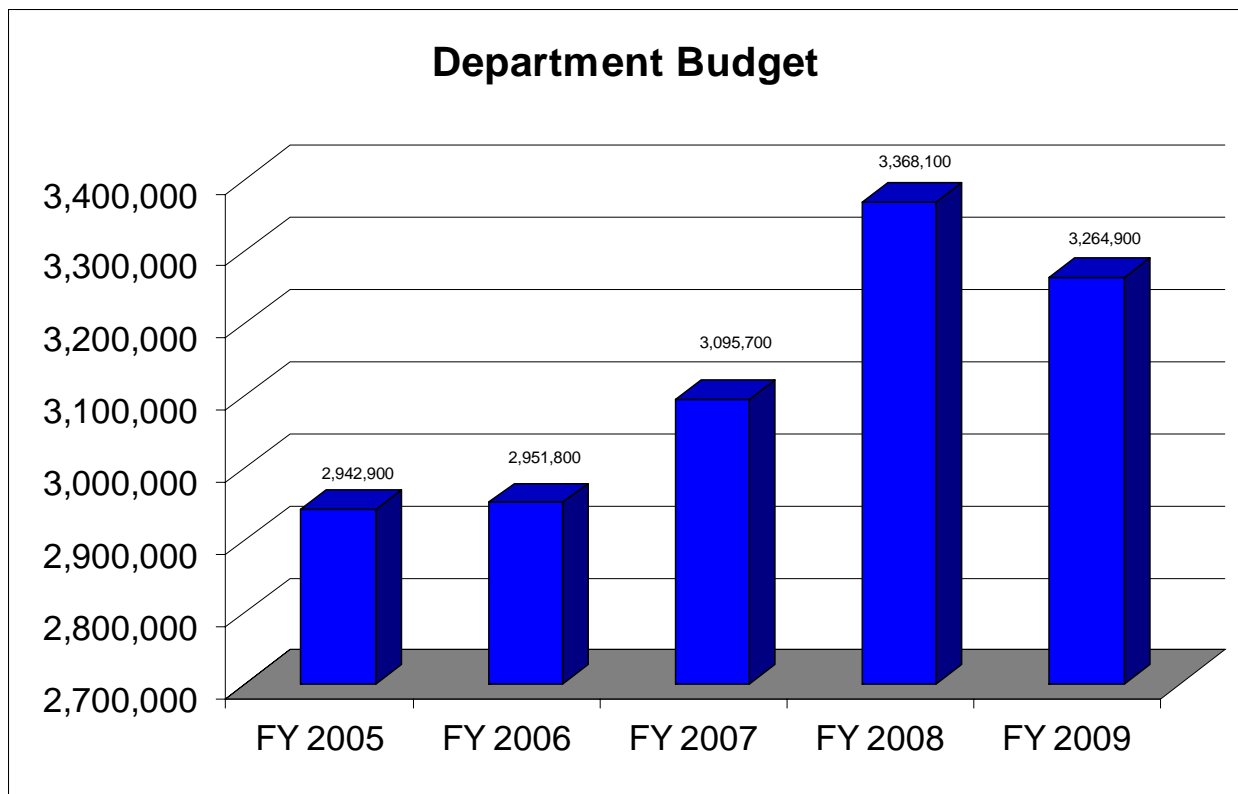
The total Department of Racing budget for FY 2007 was \$3,095,700. This represents an increase of \$143,900, or 4.9%, from the prior budget period, mainly because of general salary adjustments. It was necessary to reduce the County Fair Racing fund and the Administration fund appropriations to the respective revenue caps to reflect the correct amount of funds available. Nearly 88.9% of the Department's FY 2007 budget was appropriated from the State General Fund.

OPERATING BUDGET

	Actual Exp FY 2005	Actual Exp FY 2006	Actual Exp FY 2007	Appropriation FY 2008	Appropriation FY 2009
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	\$1,686,092	\$1,768,713	\$1,829,900	\$1,949,700	\$1,899,800
Employee Related Expenses (ERE)	498,555	471,583	580,700	596,600	563,700
Professional & Outside Services	330,557	239,900	231,200	271,700	271,700
Travel - In State	165,147	156,863	185,400	115,500	115,500
Travel - Out of State	3,851	5,424	8,300	4,100	4,100
Other Operating	246,096	292,896	297,300	414,500	394,100
Equipment	92,606	16,421	9,400	16,000	16,000
AGENCY TOTAL	\$2,942,900	\$2,951,800	\$3,093,600	\$3,368,100	\$3,264,900

FUND SOURCES

General Fund	\$2,504,796	\$2,606,800	\$2,749,100	\$2,851,100	\$2,750,700
<u>Other Appropriated Funds</u>					
County Fair Racing Fund	360,969	300,000	299,700	450,000	450,000
Administration of Betterment & Breeders' Awards Fund	77,135	45,000	44,800	67,000	67,000
<i>SUBTOTAL</i>	438,104	345,000	344,500	517,000	517,000
AGENCY TOTAL	\$2,942,900	\$2,951,800	\$3,093,600	\$3,368,100	\$3,264,900



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 37.

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

Fund	Distribution	Annual Maximum
County Fairs Livestock & Agriculture Promotion	33%	\$1,800,000
County Fairs Racing Betterment	22%	1,200,000
Breeders' Award	22%	1,200,000
Exposition and State Fair	11%	400,000
County Fair Racing	9%	450,000
Stallion Award	1%	60,000
Administration of Betterment & Breeders Awards	1%	67,000
Agricultural Consulting and Training	1%	N/A
Total Maximum Funding Allowed	100%	\$5,177,000

Revenues from pari-mutuel taxes decreased in FY 2007. They decreased 18.3% or \$96,359 when compared to FY 2006. Several tax breaks have been provided to the racing industry since 1995. The tax breaks listed below contribute, in part, to the reduction in pari-mutuel tax revenues experienced from the racing industry when compared to revenues received a few years ago.

- 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 derived from the Arizona Department of Revenue transfer of unclaimed property funds to the Department of Racing. During FY 2007, the transfer was for \$14.9 million. 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 \$9.9 million in FY 2007, from the Department of Racing's portion of unclaimed property dollars.

As the pari-mutuel tax revenues 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 38.

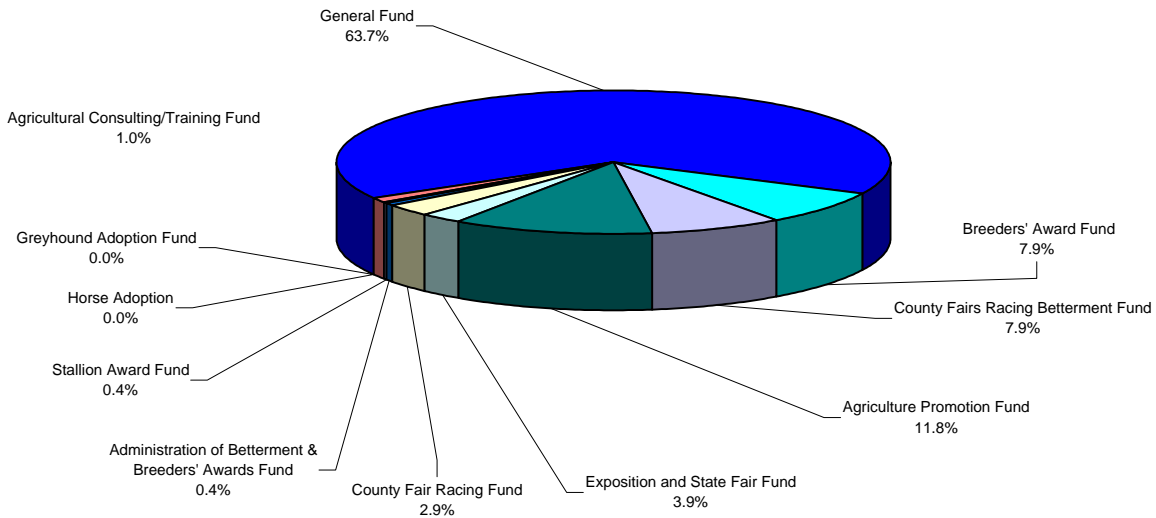
The seven funds summarized on page 39 are the funds administered by the Department of Racing for various programs. The County Fairs Livestock & Agriculture Promotion Fund, the Exposition and State Fair Fund, and the Agricultural Consulting and Training Fund are administered by other State programs, as 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

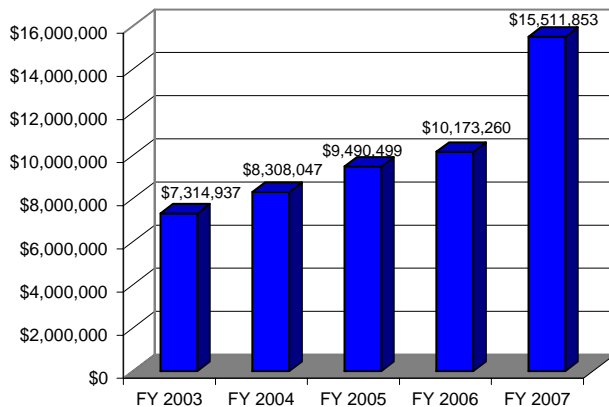
Distribution of Department of Racing Revenues

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
General Fund	\$3,657,354	\$4,640,891	\$5,807,008	\$6,485,360	\$10,177,419
Breeders' Award	800,000	800,000	800,000	800,000	1,200,000
County Fairs Racing Betterment	800,000	800,000	800,000	800,000	1,200,000
Agriculture Promotion	1,200,000	1,200,000	1,200,000	1,200,000	1,800,000
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	450,000
Administration of Betterment and Breeders' Award	45,000	45,000	45,000	45,000	67,000
Stallion Award	40,000	40,000	40,000	40,000	60,000
Agricultural Consulting/Training	72,508	82,006	94,480	100,800	154,034
Horse Adoption	N/A	N/A	1,186	1,800	3,200
Greyhound Adoption	75	150	2,825	300	200
Total Distribution	\$7,314,937	\$8,308,047	\$9,490,499	\$10,173,260	\$15,511,853

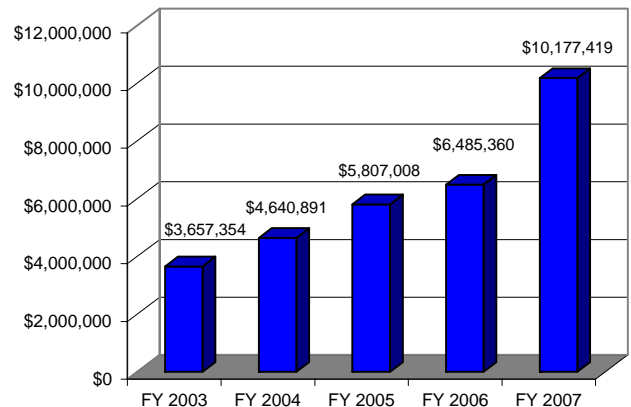
Distribution of Department of Racing Revenues FY 2007



Total Department Revenues by Fiscal Year



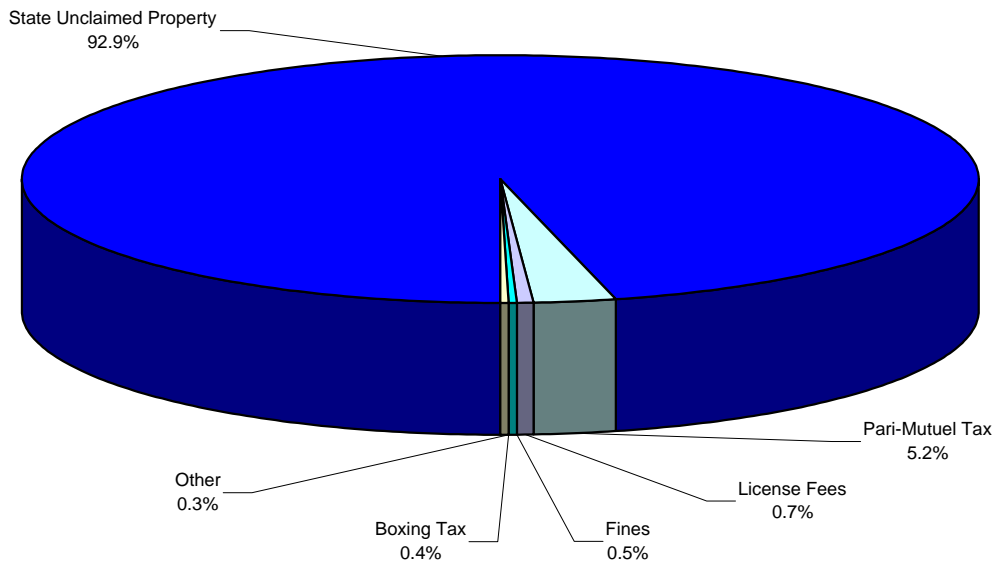
General Fund Revenues by Fiscal Year



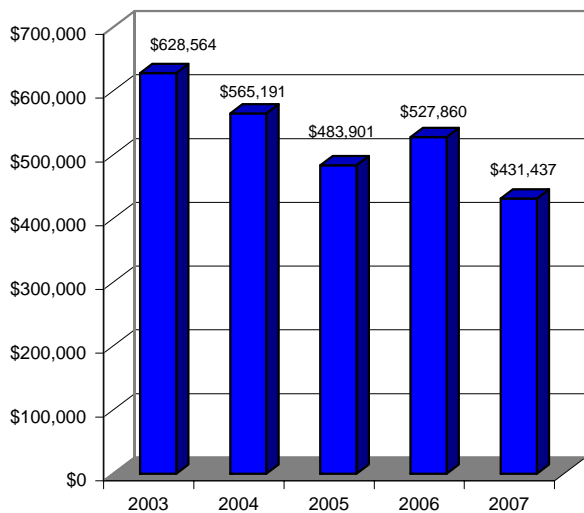
Department of Racing Revenues by Category

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
State Unclaimed Property	\$6,527,513	\$7,530,279	\$8,706,424	\$9,453,500	\$14,899,237
Pari-Mutuel Tax	628,564	565,191	483,901	527,860	431,437
License Fees	111,750	130,900	193,974	74,500	82,856
Fines	50,748	50,748	58,073	49,000	45,870
Boxing Tax	21,531	21,929	29,116	39,900	24,730
Other	(25,169)	9,000	19,011	28,500	27,723
Total	\$7,314,937	\$8,308,047	\$9,490,499	\$10,173,260	\$15,511,853

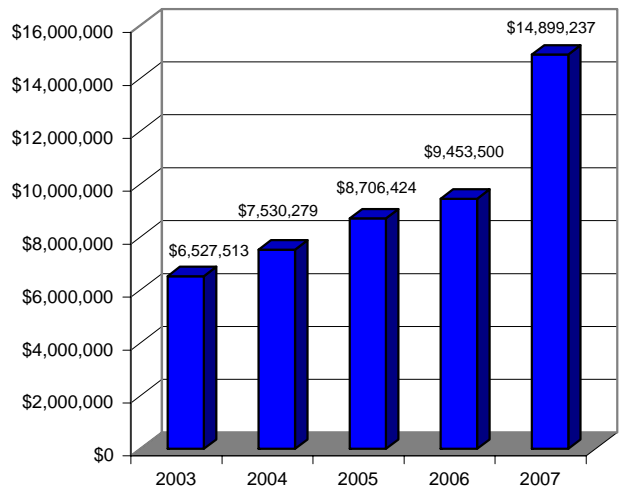
Department of Racing Revenues by Category FY 2007



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



**State Unclaimed Property
Transfers by Fiscal Year**



FY 2007 Appropriated and Non-Appropriated Funds

<u>DESCRIPTION OF FUNDS</u>	<u>FY 2006</u>	<u>FY 2007</u>
County Fair Racing (RCA2170 / A.R.S. 5-113) APPROPRIATED		
<i>Source of Revenue:</i> Receives 9% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$450,000).		
<i>Purpose of Fund:</i> For the administration of county fair racing.		
FUNDS SPENT	\$299,875	\$299,700
Administration of County Fair Racing & Breeders Awards Fund		
(RCA2018 / A.R.S. 5-113) APPROPRIATED		
<i>Source of Revenue:</i> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$67,000).		
<i>Purpose of Fund:</i> To administer the Arizona County Fairs Racing Betterment program, the Arizona Breeders' Award program, the Arizona Stallion Awards program, and the Retired Greyhound and Racehorse Adoption program.		
FUNDS SPENT	\$44,996	\$44,800
Arizona Breeders Awards (RCA2206 / A.R.S. 5-113) NON-APPROPRIATED		
<i>Source of Revenue:</i> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$1.2 million).		
<i>Purpose of Fund:</i> To encourage the breeding industry in Arizona by awarding breeders of winning racehorses and greyhounds in this state.		
FUNDS SPENT	\$808,389	\$983,700
County Fair Racing Betterment (RCA2207 / A.R.S. 5-113) NON-APPROPRIATED		
<i>Source of Revenue:</i> Receives 22% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$1.2 million).		
<i>Purpose of Fund:</i> To promote county fair racing by providing a grant to each eligible county fair association that conducts a racing meeting.		
FUNDS SPENT	\$826,561	\$1,113,400
Greyhound Adoption (RCA2015 / A.R.S. 5-113) NON-APPROPRIATED		
<i>Source of Revenue:</i> License fees collected from dog breeders, racing kennels, and other operations where greyhounds are raised for dog racing.		
<i>Purpose of Fund:</i> To provide grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets.		
FUNDS SPENT	\$1,534	\$0
Retired Racehorse Adoption (RCA2015 / A.R.S. 5-113) NON-APPROPRIATED		
<i>Source of Revenue:</i> A 5% Retired Race Horse Surcharge is levied against each horse racing-related fine		
<i>Purpose of Fund:</i> To provide grants to non-profit organizations to promote the adoption of retired racehorses.		
FUNDS SPENT	\$2,500	\$1,890
Stallion Awards (RCA2315 / A.R.S. 5-113) NON-APPROPRIATED		
<i>Source of Revenue:</i> Receives 1% of revenue derived from pari-mutuel receipts, license fees, and unclaimed property (maximum of \$60,000).		
<i>Purpose of Fund:</i> To encourage the breeding industry in Arizona by awarding owners or lessees of stallion horses in this state.		
FUNDS SPENT	\$37,374	\$43,100

**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 2009 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2008 AMOUNT WAGERED	ESTIMATED FY 2008 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2009 HARDSHIP CREDIT	CARRYOVER FROM FY 2008	FY 2009 TAX CREDIT WITH FY 2008 CARRYOVER
								HARDSHIP TAX 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	0	-100.00%	0	0	0	219,826	219,826
Turf Paradise	FY 1994	101,467,993	131,539,593	29.64%	540,218	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	36,331,261	107.72%	116,191	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$4,523,398	-63.11%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	52,818,827	-44.80%	1,971,582	883,260	2,649,781	2,391,189	5,040,970
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	21,976,171	-42.34%	328,818	139,206	417,619	2,111,648	2,529,267

FY 2010 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2009 AMOUNT WAGERED	ESTIMATED FY 2009 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2010 HARDSHIP CREDIT	CARRYOVER FROM FY 2009	FY 2010 TAX CREDIT WITH FY 2009 CARRYOVER
								HARDSHIP TAX 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	0	-100.00%	0	0	0	219,826	219,826
Turf Paradise	FY 1994	101,467,993	134,828,083	32.88%	553,724	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	38,147,824	118.10%	122,000	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$4,636,483	-62.19%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	51,762,450	-45.90%	1,935,150	886,926	2,660,778	3,108,820	5,769,598
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	22,525,575	-40.89%	337,038	137,828	413,483	2,192,229	2,605,712

FY 2011 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED FY 2010 AMOUNT WAGERED	ESTIMATED FY 2010 % DECREASE	ESTIMATED PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	ESTIMATED FY 2011 HARDSHIP CREDIT	CARRYOVER FROM FY 2010	FY 2011 TAX CREDIT WITH FY 2010 CARRYOVER
								HARDSHIP TAX 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	0	-100.00%	0	0	0	219,826	219,826
Turf Paradise	FY 1994	101,467,993	138,198,785	36.20%	567,567	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	40,055,215	129.01%	128,100	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$4,752,395	-61.24%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	50,727,201	-46.99%	1,893,507	889,674	2,669,022	3,876,091	6,545,113
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	23,088,715	-39.42%	345,464	136,169	408,506	2,260,248	2,668,754

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 2008 Hardship Tax Credit Based on the FY 2007 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2007 AMOUNT WAGERED	FY 2007 % DECREASE	FY 2007 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2008 HARDSHIP TAX CREDIT	CARRYOVER FROM FY 2007 HARDSHIP TAX CREDIT	FY 2008 TAX CREDIT WITH FY 2007 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	0	-100.00%	0	0	0	165,088	219,826
Turf Paradise	FY 1994	101,467,993	128,331,310	26.47%	527,042	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	34,601,201	97.82%	110,658	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$4,413,071	-64.01%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	55,598,765	-41.89%	2,075,349	869,453	2,608,358	1,815,059	4,423,417
Tucson Greyhound Park	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	21,440,167	-43.74%	320,798	140,323	420,969	2,011,477	2,432,446

Department of Racing Pari-Mutuel Tax Revenue - FY 2007

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2007	FY 2007 HANDLE	FY 2007 PARI-MUTUEL TAX DUE	FY 2007 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2007 HARDSHIP TAX CREDIT	FY 2007 COUNTY FAIR CREDITS	FY 2007 CHARITY DAYS	FY 2007 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$219,826	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Turf Paradise	0	128,331,310	527,042	0	0	82,862	12,743	431,437
Yavapai Downs	0	34,601,201	110,658	100,917	0	9,741	0	0
Subtotal Horse Tracks	\$219,826	\$162,932,511	\$637,700	\$100,917	\$0	\$92,603	\$12,743	\$431,437
GREYHOUND TRACKS:								
Apache Greyhound Park	\$360,850	\$4,413,071	\$0	\$0	\$0	\$0	\$0	\$0
Phoenix Greyhound Park	3,847,287	55,598,765	2,075,349	0	2,032,228	0	43,121	0
Tucson Greyhound Park	2,332,275	21,440,167	320,798	0	320,798	0	0	0
Subtotal Greyhound Tracks	\$6,540,412	\$81,452,003	\$2,396,147	\$0	\$2,453,197	\$0	\$43,121	\$0
GRAND TOTAL	\$6,760,238	\$234,384,514	\$3,033,847	\$100,917	\$2,453,197	\$92,603	\$55,864	\$431,437

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 2007. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2007	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$100,917	\$576,317	\$51,620,319
Other Permittees		\$0	\$0	\$0	\$0

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