



STATE OF ARIZONA DEPARTMENT OF RACING



**ANNUAL REPORT
FY-2008**

Table of Contents

LETTER TO THE GOVERNOR	
ARIZONA RACING COMMISSION	1
AWARDS	2
DEPARTMENT OF RACING	
Department Organization Chart	3
Commercial and County Fair Racing Chart	4
COMMERCIAL RACING	
Commercial Racing Permittees, Tracks and Permit Terms Chart	5
Commercial Tracks Chart	6
COMMERCIAL HORSE RACING	
Investigations, Licensing and Stewards Charts	7
Director Chart, Breeders' & Stallion Awards and Racehorse Adoption Charts	8
Commercial Horse Tracks Chart	9
Rillito Park Chart	10
Turf Paradise Chart	11
Yavapai Downs Chart	12
COUNTY FAIR RACING	13
Betterment Payments to Counties, Investigations and Licensing Charts	14
Stewards and Director Charts	15
County Fair Tracks Chart	16
County Fair Racing Schedule and Statistics	17
COMMERCIAL GREYHOUND RACING	
Investigations, Licensing and Stewards Charts	18
Director, Inspections and Breeders' Awards Charts	19
Greyhound Adoption Chart	20
Commercial Greyhound Tracks Chart	21
Apache Greyhound Park Chart	22
Phoenix Greyhound Park Chart	23
Tucson Greyhound Park Chart	24
TELETRACKING	
Teletrack Handle Chart	25
Teletracking Activity – Commercial Horse Meets Chart	26
Teletracking Activity – County Fair Meets Chart	27
Teletracking Activity – Greyhounds Meets Chart	28
RACING REGULATION	
Investigations and Licensing Charts	29
Stewards, Director and Drug/Alcohol Testing Charts	30
Equine & Canine Drug Testing Charts	31
License by Category Chart	32
BOXING REGULATION	
Sanctioned Events and Licensing Charts	33
Investigations Chart	34
FINANCIAL ISSUES	
Department of Racing Budget	35
Department Budget Chart, Department of Racing Revenues, and Distribution of Revenues to the Eight Separate Funds and Maximum Dollars Allowed Chart	36
Distribution of Department of Racing Revenues Chart	38
Department of Racing Revenues by Category Chart	39
Appropriated and Non-Appropriated Funds Chart	40
Department of Racing Pari-Mutuel Tax and Hardship Tax Credit Projections Chart	41
Hardship Tax Credit Chart	42
Track Capital Improvements Chart	43

ARIZONA DEPARTMENT OF RACING

JANET NAPOLITANO
GOVERNOR



LUIS A. MARQUEZ
DIRECTOR

September 25, 2008

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

Dear Governor Napolitano:

It is my pleasure to submit the FY 2008 Arizona Department of Racing Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative mission.

Last year, the Department regulated and supervised horse and greyhound racing, including pari-mutuel wagering at three commercial horse racetracks, three greyhound racetracks, fifteen county fair racing meetings, and over 80 teletrack wagering facilities throughout the State. The total pari-mutuel handle for all racing was \$252.7 million, a decrease of \$13.9 million or 5.2% from FY 2007. The total pari-mutuel tax receipts amounted to \$429,592, a slight decrease of 0.4% from the prior year.

Although the State's fiscal situation required budget reductions and funds transfers during the year to balance the State's budget, the Department was able to introduce management and efficiency improvements that are consistent with resources available and regulatory trends in the industry. With the continued support of your administration, our objective is to continue building the integrity and reputation of the pari-mutuel racing industry in Arizona.

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 its participants and the public interest. These are challenges that require cooperation between the industry and the Department.

Several proposals have been pursued in the past to generate revenue from the industry to support statutory, administrative, and regulatory duties of the Department. The industry and the Legislature, however, have not supported these proposals. This coming year, the Department will again work with the industry and the Racing Commission to propose various mechanisms in which the racing industry provides additional funds to the State to support Department operating costs related to racing regulation. The Department will review its licensing fee schedule to modernize it, create efficiencies, and increase revenues comparable with other jurisdictions. Arizona's licensing fees are among the lowest in the nation.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Luis A. Marquez".

Luis A. Marquez, CPM
Director

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Arizona Racing Commission

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

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

Paul Ulan, Racing Commission Chairman, was appointed to the Racing Commission in 2005 to serve as a public member. Mr. Ulan 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.

Erin Owens, Racing Commission Vice-Chair, 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 in 2007 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.

James N. Chilcoat, Sr. was appointed to the Racing Commission in 2005 to serve as a public member, and has served one year as Vice Chairman and one year as Chairman. 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.

Bob Ford was appointed to the Commission in 2001, has 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.

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 12, 2007 Commission meeting.

Recognition of Excellence Award. Casey Faunce, Arizona Counties Racing Association

Lifetime Achievement Award. Ralph and Carrie Fales, breeders, 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 12, 2007 Commission meeting.

Lifetime Achievement Award. Clyde Clifton Gray, greyhound kennel owner, breeder (posthumously)

Recognition of Excellence Award. Sylvia Arena, former Racing Commissioner, currently member of the Arizona State Veterinary Medical Examining Board

DEPARTMENT OF RACING EMPLOYEE INNOVATIONS AWARDS

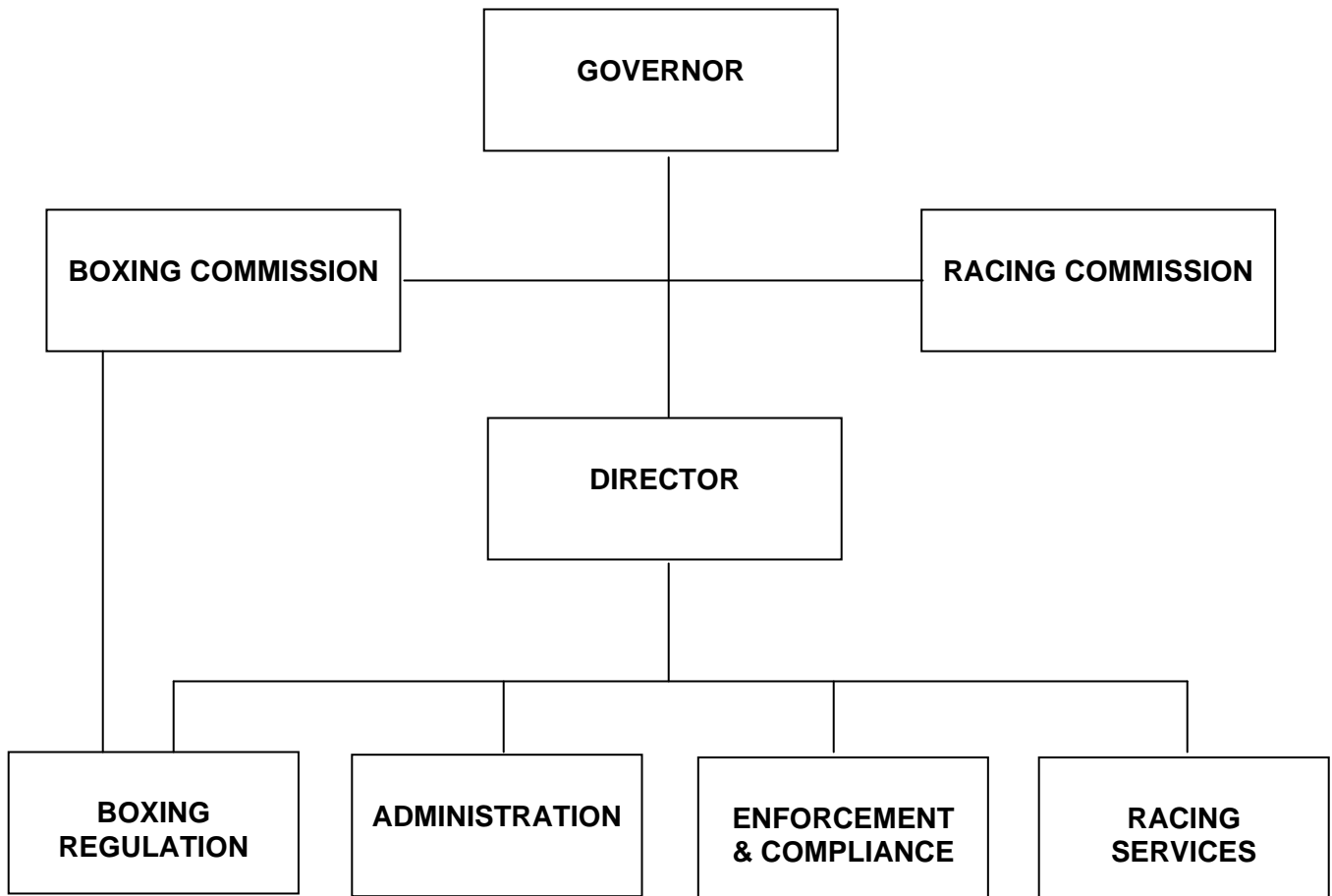
The Department created a program to recognize employees who submit efficiency measures that could result in dollar savings for redeployment to other areas of operation. The following are the FY 2008 recipients.

Employee Innovations Award. Violet "Pinkie" Smith, Acting Chief Racehorse Steward – Suggested screening process for reviewing criminal history cases to determine the extent of regulatory action required. The new process saved the agency \$12,560.

Employee Innovations Award. Victoria Rogen, Administrative Assistant – Streamlined fingerprint process by eliminating repetitive submission of unreadable prints. Will save the agency \$25,000 in FY 2009.

Department Of Racing

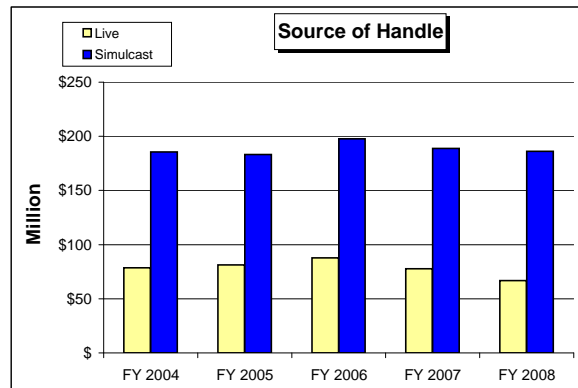
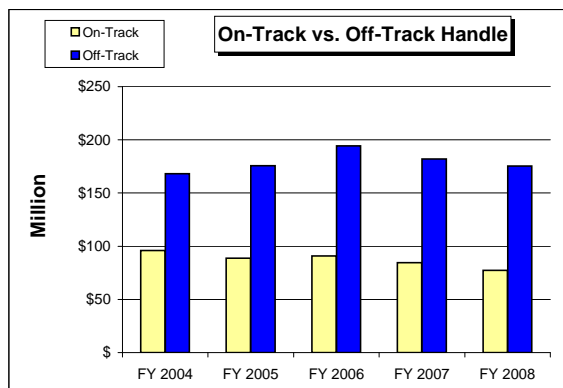
The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing events conducted in Arizona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



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

RACING STATISTICS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Race Days/Performances (including 12 Charity Days)					
Live Race Days	988	897	933	909	852
Dark Day-Simulcast only	605	697	662	681	744
Total Race Days	1,593	1,594	1,595	1,590	1,596
Total Live Performances (Matinee & Evening)	988	897	933	909	852
Number of Races					
Live Races	12,871	11,778	12,513	11,791	10,205
Simulcast Races	265,248	263,586	262,275	284,597	287,415
Total Number of Races	278,119	275,364	274,788	296,388	297,620
Attendance					
On-Track	852,987	768,582	819,425	723,879	693,553
Off-Track	848,157	905,002	1,022,623	887,078	892,026
Total Attendance	1,701,144	1,673,584	1,842,048	1,610,957	1,585,579
Pari-Mutuel Handle					
Average Handle per Race Day	\$165,786	\$165,974	\$178,946	\$167,667	\$158,359
Breakdown by location					
On-Track Handle	\$96,023,226	\$88,766,221	\$90,944,292	\$84,486,049	\$77,268,017
Off-Track Handle	\$168,073,643	\$175,795,847	\$194,474,484	\$182,104,065	\$175,472,915
Breakdown by source					
Live Races	\$78,573,084	\$81,251,006	\$87,686,434	\$77,780,820	\$66,643,403
Simulcast Races	\$185,523,785	\$183,311,061	\$197,732,342	\$188,809,295	\$186,097,529
Total Pari-Mutuel Handle	\$264,096,869	\$264,562,067	\$285,418,776	\$266,590,114	\$252,740,932
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$203,820,895	\$204,344,382	\$219,060,582	\$203,766,212	\$193,921,658
State Pari-Mutuel Revenues	\$565,191	\$483,901	\$527,860	\$431,437	\$429,592
Track Mutuel Revenues					
Track Commission	\$52,677,260	\$53,130,250	\$57,052,294	\$53,620,670	\$51,074,270
Capital Improvement Rebate	79,377	88,296	89,991	100,917	100,037
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	69,895	87,259	71,464	55,863	51,415
Hardship Tax Credit	2,261,865	2,418,044	2,653,989	2,353,026	1,768,623
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,175,091	1,139,347	1,221,958	1,085,469	1,026,555
Total Track Revenues	\$56,263,488	\$56,863,196	\$61,089,696	\$57,215,946	\$54,020,900
Purses	\$20,497,445	\$20,708,997	\$22,314,331	\$21,133,206	\$22,246,607

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 2008, the Arizona Racing Commission approved three-year commercial racing permits for Apache Greyhound Park, Phoenix Greyhound Park and Yavapai Downs. Tucson Greyhound Park, Inc. filed a new application for commercial racing for calendar years 2008, 2009 and 2010. Pima County Horsemen's Association also filed a new application for commercial racing at Rillito Park for the same time period. By statute, both Tucson Greyhound Park and Rillito Park may continue to operate under their current permits until the Arizona Racing Commission, upon recommendation by the Department, has finally ruled on the applications.

Commercial Racing Permittees, Tracks and Permit Terms

<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/08 - 12/31/10
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/08 - 12/31/10
Pima County Horsemen's Association	Rillito Park	* 2008 - 2010
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	*01/01/08 - 12/31/10
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

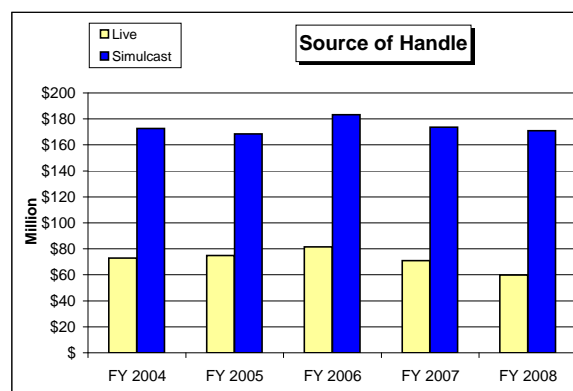
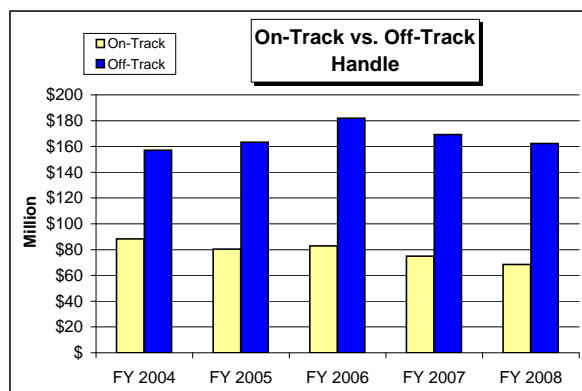
* application pending

COMMERCIAL TRACKS

Commercial Horse and Greyhound Racing

RACING STATISTICS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>Race Days/Performances (including 12 Charity Days)</u>					
Live Race Days	927	835	874	845	788
Dark Day-Simulcast only	603	695	659	679	742
Total Race Days	1,530	1,530	1,533	1,524	1,530
Total Live Performances (Matinee & Evening)	927	835	874	845	788
<u>Number of Races</u>					
Live Races	12,358	11,244	11,994	11,219	9,637
Simulcast Races	262,400	260,574	259,747	281,048	283,889
Total Number of Races	274,758	271,818	271,741	292,267	293,526
<u>Attendance</u>					
On-Track	725,228	640,640	690,948	570,571	547,912
Off-Track	789,343	834,294	949,002	818,825	822,795
Total Attendance	1,514,571	1,474,934	1,639,950	1,389,396	1,370,707
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$160,457	\$159,162	\$172,643	\$160,357	\$150,869
Breakdown by location					
On-Track Handle	\$88,355,137	\$80,337,461	\$82,814,154	\$75,031,996	\$68,590,356
Off-Track Handle	\$157,143,398	\$163,180,209	\$181,847,949	\$169,352,518	\$162,238,621
Breakdown by source					
Live Races	\$72,812,408	\$74,986,000	\$81,471,551	\$70,820,823	\$59,962,992
Simulcast Races	\$172,686,127	\$168,531,669	\$183,190,552	\$173,563,691	\$170,865,985
Total Pari-Mutuel Handle	\$245,498,535	\$243,517,669	\$264,662,103	\$244,384,514	\$230,828,978
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$189,272,455	\$187,771,621	\$203,192,511	\$186,927,263	\$177,373,642
State Pari-Mutuel Revenues	\$565,191	\$483,901	\$527,860	\$431,437	\$429,592
<u>Track Mutuel Revenues</u>					
Track Commission	\$49,022,251	\$48,956,413	\$52,948,454	\$49,230,357	\$46,717,237
Capital Improvement Rebate	79,377	88,296	89,991	100,917	100,037
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	69,895	87,259	71,464	55,863	51,415
Hardship Tax Credit	2,261,865	2,418,044	2,653,989	2,353,026	1,768,623
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,075,131	1,026,349	1,110,798	968,928	917,242
Total Track Revenues	\$52,508,519	\$52,576,361	\$56,874,696	\$52,709,092	\$49,554,554
Purses	\$18,435,371	\$18,523,133	\$20,107,799	\$18,520,580	\$19,323,512

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.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of incident investigations	210	140	146
Number of background investigations	1,097	1,379	1,876
Total number of investigations conducted	1,307	1,519	2,022

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of licenses issued	2,229	2,817	3,692
Number of licenses denied	9	11	7
Number of licenses revoked	189	207	108
Percentage of license denials upheld on appeal	99%	99%	86%

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$1,000, suspend licenses up to 60 days, and refer matters to the Director with recommendations of further action, including license revocation. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of rulings issued	411	458	347
Percentage of rulings upheld on appeal to the Director	99%	96%	96%

Rulings by Track

Turf Paradise	320	324	222
Yavapai Downs	74	134	125
Rillito Park (no commercial racing in FY 2007 & FY 2008)	17	0	0

Commercial Horse Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director, and if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Director's hearings	897*	277	249
Number of Administrative Law Judge hearings	10	19	116
Number of Racing Commission hearings	7	11	4
Number of Cases withdrawn/dismitted	2	2	19
Total number of hearings	916	307	393
Total number of orders	1,067	458	248
Percentage of orders upheld on appeal to the Commission	77%	96%	75%
<u>Orders by Track</u>			
Turf Paradise	320	324	185
Yavapai Downs	74	134	63
Rillito Park (no commercial racing in FY 2007 and FY 2008)	**	0	0

* Includes backlog of 591 cases. This number is not reflected in the Orders by Track

** Numbers not available

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of active registered breeders	3,279	3,380	3,459
Percentage of registered breeders winning awards	8%	3.5%	2.5%
Number of registered horses	6,034	6,347	6,682
Percentage of registered horses winning awards	6.5%	3.9%	1.0%
Quarter Horse Breeders' Awards	\$34,585	\$82,260	\$99,928
Thoroughbred Breeders' Awards	\$434,823	\$683,863	\$749,500
Stallion Awards	\$37,374	\$35,388	\$96,369

Racehorse Adoption

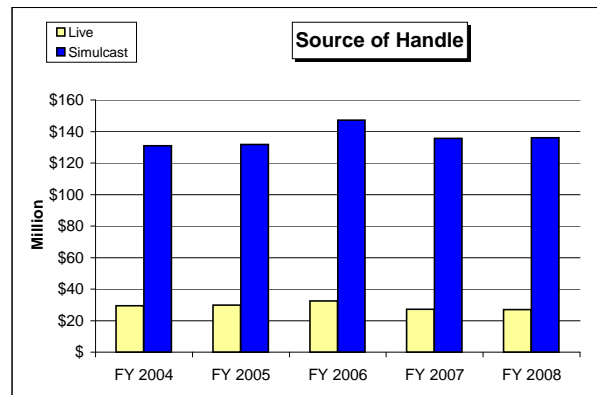
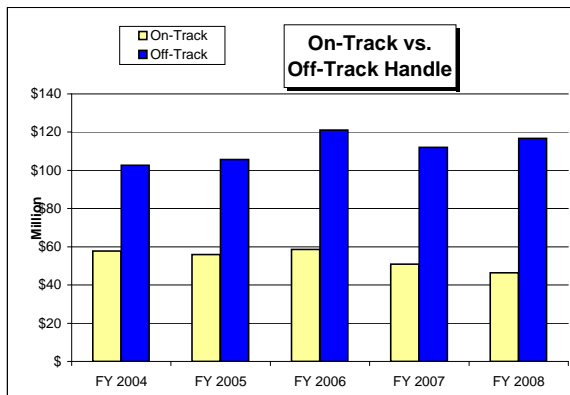
The Department provides grants to non-profit organizations to promote the adoption of retired racehorses in Arizona. The funds for this program are generated from a surcharge against all civil penalties assessed in connection with horseracing in Arizona. The program went into effect in 2005 and the first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

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of grants awarded	1	1	1
Amount of grants awarded	\$2,500	\$1,890	\$1,496

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

RACING STATISTICS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Race Days/Performances (including 3 charity days)					
Live Race Days	208	201	207	185	188
Dark Day-Simulcast Only	232	242	239	252	252
Total Race Days	440	443	446	437	440
Total Live Performances	208	201	207	185	188
Number of Races					
Live Races	1,866	1,872	1,875	1,674	1,706
Simulcast Races	44,178	46,735	47,514	48,881	50,688
Total Number of Races	46,044	48,607	49,389	50,555	52,394
Attendance					
On-Track	415,823	380,465	432,654	328,492	324,079
Off-Track	543,899	581,299	683,821	592,070	614,599
Total Attendance	959,722	961,764	1,116,475	920,562	938,678
Pari-Mutuel Handle					
Average Handle per Race Day	\$364,636	\$364,857	\$402,987	\$372,843	\$370,672
Breakdown by location					
On-Track Handle	\$57,798,008	\$55,917,152	\$58,639,790	\$50,914,112	\$46,415,601
Off-Track Handle	\$102,641,830	\$105,714,653	\$121,092,552	\$112,018,399	\$116,680,191
Breakdown by source					
Live Races	\$29,381,769	\$29,905,601	\$32,503,981	\$27,254,506	\$27,094,443
Simulcast Races	\$131,058,069	\$131,726,204	\$147,228,362	\$135,678,005	\$136,001,349
Total Pari-Mutuel Handle	\$160,439,838	\$161,631,805	\$179,732,342	\$162,932,511	\$163,095,792
DISTRIBUTION OF REVENUES					
Returned to Wagering Public	\$124,211,953	\$125,373,998	\$138,105,510	\$124,571,918	\$125,299,914
State Pari-Mutuel Revenues	\$480,282	\$483,901	\$527,860	\$431,437	\$429,592
Track Mutuel Revenues					
Track Commission	\$31,866,767	\$32,537,928	\$36,050,363	\$32,688,941	\$32,744,518
Capital Improvement Rebate	79,377	88,296	89,991	100,917	100,037
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	11,869	10,949	15,413	12,743	12,268
Hardship Tax Credit	16,114	14,932	16,825	0	0
Breakage	828,287	796,754	889,107	768,659	759,954
Total Track Revenues	\$32,802,413	\$33,448,859	\$37,061,698	\$33,571,259	\$33,616,777
Purses	\$13,954,044	\$14,130,954	\$15,515,306	\$14,260,653	\$15,828,636

Racetrack Trends at a Glance



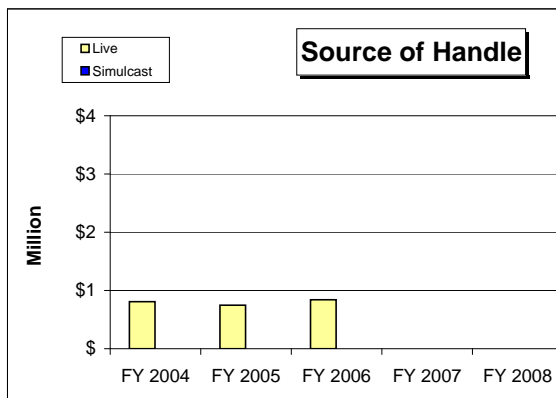
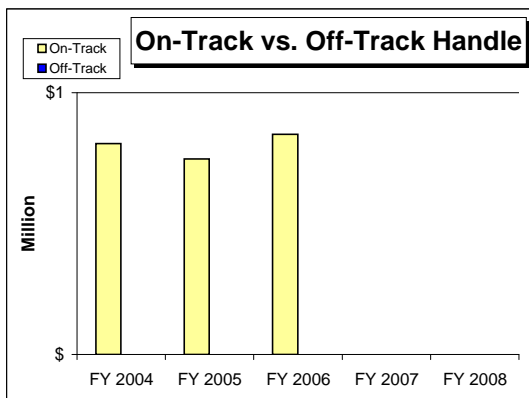
4502 North First Avenue
Tucson, Arizona 85728

RILLITO PARK
Pima County Fair Horse Racing Commission

FY 2008 Racing Dates:
None (see county fairs)

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances</u>					
Live Race Days	9	9	9	0	0
Dark Day-Simulcast Only	0	0	0	0	0
Total Race Days	9	9	9	0	0
Total Live Performances	9	9	9	0	0
<u>Number of Races</u>					
Live Races	84	86	83	0	0
Simulcast Races	0	0	0	0	0
Total Number of Races	84	86	83	0	0
<u>Attendance</u>					
On-Track	24,569	36,238	40,705	0	0
Off-Track	0	0	0	0	0
Total Attendance	24,569	36,238	40,705	0	0
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$89,521	\$82,955	\$93,470	\$0	\$0
Breakdown by location					
On-Track Handle	\$805,693	\$746,592	\$841,230	\$0	\$0
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$805,693	\$746,592	\$841,230	\$0	\$0
Simulcast Races	0	0	0	0	0
Total Pari-Mutuel Handle	\$805,693	\$746,592	\$841,230	\$0	\$0
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$621,883	\$575,682	\$643,248	\$0	\$0
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$161,251	\$150,150	\$175,287	\$0	\$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	16,114	14,932	16,825	0	0
Breakage	6,445	5,828	5,871	0	0
Total Track Revenues	\$183,810	\$170,910	\$197,982	\$0	\$0
Purses	\$165,283	\$205,624	\$189,054	\$0	\$0

Racetrack Trends at a Glance



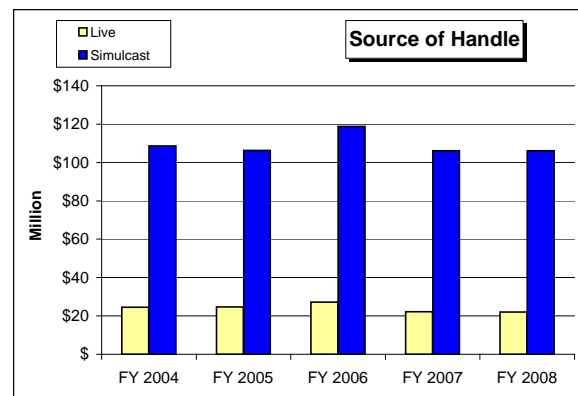
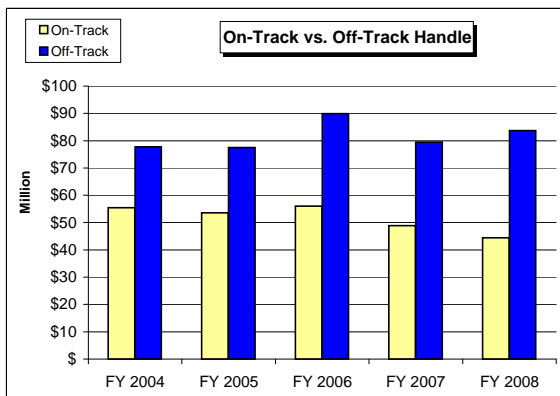
1501 West Bell Road
Phoenix, Arizona 85023

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

FY 2008 Racing Dates:
July 1, 2007 - June 30, 2008

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances (including 3 charity days)</u>					
Live Race Days	154	144	151	133	133
Dark Day-Simulcast Only	194	202	197	211	212
Total Race Days	348	346	348	344	345
Total Live Performances	154	144	151	133	133
<u>Number of Races</u>					
Live Races	1,388	1,356	1,375	1,205	1,211
Simulcast Races	40,325	42,852	43,371	44,605	46,485
Total Number of Races	41,713	44,208	44,746	45,810	47,696
<u>Attendance</u>					
On-Track	324,061	301,100	331,511	282,764	281,137
Off-Track	408,908	407,370	473,525	420,788	441,130
Total Attendance	732,969	708,470	805,036	703,552	722,267
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$382,892	\$378,807	\$419,562	\$373,056	\$371,605
Breakdown by location					
On-Track Handle	\$55,502,312	\$53,625,809	\$56,037,345	\$48,856,296	\$44,483,207
Off-Track Handle	\$77,744,086	\$77,441,273	\$89,970,068	\$79,475,014	\$83,720,553
Breakdown by source					
Live Races	\$24,607,228	\$24,744,198	\$27,163,223	\$22,208,647	\$22,092,609
Simulcast Races	108,639,170	106,322,884	118,844,190	106,122,663	106,111,151
Total Pari-Mutuel Handle	\$133,246,398	\$131,067,082	\$146,007,413	\$128,331,310	\$128,203,760
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$103,130,018	\$101,896,223	\$112,372,468	\$98,117,698	\$98,508,381
State Pari-Mutuel Revenues	\$480,282	\$483,901	\$527,860	\$431,437	\$429,592
<u>Track Mutuel Revenues</u>					
Track Commission	\$26,422,880	\$26,370,398	\$29,267,373	\$25,747,068	\$25,770,861
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	11,869	10,949	15,413	12,743	12,268
Hardship Tax Credit	0	0	0	0	0
Breakage	692,750	645,789	721,384	600,244	605,819
Total Track Revenues	\$27,127,499	\$27,027,136	\$30,004,169	\$26,360,055	\$26,388,947
Purses	\$11,834,760	\$11,690,443	\$12,841,141	\$11,532,280	\$13,008,498

Racetrack Trends at a Glance

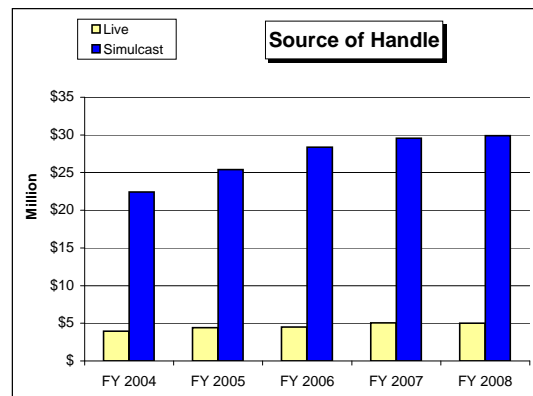
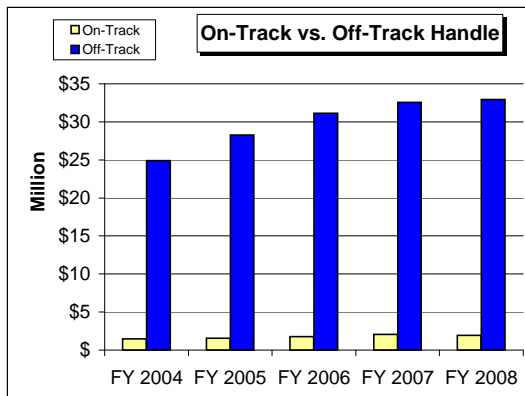


YAVAPAI DOWNS
 Yavapai County Fair Association

FY 2008 Racing Dates:
 July 6, 2007 - August 31, 2007
 May 24, 2008 - June 30, 2008

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances</u>					
Live Race Days	45	48	47	52	55
Dark Day-Simulcast Only	38	40	42	41	40
Total Race Days	83	88	89	93	95
Total Live Performances	45	48	47	52	55
<u>Number of Races</u>					
Live Races	394	430	417	469	495
Simulcast Races	3,853	3,883	4,143	4,276	4,203
Total Number of Races	4,247	4,313	4,560	4,745	4,698
<u>Attendance</u>					
On-Track	67,193	43,127	60,438	45,728	42,942
Off-Track	134,991	173,929	210,296	171,282	173,469
Total Attendance	202,184	217,056	270,734	217,010	216,411
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$317,925	\$338,842	\$369,480	\$372,056	\$367,285
Breakdown by location					
On-Track Handle	\$1,490,003	1,544,751	1,761,215	2,057,817	1,932,394
Off-Track Handle	\$24,897,744	28,273,380	31,122,484	32,543,385	32,959,639
Breakdown by source					
Live Races	\$3,968,848	4,414,811	4,499,528	5,045,859	5,001,835
Simulcast Races	22,418,899	25,403,320	28,384,172	29,555,342	29,890,198
Total Pari-Mutuel Handle	\$26,387,747	\$29,818,131	\$32,883,699	\$34,601,201	\$34,892,032
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$20,460,052	\$22,902,092	\$25,089,795	\$26,454,220	\$26,791,533
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$5,282,636	\$6,017,380	\$6,607,704	\$6,941,873	\$6,973,658
Capital Improvement Rebate	79,377	88,296	89,991	100,917	100,037
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	129,092	145,136	161,852	168,414	154,136
Total Track Revenues	\$5,491,104	\$6,250,812	\$6,859,546	\$7,211,204	\$7,227,830
<u>Purses</u>	\$1,954,001	\$2,234,887	\$2,485,110	\$2,728,373	\$2,820,139

Racetrack Trends at a Glance



* Prescott Downs through 2001

County Fair Racing

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

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

In FY 2008, a total of \$1.57 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 2008, this fund received \$450,000, but, after budgetary adjustments legislated to balance the State's budget, \$446,900 was appropriated for operating and regulatory expenses. In FY 2008, the Department spent \$440,200 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 2008, this fund received \$1.2 million, and \$1.12 million was distributed.

Ten counties conducting a meet in FY 2008 received \$55,000 each to subsidize purses. Five counties conducted their meets at commercial tracks and did not receive funding for this purpose.

Ten counties received either \$45,000, \$59,200, or \$60,000 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. The five counties that conducted their racing at commercial sites were not entitled to the funds.

County Fair Racing

Betterment Payments to Counties

<u>County</u>	<u>Purses</u>	<u>Betterment</u>	<u>Total</u>
Apache County	\$55,000	\$60,000	\$115,000
Cochise County	55,000	60,000	115,000
Coconino County	55,000	59,200	114,200
Gila County	55,000	60,000	115,000
Graham County	55,000	60,000	115,000
Greenlee County	55,000	60,000	115,000
La Paz County	0	0	0
Maricopa County	0	0	0
Mohave County	55,000	60,000	115,000
Navajo County	0	0	0
Pima County	55,000	45,000	100,000
Pinal County	0	0	0
Santa Cruz County	55,000	60,000	115,000
Yavapai County	55,000	45,000	100,000
Yuma County	0	0	0
	\$550,000	\$569,200	\$1,119,200

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.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of incident investigations	76	22	21
Number of background investigations	296	333	586
Total number of investigations conducted	372	355	607

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of licenses issued	325	660	892
Number of licenses denied	0	2	1
Number of licenses revoked	*	*	35
Percentage of license denials upheld on appeal	100%	100%	100%

* Measure not tracked for County Fairs in prior years; only for horses and greyhounds.

County Fair Racing

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$1,000, suspend licenses up to 60 days, and refer matters to the Director with recommendations of further action, including license revocation. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Stewards' rulings issued	42	33	28
Percentage of Stewards' rulings upheld on appeal to the Director	99%	96%	96%
<u>Rulings by Track</u>			
Apache County Fair, St. Johns	6	4	3
Cochise County Fair, Douglas	6	3	4
Coconino County Fair, Flagstaff	0	2	2
Gila County Fair, Globe	6	4	2
Graham County Fair, Safford	6	2	4
Greenlee County Fair, Duncan	0	0	1
Mohave County Fair, Kingman	16	0	4
Pima County Fair, Rillito Park in Tucson	1	16	5
Santa Cruz County Fair, Sonoita	1	2	3

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director, and if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

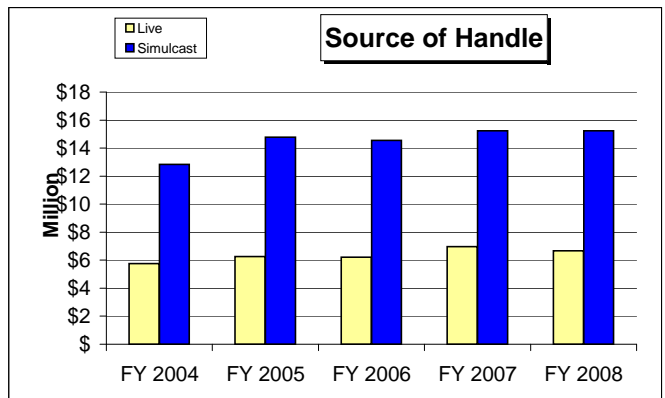
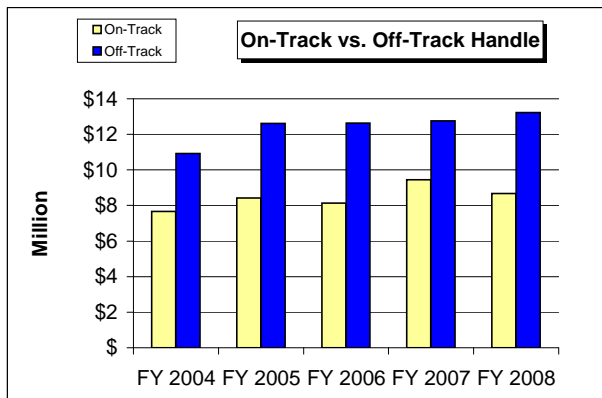
<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Director's hearings	19	38	69
Number of Administrative Law Judge hearings	0	0	1
Number of Racing Commission hearings	0	1	0
Number of Cases withdrawn/dismissed	0	0	2
Total number of hearings	19	39	72
Total number of orders	26	38	64
Percentage of orders upheld on appeal to the Commission	n/a	100%	100%
<u>Orders by Track</u>			
Apache County Fair, St. Johns	*	0	6
Cochise County Fair, Douglas	*	0	8
Coconino County Fair, Flagstaff	*	17	17
Gila County Fair, Globe	*	2	3
Graham County Fair, Safford	*	3	2
Greenlee County Fair, Duncan	*	2	3
Mohave County Fair, Kingman	*	6	4
Pima County Fair, Rillito Park in Tucson	*	0	13
Santa Cruz County Fair, Sonoita	*	8	8

* Measure not tracked by County Fair prior to FY 2007.

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

RACING STATISTICS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>Race Days/Performances</u>					
Live Race Days	61	62	59	64	64
Dark Day-Simulcast Only	2	2	3	2	2
Total Race Days	63	64	62	66	66
Total Live Performances	61	62	59	64	64
<u>Number of Races</u>					
Live Races	513	534	519	572	568
Simulcast Races	2,848	3,012	2,528	3,549	3,526
Total Number of Races	3,361	3,546	3,047	4,121	4,094
<u>Attendance</u>					
On-Track	127,759	127,942	128,477	153,308	145,641
Off-Track	58,814	70,708	73,621	68,253	69,231
Total Attendance	186,573	198,650	202,098	221,561	214,872
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$295,212	\$328,819	\$334,785	\$336,448	\$331,999
Breakdown by location					
On-Track Handle	\$7,668,089	\$8,428,760	\$8,130,138	\$9,454,053	\$8,677,661
Off-Track Handle	\$10,930,245	\$12,615,638	\$12,626,535	\$12,751,547	\$13,234,294
Breakdown by source					
Live Races	\$5,760,676	\$6,265,006	\$6,214,883	\$6,959,997	\$6,680,411
Simulcast Races	12,837,658	14,779,392	14,541,789	15,245,603	15,231,544
Total Pari-Mutuel Handle	\$18,598,334	\$21,044,398	\$20,756,673	\$22,205,600	\$21,911,955
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$14,548,440	\$16,572,761	\$15,868,071	\$16,838,949	\$16,548,016
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$3,655,009	\$4,173,837	\$4,103,839	\$4,390,313	\$4,357,033
Breakage	99,960	112,998	111,160	116,542	109,312
Total Track Revenues	\$3,754,969	\$4,286,835	\$4,214,999	\$4,506,854	\$4,466,346
Purses	\$2,062,074	\$2,185,863	\$2,206,532	\$2,612,626	\$2,923,095

Racetrack Trends at a Glance



County Fair Racing

Schedule and Statistics
FY 2008

	<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, 2007	6	36	284	2,593,661	2,055,060	19,262	2,023,390	514,624	13,622	191,882
Apache County Fair at St. Johns September 15, 16, 22, 23, 2007	4	32	-	46,604	-	1,554	36,261	8,911	501	69,272
Gila County Fair at Globe September 29, 30, October 6, 7, 2007	4	32	-	75,642	-	1,652	58,814	14,649	667	78,177
Pima County Fair at Tucson February 2, 3, 9, 10, 16, 17, 23, 24, 2008	4	74	-	758,166	-	44,203	579,379	157,527	6,096	263,409
Greenlee County Fair at Duncan March 8, 9, 15, 16, 2008	4	37	-	114,724	-	2,584	89,169	22,381	880	93,269
Graham County Fair at Safford March 29, 30, April 5, 6, 2008	4	36	-	150,425	-	9,093	116,908	29,169	1,340	70,799
Cochise County Fair at Douglas April 12, 13, 19, 20, 2008	4	37	-	111,352	-	4,550	86,759	21,477	890	198,529
Santa Cruz County Fair at Sonoita April 26, 27, May 3, 4, 2008	4	35	-	177,914	-	10,500	138,640	34,300	1,416	104,606
Mohave County Fair at Kingman May 10, 11, 17, 18, 2008	4	31	-	111,434	-	2,600	87,071	21,081	1,053	85,851
Subtotal - Fairs at Non-Commercial Tracks	38	350	284	\$4,139,922	\$2,055,060	95,998	\$3,216,390	\$824,117	\$26,465	\$1,155,794
Fairs at Commercial Tracks										
Yavapai County Fair at Prescott Valley (Yavapai Downs) September 1, 2, 3, 4, 2007	4	38	161	1,660,666	1,242,326	11,976	1,238,735	329,661	7,174	140,268
Maricopa County Fair at Phoenix (Turf Paradise) January 5, 6, 26, 27, 2008	4	36	532	2,853,097	1,987,882	19,251	2,129,541	573,622	13,674	309,948
La Paz County Fair at Phoenix (Turf Paradise) January 12, 13, 19, 20, 2008	4	36	568	2,974,764	2,219,714	18,205	2,281,077	590,145	11,983	293,085
Pinal County Fair at Phoenix (Turf Paradise) February 16, 17, 23, 24, 2008	4	36	596	3,448,140	2,525,599	24,280	2,613,172	684,543	15,710	355,566
Navajo County Fair at Phoenix (Turf Paradise) March 8, 9, 15, 16, 2008	4	36	678	3,508,291	2,640,064	21,186	2,633,932	699,170	18,426	347,995
Yuma County Fair at Phoenix (Turf Paradise) March 29, 30, April 5, 6, 2008	4	36	707	3,327,075	2,560,900	23,976	2,435,171	655,775	15,881	320,439
Subtotal - Fairs at Commercial Tracks	24	218	3,242	\$17,772,033	\$13,176,484	118,874	\$13,331,627	\$3,532,916	\$82,848	\$1,767,301
Total - All County Fair Racing	62	568	3,526	\$21,911,955	\$15,231,544	214,872	\$16,548,016	\$4,357,033	\$109,312	\$2,923,095

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of incident investigations	93	201	247
Number of background investigations	365	374	963
Total number of investigations conducted	458	575	1,210

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of licenses issued	566	522	1,264
Number of licenses denied	2	1	3
Number of licenses revoked	44	36	67
Percentage of license denials upheld on appeal	100%	100%	100%

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$1,000, suspend licenses up to 60 days, and refer matters to the Director with recommendations of further action, including license revocation. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Stewards' rulings issued	194	153	146
Percentage of Stewards' rulings upheld on appeal to the Director	99%	96%	100%

Rulings by Track

Phoenix Greyhound Park	91	91	36
Tucson Greyhound Park	103	62	110

Commercial Greyhound Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director, and if not satisfied with the Director's ruling, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of Director's hearings	60	34	114
Number of Administrative Law Judge hearings	0	0	0
Number of Racing Commission hearings	0	0	1
Number of Cases withdrawn/dismissed	0	0	3
Total number of hearings	60	34	115
Total number of orders	77	37	110
Percentage of orders upheld on appeal to the Commission	n/a	n/a	100%
<u>Orders by Track</u>			
Phoenix Greyhound Park	45	17	63
Tucson Greyhound Park	32	20	47

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of facility licenses issued	8	8	58
Number of inspections conducted at facilities	58	87	35
Percentage of inspections resulting in violations and disciplinary action	4%	1.2%	1%
Number of whelping inspections	76	104	81
Number of vehicle inspections	N/A	45	36

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Amount of awards	\$298,026	\$455,259	\$311,191
Percentage of breeders winning awards	8%	49%	93%
Number of greyhounds earning awards	664	639	604
Number of registered greyhounds	9,439	9,909	10,313

Commercial Greyhound Racing

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 2008, the fund received \$1,250.

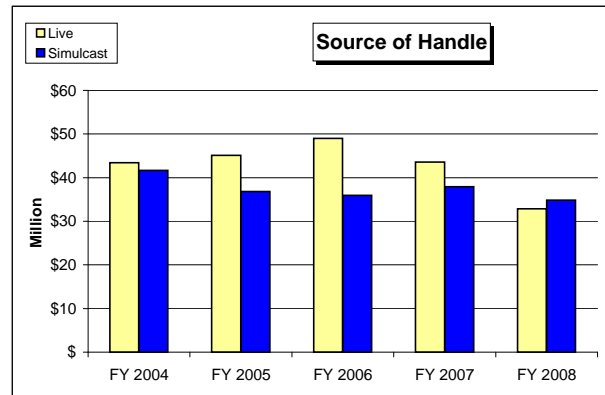
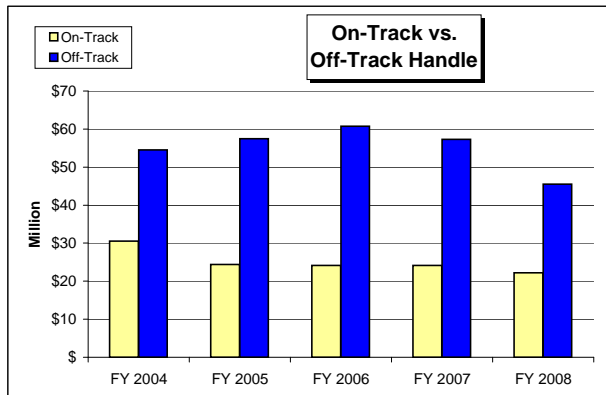
<u>Performance Measures</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of grants awarded	2	0	1
Amount of grants awarded	\$1,534	\$0	\$1,250

COMMERCIAL GREYHOUND TRACKS

Apache Greyhound, Phoenix Greyhound,
Tucson Greyhound

RACING STATISTICS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>Race Days/Performances (including 9 charity days)</u>					
Live Race Days	719	634	667	660	600
Dark Day-Simulcast only	371	453	420	427	490
Total Race Days	1,090	1,087	1,087	1,087	1,090
Total Live Performances (Matinee & Evening)	719	634	667	660	600
<u>Number of Races</u>					
Live Races	10,492	9,372	10,119	9,545	7,931
Simulcast Races	218,222	213,839	212,233	232,167	233,201
Total Number of Races	228,714	223,211	222,352	241,712	241,132
<u>Attendance</u>					
On-Track	309,405	260,175	258,294	242,079	223,833
Off-Track	245,444	252,995	265,181	226,755	208,196
Total Attendance	554,849	513,170	523,475	468,834	432,029
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$78,036	\$75,332	\$78,132	\$74,933	\$62,141
Breakdown by location					
On-Track Handle	\$30,557,129	\$24,420,309	\$24,174,364	\$24,117,884	\$22,174,756
Off-Track Handle	\$54,501,568	\$57,465,556	\$60,755,397	\$57,334,119	\$45,558,430
Breakdown by source					
Live Races	\$43,430,639	\$45,080,399	\$48,967,570	\$43,566,317	\$32,868,549
Simulcast Races	\$41,628,058	\$36,805,465	\$35,962,191	\$37,885,687	\$34,864,637
Total Pari-Mutuel Handle	\$85,058,697	\$81,885,864	\$84,929,761	\$81,452,003	\$67,733,186
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$65,060,502	\$62,397,624	\$65,087,000	\$62,355,345	\$52,073,727
State Pari-Mutuel Revenues	\$84,909	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$17,155,485	\$16,418,485	\$16,898,092	\$16,541,416	\$13,972,719
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	58,026	76,310	56,052	43,121	39,147
Hardship Tax Credit	2,245,751	2,403,112	2,637,164	2,353,026	1,768,623
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	246,844	229,595	221,691	200,269	157,288
Total Track Revenues	\$19,706,106	\$19,127,502	\$19,812,998	\$19,137,832	\$15,937,777
Purses	\$4,481,327	\$4,392,179	\$4,592,493	\$4,259,927	\$3,494,876

Racetrack Trends at a Glance



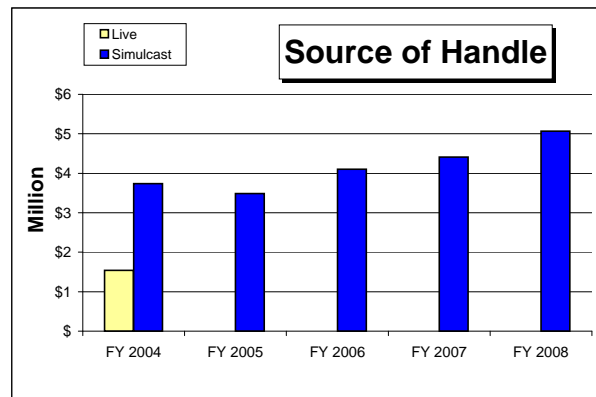
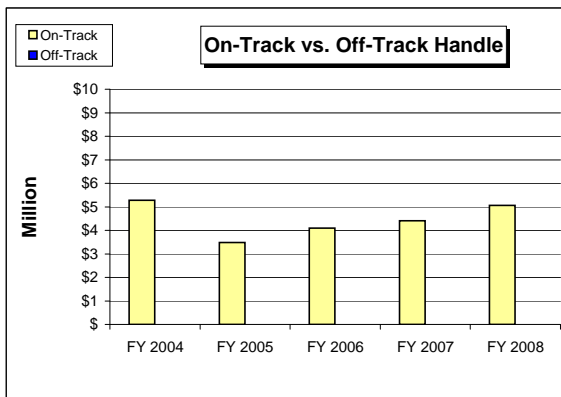
2551 West Apache Trail
 Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2008 Racing Dates:
 July 1, 2007 - June 30, 2008

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances</u>					
Live Race Days	56	0	0	0	0
Dark Day-Simulcast only	308	362	362	362	363
Total Race Days	364	362	362	362	363
Total Live Performances (Matinee & Evening)	56	0	0	0	0
<u>Number of Races</u>					
Live Races	834	0	0	0	0
Simulcast Races	60,250	60,270	64,529	72,968	73,490
Total Number of Races	61,084	60,270	64,529	72,968	73,490
<u>Attendance</u>					
On-Track	126,750	81,353	82,160	79,200	79,013
Off-Track	0	0	0	0	0
Total Attendance	126,750	81,353	82,160	79,200	79,013
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$14,511	\$9,629	\$11,329	\$12,191	\$13,957
Breakdown by location					
On-Track Handle	\$5,281,988	\$3,485,747	\$4,101,136	\$4,413,071	\$5,066,332
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$1,544,305	\$0	\$0	\$0	\$0
Simulcast Races	3,737,683	\$3,485,747	\$4,101,136	\$4,413,071	\$5,066,332
Total Pari-Mutuel Handle	\$5,281,988	\$3,485,747	\$4,101,136	\$4,413,071	\$5,066,332
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$4,103,541	\$2,670,590	\$3,223,463	\$3,441,643	\$3,886,753
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,103,296	\$813,942	\$942,979	\$1,032,928	\$1,192,917
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	4,418	0	0	0	0
Hardship Tax Credit	80,519	0	0	0	0
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	18,363	8,938	8,810	9,110	8,235
Total Track Revenues	\$1,206,597	\$822,880	\$951,789	\$1,042,037	\$1,201,152
Purses	\$255,152	\$160,366	\$187,587	\$201,092	\$228,396

Racetrack Trends at a Glance



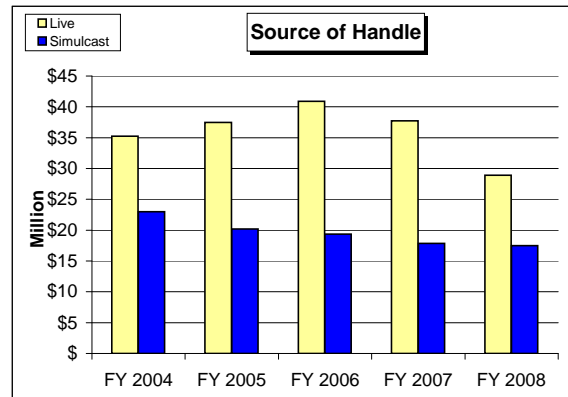
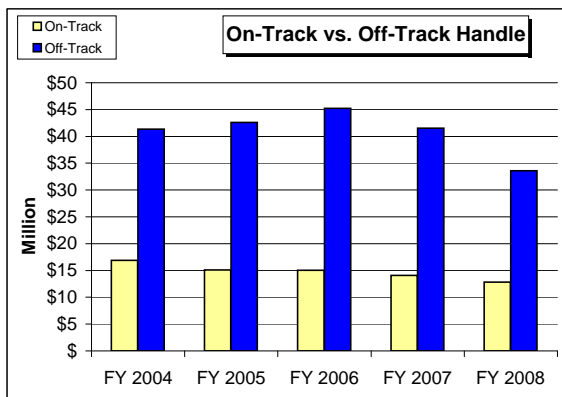
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2008 Racing Dates:
July 1, 2007 - June 30, 2008

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances (including 9 charity day)</u>					
Live Race Days	352	352	362	362	348
Dark Day-Simulcast only	11	10	0	0	15
Total Race Days	363	362	362	362	363
Total Live Performances (Matinee & Evening)	352	352	362	362	348
<u>Number of Races</u>					
Live Races	5,169	5,387	5,770	5,733	5,019
Simulcast Races	74,579	67,266	63,841	70,123	70,116
Total Number of Races	79,748	72,653	69,611	75,856	75,135
<u>Attendance</u>					
On-Track	133,309	127,079	123,617	122,821	106,100
Off-Track	165,126	165,341	171,657	150,734	127,862
Total Attendance	298,435	292,420	295,274	273,555	233,962
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$160,503	\$159,323	\$166,511	\$153,588	\$127,816
Breakdown by location					
On-Track Handle	\$16,906,712	\$15,080,705	\$15,043,286	\$14,071,955	\$12,822,684
Off-Track Handle	\$41,355,918	\$42,594,136	\$45,233,757	\$41,526,811	\$33,574,550
Breakdown by source					
Live Races	\$35,263,900	\$37,464,322	\$40,908,294	\$37,733,613	\$28,922,407
Simulcast Races	22,998,730	20,210,518	19,368,749	17,865,152	17,474,827
Total Pari-Mutuel Handle	\$58,262,630	\$57,674,840	\$60,277,043	\$55,598,765	\$46,397,234
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$44,174,254	\$43,953,881	\$45,922,489	\$42,367,781	\$35,372,281
State Pari-Mutuel Revenues	\$84,909	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$11,362,412	\$11,130,623	\$11,577,368	\$10,757,869	\$9,151,719
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	53,609	76,310	56,052	43,121	39,147
Hardship Tax Credit	1,800,998	1,984,228	2,193,905	2,032,228	1,551,585
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	175,420	170,544	163,624	143,872	115,733
Total Track Revenues	\$13,392,439	\$13,361,706	\$13,990,948	\$12,977,090	\$10,858,184
Purses	\$3,188,597	\$3,189,057	\$3,352,976	\$3,095,274	\$2,545,527

Racetrack Trends at a Glance



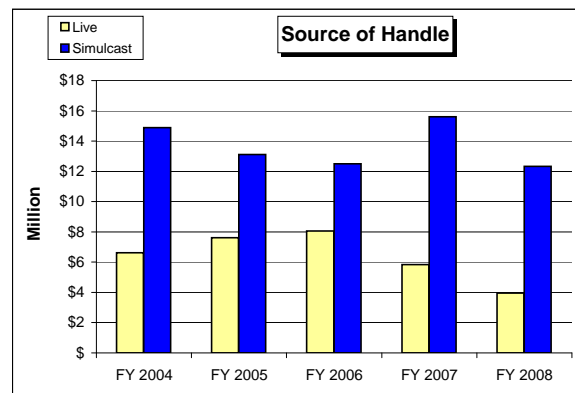
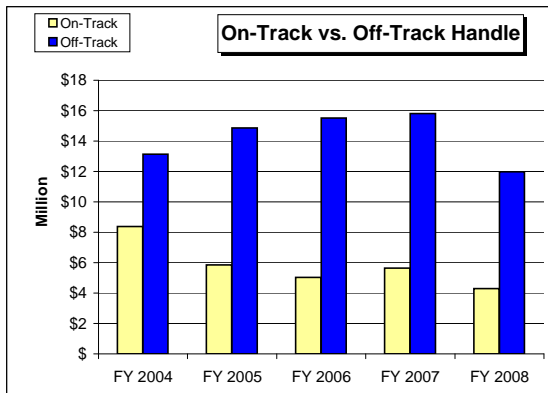
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2008 Racing Dates:
July 1, 2007 - June 30, 2008

<u>RACING STATISTICS</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>Race Days/Performances</u>					
Live Race Days	311	282	305	298	252
Dark Day-Simulcast only	52	81	58	65	112
Total Race Days	363	363	363	363	364
Total Live Performances (Matinee & Evening)	311	282	305	298	252
<u>Number of Races</u>					
Live Races	4,489	3,985	4,349	3,812	2,912
Simulcast Races	83,393	86,303	83,863	89,076	89,595
Total Number of Races	87,882	90,288	88,212	92,888	92,507
<u>Attendance</u>					
On-Track	49,346	51,743	52,517	40,058	38,720
Off-Track	80,318	87,654	93,524	76,021	80,334
Total Attendance	129,664	139,397	146,041	116,079	119,054
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$59,267	\$57,094	\$56,616	\$59,064	\$44,697
Breakdown by location					
On-Track Handle	\$8,368,429	\$5,853,857	\$5,029,942	\$5,632,858	\$4,285,739
Off-Track Handle	\$13,145,650	\$14,871,420	\$15,521,640	\$15,807,308	\$11,983,880
Breakdown by source					
Live Races	\$6,622,434	\$7,616,077	\$8,059,276	\$5,832,704	\$3,946,142
Simulcast Races	14,891,645	13,109,200	12,492,307	15,607,463	12,323,477
Total Pari-Mutuel Handle	\$21,514,079	\$20,725,277	\$20,551,582	\$21,440,167	\$16,269,619
Returned to Wagering Public	\$16,782,707	\$15,773,153	\$15,941,049	\$16,545,921	\$12,814,693
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,689,776	\$4,473,920	\$4,377,744	\$4,750,619	\$3,628,084
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	364,234	418,883	443,259	320,798	217,037
Breakage	53,061	50,114	49,257	47,288	33,320
Total Track Revenues	\$5,107,071	\$4,942,917	\$4,870,261	\$5,118,705	\$3,878,441
Purses	\$1,037,578	\$1,042,756	\$1,051,930	\$963,561	\$720,953

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 2008. A total of 77 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 \$172.8 million. This included \$127.3 million for horse racing and \$45.5 million for greyhound racing. The State of Arizona received \$218,513 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 1.8% during FY 2008 from the prior year. The Table below summarizes the teletrack handle generated by commercial and county fair meets.

Teletrack Handle

Track	FY 2007	FY 2008
Turf Paradise	\$79,467,200	83,720,553
Phoenix Greyhound Park	41,525,858	33,560,088
Yavapai Downs	32,543,425	30,863,474
Tucson Greyhound Park	15,793,792	11,973,181
Turf Paradise (Fair Meets)	8,866,302	9,526,571
Yavapai Downs (Fair Meets)	1,542,698	1,469,872
Fort Tuthill Downs (Fair Meet)	2,440,143	1,682,651
Rillito Park*	0	0
TOTAL	\$182,179,418	\$172,796,390

* No teletracking since FY 2000.

TELETRACKING ACTIVITY - COMMERCIAL HORSE MEETS

City	Site	YAVAPAI DOWNS			TURF PARADISE		
		Handle	Revenue	Performances	Handle	Revenue	Performances
AHWATUKEE	BLEACHER'S	515,093	-	95	1,363,353	\$3,268	241
APACHE JUNCTION	APACHE GREYHOUND PARK	891,234	-	95	2,748,786	8,019	239
APACHE JUNCTION	ARIZONA JOE'S	282,014	-	95	803,762	1,757	241
BENSON	BIG BOY'S ARENA GRILL	57,006	-	57	265,879	442	201
BUCKEYE	WADDEL'S CORRAL	45,533	-	57	69,967	162	70
CASA GRANDE	MCMASHER'S SPORTS BAR	304,912	-	95	949,265	2,296	237
CAVE CREEK	HAROLD'S RESTAURANT	375,614	-	95	1,457,907	3,111	239
CHANDLER	DIRTY DRUMMER	1,497,125	-	95	3,257,536	7,315	240
CHANDLER	STADIUM CLUB	1,170,906	-	95	3,485,438	8,144	240
COTTONWOOD	ZOOMER'S SPORTS BAR	96,315	-	56	125,539	343	85
FLAGSTAFF	MUSEUM CLUB	433,961	-	95	941,233	2,317	236
GLENDALE	MAX'S SPORTS BAR	1,025,090	-	94	3,031,158	8,731	239
GOODYEAR	ROMAN'S OASIS	298,368	-	95	816,430	2,303	239
GREEN VALLEY	GREEN VALLEY LANES	53,816	-	56	-	-	-
KINGMAN	CERBAT HILLS	218,164	-	95	568,204	1,738	239
LAKE HAVASU CITY	GALLAGHER'S AGAIN	376,338	-	95	1,177,902	2,593	240
MARANA	OLD FATHER INN	328,240	-	95	833,965	1,845	217
NEW RIVER	GAVILAN PEAK	279,700	-	95	783,920	1,682	209
PARKER	JULIO'S	54,672	-	58	149,994	340	92
PAYSON	FAMOUS SAM'S	104,599	-	88	268,394	570	191
PEORIA	GALLAGHER'S	289,605	-	95	980,526	2,307	239
PEORIA	RAMADA INN	686,759	-	95	1,850,393	4,988	240
PEORIA	MCDUFFY'S SPORTS BAR	649,808	-	95	1,583,318	4,524	238
PHOENIX	1800'S SALOON	115,918	-	95	327,537	843	241
PHOENIX	AMERICAN LEGION #7	845,804	-	95	2,316,307	5,693	241
PHOENIX	AMF CHRISTOWN LANES	597,350	-	95	1,603,280	3,924	240
PHOENIX	ARMADILLO GRILL	1,059,371	-	95	3,664,396	10,074	240
PHOENIX	BIG DADDY'S	127,287	-	51	649,324	1,977	214
PHOENIX	BRENNAN'S	1,904,490	-	95	6,127,331	13,875	239
PHOENIX	CHEERLEADER'S	421,429	-	95	1,246,588	3,215	240
PHOENIX	CROSSROADS	383,461	-	95	1,161,982	2,878	241
PHOENIX	DRAW 10	56,107	-	51	46,642	36	61
PHOENIX	FINAL SCORE SPORTS GRILL	382,743	-	95	878,896	1,629	240
PHOENIX	GALLAGHER'S - CAREFREE	158,369	-	38	118,004	137	44
PHOENIX	GALLAGHER'S - 16TH STREET	785,879	-	95	1,731,993	3,939	239
PHOENIX	HAM'S RESTAURANT	139,630	-	20	-	-	-
PHOENIX	METRO SPORTS BAR	247,038	-	95	710,161	1,721	241
PHOENIX	NORTH STAR RESTAURANT	546,123	-	95	1,772,826	4,902	241
PHOENIX	PADRE MURPHY'S	1,784,191	-	95	4,985,510	13,429	240
PHOENIX	ROMAN'S COUNTY LINE	705,710	-	95	1,522,695	3,987	239
PHOENIX	TURF PARADISE	443,000	-	55	-	-	-
PRESCOTT	MATT'S SALOON	336,565	-	94	927,849	2,162	239
PRESCOTT VALLEY	ANTELOPE LANES	401,642	-	95	996,292	3,075	238
PRESCOTT VALLEY	YAVAPAI DOWNS	-	-	-	437,085	1,430	227
QUARTZSITE	QUARTZSITE YACHT CLUB	55,319	-	60	363,833	800	187
ROCK SPRINGS	ROCK SPRINGS CAFE	37,232	-	40	37,766	36	30
SAFFORD	CHALO'S LA CASA REYNOSO	216,028	-	95	511,708	1,218	234
SCOTTSDALE	UPPER DECK SPORTS GRILL	849,997	-	95	1,968,628	5,498	240
SEDONA	LOS ABRIGADOS RESRT	136,415	-	94	389,021	1,105	238
SHOW LOW	JDS BLACK BULL	409,562	-	94	356,838	1,031	237
SIERRA VISTA	P.C.'S LOUNGE	380,478	-	95	957,961	2,245	239
SURPRISE	COYOTE ALLEY	299,623	-	95	853,542	2,298	240
SURPRISE	RUNNER'S SPORTS BAR	545,743	-	95	1,483,802	4,803	241
TEMPE	BOSTON'S GRILLE	636,261	-	95	1,544,223	3,632	241
TEMPE	HAIL MARY'S AT PRIEST	165,944	-	38	538,022	1,486	208
TEMPE	HORSE & HOUND-OFF BROADWAY	816,061	-	94	2,431,301	5,916	240
TEMPE	SIX SHOOTER'S	309,107	-	57	873,807	2,028	156
TEMPE	SKIP & JAN'S	307,388	-	38	2,093,218	5,194	241
TEMPE	STRAY CAT	541,578	-	95	1,714,144	5,023	240
TUCSON	AIRPORT INN	103,990	-	94	251,334	908	215
TUCSON	FAMOUS SAM'S-CENTRAL	138,236	-	95	342,500	906	217
TUCSON	FAMOUS SAM'S-EAST	252,065	-	95	341,342	717	217
TUCSON	GOLDEN PIN LANES	546,394	-	95	905,354	2,140	217
TUCSON	JEFF'S PUB	312,956	-	95	787,881	1,530	217
TUCSON	PUTNEY'S SPORTS BAR	233,424	-	95	641,790	1,496	217
TUCSON	TOUCHDOWN'S	357,178	-	95	956,032	1,516	217
TUCSON	TUCSON GREYHOUND PARK	831,351	-	95	2,128,209	5,548	217
WICKENBERG	MECCA RESTAURANT	93,540	-	74	262,009	584	189
YUMA	RON'S PLACE	810,625	-	95	2,240,721	3,134	239
Sub-Total		\$30,863,474	-	5,733	\$83,712,553	\$208,513	14,171
County Fairs							
SONOITA	SANTA CRUZ COUNTY FAIR	-	-	-	8,000	-	4
Sub-Total		-	-	-	8,000	-	4
TOTAL		\$30,863,474	-	5,733	\$83,720,553	\$208,513	14,175

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	BLEACHER'S	25,622	5	20,255	4	136,808	20
APACHE JUNCTION	APACHE GREYHOUND PARK	42,889	5	47,483	4	325,242	20
APACHE JUNCTION	ARIZONA JOE'S	16,494	5	10,722	4	121,566	20
BENSON	BIG BOY'S ARENA GRILL	4,765	5	4,268	4	24,973	20
BUCKEYE	WADDEL'S CORRAL	5,072	5	4,709	4	-	-
CASA GRANDE	MCMASHER'S SPORTS BAR	13,516	5	15,862	4	81,165	20
CAVE CREEK	HAROLD'S RESTAURANT	28,536	5	17,176	4	139,146	20
CHANDLER	DIRTY DRUMMER	99,616	5	61,722	4	388,873	20
CHANDLER	STADIUM CLUB	76,805	5	67,250	4	423,060	20
COTTONWOOD	ZOOMER'S SPORTS BAR	9,474	5	2,596	2	-	-
FLAGSTAFF	MUSEUM CLUB	25,614	5	21,387	3	102,251	20
GLENDALE	MAX'S SPORTS BAR	45,078	5	49,077	4	372,681	20
GOODYEAR	ROMAN'S OASIS	8,093	5	6,994	4	91,459	20
GREEN VALLEY	GREEN VALLEY LANES	5,003	5	2,587	4	-	-
KINGMAN	CERBAT HILLS	13,167	5	15,668	4	60,144	20
LAKE HAVASU CITY	GALLAGHER'S AGAIN	21,124	5	16,400	4	142,363	20
MARANA	OLD FATHER INN	14,233	5	34,539	4	135,102	20
NEW RIVER	GAVILAN PEAK	13,808	5	15,613	4	80,426	20
PARKER	JULIO'S	2,425	3	2,514	2	33,490	18
PAYSON	FAMOUS SAM'S	5,253	5	6,682	4	30,324	20
PEORIA	GALLAGHER'S	10,969	5	24,377	4	165,493	20
PEORIA	RAMADA INN	35,921	5	45,524	4	200,043	20
PEORIA	MCDUFFY'S SPORTS BAR	25,217	5	27,838	4	202,942	20
PHOENIX	1800'S SALOON	5,543	5	7,488	4	20,043	20
PHOENIX	AMERICAN LEGION #7	48,918	5	39,994	4	277,968	20
PHOENIX	AMF CHRISTOWN LANES	32,637	5	35,455	4	174,602	20
PHOENIX	ARMADILLO GRILL	56,089	5	37,326	4	445,274	20
PHOENIX	BIG DADDY'S	5,100	4	-	-	78,505	20
PHOENIX	BRENNAN'S	65,068	5	69,149	4	705,947	20
PHOENIX	CHEERLEADER'S	19,004	5	20,210	4	144,167	20
PHOENIX	CROSSROADS	19,272	5	17,407	4	120,336	20
PHOENIX	DRAW 10	5,199	4	4,274	2	-	-
PHOENIX	FINAL SCORE SPORTS GRILL	20,102	5	18,536	4	86,764	20
PHOENIX	GALLAGHER'S - 16TH STREET	42,123	5	30,644	4	152,956	20
PHOENIX	HAM'S RESTAURANT	28,443	3	-	-	-	-
PHOENIX	METRO SPORTS BAR	18,038	5	15,131	4	62,484	20
PHOENIX	NORTH STAR RESTAURANT	38,001	5	30,318	4	182,922	20
PHOENIX	PADRE MURPHY'S	112,180	5	74,772	4	502,875	20
PHOENIX	ROMAN'S COUNTY LINE	46,819	5	43,324	4	170,668	20
PHOENIX	TURF PARADISE	16,176	3	39,220	4	-	-
PRESCOTT	MATT'S SALOON	17,169	5	19,638	4	111,113	20
PRESCOTT VALLEY	ANTELOPE LANES	21,717	5	17,360	4	106,917	20
PRESCOTT VALLEY	YAVAPAI DOWNS	15,709	5	-	-	73,413	20
QUARTZSITE	QUARTZSITE YACHT CLUB	1,284	1	3,977	2	71,557	20
ROCK SPRINGS	ROCK SPRINGS CAFE	3,686	3	3,647	2	-	-
SAFFORD	CHALO'S LA CASA REYNOSO	7,106	4	7,073	4	57,945	20
SCOTTSDALE	UPPER DECK SPORTS GRILL	38,280	5	35,153	4	197,453	20
SEDONA	LOS ABRIGADOS RESRT	6,104	5	5,084	4	40,041	20
SHOW LOW	JD'S BLACK BULL	35,531	5	27,378	4	24,500	20
SIERRA VISTA	P.C.'S LOUNGE	28,000	5	17,148	4	85,336	20
SURPRISE	COYOTE ALLEY	12,844	5	25,499	4	84,673	20
SURPRISE	RUNNER'S SPORTS BAR	27,015	5	20,594	4	131,512	20
TEMPE	BOSTON'S GRILLE	33,423	5	23,311	4	250,427	20
TEMPE	HAIL MARY'S AT PRIEST	-	-	-	-	78,116	20
TEMPE	HORSE & HOUND-OFF BROADWAY	51,202	5	33,572	4	263,048	20
TEMPE	SIX SHOOTER'S	30,755	5	31,037	4	56,203	10
TEMPE	SKIP & JAN'S	-	-	-	-	222,588	20
TEMPE	STRAY CAT	28,109	5	22,690	4	150,939	20
TUCSON	AIRPORT INN	9,048	5	4,161	3	13,738	20
TUCSON	FAMOUS SAM'S-CENTRAL	7,911	5	7,312	4	48,834	20
TUCSON	FAMOUS SAM'S-EAST	13,212	5	7,775	4	27,170	20
TUCSON	GOLDEN PIN LANES	36,484	5	26,688	4	123,297	20
TUCSON	JEFF'S PUB	19,405	5	22,897	4	99,912	20
TUCSON	PUTNEY'S SPORTS BAR	9,291	5	12,161	4	57,779	20
TUCSON	TOUCHDOWN'S	12,486	5	14,131	4	133,531	20
TUCSON	TUCSON GREYHOUND PARK	49,116	5	48,848	4	266,706	20
WICKENBERG	MECCA RESTAURANT	3,348	3	5,664	2	29,201	20
YUMA	RON'S PLACE	37,010	5	22,583	3	337,560	20
TOTAL		\$1,682,651	313	\$1,469,872	237	\$9,526,571	1,208

TELETRACKING ACTIVITY - GREYHOUND MEETS

		<u>PHOENIX GREYHOUND PARK</u>			<u>TUCSON GREYHOUND PARK</u>		
City	Site	Handle	Revenue	Performances	Handle	Revenue	Performances
APACHE JUNCTION	APACHE GREYHOUND PARK	\$ 2,579,051	-	355	\$ 128,008	-	190
CASA GRANDE	MCMASHER'S SPORTS BAR	480,187	-	301	-	-	-
CHANDLER	ALL STARZ	20,517	-	46	-	-	-
CHANDLER	GALLAGHER'S	461,071	-	352	28,611	-	168
CHANDLER	DIRTY DRUMMER	2,462,726	-	360	8,455	-	8
CHANDLER	STADIUM CLUB	1,404,376	-	360	-	-	-
GLENDALE	MAX'S SPORTS BAR	5,071,832	-	359	322,106	-	189
GOODYEAR	CROSSROADS	253,469	-	82	-	-	-
GREEN VALLEY	GREEN VALLEY LANES	-	-	-	100,634	-	83
KINGMAN	DAMBAR & STEAKHOUSE	55,059	-	74	-	-	-
LITCHFIELD PARK	LIGHTHOUSE RESTAURANT	586,798	-	165	-	-	-
MARANA	OLD FATHER INN	84,361	-	248	1,067,298	-	364
PEORIA	GALLAGHER'S	1,325,199	-	360	18,155	-	67
PEORIA	RAMADA INN	514,176	-	274	-	-	-
PHOENIX	BIG DADDY'S	657,767	-	286	20,203	-	117
PHOENIX	BRENNAN'S	2,061,442	-	357	94,877	-	153
PHOENIX	CHEERLEADERS	1,977,659	-	360	113,715	-	190
PHOENIX	HAM'S RESTAURANT	93,517	-	23	-	-	-
PHOENIX	METRO SPORTS BAR	874,625	-	360	47,798	-	183
PHOENIX	NORTH STAR	785,222	-	359	25,775	-	104
PHOENIX	PADRE MURPHY'S	4,820,606	-	360	8,478	-	8
PHOENIX	PHOENIX GREYHOUND PARK	-	-	-	392,880	-	190
PHOENIX	PURPLE TURTLE	113,140	-	132	-	-	-
PRESCOTT	PLAZA BOWL	73,939	-	75	-	-	-
SAFFORD	CHALO'S LA CASA REYNOSO	130,574	-	161	-	-	-
SIERRA VISTA	PC'S LOUNGE	385,832	-	321	-	-	-
SURPRISE	COYOTE ALLEY	67,688	-	43	-	-	-
SURPRISE	RUNNER'S SPORTS BAR	765,302	-	360	54,825	-	189
TEMPE	BOSTON'S BAR & GRILLE	534,534	-	359	-	-	-
TEMPE	HORSE & HOUND-OFF BROADWAY	1,202,642	-	359	-	-	-
TEMPE	SIX SHOOTER'S	513,092	-	225	29,952	-	89
TEMPE	SKIP & JAN'S	836,438	-	292	-	-	-
TUCSON	AIRPORT INN	42,109	-	226	432,169	-	359
TUCSON	FAMOUS SAM'S - CENTRAL	51,135	-	249	656,265	-	364
TUCSON	FAMOUS SAM'S - EAST	97,222	-	249	944,152	-	364
TUCSON	GOLDEN PIN LANES	342,704	-	250	3,534,935	-	364
TUCSON	JEFF'S PUB	181,305	-	250	1,460,310	-	364
TUCSON	PUTNEY'S SPORTS BAR	146,520	-	247	1,172,249	-	363
TUCSON	TOUCHDOWNS	460,113	-	246	1,311,331	-	363
TUCSON	TUCSON GREYHOUND PARK	490,374	-	250	-	-	-
YUMA	RON'S PLACE	555,765	-	305	-	-	-
TOTAL		\$ 33,560,088	-	10,040	\$ 11,973,181	-	4,833

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.

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of incident investigations	379	363	414
Number of background investigations	1,758	2,086	3,425
Total number of investigations conducted	2,137	2,449	3,839

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Referred</u>	<u>No Violation</u>
False application	218	218	0
Disorderly conduct/assault	9	9	0
Human drug -testing	54	13	41
Animal drug testing	29	29	0
Kennel inspection	35	2	33
Whelping inspection	81	1	80
Vehicle inspection	36	0	36
License denial/ineligible	3	3	0
Information only	6	0	6
Total	471	275	196

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of licenses issued	3,120	3,999	5,848
Number of licenses denied	11	14	11
Number of licenses revoked	233	243	210
Percentage of license denials upheld on appeal	99%	99%	83%

Racing Regulation

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$1,000, license suspensions up to 60 days, and refer matters to the Director with recommendations of further action, including license revocation.

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Total rulings issued	647	644	521
Percentage of Stewards' rulings upheld on appeal to the Director	99%	96%	100%

Director

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Director's hearings	976	349	432
Administrative Law Judge hearings	10	19	117
Racing Commission hearings	7	12	5
Cases withdrawn/dismissed	2	2	24
Total number of hearings	995	380	580
Total number of orders*	1,170	533	422
Percentage of orders upheld on appeal to the Commission	86%	82%	75%

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

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Human Drug Tests	50	68	54
Positive Drug Tests	13	31	8
Licensee Refused to Test	7	2	5
Percent Positive	26%	51%	23%
Breath/Alcohol Tests	8	2	2
Positive Breath/Alcohol Tests	8	2	1
Percent Positive	100%	100%	50%

Racing Regulation

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Equine Drug Testing			
Number positive equine drug tests	48	33	33
Percent positive equine drug tests	1.8%	1.3%	1.4%
Canine Drug Testing			
Number positive canine tests	0	0	5
Percent positive canine tests	.00%	.00%	.11%
Totals			
Total Positive tests	48	33	38
Percent Total positive tests	0.63%	0.44%	0.5%

LICENSE BY CATEGORY

CATEGORY	HORSES					GREYHOUNDS				GRAND TOTAL
	TURF PARADISE	YAVAPAI DOWNS	COUNTY FAIR	RILLITO PARK	TOTAL	PHOENIX	TUCSON	RBO	TOTAL	
1 YR CONCESSION										
1 YR MUTUEL										
1 YR PEACE OFFICER										
3 YR COOLOUT						27	14		41	41
3 YR MUTUEL	74	19	92	33	218	127	85		212	430
3 YR PEACE OFFICER			2		2					2
APPRENTICE JOCKEY	4			1	5					5
ASSISTANT STARTER	11	7	3	2	23					23
ASSISTANT TRAINER	25				25	19	2		21	46
AUTH. AGENT-FULL	2	1		1	4					4
AUTH. AGENT-PARTIAL	154	24	2	1	181	14	2		16	197
BREED FARM/OTHER OP								7	7	7
COMBINATION OPER								10	10	10
DUPLICATE/NO FEE										
EXERCISE RIDER	116	24	15	5	160					160
FACILITY MGR/AGENT										
GROOM	349	60	50	44	503					503
INELIGIBLE	4	3	1		8	1	2		3	11
JOCKEY	73	17	16	9	115					115
JOCKEY AGENT	12	4			16					16
KENNEL-NEW						5	1		6	6
KENNEL-RENEWAL						15	3		18	18
OCCUPATIONAL	268	99	85	74	526	206	58		264	790
OCCUPATIONAL-BRDR										
OFFICIAL	10	12	3	6	31	31	18		49	80
OTB	103	5			108	58	41		99	207
OUTRIDER	4	2		1	7					7
OWNER	1,147	332	143	79	1,701	168	65		233	1,934
OWNER-TRAINER	153	42	43	18	256	13	3		16	272
PADDOCK EMPLOYEE						61	82		143	143
PERMITTEE DIR/BD MBR	4	1	24	3	32	4			4	36
PLATER	8	3	2	2	15					15
PONY RIDER	82	18	17	14	131					131
RACING KENNEL								17	17	17
SECURITY	21	14	24	25	84	39	15		54	138
STABLE-NEW	71	7		3	81					81
STABLE-RENEWAL	73	16	1		90					90
TEMP. CLAIM	23	1			24					24
TEMP. OWNER	13	3		1	17					17
TEMP. STABLE	2				2					2
TRAINER	86	18	19	12	135	13	13		26	161
VENDOR-BUSINESS	15	5	1		21	3	1		4	25
VENDOR-EMPLOYEE	33	10	7	3	53	15	8		23	76
VETERINARIAN	6	6	3	3	18		1		1	19
VOIDS										
LICENSES ISSUED	2,946	753	553	340	4,592	819	414	34	1,267	5,859
FINGERPRINTS TAKEN	1,531	345	345	241	2,462	655	308		963	3,425
LICENSING FEES	\$91,556	\$22,877	\$14,780	\$9,259	\$138,472	\$17,369	\$7,239	\$2,250	\$26,858	\$165,330
FINGERPRINT FEES	\$46,139	\$9,924	\$10,318	\$7,926	\$74,307	\$18,995	\$8,932		\$27,927	\$102,234
TOTAL FEES	\$137,695	\$32,801	\$25,098	\$17,185	\$212,779	\$36,364	\$16,171	\$2,250	\$54,785	\$267,564

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 2008, the Department collected \$10,750 in taxes generated from 10 boxing events in the State.

The State Boxing Commission issued 458 licenses, and the Department collected a total of \$8,255 in license fees from these applicants.

Additionally, the State Boxing Commission entered into intergovernmental agreements with three 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 2008, the Boxing Commission regulated 15 of these events and collected \$45,000 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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	35	30	25
Number of bouts	280	240	200

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of licenses issued	792	791	458
Percent of licenses issued for all applications	99%	99%	99%
<u>Revenue Summary</u>			
Taxes	\$39,948	\$24,731	\$10,750
License Fees	10,980	11,595	8,255
Fines	1,400	1,200	400
Other (Tribal Agreements)	24,000	33,000	45,000
Total Revenue Collected	\$76,328	\$67,526	\$64,405

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 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Number of investigations conducted	13	8	1
Percent of investigations resulting in disciplinary action	98%	99%	100%

Financial Issues

Department Of Racing Budget

The Department of Racing's expenditures for the last three fiscal years and the appropriated funds for 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.

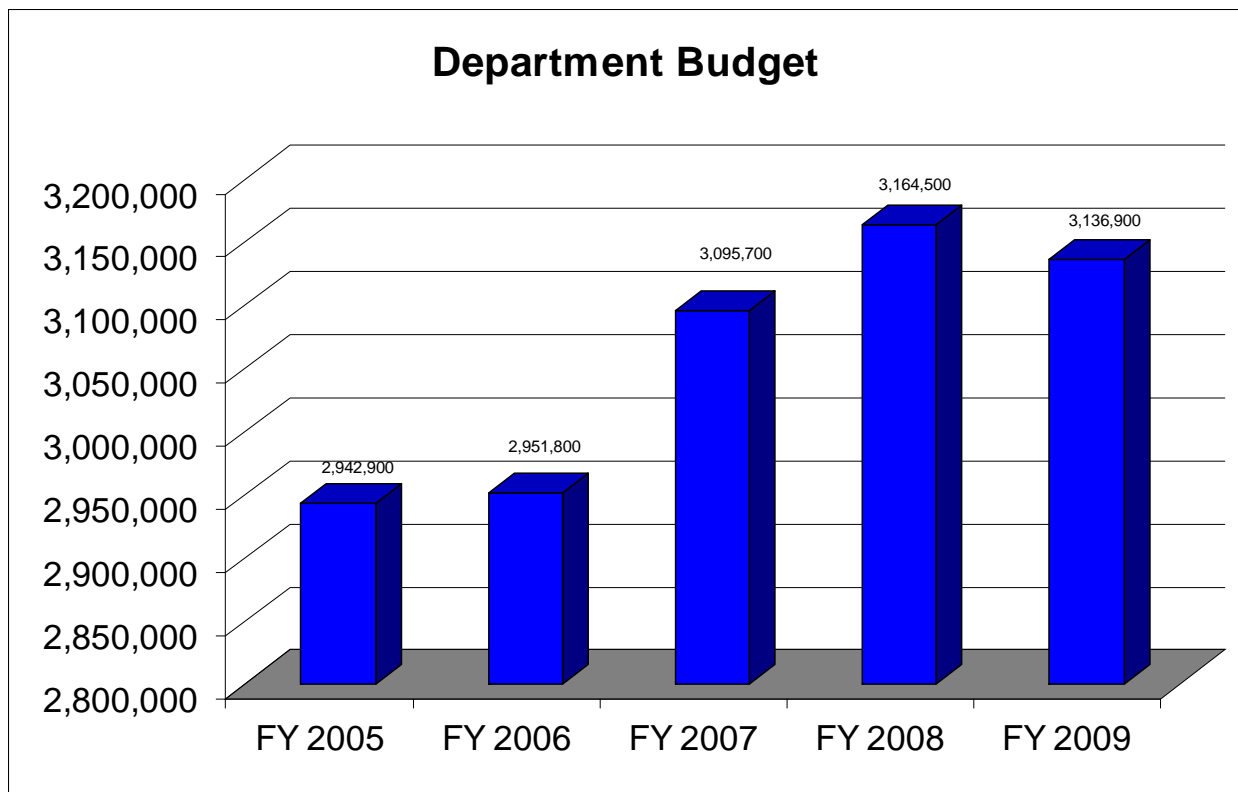
The total Department of Racing budget for FY 2008 was \$3,204,100. This represents an increase of \$108,400, or 3.5%, from the prior budget period, mainly because of increases to the County Fair Racing Fund and Administration Fund appropriations. Nearly 83.9% of the Department's FY 2008 budget was appropriated from the State General Fund.

OPERATING BUDGET

	Actual Exp FY 2006	Actual Exp FY 2007	Actual Exp FY 2008	Appropriation FY 2009
Full Time Equivalent Positions (FTE)	46.5	46.5	46.5	46.5
Full Time	33.0	33.0	33.0	33.0
Seasonal	13.5	13.5	13.5	13.5
Personal Services	\$1,768,713	\$1,829,900	\$1,838,000	\$1,841,200
Employee Related Expenses (ERE)	471,583	580,700	583,300	491,900
Professional & Outside Services	239,900	231,200	207,200	274,900
Travel - In State	156,863	185,400	161,000	116,200
Travel - Out of State	5,424	8,300	3,200	4,000
Other Operating	292,896	297,300	319,800	392,700
Equipment	16,421	9,400	52,000	16,000
AGENCY TOTAL	\$2,951,800	\$3,093,600	\$3,164,500	\$3,136,900

FUND SOURCES

General Fund	\$2,606,800	\$2,749,100	\$2,661,600	\$2,623,300
<u>Other Appropriated Funds</u>				
County Fair Racing Fund	300,000	299,700	440,200	446,800
Administration of Betterment & Breeders' Awards Fund	45,000	44,800	62,700	66,800
<i>SUBTOTAL</i>	345,000	344,500	502,900	513,600
AGENCY TOTAL	\$2,951,800	\$3,093,600	\$3,164,500	\$3,136,900



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 38.

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 slightly in FY 2008. They decreased 0.4% or \$1,845 when compared to FY 2007. Several tax breaks have been provided to the racing industry since 1995. The tax breaks listed below contribute, in part, to the current reduction in pari-mutuel tax revenues received 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 2008, the transfer was for \$13.1 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 \$8.2 million in FY 2008, 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 39.

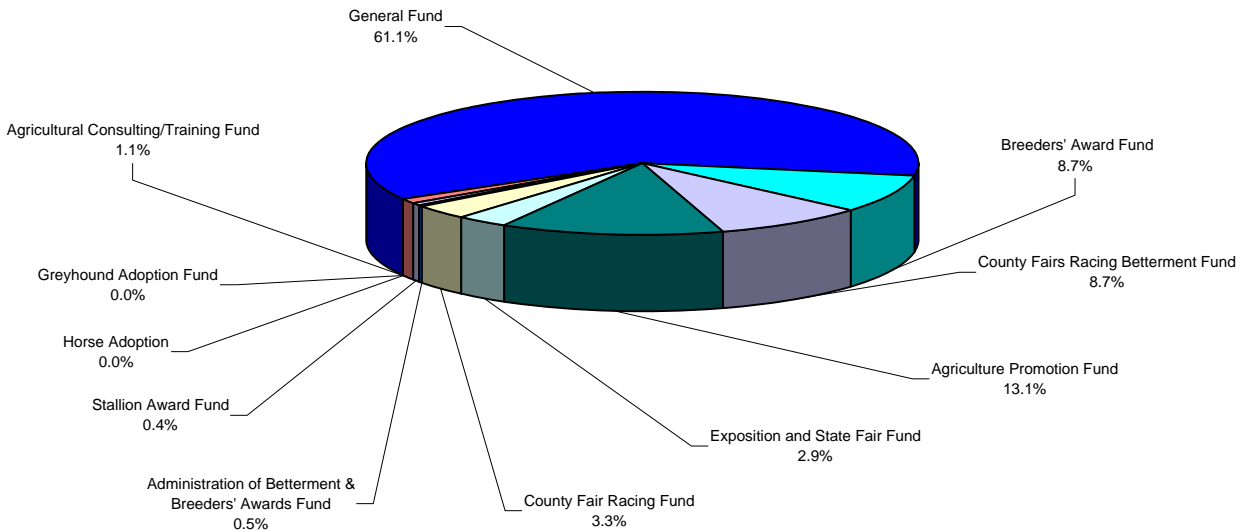
The seven funds summarized on page 40 are the funds administered by the Department of Racing for various programs. The County Fairs Livestock & Agriculture Promotion Fund, the Exposition and State Fair Fund, and the Agricultural Consulting and Training Fund are administered by other State programs, as 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

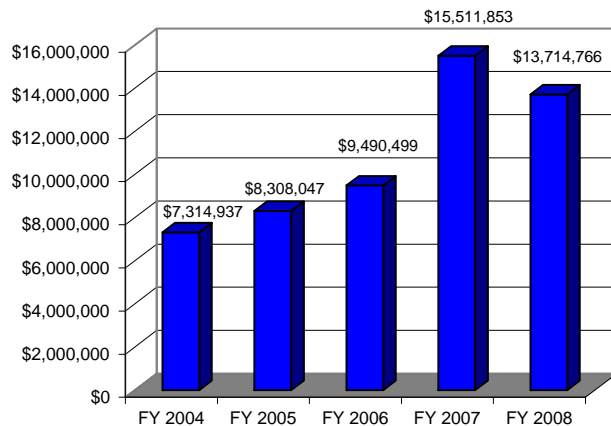
Distribution of Department of Racing Revenues

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$3,657,354	\$4,640,891	\$5,807,008	\$11,823,953	\$8,380,332
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	\$15,511,853	\$13,714,766

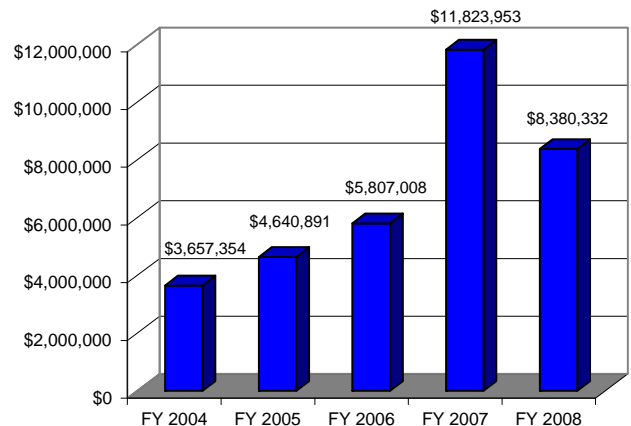
Distribution of Department of Racing Revenues FY 2008



Total Department Revenues by Fiscal Year



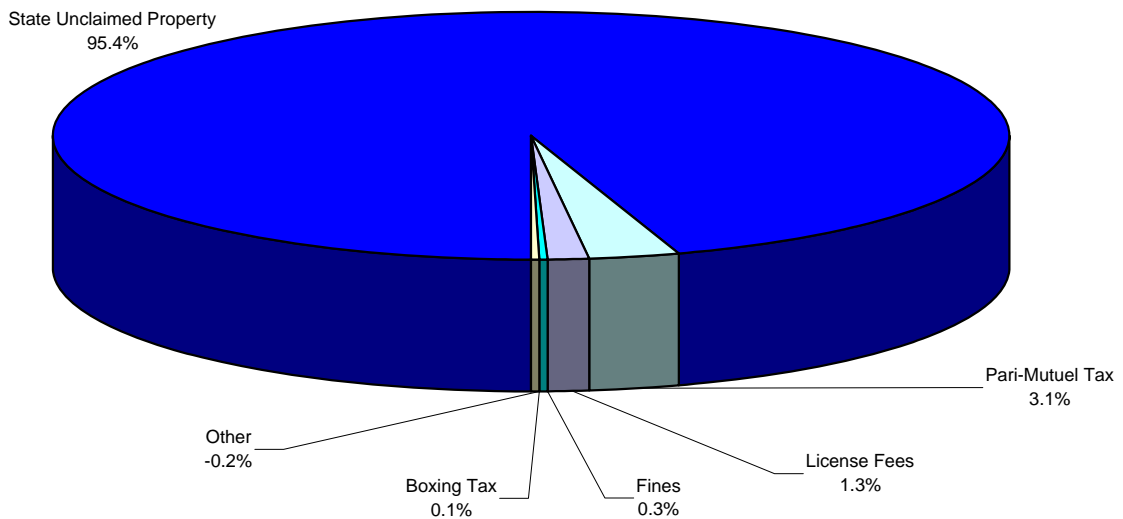
General Fund Revenues by Fiscal Year



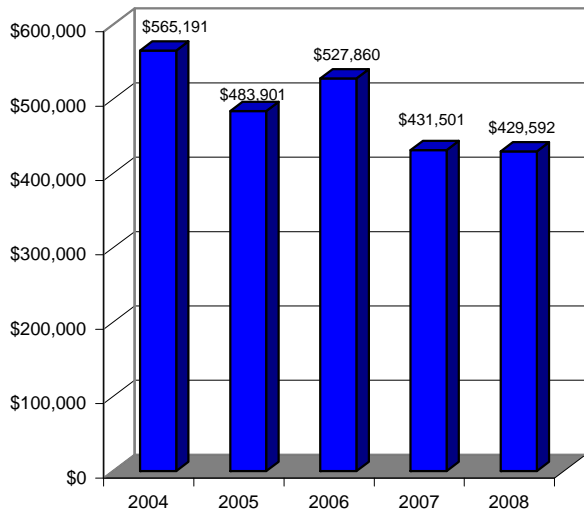
Department of Racing Revenues by Category

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
State Unclaimed Property	\$7,530,279	\$8,706,424	\$9,453,500	\$14,899,237	\$13,082,514
Pari-Mutuel Tax	565,191	483,901	527,860	431,501	429,592
License Fees	130,900	193,974	74,500	82,856	176,844
Fines	50,748	58,073	49,000	45,870	42,086
Boxing Tax	21,929	29,116	39,900	24,730	10,750
Other	9,000	19,011	28,500	27,659	(27,020)
Total	\$8,308,047	\$9,490,499	\$10,173,260	\$15,511,853	\$13,714,766

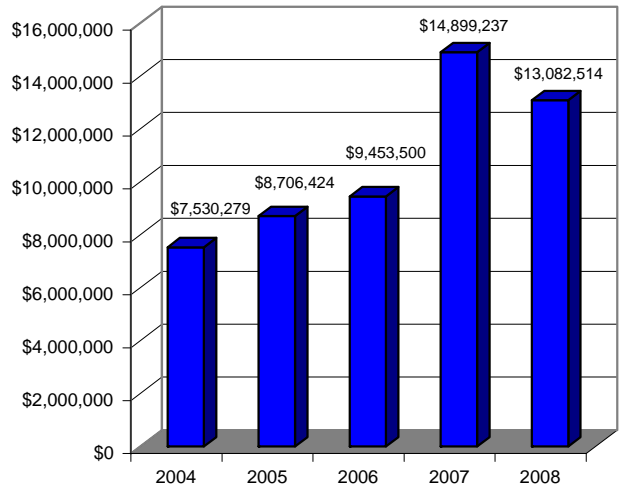
Department of Racing Revenues by Category FY 2008



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



**State Unclaimed Property
Transfers by Fiscal Year**



FY 2008 Appropriated and Non-Appropriated Funds

<u>DESCRIPTION OF FUNDS</u>	<u>FY 2007</u>	<u>FY 2008</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	\$299,700	\$440,200
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	\$44,800	\$62,700
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	\$983,700	\$1,070,619
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	\$1,113,400	\$1,119,200
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	\$0	\$1,250
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	\$1,496
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	\$43,100	\$96,369

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 2010 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2009	FY 2010 TAX CREDIT WITH FY 2009 CARRYOVER
			FY 2009 AMOUNT WAGERED	FY 2009 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2010 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	0	-100.00%	0	0	0	165,088	165,088
Turf Paradise	FY 1994	101,467,993	128,250,000	26.39%	452,907	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	35,000,000	100.10%	105,039	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,100,000	-58.41%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	46,400,000	-51.51%	1,511,196	778,384	2,649,781	3,849,859	6,185,012
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	16,250,000	-57.36%	221,515	127,062	417,619	2,180,529	2,561,716

FY 2011 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2010	FY 2011 TAX CREDIT WITH FY 2010 CARRYOVER
			FY 2010 AMOUNT WAGERED	FY 2010 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2011 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	0	-100.00%	0	0	0	165,088	165,088
Turf Paradise	FY 1994	101,467,993	131,456,200	29.55%	464,229	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	36,750,000	110.11%	110,291	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,227,500	-57.37%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	45,472,000	-52.48%	1,480,972	777,180	2,331,540	4,704,040	7,035,579
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	16,656,250	-56.29%	227,053	127,819	383,456	2,334,663	2,718,119

FY 2012 Estimated Pari-Mutuel Tax and Hardship Tax Credit

TRACK	BASE YEAR	BASE YEAR AMOUNT	ESTIMATED	ESTIMATED	ESTIMATED	TAX DUE	ESTIMATED	CARRYOVER FROM FY 2011	FY 2012 TAX CREDIT WITH FY 2011 CARRYOVER
			FY 2011 AMOUNT WAGERED	FY 2011 % DECREASE	PARI-MUTUEL TAX DUE	BASED ON % DECREASE	FY 2012 HARDSHIP CREDIT		
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$798,671	\$0	-100.00%	\$0	\$0	\$0	\$7,320	\$7,320
Rillito Park	FY 1990	3,887,981	0	-100.00%	0	0	0	165,088	165,088
Turf Paradise	FY 1994	101,467,993	134,742,656	32.79%	475,835	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	38,587,500	120.62%	115,805	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,358,188	-56.30%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	44,562,560	-53.43%	1,451,353	775,431	2,326,292	5,584,226	7,910,518
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	17,072,656	-55.20%	232,729	128,471	385,413	2,485,390	2,870,804

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 2009 Hardship Tax Credit Based on the FY 2008 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2008 AMOUNT WAGERED	FY 2008 % DECREASE	FY 2008 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2009 HARDSHIP TAX CREDIT	CARRYOVER FROM FY 2008 HARDSHIP TAX CREDIT	FY 2009 TAX CREDIT WITH FY 2008 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	165,088
Turf Paradise	FY 1994	101,467,993	128,203,760	26.35%	441,860	0	0	0	0
Yavapai Downs	FY 1994	17,490,826	34,892,032	99.49%	100,037	0	0	0	0
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$12,262,396	\$5,066,332	-58.68%	\$0	\$0	\$0	\$360,850	\$360,850
Phoenix Greyhound Park	FY 1990	49,391,582	46,397,234	-51.51%	1,590,733	819,398	2,458,194	2,982,398	5,440,592
	FY 1994	46,293,967							
Tucson Greyhound Park	FY 1990	38,110,346	16,269,619	-57.38%	216,112	124,004	372,013	2,024,628	2,396,641

Department of Racing Pari-Mutuel Tax Revenue - FY 2008

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2008	FY 2008 HANDLE	FY 2008 PARI-MUTUEL TAX DUE	FY 2008 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2008 HARDSHIP TAX CREDIT	FY2008 COUNTY FAIR CREDITS	FY 2008 CHARITY DAYS	FY 2008 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$165,088	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Turf Paradise	0	128,203,760	441,860	0	0	0	12,268	429,592
Yavapai Downs	0	34,892,032	100,037	100,037	0	0	0	0
Subtotal Horse Tracks	\$165,088	\$163,095,792	\$541,897	\$100,037	\$0	\$0	\$12,268	\$429,592
GREYHOUND TRACKS:								
Apache Greyhound Park	\$360,850	\$5,066,332	\$0	\$0	\$0	\$0	\$0	\$0
Phoenix Greyhound Park	4,423,417	46,397,234	1,590,733	0	1,551,585	0	39,147	0
Tucson Greyhound Park	2,432,446	16,269,619	216,112	0	216,112	0	0	0
Subtotal Greyhound Tracks	\$7,216,713	\$67,733,185	\$1,806,845	\$0	\$1,806,845	\$0	\$39,147	\$0
GRAND TOTAL	\$7,381,801	\$230,828,977	\$2,348,742	\$100,037	\$1,806,845	\$0	\$51,415	\$429,592

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.

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 2008. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2008	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$100,037	\$676,354	\$51,520,282
Other Permittees		\$0	\$0	\$0	\$0

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