

2018

Arizona Department of Gaming Division of Racing



Annual Report



**Fiscal Year 2018 Annual Report
July 1, 2017 – June 30, 2018**

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Statutory Requirement

In accordance with A.R.S. § 5-104(P), the Arizona Department of Gaming – Division of Racing/Racing Commission (“ADG-Racing”) submits this annual report for Fiscal Year 2018 (“FY18”). Pursuant to this statute, the Director shall distribute the report to the Governor, the Speaker of the House of Representatives, the President of the Senate, and the Secretary of State. The report also will be made available for public access online at www.azgaming.gov.

Mission

To regulate and supervise pari-mutuel racing and wagering conducted in Arizona to protect racing participants and the wagering public.

Fiscal Year 2018 State Revenues

Summary	ADW	Commercial Horse	Commercial Dog	County Fair	FY18	FY17
Race Days/Performances						
Live Race Days/Performances ¹	450	128	0	18	596	649
Dark Day – Simulcast Only	834	246	725	0	1,805	1,910
Total Race Days	1,284	374	725	18	2,401	2,559
Number of Races						
Live AZ Races ²	3,640	1,036	0	143	4,819	5,216
Simulcast Races	429,863	50,593	121,545	2,351	604,352	674,445
Total Number of Races	433,503	51,629	121,545	2,494	609,171	679,661
Attendance³						
On-Track	0	284,212	43,845	48,652	376,709	342,993
Off-Track	0	446,169	109,784	23,029	578,982	586,587
Total Attendance	0	730,381	153,629	71,681	955,691	929,580
Pari-Mutuel Handle						
Handle Breakdown by Source						
Live Races ¹ - Taxable	\$542,453	\$9,715,747	\$-	\$1,577,004	\$11,835,204	\$11,266,338
Simulcast Races – Non-Taxable	\$14,384,304	\$97,049,527	\$20,254,160	\$5,351,620	\$137,039,611	\$138,452,478
Total Arizona Pari-Mutuel Handle⁴	\$14,926,757	\$106,765,274	\$20,254,160	\$6,928,624	\$148,874,815	\$149,718,816
Handle Breakdown by Location						
On-Track Handle	\$-	\$21,832,571	\$4,788,867	\$2,512,931	\$29,134,369	\$29,420,927
Off-Track Handle	\$14,926,757	\$84,932,703	\$15,465,293	\$4,415,693	\$119,740,446	\$120,297,889
Total Arizona Pari-Mutuel Handle⁴	\$14,926,757	\$106,765,274	\$20,254,160	\$6,928,624	\$148,874,815	\$149,718,816
Average Handle Per Race Day	\$11,625	\$285,469	\$27,937	\$384,924	\$62,005	\$58,507
Commingled (Export out of AZ)	\$-	\$132,322,363	\$-	\$11,367,224	\$143,689,587	\$127,308,094
State Revenues						
Regulatory Wagering Assessment (RWA)	\$74,634	\$1,257,005	\$101,271	\$52,162	\$1,485,072	\$2,314,993
Gross 2% Live Pari-Mutuel State Tax ⁵	\$10,849	\$194,315	\$-	\$31,540	\$236,704	\$225,334
Returned to Wagering Public	\$11,317,627	\$78,056,944	\$15,799,156	\$4,988,186	\$110,161,913	\$111,920,910
Settlement to/from Host	\$598,084	\$5,914,167	\$(110,364)	\$437,545	\$6,839,432	\$5,921,250
Track Mutuel Revenue						
Total Track/ADW Commission ⁶	\$2,938,983	\$22,076,568	\$4,536,032	\$1,416,786	\$30,968,369	\$31,177,669
Breakage	\$72,063	\$476,858	\$29,336	\$35,553	\$613,810	\$474,554
Capital Improvement Rebate	\$-	\$-	\$-	\$-	\$-	\$-
Capital Improvement AGP Non-Taxable	\$-	\$-	\$-	\$-	\$-	\$-
Revenue Withheld – Charity Days	\$179	\$7,678	\$-	\$-	\$7,857	\$7,541
Revenue Withheld – County Fair	\$811	\$-	\$-	\$31,210	\$32,021	\$72,211
Hardship Tax Credit ⁷	\$-	\$10,983	\$-	\$107	\$11,090	\$11,220
Total Track Revenue	\$3,012,036	\$22,572,087	\$4,565,368	\$1,483,656	\$31,633,147	\$31,743,195
Purses¹	\$-	\$9,693,670	\$-	\$687,780	\$10,381,450	\$9,607,186

¹ A.R.S. Title 5, 5-110(H) – Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

² Shows days with AZ live race betting and days with only simulcast betting.

³ ADW Providers do not have physical locations to track attendance.

⁴ Any differences with Total AZ Pari-Mutuel Handle for Commercial Horse Track and County Fair is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

⁵ Pari-Mutuel State Tax paid to the State is Gross 2% Live Pari-Mutuel State Tax less Tax Credits. Tax Credits include Charity Days, County Fairs, and Hardship Tax Credit.

⁶ Horse and Greyhound Total Track Commission: FY2017 was Gross Track Commission and FY2018 is Net Track Commission. ADW and County Fair Track/ADW Commission for FY2017 and FY2018 is Net Track Commission.

⁷ As of May 13, 2016, "Laws 2016, Chapter 247 eliminates the Hardship Tax Credit, which is used to offset the amount of pari-mutuel tax owed by greyhound and horse racing tracks. Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming. Adjustment to the \$11,058 reported to the Arizona Department of Revenue in October 2018.

Advanced Deposit Wagering Providers

	Turf Paradise Bets ⁴	TVG Network	Twin Spires	XpressBet	FY18	FY17
Wagering Days/Performances						
Live Race Days/Performances ¹	54	132	132	132	450	507
Dark Day – Simulcast Only	136	233	233	232	834	947
Total Wagering Days	190	365	365	364	1,284	1,454
Number of Races						
Live AZ Races	436	1,068	1,068	1,068	3,640	4,076
Simulcast Races	72,095	53,969	170,148	133,651	429,863	498,090
Total Number of Races	72,531	55,037	171,216	134,719	433,503	502,166
Pari-Mutuel Handle						
Handle Breakdown by Source						
Live Races - Taxable	\$25,472	\$312,365	\$74,138	\$130,478	\$542,453	\$403,592
Simulcast Races – Non-Taxable	\$479,122	\$7,595,446	\$2,559,963	\$3,749,773	\$14,384,304	\$13,974,731
Total Arizona Pari-Mutuel Handle	\$504,594	\$7,907,811	\$2,634,101	\$3,880,251	\$14,926,757	\$14,378,323
Average Handle Per Race Day	\$2,656	\$21,665	\$7,217	\$10,660	\$11,625	\$9,889
State Revenues						
Regulatory Wagering Assessment (RWA)	\$2,523	\$39,539	\$13,171	\$19,401	\$74,634	\$119,504
Gross 2% Live Pari-Mutuel State Tax ²	\$509	\$6,247	\$1,483	\$2,610	\$10,849	\$8,072
Returned to Wagering Public	\$386,909	\$5,966,290	\$2,007,285	\$2,957,143	\$11,317,627	\$11,102,150
Settlement to/from Host	\$12,428	\$371,522	\$85,830	\$128,304	\$598,084	\$410,171
ADW Mutuel Revenue						
Total ADW Commission ³	\$102,987	\$1,522,894	\$529,277	\$783,825	\$2,938,983	\$2,826,336
Breakage	\$2,271	\$47,105	\$11,708	\$10,979	\$72,063	\$31,594
Revenue Withheld – Charity Days	\$34	\$95	\$23	\$27	\$179	\$95
Revenue Withheld – County Fair	\$-	\$519	\$91	\$201	\$811	\$1,388
Total ADW Revenue	\$105,292	\$1,570,613	\$541,099	\$795,032	\$3,012,036	\$2,859,413

¹ Race Days show days with AZ live race betting and dark days with only simulcast betting.

² Pari-Mutuel State Tax paid to the State is Gross 2% Live Pari-Mutuel State Tax less Tax Credits. Tax Credits include Charity Days, County Fairs, and Hardship Tax Credit.

³ ADW Commission for FY2017 was Net Track Commission and FY2018 Total Track/ADW Commission is reported as Net Track Commission.

⁴ On 01/08/18 Turf Paradise Bets ceased taking bets as an Advance Deposit Wagering Provider.

Commercial Horse Tracks				
	Rillito Park	Turf Paradise	FY 2018	FY2017
Race Days/Performances¹				
Live Race Days/Performances	8	120	128	106
Dark Day – Simulcast Only	3	243	246	238
Total Race Days	11	363	374	344
Number of Races				
Live AZ Races	65	971	1,036	847
Simulcast Races	728	49,865	50,593	47,135
Total Number of Races	793	50,836	51,629	47,982
Attendance				
On-Track	21,759	262,453	284,212	194,764
Off-Track	0	446,169	446,169	405,263
Total Attendance	21,759	708,622	730,381	600,027
Pari-Mutuel Handle				
Handle Breakdown by Source				
Live Races* – Taxable	\$548,880	\$9,166,867	\$9,715,747	\$7,321,689
Simulcast Races – Non-Taxable	\$143,435	\$96,906,092	\$97,049,527	\$87,927,015
Total AZ Pari-Mutuel Handle²	\$692,315	\$106,072,959	\$106,765,274	\$95,248,704
Handle Breakdown by Location				
On-Track Handle	\$692,315	\$21,140,256	\$21,832,571	\$18,261,239
Off-Track Handle	\$-	\$84,932,703	\$84,932,703	\$76,987,465
Total AZ Pari-Mutuel Handle²	\$692,315	\$106,072,959	\$106,765,274	\$95,248,704
Average Handle Per Race Day	\$62,938	\$292,212	\$285,469	\$276,886
Commingled (Export out of AZ)	\$485,982	\$131,836,381	\$132,322,363	\$105,983,161
State Revenues				
Regulatory Wagering Assessment (RWA)	\$5,909	\$1,251,096	\$1,257,005	\$1,687,621
Gross 2% Live Pari-Mutuel State Tax ³	\$10,978	\$183,337	\$194,315	\$146,439
Returned to Wagering Public	\$424,292	\$77,632,652	\$78,056,944	\$70,512,005
Settlement to/from Host	\$82,322	\$5,831,845	\$5,914,167	\$4,529,093
Track Mutuel Revenue				
Total Track Commission ⁴	\$160,835	\$21,915,733	\$22,076,568	\$19,712,598
Breakage	\$4,215	\$472,643	\$476,858	\$324,945
Capital Improvement Rebate	\$-	\$-	\$-	\$-
Revenue Withheld – Charity Days	\$-	\$7,678	\$7,678	\$7,446
Revenue Withheld – County Fair	\$-	\$-	\$-	\$-
Hardship Tax Credit ⁵	\$10,983	\$-	\$10,983	\$11,220
Total Track Revenue	\$176,033	\$22,396,054	\$22,572,087	\$20,056,209
Purses	\$92,501	\$9,601,169	\$9,693,670	\$7,958,314

¹ Race Days and financial data do not include County Fair dates.

² Any difference with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

³ Live Pari-Mutuel State Tax paid to the State is Gross 2% Live Pari-Mutuel State Tax less Tax Credits. Tax Credits include Charity Days, County Fairs, and Hardship Tax Credit.

⁴ Horse Total Track Commission for FY2017 was Gross Track Commission and FY2018 is Net Track Commission.

⁵ As of May 16, 2013, "Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously-accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." – FY17 Appropriations Report – Department of Gaming. Adjustment to the \$11,058 reported to the Arizona Department of Revenue in October 2018.

Commercial Greyhound Tracks				
	AGP	TGP	FY18	FY17³
Race Days/Performances¹				
Dark Day – Simulcast Only	362	363	725	725
Total Race Days	362	363	725	725
Number of Races				
Simulcast Races	59,019	62,526	121,545	123,542
Total Number of Races	59,019	62,526	121,545	123,542
Attendance				
On-Track	19,571	24,274	43,845	42,927
Off-Track	45,235	64,549	109,784	108,535
Total Attendance	64,806	88,823	153,629	151,462
Pari-Mutuel Handle				
Handle Breakdown by Source				
Simulcast Races – Non-Taxable	\$13,813,376	\$6,440,784	\$20,254,160	\$19,940,711
Total Arizona Pari-Mutuel Handle²	\$13,813,376	\$6,440,784	\$20,254,160	\$19,940,711
Handle Breakdown by Location				
On-Track Handle	\$2,958,775	\$1,830,092	\$4,788,867	\$4,842,929
Off-Track Handle	\$10,854,601	\$4,610,692	\$15,465,293	\$15,097,782
Total Arizona Pari-Mutuel Handle²	\$13,813,376	\$6,440,784	\$20,254,160	\$19,940,711
Average Handle Per Race Day	\$38,158	\$17,743	\$27,937	\$27,504
State Revenues				
Regulatory Wagering Assessment (RWA)	\$69,067	\$32,204	\$101,271	\$166,197
Returned to Wagering Public	\$10,532,393	\$5,266,762	\$15,799,156	\$15,331,614
Settlement to/from Host	\$96,022	\$(206,386)	\$(110,364)	\$30,924
Track Mutuel Revenue				
Total Track Commission ²	\$3,164,265	\$1,371,768	\$4,536,032	\$4,544,332
Breakage	\$20,696	\$8,640	\$29,336	\$33,842
Capital Improvement Rebate	\$-	\$-	\$-	\$-
Capital Improvement AGP Non-Taxable	\$-	\$-	\$-	\$-
Total Track Revenue	\$3,184,960	\$1,380,408	\$4,565,368	\$4,578,173

¹ A.R.S. Title 5, 5-110(H) – Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

² Greyhound Total Track Commission for FY2017 was Gross Track Commission and FY2018 is Net Track Commission.

³ Revised FY2017 Race and Attendance figures changed the Average Handle Per Race Day from \$32,087 to \$27,504.

County Fair Races

	Santa Cruz County Fair & Rodeo Assoc. ⁵	La Paz County Fair Association ⁶	Pima County Fair Horse Racing Commission ⁶	Yuma County Fair Association ⁶	Greenlee County Fair ⁶	FY18 Total – All County Fair Racing	FY17 Total – All County Fair Racing
Race Days/Performances							
Live Race Days/Performances	2	4	4	4	4	18	36
Dark Day – Simulcast Only	0	0	0	0	0	0	0
Total Race Days	2	4	4	4	4	18	36
Number of Races							
Live AZ Races	14	32	32	32	33	143	293
Simulcast Races	0	631	306	683	731	2,351	5,678
Total Number of Races	14	663	338	715	764	2,494	5,971
Attendance							
On-Track	2,350	11,317	10,763	16,471	7,751	48,652	105,302
Off-Track	0	8,010	0	7,700	7,319	23,029	72,789
Total Attendance	2,350	19,327	10,763	24,171	15,070	71,681	178,091
Pari-Mutuel Handle							
Handle Breakdown by Source							
Live Races – Taxable	\$46,656	\$353,853	\$335,845	\$493,833	\$346,817	\$1,577,004	\$3,541,057
Simulcast Races – Non-Taxable	\$-	\$1,800,729	\$48,870	\$1,812,951	\$1,689,070	\$5,351,620	\$16,610,022
Total AZ Pari-Mutuel Handle¹	\$46,656	\$2,154,582	\$384,715	\$2,306,784	\$2,035,887	\$6,928,624	\$20,151,079
Handle Breakdown by Location							
On-Track Handle	\$46,656	\$632,454	\$363,185	\$825,284	\$645,352	\$2,512,931	\$6,316,759
Off-Track Handle	\$-	\$1,522,128	\$21,530	\$1,481,500	\$1,390,535	\$4,415,693	\$13,834,320
Total AZ Pari-Mutuel Handle¹	\$46,656	\$2,154,582	\$384,715	\$2,306,784	\$2,035,887	\$6,928,624	\$20,151,079
Average Handle Per Race Day	\$23,328	\$538,645	\$96,179	\$576,696	\$508,972	\$384,924	\$559,752
Commingled (Export out of AZ)	\$-	\$3,977,455	\$219,801	\$3,622,285	\$3,547,683	\$11,367,224	\$21,324,934
State Revenues							
Regulatory Wagering Assessment (RWA)	\$233	\$17,944	\$2,986	\$20,820	\$10,179	\$52,162	\$341,671
Gross 2% Live Pari-Mutuel State Tax ²	\$933	\$7,077	\$6,717	\$9,877	\$6,936	\$31,540	\$70,823
Returned to Wagering Public	\$35,475	\$1,526,528	\$248,877	\$1,733,760	\$1,443,547	\$4,988,186	\$14,974,240
Settlement to/from Host	\$-	\$177,840	\$28,664	\$67,990	\$163,051	\$437,545	\$951,063
Track Mutuel Revenue							
Total Track Commission ³	\$9,870	\$440,398	\$90,525	\$464,504	\$411,489	\$1,416,786	\$4,094,403
Breakage	\$377	\$10,158	\$2,525	\$11,996	\$10,497	\$35,553	\$84,174
Capital Improvement Rebate	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Revenue Withheld – Charity Days	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Revenue Withheld – County Fair	\$933	\$7,077	\$6,610	\$9,653	\$6,936	\$31,210	\$70,823
Hardship Tax Credit ⁴	\$-	\$-	\$107	\$-	\$-	\$107	\$-
Total Track Revenue	\$11,181	\$457,633	\$99,807	\$486,153	\$428,922	\$1,483,656	\$4,249,400
Purses	\$4,935	\$211,315	\$47,919	\$224,515	\$199,095	\$687,780	\$1,648,871

¹ Any differences with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment." All Pool Adjustments net \$0.00 at the end of the year.

² Live Pari-Mutuel State Tax paid to the State is Gross 2% Live Pari-Mutuel State Tax less Tax Credits. Tax Credits include Charity Days, County Fairs, and Hardship Tax Credit.

³ County Fair Track Commission for FY2017 was Net Track Commission and FY2018 Total Track/ADW Commission is Net Track Commission.

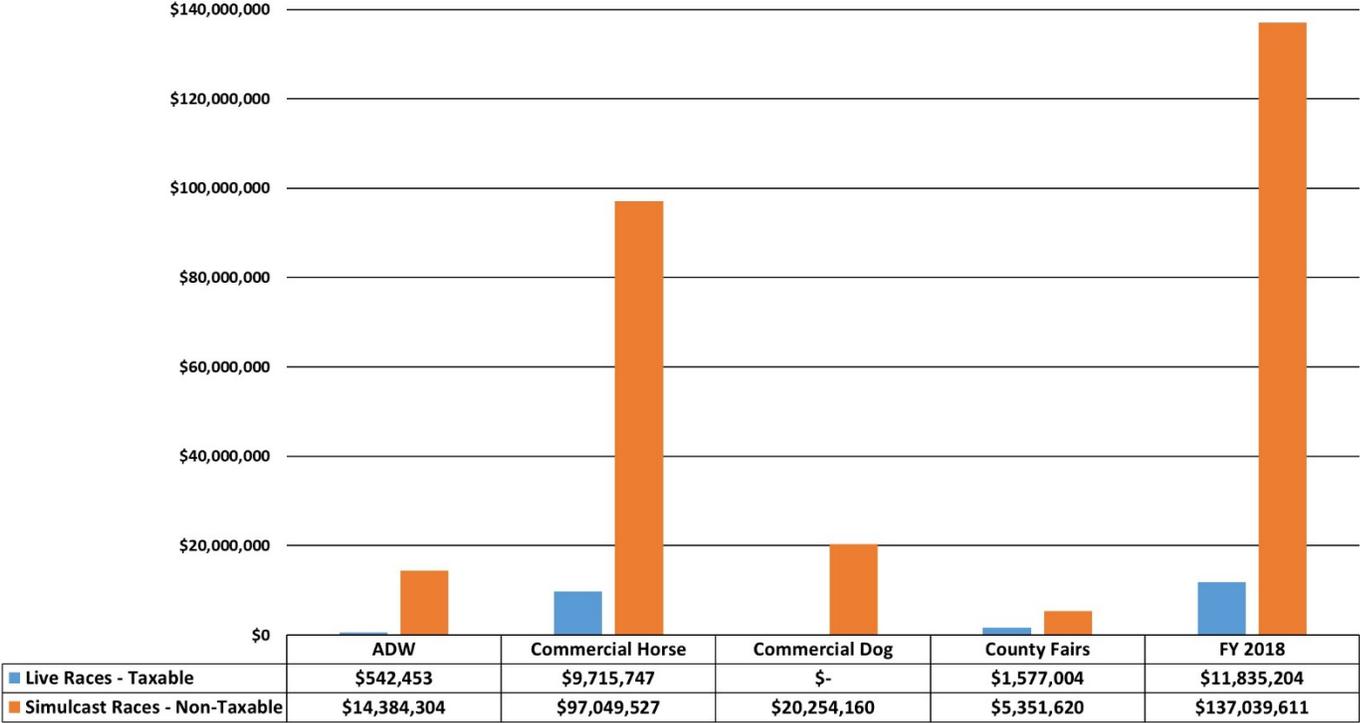
⁴ Rillito Racing, Inc. Hardship Credit on live Turf Paradise bets placed at Rillito Park.

⁵ Santa Cruz cancelled 04/28/18 and 04/29/18 race dates.

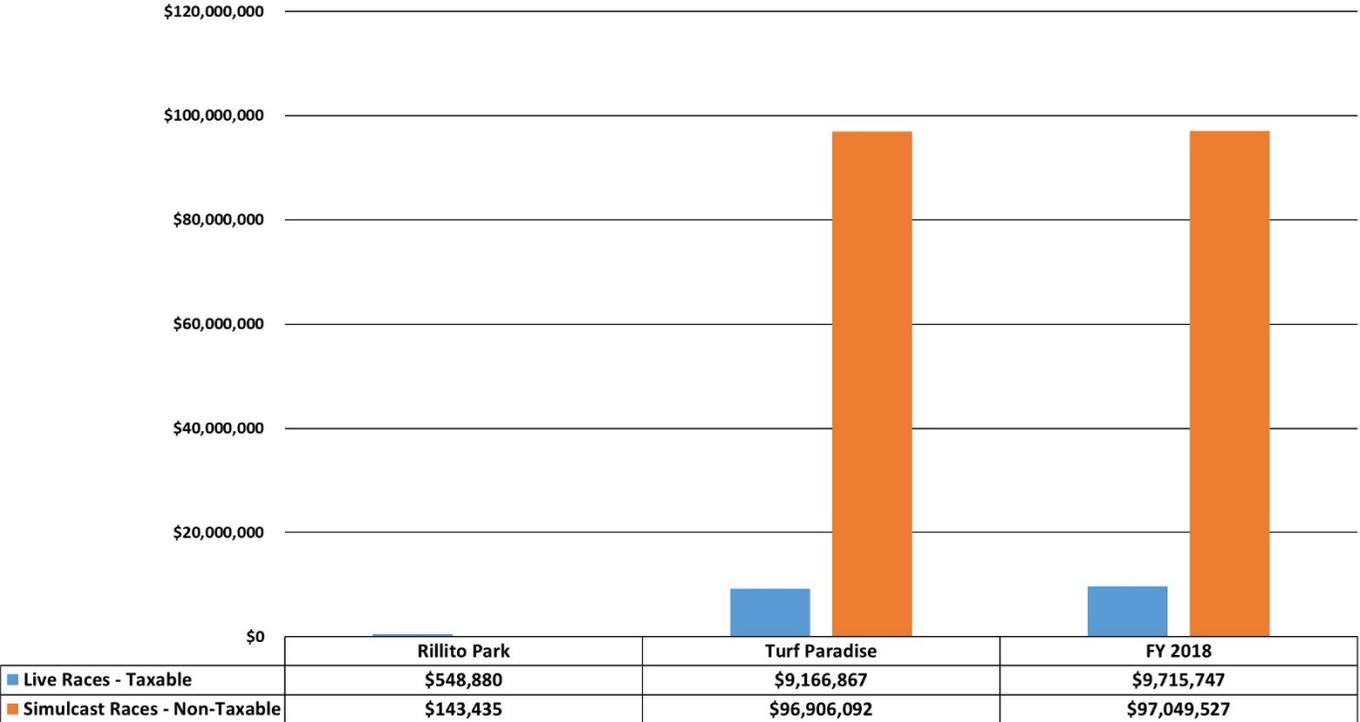
⁶ County Fair Races: Pima County Fair raced at Rillito; La Paz, Yuma, and Greenlee Counties raced at Turf Paradise.

Pari-Mutuel Handle At a Glance

Total Pari-Mutuel Handle

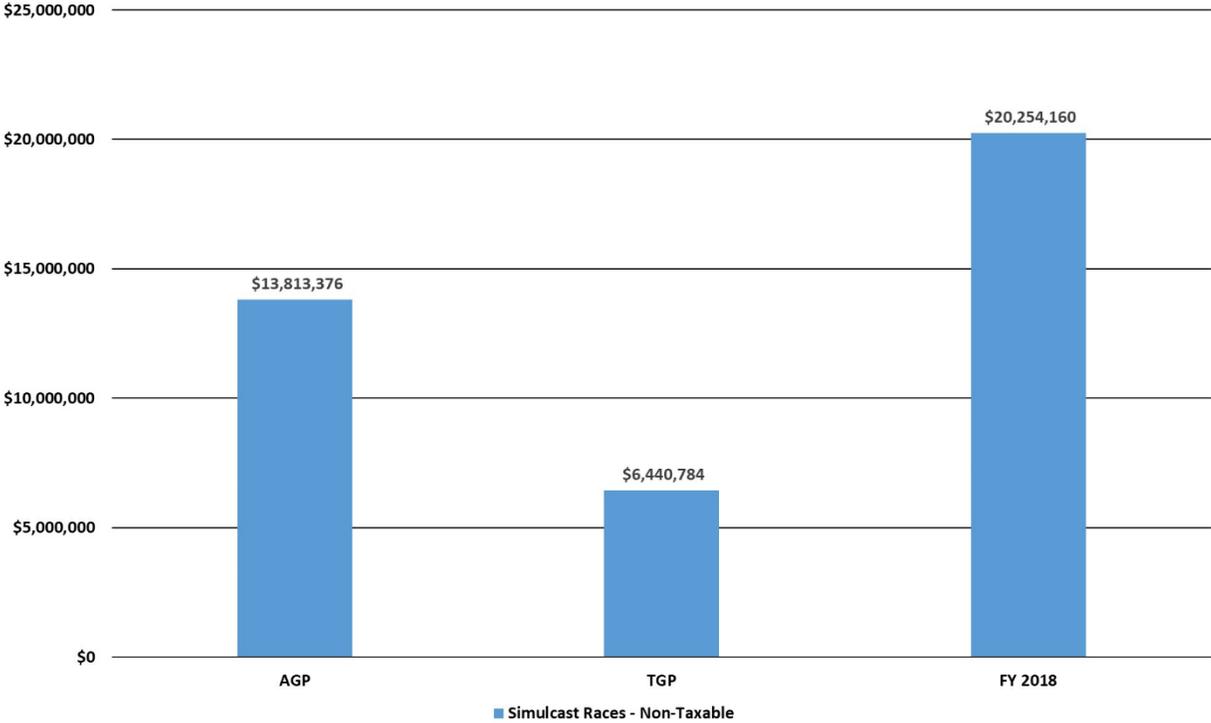


Commercial Horse Tracks

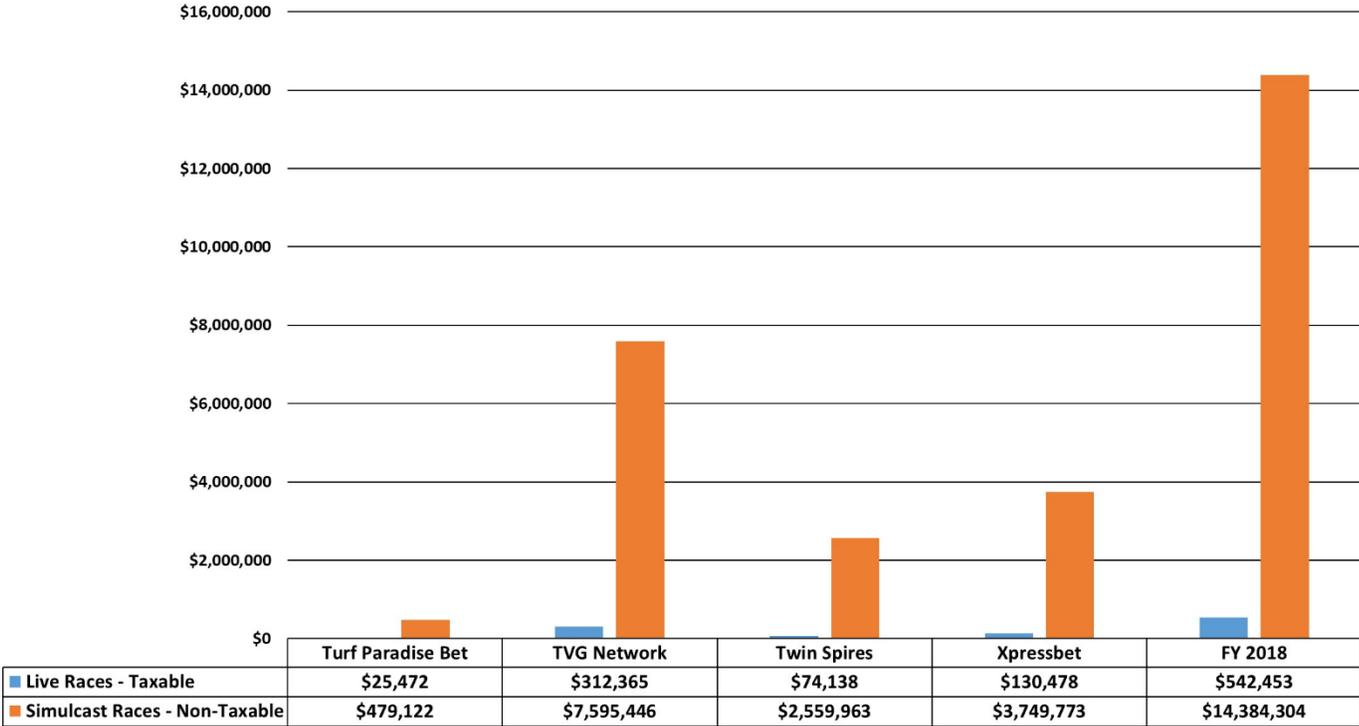


Pari-Mutuel Handle At a Glance (cont.)

Commercial Greyhound Tracks

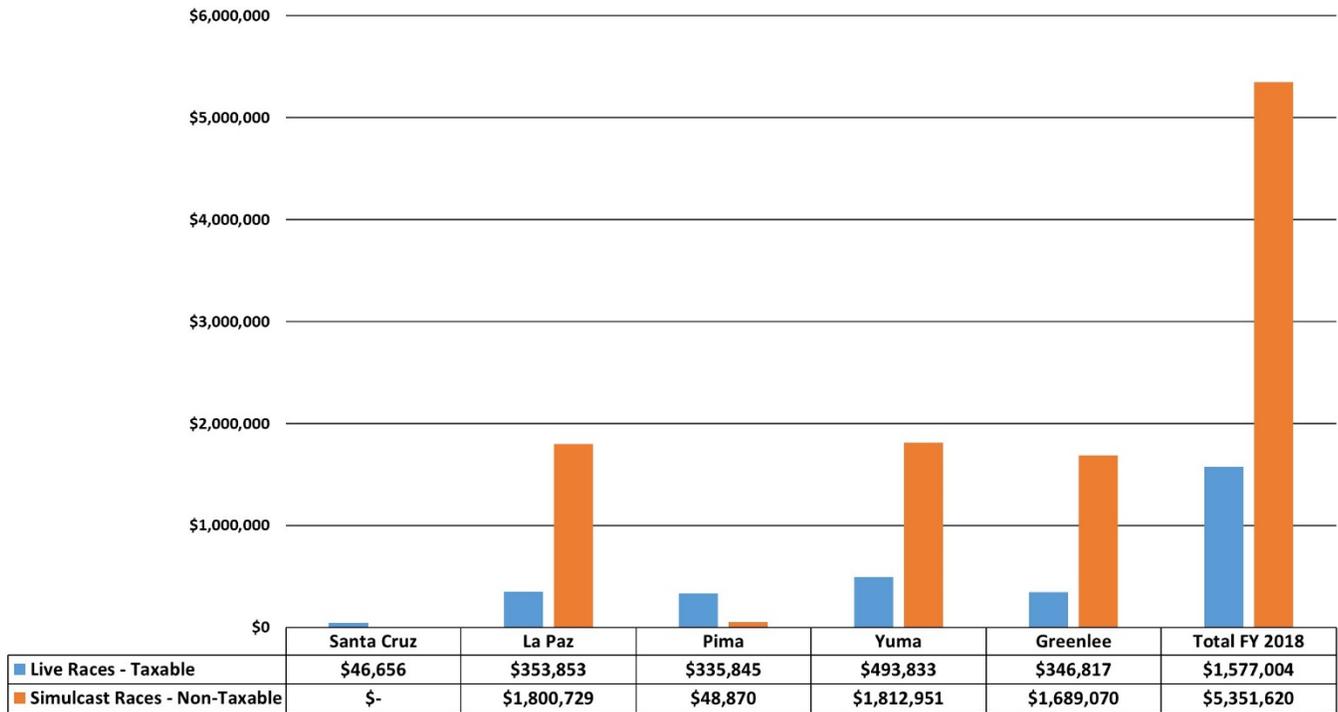


Advanced Deposit Wagering

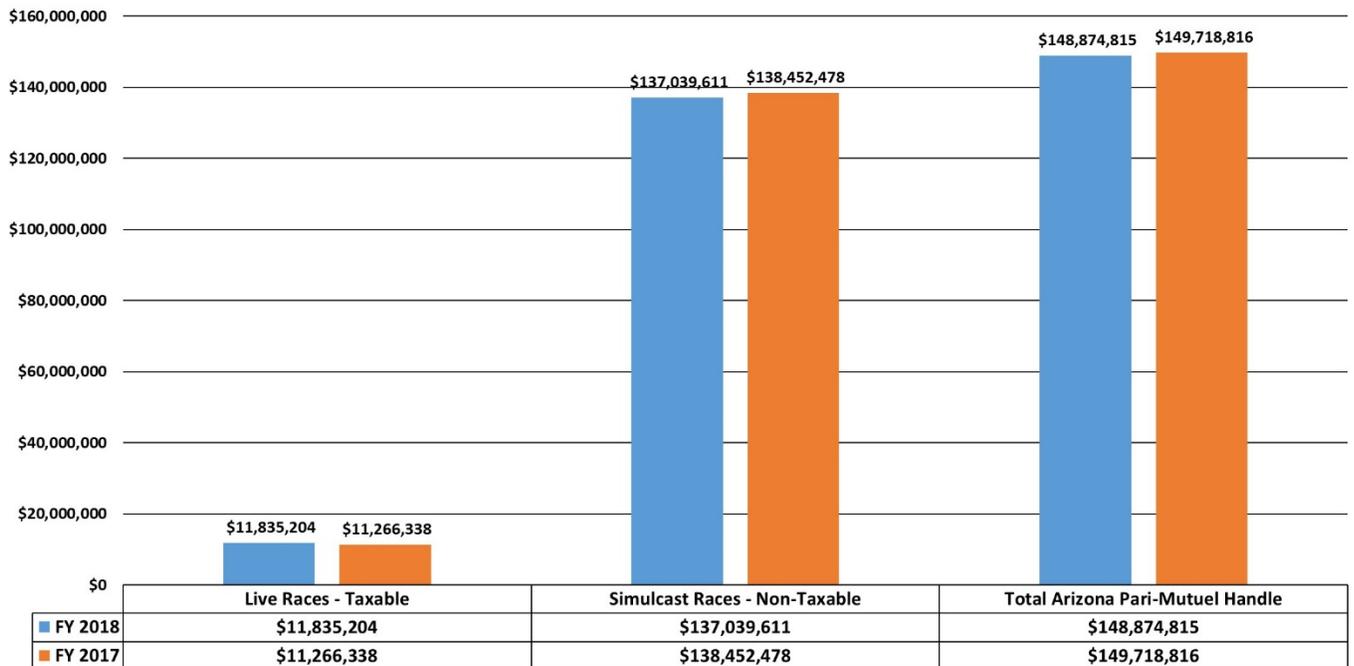


Pari-Mutuel Handle At a Glance (cont.)

County Fair Races



Total Pari-Mutuel Handle FY2018 as compared to FY2017



Capital Improvement Funds

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

In FY18, no capital improvement funds were used pursuant to A.R.S. § 5-111.02 that would otherwise be State revenues.

Hardship Tax Credit

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

Horse Track	(As of 7/1/17) Allowable Hardship Tax Credit	FY18 Hardship Used or Transferred	(As of 6/30/18) Balance of Hardship Tax Credit
Rillito Park	\$295,014	\$11,090 ¹	\$283,924
Turf Paradise	\$14,564	\$-	\$14,564

¹Adjustment to the \$11,058 reported to the Arizona Department of Revenue in October 2018.

Regulation

ADG-Racing regulates and supervises all commercial and county fair race meetings, in addition to pari-mutuel wagering conducted on- and off-track, in order to enforce laws and regulations and protect racing participants and the wagering public.

Licensing/Permitting

ADG-Racing processes and investigates all license applications in a timely manner, while ensuring only eligible applicants receive licenses. In FY18, ADG-Racing continued to elevate its customer service levels by dramatically reducing investigation licensing timeframes. These efficiencies have well-positioned ADG-Racing to support the State’s growing racing industry.

FY18 Performance Measures	Issued	Denied	Revoked
Number of Racing Licenses	2003	6	0
Number of Temporary Permits	2	0	0

In FY18, the ADG-Racing issued 2,003 licenses, which generated revenue in the amount of \$152,379. It also assessed \$27,264 in penalties to licensees/permittees for various infractions.

Additional Revenue Source	Horses	Greyhounds	FY18 Total
Licensing Fees Assessed	\$147,913	\$4,466	\$152,379
Monetary Penalties Assessed	\$27,264	\$0	\$27,264
Total Revenues	\$175,177	\$4,466	\$179,643

Licenses Issued		
License Type	FY18	FY17
	Licenses Issued	Licenses Issued
ADW	3	4
ADWP Employee	9	5
Apprentice Jockey	6	7
Assistant Starter	11	0
Assistant Trainer	14	0
Authorized Agent—Partial	16	41
Authorized Agent—Full	23	39
Chief Financial Officer	1	1
County Fair Manager	5	4
County Fair Permit	3	6
Duplicate License	92	74
Exercise Rider	84	147
Groom	264	440
Jockey	47	63
Jockey Agent	6	9
Mutuel (Owner/Manager)	218	111
Occupational	176	255
Official	20	33
OTB (Owner/Manager)	130	74
Outrider	4	7
Owner	512	831
Owner/Assistant Trainer	2	1
Owner/Trainer	71	198
Permittee Board	0	5
Plater/Farrier	6	19
Pony Person	47	112
Security Employee	42	31
Stable	53	91
Temporary Claim	23	29
Tote Company	3	3
Tote Employee	39	29
Track GM	10	1
Track Owner	6	0
Trainer	38	69
Valet	0	8
Vendor Employee	9	18
Vendor	3	8
Veterinarian	7	9
Total Licenses Issued	2,003	2,782
Total Licensing Fees	\$152,379	\$254,905

Investigations

ADG-Racing investigates all possible violations of racing laws and rules. Figures presented in the following FY18 Performance Measures table, reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications. ADG-Racing conducts a background investigation for each license applicant who submits fingerprints, as required by A.R.S. § 5-108.

FY18 PERFORMANCE MEASURES	
Number of Incident Investigations	35
Number of Background Investigations	1,858
Total Number of Investigations Conducted	1,893

ADG-Division of Racing Budget

ADG-Racing’s FY19 appropriation:

- \$1,901,100 operating budget;
- \$250,000 earmarked for Breeder’s Awards; and
- \$1,779,500 pass through to the County Fairs Livestock and Agriculture Promotion Fund, administered by the Governor’s Office

The primary funding source of ADG-Racing is the Regulatory Wagering Assessment (RWA). Other funding sources include licensing fees, pari-mutuel taxes, dark day assessments, and Advanced Deposit Wagering Assessments (ADWAs). The following table presents ADG-Racing’s projected expenditures for FY19, and actual expenditures for the three preceding fiscal years.

<u>OPERATING BUDGET</u>	Actual Expenditures			Expend. Plan
	FY16	FY17	FY18	FY19
Personal Services	1,289,777	1,154,900	706,600	854,300
Employee-Related Expenses	529,511	398,500	231,300	324,000
Professional & Outside Services	431,911	226,900	216,500	325,600
Travel – In-State	31,456	20,300	12,100	9,300
Travel – Out-of-State	5,188	4,800	5,300	4,000
Other Operating Expenditures	204,090	146,900	341,100	316,900
Equipment	4,349	98,600	3,000	0
Transfer Out	270	17,000	-	67,000
Operating Budget Subtotal	\$2,496,552	\$2,067,900	1,515,900	1,901,100

SPECIAL LINE ITEMS

Arizona’s Breeders’ Award – Governor’s Office	-	200,000	0	0
Arizona Breeders Award	37,642	36,500	250,000	250,000
County Fairs Livestock and Agricultural Promotion	1,779,500	1,779,500	1,779,500	1,779,500
Special Line Item Subtotal	1,817,142	\$2,016,000	\$2,029,500	\$2,029,500

AGENCY TOTAL	\$4,313,695	\$4,083,900	3,545,500	3,930,600
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FUND SOURCES

General Fund	1,779,500	1,979,500	1,779,500	1,779,500
Racing Regulation Fund	2,534,195*	2,104,400	1,765,900	2,151,100

AGENCY TOTAL	\$4,313,695*	\$4,083,900	3,545,500	3,930,600
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*This FY16 amount was corrected in FY18 to reflect actual vs. appropriated funds.

Employee Statistics	FY16	FY17	FY18	Expend. Plan
				FY19
Full-Time Equivalent (FTE) - Avg.	15.7	12.67	13.4	21.3
Part-Time - Avg.	4	3.17	-	-
Temporary/Seasonal - Avg.	2	1.17	2	2
Contracted	5	12	5	5
TOTAL	26.7	29.01	20.4	28.3

A.R.S. § 5-106 requires ADG-Racing to appoint:

1. A supervisor of Mutuels;
2. A.R.S. § 5-106 also requires the [Division of Racing] to employ **two (2)** persons qualified as stewards for all races, and **three (3)** persons qualified as stewards for races conducted by a county fair racing association;
3. Security Personnel (establish a Security Section); and
4. As many other employees as may be necessary for the enforcement of the laws of this state and the rules relating to racing.

Key Events & Recommendations

In May 2018, the Arizona Racing Commission awarded a temporary three-year-commercial horse racing permit to J & J Equine Enterprises (dba Arizona Downs), which re-opens the horse track in Prescott Valley, Arizona after a nine-year absence.

The Commission approved a 35-day race meet beginning May 24, 2019 through September 2, 2019, which authorizes a continuous, year-round racing circuit to the horse racing industry of Arizona.

The return of live horse racing to Prescott Valley, Yavapai County/rural Arizona is anticipated to stimulate tourism and provide other positive economic impacts from business and job growth in the surrounding communities.

In May 2018, the Legislature passed HB2589, which allows counties with a population of less than 800,000 to apply for grants to help fund live racing at their county fair race tracks.

As pari-mutuel racing continues to evolve in the Arizona, ADG-Racing will research opportunities to increase state revenues and provide recommendations to state leadership at that time.