

**EIGHTY - SEVENTH
ANNUAL REPORT**

2006

STATE OF MARYLAND



MARYLAND RACING COMMISSION

MARTIN O'MALLEY
Governor of Maryland

ANTHONY G. BROWN
Lt. Governor of Maryland

Thomas E. Perez
Secretary
Department of Labor, Licensing
and Regulation



MARTIN O'MALLEY, Governor
ANTHONY G. BROWN, Lt. Governor
THOMAS E. PEREZ, Secretary
Maryland Racing Commission
J. Michael Hopkins, Executive Director

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Thomas E. Perez, Secretary
Department of Labor, Licensing and Regulation
500 N. Calvert Street
Baltimore, Maryland 21202

Dear Secretary Perez:

The Maryland Racing Commission is pleased to present you with the annual report for calendar year 2006.

A review of this report will give you an overview of the horse racing industry in Maryland.

Sincerely,

A handwritten signature in black ink that reads "J. Michael Hopkins". The signature is fluid and cursive.

J. Michael Hopkins
Executive Director

300 East Towsontown Blvd.
Towson, MD 21286



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The Commission during the year 2006 consisted of:

Chairman. Thomas F. McDonough

Members Alvin Akman
Gregory H. Barnhill
P. David Bramble
John B. Franzone
John P. McDaniel
David R. Clogg
Wm. A. Gerweck
Jacqui Nigh

The Commission Staff:

Executive Director J. Michael W. Hopkins
Deputy Director Angeline M. Huffman
Scott Gibson
Fiscal Accounts Manager..... Doreen K. Piquett
Fiscal Accts. Supvr..... Francine J. Patterson
Fiscal Clerk II Vurley M. Johnson

Chief Investigator Joseph M. Poag
Investigators Frederick Magee
Administrative Assistant Josette V. Edwards

Stewards:

Administrative Steward..... William J. Passmore
Associate Stewards Philip E. Grove
John J. Burke II

Judges:

Presiding Judge..... Daniel Kazmaier
Associate Judges Wendell A. Wathen
Theresa Shahan

Veterinarians:

Chief Veterinarian..... David G. Zipf
Veterinarians Lawrence E. Atkinson
John F. Peacock
Thomas C. Jett
James Tibbs

Chemists:

Director..... Thomas F. Lomangino, Jr.
Assistant Chemist Dawson Wood
Shaoyun Zhu
Ninotchka Sylvester
Edward Combs, Jr.

MEETINGS and HEARINGS STATISTICS - 2006

Commission Meetings

In 2006, the Commission met to conduct business on ten (10) occasions. The Commission also conducted hearings on five (5) occasions.

2006 HIGHLIGHTS

REVENUE:

\$4,859,856 was collected by the State in 2006. This amount represents a decrease from the amount of revenue collected in 2005.

ATTENDANCE:

Attendance at Maryland tracks was 1,854,497 in 2006. Since attendance is not kept for patronage at Satellite Simulcast Betting Facilities and at remote tracks, recorded attendance alone is not a good measure of activity.

RACING REVENUE:

The State obtains revenue from a tax on pari-mutuel wagering, licenses, registrations and track license fees. The Mile Tracks were the largest producers of revenue. They provided:

Mile Tracks	56.95% of revenue with	54.60 % of days
Harness Tracks	27.38% of revenue with	42.73 % of days
County Fair Tracks	1.95% of revenue with	2.37 % of days
Steeplechase*	.04% of revenue with	0.30 % of days
SSB	13.68% of revenue	

*Not a tax but a fee payable to the Department of Natural Resources for the FairHill Improvement Fund.

** % of days is on live racing days only

LEGISLATION and OTHER MAJOR EVENTS

HB 174 – Required the track licensees to submit their audited financial statements on or before the 90th day after the close of their fiscal year. Prior to this change they were required to submit the statements on or before the 75th day.

HB 555 – Provided for the Maryland Racing Commission to become a member of an interstate licensing compact.

HB 903 – Authorized the Maryland Racing Commission to approve the holding of a Maryland Bred Fund Race at a thoroughbred race track outside the state.

2006 RACING DATES

MILE TRACKS:

Laurel	January 1 – April 15 Simulcast Only Days	72+ <u>32</u> 104 Days*
Pimlico	April 17 – June 11 Simulcast Only Days	31+ <u>25</u> 56 Days
Colonial Downs	June 12 – August 15 Simulcast Only	
Laurel	August 16 – August 25 Simulcast Only Days	8+ <u>2</u> 10 Days*
Laurel	September 5 – December 31 Simulcast Only Days	73+ <u>43</u> 116 Days
Total		286 Days

COUNTY FAIR TRACKS:

Timonium	August 26 – September 4 Simulcast Only Days	8 <u>2</u>
Total		10 Days

STEEPLECHASE :

Fair Hill	May 27	<u>1</u>
Total		1 Day

TOTAL LIVE:	193DAYS
TOTAL SIMULCAST ONLY:	<u>104 DAYS</u>
THOROUGHBRED TOTAL:	297 DAYS

2006 RACING DATES
(Continued)

HARNESS TRACKS:

Rosecroft	January 1 – December 31 Simulcast Only Nights	104+ <u>257</u> 361 Nights
Ocean Downs	January 1 – December 31 Simulcast Only Nights	40+ <u>323</u> 363Nights

TOTAL LIVE:	144 NIGHTS
TOTAL SIMULCAST ONLY:	<u>580 NIGHTS</u>
HARNESS TOTAL:	724 NIGHTS

TOTAL LIVE RACING DAYS AND NIGHTS	337
TOTAL SIMULCAST ONLY	<u>684</u>
GRAND TOTAL	1,021

RACE YEAR SUMMARY:

During the year 2006, there were 1,021 days and nights of licensed racing in the State, consisting of the following:

There were 286 days of licensed racing at the Mile Tracks - Pimlico 56 days and Laurel 230 days; 10 days at the county Fair Track, Timonium; and 1 day raced at Fair Hill. There were also 724 nights of licensed racing at the Harness Tracks - Rosecroft 361 nights and Ocean Downs 363 nights.

ATTENDANCE FOR CALENDAR YEARS 2004 - 2006

	2004	2005	2006
Laurel	651,644	769,814	798,795
Pimlico	792,342	470,514	395,994
Timonium	<u>489,711**</u>	<u>37,548**</u>	<u>27,548</u>
TOTAL:	1,933,697	1,277,876	1,222,337
Rosecroft	489,536	484,701	404,191
Ocean Downs	<u>141,229</u>	<u>140,264</u>	<u>212,969</u>
TOTAL:	630,765	624,965	617,160
Fair Hill	14,050	15,000	15,000
TOTAL ATTENDANCE - THOROUGHBRED AND HARNESS:			
	<u>2,578,512</u>	<u>1,917,841</u>	<u>1,854,497</u>

**Includes attendance from State Fair

WAGERING HISTORY IN MARYLAND
of
THOROUGHBRED AND HARNESS RACING

THOROUGHBRED STATISTICS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1992	268	383,315,282
1993	284	403,881,788
1994	309	477,245,662
1995	322	490,693,266
1996	309	474,630,499
1997	321	465,225,433
1998	314	476,034,935
1999	314	480,988,981
2000	319	344,843,621
2001	348	337,652,117
2002	344	329,705,940
2003	346	306,261,175
2004	312	293,795,752
2005	303	298,722,053
2006	297	279,978,363

HARNESS STATISTICS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1992	290	104,712,095
1993	341	128,932,935
1994	325	125,823,007
1995	282	105,185,308
1996	349	88,620,663
1997	307	82,462,587
1998	305	87,101,030
1999	622	86,191,188
2000*	600	151,566,620*
2001	705	156,777,856
2002	749	155,892,827
2003	742	144,598,813
2004	749	131,111,243
2005	721	140,789,276
2006	724	130,058,639

SSB FACILITIES STATISTICS:

YEAR	AMOUNT WAGERED
2000	52,791,482*
2001	64,393,587
2002	65,580,391
2003	68,972,477
2004	67,351,515
2005	65,745,234
2006	64,961,268

COMBINED TOTALS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1992	558	488,027,377
1993	625	532,814,723
1994	634	603,068,669
1995	604	595,878,574
1996	658	563,251,162
1997	628	547,688,020
1998	619	563,347,127
1999	936	567,181,246
2000	919	549,201,723
2001	1,053	558,823,560
2002	1,093	555,179,158
2003	1,088	519,832,465
2004	1,061	492,258,510
2005	1,024	505,256,563
2006	1,021	474,998,270

* Indicates amount bet at facility on all racing including Thoroughbred and Harness, whereas prior years figures were for bets on the type of racing for which the association was licensed.

AMOUNT WAGERED

	<u>2005</u>	<u>2006</u>
<u>MILE TRACKS:</u>		
Laurel	\$170,784,033	\$161,263,384
Pimlico	<u>117,438,904</u>	<u>109,261,151</u>
TOTAL	<u>\$288,222,937</u>	<u>\$270,524,535</u>
<u>COUNTY FAIR TRACKS:</u>		
Timonium	\$ 10,348,437	\$ 9,285,322
TOTAL	<u>\$ 10,348,437</u>	<u>\$ 9,285,322</u>
<u>HARNESS TRACKS:</u>		
Rosecroft	\$119,836,047	\$110,294,135
Ocean Downs	<u>20,953,229</u>	<u>19,764,504</u>
TOTAL	<u>\$140,789,276</u>	<u>\$130,058,639</u>
<u>STEEPLECHASE:</u>		
Fair Hill	\$ 150,679	\$ 168,506
TOTAL	<u>\$ 150,679</u>	<u>\$ 168,506</u>
<u>SSB FACILITIES</u>	<u>\$ 65,745,234</u>	<u>\$ 64,961,268</u>
SUMMARY		
Mile Tracks	\$288,222,937	\$270,524,535
County Fair Tracks	10,348,437	9,285,322
Harness Tracks	140,789,276	130,058,639
Steeplechase	150,679	168,506
SSB Facilities	<u>65,745,234</u>	<u>64,961,268</u>
TOTAL	<u>\$505,256,563</u>	<u>\$474,998,270</u>

SATELLITE SIMULCAST BETTING

The amounts bet at the Satellite Simulcast Betting Facilities in calendar year 2006 are reflected in the following table.

Maryland Satellite Simulcast Betting Facilities

Bet At:	Cracked Claw	NorthEast	Cambridge	Riverboat
Bets on:				
MD Thoroughbred Races	3,626,368	2,034,218	443,793	77,068
MD Harness Races	46,191	122,192	64,271	1,858
Out-of-State Races	36,122,308	16,577,015	5,337,646	508,340
TOTAL	<u>39,794,867</u>	<u>18,733,425</u>	<u>5,845,710</u>	<u>587,266</u>

In 2006, SSB facilities met the prescribed food and service standards and provide a convenience to the horse racing public.

In September 2003, the Colonial Beach SSB was washed away by Hurricane Isabel. Colonial Beach re-opened April 2006.

FIVE YEAR ASSESSMENT OF LAUREL

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Attendance</u> (* includes Pimlico @ Laurel) Live & Simulcast	798,795	769,814	651,644	825,530	918,725
<u>Purses</u>	30,306,075	23,392,376	9,286,091	23,811,771	24,300,202
<u>Number of days of live racing</u> (includes Pimlico @ Laurel)	153	134	62	138	144
<u>Betting on its live racing at:</u>					
Laurel	26,246,235	23,627,369	10,938,015	25,118,717	28,892,681
Other MD tracks	13,673,820	12,523,758	6,582,749	14,221,020	16,628,399
Satellite Simulcast Facilities in MD	3,984,733	3,342,447	1,597,632	3,914,672	4,360,323
Out-of-state	364,575,990	253,167,819	130,676,881	232,248,055	213,460,615
<u>Betting on other in-State races</u>	5,057,840	7,402,127	13,842,841	8,420,028	10,689,612
<u>Betting on out-of-State races</u>	134,049,952	144,432,586	135,939,778	143,542,225	152,899,052
<u>Total betting at this location on all racing</u>	165,354,027	175,462,082	160,720,634	177,080,970	192,481,345

FIVE YEAR ASSESSMENT OF PIMLICO

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Attendance</u> (* Live & Simulcast)	395,994	470,514	792,342	749,230	674,188
<u>Purses</u>	8,922,813	11,293,851	22,705,429	15,701,370	15,238,698
<u>Number of days of live racing</u>	31	61	135	71	74
<u>Betting on its live racing at:</u>					
Pimlico	13,288,969	15,686,999	25,838,130	16,878,035	20,042,369
Other MD tracks	9,171,465	9,159,040	16,554,254	10,526,786	13,514,673
Satellite Simulcast Facilities in MD	2,373,764	2,087,276	6,060,101	2,629,790	2,908,840
Out-of-state	168,447,887	180,089,980	290,544,974	177,781,900	190,978,428
<u>Betting on other in-State races</u>	9,171,465	8,234,603	4,557,944	9,565,405	11,141,240
<u>Betting on out-of-State races</u>	89,598,639	96,488,167	99,701,935	102,250,300	104,339,830
<u>Total betting at this location on all racing</u>	112,059,073	120,409,760	130,098,009	128,693,740	135,523,439

FIVE YEAR ASSESSMENT OF TIMONIUM

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Attendance</u>	27548	27,548	489,711*	420,997*	34,968
<u>Purses</u>	929,235	935,975	955,675	906,820	914,170
<u>Number of days of live racing</u>	8	8	8	8	8
<u>Betting on its live racing at:</u>					
Timonium	1,458,227	1,666,393	1,807,906	1,884,451	1,789,673
Other MD tracks	660,401	881,765	915,401	1,030,186	1,141,030
Satellite Simulcast Facilities in MD	116,707	137,240	156,428	395,626	205,152
Out-of-state	3,073,144	3,902,559	3,389,773	3,090,766	3,126,784
<u>Betting on other in-State races</u>	0	0	0	0	0
<u>Betting on out-of-State races</u>	938,530	1,033,381	1,028,237	1,066,316	891,867
<u>Total betting at this location on all racing</u>	2,396,757	2,699,774	2,836,143	2,950,767	2,681,540

*Fair attendance included.

FIVE YEAR ASSESSMENT OF ROSECROFT

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Attendance</u>	404,191	484,701	489,536	579,255	652,852
<u>Purses</u>	5,392,600	4,184,330	4,874,030	6,472,340	6,063,000
<u>Number of days of live racing</u>	106	97	117	122	137
<u>Betting on its live racing at:</u>					
Rosecroft	4,498,952	4,767,933	6,266,855	8,222,275	9,347,168
Other MD tracks	663,941	551,568	541,237	1,179,454	1,069,729
Satellite Simulcast Facilities in MD	170,241	266,234	322,153	540,573	653,828
Out-of-state	12,242,000	3,641,000	6,290,000	9,688,543	10,165,640
<u>Betting on other in-State races</u>	6,880,223	7,479,401	6,192,856	8,908,287	10,522,979
<u>Betting on out-of-State races</u>	98,914,952	107,588,715	97,078,458	104,727,836	111,761,450
<u>Total betting at this location on all racing</u>	110,294,127	119,836,049	109,538,169	121,858,398	131,631,597

FIVE YEAR ASSESSMENT OF OCEAN DOWNS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Attendance</u>	212,969	140,264	141,229	142,830	135,868
<u>Purses</u>	820,265	974,810	923,680	663,630	839,570
<u>Number of days of live racing</u>	40	40	39	40	40
<u>Betting on its live racing at:</u>					
Ocean Downs	2,051,340	2,056,739	2,057,361	2,056,640	2,152,267
Other MD tracks	430,465	280,883	369,444	338,920	642,695
MD Satellite Simulcast Facilities	84,235	65,320	89,330	101,914	58,407
Out-of-state	3,231,842	2,533,569	2,200,334	860,632	2,124,098
<u>Betting on other in-State races</u>	1,476,983	1,479,526	1,552,797	1,821,482	2,279,582
<u>Betting on out-of-State races</u>	16,443,698	17,416,963	17,962,924	20,683,776	19,827,978
<u>Total betting at this location on all racing</u>	19,764,504	20,953,228	21,573,082	22,740,416	24,259,827

METHOD OF TAXATION

TAKEOUT AT MARYLAND THOROUGHBRED RACETRACKS

Effective July 1, 2005

	<u>Regular Pool%</u>	<u>2-Horse Multiple</u>	<u>3-Horse Multiple 1st Race</u>
State Tax	.32	.32	.32
Purses	7.88 (1)	8.88 (1)	11.88 (1)
Track	7.70 (2)	8.70 (2)	11.70 (2)
Maryland Million	1.00	2.0	.75
Bred Fund	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>
Total Takeout	18.00	21.00	25.75
Returned to Public	<u>82.00</u>	<u>79.00</u>	<u>74.25</u>
 Total Handle	 100.00 %	 100.00 %	 100.00 %

Timonium

State Tax	0 (3)	0 (3)	0 (3)
Purses	5.00	7.00	13.00
Track	10.50 (2)	10.50 (2)	10.50 (2)
Bred Fund	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Total Takeout	17.00	19.00	25.00
Returned to Public	<u>83.00</u>	<u>81.00</u>	<u>75.00</u>
 Total Handle	 100.00 %	 100.00 %	 100.00 %

Fair Hill

State Tax (Fair Hill Improvement Fund)	9.00		
Track	<u>16.00</u>		
Total Takeout	25.00		
Returned to Public	<u>75.00</u>		
 Total Handle	 100.00 %		

(1) Includes .18 for purses.

(2) Includes .25 for Pension Fund.

(3) No State tax paid during the State Fair.

METHOD OF TAXATION

(Continued)

TAKEOUT AT MARYLAND HARNESS RACETRACKS

Effective October 1, 1995

I. If the daily average for the year is over \$600,000:

	1-Horse <u>Pool %</u>	2-Horse <u>Pool %</u>	Over 2-Horse <u>Pool %</u>
State Tax	.50	.50	.50
Purses	-	.50	3.25
Track Maintenance, Improvements, debt & Personnel	-		
Track	14.50	15.50	15.50
Standardbred Fund	1.00(4)	1.00(4)	1.50 (4)
Track Pensions	.25(5)	.25(5)	.25 (5)
Service, Facilities, Promotion and Marketing	.25	.25	.25
Purses, Maintenance, Improvements, Debt, Personnel & Backstretch living conditions (on the amount over 150,000 daily average)	<u>.50</u>	<u>.50</u>	<u>.50</u>
Total Takeout	17.00	19.00	25.00
Returned to Public	<u>83.00</u>	<u>81.00</u>	<u>75.00</u>
Total Handle	100.00 %	100.00 %	100.00 %

(4) The amount deducted is .5 and 1.00 respectively of the first \$125,000 daily average. Percentages are as stated for amounts in excess of \$125,000.

(5) If daily average for the year exceeds \$125,000, .25% of the handle is deducted from all pools for track employee pensions.

METHOD OF TAXATION

(Continued)

II. If the daily average for the year is over \$150,000 but less than \$600,000:

	1-Horse <u>Pool %</u>	2-Horse <u>Pool %</u>	Over 2-Horse <u>Pool %</u>
State Tax	.50	.50	.50
Purses	1.75	2.25	5.00
Track Maintenance, Improvements, debt & Personnel	-	.50	3.25
Track	13.00	14.00	14.00
Bond Fund	1.50	1.50	1.50
Standardbred Fund	1.00(4)	1.50(4)	1.50(4)
Track Pensions	.25(5)	.25(5)	.25(5)
Service, Facilities, Promotion and Marketing	.25	.25	.25
Purses, Maintenance, Improvements, Debt, Personnel & Backstretch living conditions (on the amount over 150,000 daily average)	<u>.50</u>	<u>.50</u>	<u>.50</u>
Total Takeout	18.75	20.75	26.75
Returned to Public	<u>81.25</u>	<u>79.25</u>	<u>73.25</u>
Total Handle	100.00%	100.00%	100.00%

III. If the daily average for the year is less than \$150,000:

	1-Horse <u>Pool %</u>	2-Horse <u>Pool %</u>	Over 2-Horse <u>Pool %</u>
State Tax	.50	.50	.50
Purses	1.75	2.25	5.00
Track Maintenance, Improvements, debt & Personnel	-	.50	3.25
Track	15.50	16.50	16.50
Standardbred Fund	.50(4)	.50(4)	1.00(4)
Track Pensions	.25(5)	.25(5)	.25(5)
Service, Facilities, Promotion and Marketing	<u>.25</u>	<u>.25</u>	<u>.25</u>
Total Takeout	18.75	20.75	26.75
Returned to Public	<u>81.25</u>	<u>79.25</u>	<u>73.25</u>
Total Handle	100.00%	100.00%	100.00%

See footnotes on Page 17.

REVENUE TO THE STATE: THOROUGHBRED

TOTAL FOR ALL MEETS	2005	2006
LAUREL		
Race Days	360*	361*
Tax to the State	\$ 806,509	516,043
License Fee	<u>5,525</u>	<u>6,150</u>
	\$ 812,034	522,193
PIMLICO		
Race Days	360*	330*
Tax to the State	\$ 465,804	349,635
License Fee	<u>3,350</u>	<u>2,650</u>
	\$ 469,154	352,285
TOTAL THOROUGHBRED	<u>\$ 1,290,313</u>	<u>874,478</u>
COUNTY FAIR: TIMONIUM		
Race Days	10	10
Tax to the State	\$ - 0 -	\$ - 0 -
License Fee	<u>- 0 -</u>	<u>- 0 -</u>
	\$ - 0 -	\$ - 0 -
TOTAL COUNTY FAIR	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
STEEPLECHASE: FAIR HILL		
Race Days	1	1
Tax to the State	<u>\$ 12,054</u>	<u>15,166</u>
TOTAL STEEPLECHASE	<u>\$ 12,054</u>	<u>15,166</u>

* Included 58 Simulcast days from Colonial Downs

** Included 65 Simulcast days from Colonial Downs

REVENUE TO THE STATE: HARNESS

	2005	2006
ROSECROFT		
Race Days	359	361
Tax to the State	\$ 375,067	344,935
License Fee	<u>9,050</u>	<u>9,000</u>
	\$ 384,117	353,935
OCEAN DOWNS		
Race Days	362	363
Tax to the State	\$ 67,050	63,246
License Fee	<u>9,075</u>	<u>9,050</u>
	\$ 76,125	72,296
TOTAL HARNESS	<u>\$ 460,242</u>	<u>426,231</u>

(Race days include live and simulcast only days)

SUMMARY OF LICENSES & REGISTRATIONS ISSUED

2006

THOROUGHBRED LICENSES:

666	Original Owner	@ \$50.00	\$ 33,300
1,986	Renewal Owner	25.00	49,650
60	Original Trainer	50.00	3,000
229	Renewal Trainer	25.00	5,725
101	Assistant Trainer	25.00	2,525
386	Owner / Trainer	50.00	19,300
248	Jockey	25.00	6,200
32	Jockey Agent	25.00	800
36	Veterinarian	25.00	900
34	Farrier	10.00	340
1,110	Stable Employee& Ex. Rider	5.00	5,550
489	Mutuel Employee	5.00	2,445
181	Vendor	5.00	905
304	Exercise Rider	5.00	1,520
419	Track Employee	5.00	2,095
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6,281	TOTAL LICENSES		<u>\$134,255</u>

THOROUGHBRED REGISTRATIONS:

59	Authorized Agent	@ \$10.00	\$ 590
818	Assumed Name	75.00	61,350
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877	TOTAL REGISTRATIONS		<u>\$ 61,940</u>

SUMMARY OF LICENSES & REGISTRATIONS ISSUED

(Continued)

HARNESS LICENSES:

230	Original Owner	@ \$50.00	\$ 11,500
785	Renewal Owner	25.00	19,625
17	Original Trainer	25.00	425
64	Renewal Trainer	25.00	1,600
48	Driver	25.00	1,200
60	Trainer / Driver	50.00	3,000
220	Owner / Trainer	50.00	11,000
193	Owner / Trainer / Driver	75.00	14,475
27	Owner / Driver	50.00	1,350
16	Veterinarian	25.00	400
346	Stable Employee	5.00	1,730
130	Mutuel Employee	5.00	650
173	Track Employee	5.00	865
28	Vendor	5.00	140
8	Farrier	5.00	40
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2,345	TOTAL LICENSES		<u>\$ 68,000</u>

HARNESS REGISTRATIONS:

91	Assumed Name	75.00	6,825
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91	TOTAL REGISTRATIONS		<u>\$ 6,825</u>

THOROUGHBRED AND HARNESS

TOTAL RECEIPTS FOR LICENSES & REGISTRATIONS ISSUED: \$ 271,020

UNCASHED PARI-MUTUEL TICKETS

If any winning ticket is not redeemed for a period of one (1) year from the date of issue, the amount necessary to redeem the ticket shall be paid to a special fund of the State. The following receipts are from race meetings conducted in the year prior to that indicated by the columnar heading.

	2005	2006
Mile Tracks	\$1,486,746	1,547,222
Harness Tracks	620,453	638,894
County Fair Track	0*	0*
Steeplechase	2,537	<u>3,336</u>
OTB	<u>0**</u>	<u>0**</u>
TOTAL UNCASHED PARI-MUTUEL TICKETS	\$2,109,736	2,189,452

*County Fair uncashed monies included with mile tracks.

**OTB's uncashed monies included with racetracks uncashed tickets.

STATEMENT OF RECEIPTS

DISBURSED TO THE STATE COMPTROLLER

	2005	2006
<u>MILE TRACKS:</u>		
Track License Fees	\$ 8,875	\$8,800
Tax on Betting	1,272,313	865,678
Licensing Fees	133,320	134,255
Registration Fees	57,565	61,940
Uncashed Pari-Mutuels	<u>1,486,746</u>	<u>1,547,222</u>
TOTAL DISBURSEMENTS MILE TRACKS	<u>\$ 2,958,819</u>	<u>\$2,617,895</u>
 <u>COUNTY FAIR TRACKS:</u>		
Tax on Betting (6)	-0-	-0-
Uncashed Pari-Mutuels	*	*
TOTAL DISBURSEMENTS COUNTY FAIR TRACKS	<u>-</u>	<u>-</u>
 <u>HARNESS TRACKS:</u>		
Track License Fees	\$ 18,125	\$18,050
Tax on Betting	442,117	408,181
Licensing Fees	66,410	68,000
Registration Fees	6,320	6,825
Uncashed Pari-Mutuels	<u>620,453</u>	<u>638,894</u>
TOTAL DISBURSEMENTS HARNESS TRACKS	<u>\$ 1,153,425</u>	<u>\$1,139,950</u>
 <u>STEEPLECHASE:</u>		
Tax on Betting	\$ 12,054	\$15,166
Uncashed Pari-Mutuels	<u>2,537</u>	<u>3,336</u>
TOTAL DISBURSEMENTS STEEPLECHASE	<u>\$ 14,591</u>	<u>\$18,502</u>
 <u>OTB'S:</u>		
PERMIT FEE	\$ 2,000	\$2,000
Uncashed Pari-Mutuels	**	**
TOTAL DISBURSEMENTS O.T.B.	<u>\$ 2,000</u>	<u>2,000</u>
 <u>TOTAL ALL DISBURSEMENTS</u>	 <u>\$4,128,835</u>	 <u>\$3,778,347</u>

(6) No State tax is payable when racing is conducted during the State Fair.

*County Fair uncashed monies included with mile tracks.

**OTB's uncashed monies included with racetracks uncashed tickets.

STATEMENT OF RECEIPTS

DISBURSED TO THE STATE COMPTROLLER (Continued)

DIRECT DISBURSEMENTS TO STATE COMPTROLLER:

	2005	2006
Tax on Badges & Admissions at the Racing Associations	564,345	555,510
Sales Tax on Horses Claimed by the Racing Associations in Maryland	<u>401,495</u>	<u>525,999</u>
TOTAL DIRECT DISBURSEMENTS TO STATE	965,840	1,081,509
<u>TOTAL ALL DISBURSEMENTS TO STATE COMPTROLLER</u>	<u>5,094,675</u>	<u>4,859,856</u>

STATEMENT OF ACTUAL EXPENDITURES

JANUARY 1 TO DECEMBER 31, 2006

SALARIES & BENEFITS

Commission Personnel	\$ 314,124
Total Salary Expenses	<u>\$ 314,124</u>

OFFICE EXPENDITURES:

Telephone and Postage	8,408
Travel Expense	7,866
Motor Vehicle Operation	3,189
Contractual Services, i.e., Printing, Repairs, Equipment and Leasing, Court Expenses, Transcript of Hearings	31,861
Office Supplies	3,121
Office Equipment Additional	1,495
Fixed Charges, i.e., Rent, Insurance, Subscriptions and Dues	-0-
Total Office Expenses	<u>\$ 55,940</u>
TOTAL EXPENDITURES AND DISBURSEMENTS (7)	<u>\$ 370,064</u>

OTHER DISBURSEMENTS:

Grants	\$ 1,610,000
Impact Aid	1,082,200
Subsidies:	
Maryland Million	500,000
Maryland Standardbred Race Fund	350,000
Total Subsidies	<u>\$ 850,000</u>
TOTAL OTHER DISBURSEMENTS	<u>\$ 4,392,200</u>

(7) Does not include salaries of Stewards and Judges, nor salaries of personnel and expenses reimbursed by the associations.

MARYLAND RACING COMMISSION LABORATORY

The Maryland Racing Commission Laboratory provides horse and human drug testing to protect the State of Maryland, competing horsemen and the wagering public. Located within the Virginia-Maryland Regional College of Veterinary Medicine building at University of Maryland-College Park Campus, we enjoy a close working relationship with the college faculty and staff along with the Maryland Department of Agriculture and extension personnel and extension personnel.

The Racing Commission Laboratory has provided testing services to Maryland Department of Agriculture personnel during the animal expositions at both state and county fairs.

Over the past year, the laboratory has continued its aggressive methods to protect the racing industry against the illegal use of drugs and medications. We continue to expand the scope of testing performed in the United States and as such, believe that the program is second to none. Through Maryland's medication meetings with horsemen, private practitioners and Racing Commission personnel, dialog has enabled the Commission to allow competing horsemen to employ certain therapeutic medications without fear of purse redistribution and disqualification. Subsequently, the number of positive findings has reduced over the past twelve months, but is seen more as evidence of compliance by participants.

In addition, the laboratory has continued testing official samples for the horse racing industry in the State of West Virginia and the Commonwealth of Virginia. Official samples are analyzed as a 'fee for service' which has provided a method of supporting the laboratory staff and instrumentation without placing the additional monetary burden on state racetracks.

The following table and list represent the findings of the laboratory during calendar year 2006:

ASSOCIATION OF OFFICIAL RACING CHEMISTS OFFICIAL SAMPLES ANALYZED DURING CALENDAR YEAR 2006

**Maryland Racing Commission Laboratory
Submitted by Thomas F. Lomangino, Jr.**

NUMBER OF OFFICIAL SAMPLES ANALYZED

<u>SOURCE</u>	<u>URINE</u>	<u>BLOOD</u>	<u>TOTAL</u>	<u>POSITIVE</u>
Thoroughbred (MD)	3,268	3,528	6,796	14
(VA)	695	751	1,446	6
(WV)	3,036	3,313	6,349	63
Standardbred (MD)	1,510	1,738	3,248	3
Human	<u>80</u>	<u>0</u>	<u>80</u>	<u>6</u>
	8,589	9,330	17,919	92

THE MARYLAND JOCKEY INJURY COMPENSATION FUND

The Maryland Jockey Injury Compensation Fund, Inc. was established by legislative action during the 1985 session of the General Assembly and became effective January 1, 1986.

The purpose of this fund is to purchase a blanket workmen's compensation insurance policy for all jockeys licensed by the Maryland Racing Commission and participating at the Maryland race tracks.

POLICY COST

1992	\$593,918.26
1993	\$506,118.00
1994	\$444,853.00
1995	\$396,629.00
1996	\$390,462.00
1997	\$318,181.00
1998	\$312,093.00
1999	\$346,367.00
2000	\$355,966.00
2001	\$378,578.00
2002	\$388,877.00
2003	\$586,640.00
2004	\$611,533.00
2005	\$655,311.00
2006	\$741,868.00

The above costs were funded by an assessment on all licensed owners and trainers levied and collected by the Maryland Racing Commission at the time of licensure. The assessment per licensee for 2006 was \$ 200.00.

MARYLAND-BRED FUND REPORT

MARYLAND-BRED FUND DISTRIBUTION IS EXPLAINED

The Maryland-Bred Fund was created by the General Assembly in 1962. Maryland was the first state to develop an incentive program to encourage the improvement of Thoroughbred breeding and racing. Since that time, more than 30 other states have instituted incentive programs of one kind or another.

In Maryland, there are six categories through which monies from the Fund are made available: 1) **purse money** for stakes races for registered Maryland-breds, 2) **awards for owners** of winning Maryland-breds, 3) **awards for breeders** of winning and stakes-placed Maryland-breds, 4) **awards for the owners of stallions** which sire Maryland-bred winners and stakes-placed horses, 5) **yearling show bonus awards** of \$40,000 (\$20,000 for the four highest-earning 2-year-olds and \$20,000 for the four highest earning 3-year-olds, based on North American earnings, shown at the annual MHBA show), and 6) **Maryland Million allocation** of 5 percent for purses. The Maryland Fund receives slightly less than 1 percent of the total mutuel handle and breakage from Laurel and Pimlico (the State's two mile tracks) and 1.5 percent of the mutuel handle and 5.0 percent of the breakage at Timonium (a County Fair track). (These allocations are subject to adjustments for expenses of operating OTB, simulcasts and intertrack betting.)

In 2006, revenue for the Maryland-Bred Fund totaled over \$4.1 million (includes approximately \$3 million from pari-mutuel wagering funds and \$1.1 million from other sources). After eligible deductions were taken, this money was divided 55 percent to purse money and owner awards and 45 percent to breeder and stallion awards - or about \$1.9 million to purses and owner awards and \$1.6 million to breeder and stallion awards.

Fifty-five percent of the Fund is designated for purses and owner awards, of which 66-2/3 percent was allocated to purses and 33-1/3 percent was allocated to owner awards. The remaining 45 percent funds breeder and stallion awards. Since 1982, owner awards have been paid in lieu of any restricted races other than stakes and Maryland Million races for horses sired by Maryland Stallions. The quality of Maryland-breds has improved to such an extent since the Fund was initiated more than 40 years ago that the shelter of restricted races has ceased to be the most effective use of Fund monies. Owner awards benefit more people and provide a greater incentive to race in Maryland.

Owner awards are paid to the owners of all registered Maryland-breds when they win any race (including all maiden claiming races) other than stakes, starter races or claiming races in which the winner runs for a claiming price of less than \$20,000. These awards usually amount to 10 to 22 percent of the winner's share of the purse with the exact percentage for bonus calculation being determined bi-annually by the Maryland Racing Commission with the advice of the Maryland Bred Fund Advisory Committee.

Breeder and stallion awards are paid for the registered Maryland-bred which wins any race or finishes second, third or fourth in any stakes race in Maryland. Other than Maryland Million Day, breeder awards have historically amounted to 10 to 20 percent of the winner's share of the purse, and stallion awards have varied between 5 and 10 percent of the winner's share of the purse. The exact percentages for bonus calculation are determined bi-annually by the Maryland Racing Commission, with the advice of the Maryland Bred Fund Advisory Committee. In stake races, the award is based on the first \$100,000 of the gross purse.

In order to earn a breeder award, the winning (or stakes-placed) horse must be registered as a Maryland-bred. In order to earn a stallion award, the winning (or stakes-placed) horse must be registered as a Maryland-bred and the sire must be registered with the MHBA in addition to having stood in Maryland at the time the winner was conceived.

The Maryland-Bred Fund program is administered by the Maryland Racing Commission with the assistance and advice of the Maryland-Bred Fund Advisory Committee chaired by John Franzone, a member of the Maryland Racing Commission. Other members of the Maryland Fund Advisory Committee are Louis J. Raffetto, Jr. (Representing the mile tracks), John H. Mosner, Jr., (minor track), Ann Merryman and J. William Boniface (MHBA). Under the direction of the Commission, the actual administration of the Fund, including maintaining the Maryland-bred registry and computing and distributing all bonus awards, is performed by the MHBA for which it receives compensation in the amount of 5 percent of the total receipts of the Fund.

The stakes program is planned on an annual basis and is based on projected track handles for the coming year.

MARYLAND STANDARDBRED RACE FUND

Total purses for the year were \$1,547,510, an increase from 2005 purses. The Maryland Sire Stakes (MSS) and Maryland Standardbred Fund (MSF) combined totals for the program in each year from 1989 through 2006 are shown below:

<u>YEAR</u>	<u>MSS</u>	<u>MSF</u>	<u>TOTAL</u>
1989	1,355,680	1,312,070	2,667,750
1990	1,306,383	1,399,830	2,706,213
1991	1,383,910	1,056,288	2,440,198
1992	1,316,150	933,140	2,249,290
1993	1,392,940	889,352	2,282,292
1994	1,459,520	885,000	2,344,520
1995	1,736,050	1,018,100	2,754,150
1996	1,736,050	1,017,270	2,723,370
1997	1,209,660	793,775	2,003,435
1998	1,152,040	909,190	2,061,230
1999	1,171,750	967,620	2,139,370
2000	1,215,690	1,132,700	2,348,390
2001	1,142,780	1,039,960	2,182,740
2002	970,360	900,690	1,871,050
2003	947,550	833,250	1,780,800
2004	784,000	537,127	1,321,127
2005	779,104	627,761	1,406,865
2006	859,650	687,860	1,547,510

STATISTICS ON THE BREEDING INDUSTRY

Based on the estimates of regional and national organizations, the following is offered on the Thoroughbred and Standardbred breeding industries in Maryland for 2006.

	Thoroughbred	Standardbred
Number of breeders	693	208
Number of foals registered	664 (thru June 2007)	664
Average sales prices of foals (Yearlings)	\$37,193	\$4,064