

Kentucky Horse Racing Commission

Established 1906



2015/2016 Biennial Report

Calendar Year

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khrc.ky.gov



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MATTHEW G. BEVIN
GOVERNOR

FRANKLIN S. KLING, JR.
CHAIRMAN



DAVID A. DICKERSON
SECRETARY

MARC A. GUILFOIL
EXECUTIVE DIRECTOR

PUBLIC PROTECTION CABINET
KENTUCKY HORSE RACING COMMISSION
ESTABLISHED 1906
4063 IRONWORKS PKWY, BLDG. B
LEXINGTON, KENTUCKY 40511
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The Honorable Matthew G. Bevin
Commonwealth of Kentucky
700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Governor Bevin,

On behalf of the Kentucky Horse Racing Commission (KHRC), it is my privilege as chairman to submit to you, pursuant to KRS 230.270, the commission's biennial report for 2015 and 2016. This report presents a summary of the commission's activities and accomplishments, as well as statistical data related to horse racing and pari-mutuel wagering in the commonwealth.

Thanks to you, we are fortunate to have a knowledgeable, experienced and dedicated group of commissioners and equine industry participants supporting our endeavors to regulate and oversee the horse racing industry in Kentucky. Together we have made positive strides and I thank everyone for their hard work and commitment to our common goals.

For the fourth straight year, total thoroughbred purses in the United States declined in 2016. The Commonwealth has been able to avoid that downward trend and has registered four straight years of increased purses. Pari-mutuel wagering on historical horse races contributed over \$10 million to purses in fiscal year 2016 while generating additional funds for the safety and security of our human and equine athletes.

The latest statistics from The Jockey Club show that in 2015 Kentucky stallions covered over 47 percent of all mares bred in North America with an average book of mares of 78. The annual Kentucky registered foal crop in 2015 is more than 36 percent of the total

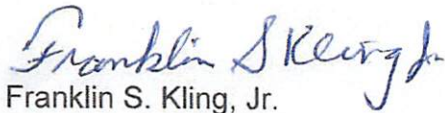


total North American crop. Both percentages represent four years of consecutive increases and 2015 was an all-time record high percentage for both statistics.

I appreciate the commitment that the commissioners, staff, advisory committees and working groups have given to address the challenges of one of the Commonwealth's signature industries. My fellow commissioners, and the entire KHRC staff and our industry partners are grateful for your continued support. We look forward to working with you, the General Assembly and more than 40,000 Kentuckians involved in the horse racing industry to address the challenges that confront our industry at the local, national and international level.

The Kentucky equine industry enters 2017 with enthusiasm, a more comprehensive economic structure and an improved financial condition. We look forward to building on this success in the future. Together, we will strive to ensure that Kentucky remains the "Horse Capital of the World."

Sincerely,



Franklin S. Kling, Jr.

Chairman

Kentucky Horse Racing Commission



MATTHEW G. BEVIN
GOVERNOR

FRANKLIN S. KLING, JR.
CHAIRMAN



DAVID A. DICKERSON
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The Honorable Matthew G. Bevin
Commonwealth of Kentucky
700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Governor Bevin,

I have served in a number of roles at the racing commission since 1988. I am a certified Thoroughbred, Standardbred, and Quarter Horse steward and on January 26, 2016, you appointed me as executive director, a role I am most honored to serve.

As executive director, I have had the privilege of working with an outstanding commission—each commissioner dedicated to ensuring the strength and growth of the horse industry in Kentucky. I would like to thank all of the members for devoting personal time and resources to the KHRC through participation in committee and commission meetings. I am supported by a committed and professional team, and together, we aspire to lead the industry in integrity and safety.

The following report summarizes the many achievements of the KHRC during 2015 and 2016. During this time, additional wagering platforms offered at Ellis Park, Kentucky Downs and Keeneland/Red Mile increased the total excise tax that supports the General Fund, breed development programs and equine research. The Breeders' Cup World Championships returned to Kentucky in 2015 and Kentucky-bred American Pharoah became the first horse to win the Grand Slam—all three legs of the Triple Crown along with the Breeders' Cup Classic. During the 2016 Red Mile Grand Circuit meet, Kentucky-owned Always B Mikki set a world record as the fastest Standardbred racehorse ever and the harness community celebrated the second Triple Crown winner since 1966.



Also during this time, we amended over 20 regulations involving Thoroughbred, Standardbred and Quarter Horse rules of racing, medication, jockeys, breed development funds and breeder incentive funds.

In conclusion, I would like to thank you, the legislature, commission members and colleagues for working together to ensure Kentucky remains at the forefront of the horse racing industry.

Respectfully submitted,



Marc A. Guilfoil
Executive Director
Kentucky Horse Racing Commission



KHRC MEETING DATES



The Kentucky Horse Racing Commission met on the following dates in 2015 and 2016, and all meetings were open to the public.

2015 MEETING DATES

January 15
March 23
May 6
June 29
August 18
September 17
October 26
December 1

2016 MEETING DATES

February 19
March 22
May 17
June 15
July 5—cancelled
August 2
September 6
October 4
November 1
November 22
December 13

KENTUCKY HORSE RACING COMMISSION MEMBERS

The commission is composed of 15 gubernatorial appointees. The Secretary of the Tourism, Arts and Heritage Cabinet, the Secretary of the Public Protection Cabinet, and the Secretary of the Cabinet for Economic Development also serve as ex-officio members of the commission.

In 2015, the following racing industry and community leaders served as voting members of the commission, appointed by Governor Steve Beshear:

Robert M. Beck, Jr. – Chair (resigned December 7, 2015)

Tracy Farmer – Vice Chair (served until April 26, 2016)

Edward S. Bonnie (served until April 26, 2016)

F. Thomas Conway (served until April 26, 2016)

Allan Wade Houston, Sr. (served until April 26, 2016)

Neil Howard (served until April 26, 2016)

David Ingordo (appointed December 2015, served until April 26, 2016)

Frank Jones, Jr. (served until April 26, 2016)

Elizabeth S. Lavin (served until April 26, 2016)

Alan J. Leavitt (served until October 2015)

D. Wayne Lukas (served until April 26, 2016)

Foster Northrop, D.V.M., (served until October 2015)

Clayton B. Patrick (appointed October 2015, served until April 26, 2016)

John W. Phillips (served until April 26, 2016)

J. David Richardson, M.D. (appointed July 2013)

Steve Stewart (appointed October 2015, served until April 26, 2016)

Burr Travis, Jr. (served until April 26, 2016)

Jerry Yon, M.D., (served until April 26, 2016)

The KHRC was honored to have the following Cabinet secretaries serve as non-voting members of the Board:

1. Public Protection Cabinet
 - a. Ambrose Wilson IV, Secretary (served until December 2015)
2. Cabinet for Economic Development
 - a. Larry Hayes, Secretary (served until November 30, 2015). In his absence, George R. Burgess, Jr. and Hollie Spade served as designees.
 - b. Erik Dunnigan, Acting Secretary (November 1, 2015 – November 16, 2016)

3. Tourism, Arts and Heritage Cabinet
 - a. Bob Steward, Secretary (served until December 2015). In his absence, William R. Dexter served as designee.

In 2016, Governor Matthew G. Bevin appointed the following racing industry and community leaders to serve as voting members of the commission:

Franklin S. Kling, Jr. – Chair (appointed April 27, 2016)
John C. Roach – Vice Chair (appointed April 27, 2016)

J. Gatewood Bell, Jr. (appointed June 3, 2016)
Stuart E. Brown II, D.V.M. (appointed April 27, 2016)
Kerry T. Cauthen (appointed April 27, 2016)
Kiki Courtelis (appointed June 3, 2016)
Pat Day (appointed April 27, 2016)
Douglas Hendrickson (appointed April 27, 2016)
Gerald W. Holt (appointed April 27, 2016)
Lesley Howard (appointed April 27, 2016)
Kenneth A. Jackson (appointed April 27, 2016)
Bret Jones (appointed April 27, 2016)
Foster Northrop D.V.M. (reappointed June 3, 2016).
J. David Richardson, M.D. (reappointed April 27, 2016)
Mark Simendinger (appointed April 27, 2016)

The KHRC was honored to have the following Cabinet secretaries serve as ex-officio voting members of the Board:

1. Public Protection Cabinet
 - a. David A. Dickerson, Secretary (appointed December 2015)
2. Cabinet for Economic Development
 - a. Erik Dunnigan, Acting Secretary (served until November 16, 2016)
In his absence, Caroline Baesler served as designee.
3. Tourism, Arts and Heritage Cabinet
 - a. Don Parkinson, Secretary (appointed December 2015)
In his absence, Leigh Powers serves as designee.

KHRC EXECUTIVE STAFF

Gregory Berry, Director of Licensing (appointed September 16, 2016)
Barbara Borden, Chief State Steward
Chris Clark, Director of Enforcement
Jamie H. Eads, Director, Division of Incentives and Development;
Deputy Executive Director (appointed September 16, 2016)
William Farmer, D.V.M., Chief Racing Veterinarian (departed February 9, 2016)
Lindsey Flora, Deputy Executive Director (departed January 30, 2016)
John Forgy, General Counsel (appointed May 11, 2016)
Marc A. Guilfoil, Executive Director (appointed January 26, 2016)
Director of Racing (served until January 25, 2016)
Bruce Howard, D.V.M., Chief Racing Veterinarian (appointed February 9, 2016)
Greg Lamb, Supervisor of Pari-Mutuel Wagering (served until March 18, 2016)
Steve May, Director, Division of Pari-Mutuel Wagering and Compliance
(appointed April 4, 2016)
Mary Scollay, D.V.M., Equine Medical Director
Susan B. Speckert, General Counsel (served until May 21, 2016)
John T. Ward, Jr., Executive Director (served until January 22, 2016)
Richard D. Williams, Chief State Judge

OFFICE OF THE EXECUTIVE DIRECTOR

Katherine Bennett, Executive Advisor (appointed April 18, 2016)
Amber Hobbs, Fiscal Manager
Taylor Hooks, Executive Secretary (appointed November 16, 2016)
Sienna Hooper, Office Manager (appointed February 29, 2016)
Penny Koch, Executive Secretary (July 18, 2016 – October 16, 2016)
Linda Milligan, Executive Secretary (served until January 30, 2016)
Katherine Paisley, Executive Advisor (served until February 20, 2016)
Chrissy Thomas, Internal Policy Analyst (served until February 8, 2016)
Margi Stout, Paralegal

DIVISION OF PARI-MUTUEL WAGERING AND COMPLIANCE

David Brown, Auditor

DIVISION OF ENFORCEMENT

Danny Hyland, Investigator
Brady Lineman, Administrative Branch Manager (served until March 3, 2016)
Don Kolioutas, Investigator

DIVISION OF INCENTIVES AND DEVELOPMENT

Drew Conners, Program Coordinator

Patricia Cooksey, Assistant Director

Angela Trosclair Cox, Program Coordinator

DIVISION OF LICENSING

Ashley Baughman, License Administrator (July 1, 2015-July 23, 2016)

George Haydon, Program Coordinator

Betty Moran, License Administrator

Alicia Ritter, License Administrator (appointed May 1, 2015)

Allen Slayback, Licensing Program Coordinator (deceased January 1, 2015)

Karen Waugh, Assistant Director (departed October 15, 2015)

DIVISION OF STEWARDS

Brooks Becraft III, State Steward (appointed July 1, 2016)

DIVISION OF VETERINARY SERVICES

John Asbury, Detention Barn Assistant (retired December 1, 2015)

Brent Cassady, D.V.M., Racing Veterinarian (served until October 19, 2016 and appointed to Interim)

Emily Crow, D.V.M., Racing Veterinarian (served until May 16, 2015)

David Harris, D.V.M., Racing Veterinarian (served until May 1, 2016)

Louis Johnson, D.V.M., Racing Veterinarian

Jennifer Kaak, D.V.M., Racing Veterinarian (appointed September 1, 2016)

Megan Romano, D.V.M., Racing Veterinarian (served until August 31, 2016, appointed as Interim/PT September 1, 2016)

Nicholas Smith, D.V.M., Racing Veterinarian

Patricia Ludwig, Veterinary Technician

J Saunderson, Veterinary Technician (appointed November 1, 2016)

John Taormina, D.V.M., Racing Veterinarian (appointed February 19, 2016)

Victor Mendoza, Detention Barn Assistant

ADVISORY COMMITTEES AND WORKING GROUPS

Committees and working groups are appointed by the governor or chairman to advise commission members on issues pertinent to the duties of the KHRC. For a list of current KHRC committees and members, go to <http://khrc.ky.gov/Pages/committees.aspx>.

Kentucky Equine Drug Research Council

The Kentucky Equine Drug Research Council (EDRC) focuses on out-of-competition testing for prohibited substances and post-race sampling and testing protocols. During 2015 and 2016, the EDRC solicited research proposals related to drug testing, testing research and equine health, conducted the proposal review process, and made funding recommendations to the KHRC. The EDRC facilitated the refinement of the necropsy protocol for race related equine fatalities and approved the purchase of a digital radiography system to further enhance the information obtained from these cases.

The current and past members of the Equine Drug Research Council include:

Chair:

Jerry Yon, M.D., Lexington, is a physician, representing the Kentucky Horse Racing Commission (Dr. Yon served until March of 2016).

Stuart E. Brown II, D.V.M., Versailles, is a veterinarian in private practice, representing the Kentucky Horse Racing Commission (appointed Chair in April of 2016).

Members:

Rogers Beasley, Lexington, is Director of Racing at Keeneland, representing licensed racing associations (served until March 2016).

Marcus Cheney, D.V.M., Lexington, is a veterinarian in private practice, representing Thoroughbred horsemen (appointed February 2017).

Rick Hiles, Louisville, is a trainer representing Thoroughbred horsemen (served until March 2016).

Michael Kilgore, PhD, Lexington, is a professor at the University of Kentucky, representing pharmacologists (reappointed September 2016).

Gary Lavin, D.V.M., Goshen, is a veterinarian, representing Thoroughbred breeders (served until March 2016).

James Morehead, D.V.M., Lexington, is a veterinarian in private practice, representing equine veterinarians (appointed September 2016.)

Andrew M. Roberts, D.V.M., Lexington, is a veterinarian in private practice, representing harness horsemen (reappointed September 2016).

Johnny Mac Smith, D.V.M., Versailles, is a veterinarian, representing Thoroughbred breeders (appointed September 2016).

Senator Damon Thayer, Georgetown, is Majority Floor Leader, State Senate District 17, representing Kentucky legislators (reappointed September 2016).

Mike Ziegler, Louisville, is Executive Director of Racing for Churchill Downs, Inc, representing licensed racing associations (appointed September 2016).

Arthur B. Zubrod, Lexington, representing the harness racing industry (reappointed September 2016).

Kentucky Horse Breeders' Incentive Fund Advisory Committee

This committee advises, assists, and makes recommendations to the commission regarding the structure and operation of the Kentucky Horse Breeders' Incentive Fund, the first incentive fund in the country to address the non-race breeds.

Chair:

Edward S. Bonnie, representing the KHRC (served until April 26, 2016)

Kiki Courtelis, representing the KHRC (appointed July 1, 2016)

Members:

Jane Atkinson (served until June 30, 2016)

Sarah Coleman (appointed July 1, 2016)

Frank Penn, representing the Kentucky Equine Education Project

For additional information regarding the Horse Breeders' Incentive Fund, see the section in this report titled "Incentives and Development, Kentucky Horse Breeders' Incentive Fund."

Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund Advisory Panel

This Panel advises, assists and makes recommendations to the commission regarding the administration of the Kentucky Sire Stakes. The Kentucky Sire Stakes provides rewards for owners of Kentucky-sired Standardbred horses. The Kentucky Sire Stakes is funded with revenue from the Kentucky Standardbred Development Fund and the Kentucky Standardbred Breeders' Incentive Fund. For

additional information regarding the Sires Stakes program, see the section in this report titled, “Incentives and Development, Kentucky Standardbred Breeders’ Incentive Fund.”

Chair:

Alan J. Leavitt, representing the KHRC (served until October 2015)

Steve Stewart, representing the KHRC (served until April 2016)

Kenneth A. Jackson, representing the KHRC (appointed July 2016)

Members:

Joe Costa, representing the host racetrack

Kenneth A. Jackson, representing the Kentucky Standardbred Breeders Association (served until July 2016)

Bobby Stewart, representing the Kentucky Harness Horseman’s Association (served until June 2016)

Steve Stewart, representing the Kentucky Harness Horseman’s Association (appointed July 2016)

Art Zubrod, representing a stallion owner registered to the fund

Kentucky Thoroughbred Breeders’ Incentive Fund Advisory Committee

This committee reviewed 810 KAR 1:070 to determine if any changes were necessary to ensure the regulation was accomplishing the mission and purpose of the fund. The fund was originally established in 2005. The committee met once in 2015 and once in 2016.

Chair:

Neil Howard, representing the racing commission (served until April 2016)

Douglas Hendrickson, representing the racing commission (appointed July 1, 2016)

Members:

Headley Bell, breeder, Mill Ridge Farm (January 1, 2015- June 30, 2016)

Stuart E. Brown II, D.V.M., commissioner (appointed July 1, 2016)

Kerry T. Cauthen, commissioner (appointed July 1, 2016)

Eric Hamelback, National HBPA (January 1, 2015 – June 30, 2016)

Neil Howard, breeder, Gainesway Farm (reappointed July 1, 2016)

Frank L. Jones, Jr., commissioner (served until April 2016)

Matthew Kock, breeder, Shawnee Place

For additional information regarding the Thoroughbred Breeders' Incentive Fund, see the section in this report titled, "Incentives and Development, Kentucky Thoroughbred Breeders' Incentive Fund."

Kentucky Thoroughbred Development Fund Advisory Committee

This committee advises and assists the KHRC regarding the supplemental purse program funded by a portion of the pari-mutuel tax. The committee meets on a regular basis to approve purse schedules for each association. There were five committee meetings in 2015 and four in 2016. For additional information regarding the Kentucky Thoroughbred Development Fund (KTDF), go to: www.kentuckybred.org.

Chair:

J. David Richardson, M.D., representing the Kentucky Thoroughbred Owners and Breeders Association (KyTOBA) (served until July 2016)

Bill Landes, representing Thoroughbred breeders (KyTOBA) (appointed August 2016)

Members:

Chip Bach, representing the licensed associations (January 1-June 30, 2015)

Rogers Beasley, representing the licensed associations (July 1, 2015-June 30, 2016)

Dan Bork, representing the licensed associations (July 1 – December 31, 2016)

Douglas Hendrickson, representing the KHRC (appointed July 1, 2016)

Bill Landes, representing Thoroughbred breeders (KYTOBA), until appointed to chair in August 2016.

Elizabeth Lavin, representing the KHRC (served until April 2016)

J. David Richardson, M.D., representing Thoroughbred breeders (KYTOBA) (appointed August 2016)

Pete Salmen, representing the Kentucky Horsemen's Benevolent and Protective Association (KYHBPA)

Money from the KTDF is allocated to each licensed association in an amount equal to the amount the association contributed to the fund. This fund is used for purses and advertising. The KTDF receives an amount which is 0.75 percent of all wagers from Thoroughbred racetracks on live races and 2 percent of all wagers on simulcast races. It is an incentive program that seeks to encourage owners to buy from Kentucky markets, to board and breed mares on Kentucky farms, to mate them with Kentucky stallions, then to race the Kentucky-foaled horse at Kentucky tracks. This program was created in 1978 and placed under the general jurisdiction of the KHRC.

A five-member Advisory Committee is appointed on July 1 of each year to advise and assist the KHRC with the implementation of this program. KTDF money supplements purses in stakes, handicap, allowance and non-claiming maiden races and allowance optional claiming races for a claiming price of not less than twenty-five thousand dollars (\$25,000) contested at licensed Thoroughbred race meetings in Kentucky. Only registered Kentucky-sired, Kentucky-foaled horses are eligible to share in fund purse supplements. Funds that are reverted to the KTDF are a result of non-eligible horses placing in the designated race receiving those funds. These monies are not distributed to the owner since the horse is not eligible or KTDF registered, but returned to the association for distribution on another designated race. The following tables document the Kentucky Thoroughbred Development Fund in 2015 and 2016:

Calendar Year 2015			
Track / Meet	Offered	Disbursed	Reverted
Ellis Park: Summer	\$1,184,000	\$1,125,178	\$58,822
Churchill Downs: Spring/Summer	\$1,262,200	\$1,006,926	\$255,274
Churchill Downs: September	\$282,000	\$226,005	\$55,995
Churchill Downs: Fall (November)	\$450,700	\$388,795	\$61,905
Keeneland: Spring	\$669,900	\$526,908	\$142,992
Keeneland: Fall	\$382,300	\$328,438	\$53,862
Kentucky Downs	\$4,282,000	\$3,425,855	\$856,145
Turfway Park: Holiday	\$341,000	\$260,171	\$80,829
Turfway Park: Winter/Spring	\$1,656,000	\$974,126	\$681,874
Totals:	\$10,510,100	\$8,262,403	\$2,247,697

Calendar Year 2016			
Track / Meet	Offered	Disbursed	Reverted
Ellis Park: Summer	\$1,256,000	\$1,063,344	\$192,656
Churchill Downs: Spring/Summer	\$1,249,100	\$1,040,596	\$208,504
Churchill Downs: September	\$154,800	\$140,861	\$13,939
Churchill Downs: Fall (November)	\$341,400	\$267,683	\$73,717
Keeneland: Spring	\$774,000	\$576,227	\$197,773
Keeneland: Fall	\$878,400	\$746,152	\$132,248
Kentucky Downs	\$3,904,000	\$3,601,229	\$302,771
Turfway Park: Holiday	\$392,000	\$306,602	\$85,398
Turfway Park: Winter/Spring	\$1,167,000	\$657,553	\$509,447
Totals:	\$10,116,700	\$8,400,247	\$1,716,453

License Review Committee

Pursuant to 810 KAR 1:025, the License Review Committee is composed of commissioners and staff members who review license applications that require additional scrutiny and background research beyond that of a routine application. The License Review Committee met on January 28, 2015.

Chair:

Kenneth A. Jackson, representing the commission (appointed July 1, 2016)

Members:

Edward S. Bonnie, representing the commission (served until April 2016)

Chris Clark, representing the KHRC (served until July 2016)

F. Thomas Conway, representing the commission (served until April 2016)

Lesley Howard, representing the commission (appointed July 2016)

Steve May, Steward Designee (appointed July 2016)

Burr Travis, Jr., representing the commission (served until April 2016)

Marc A. Guilfoil, representing the KHRC

John Ward, representing the KHRC (served until January 2016)

Race Dates Committee

This committee reviews the racetrack license applications and the race dates requests and makes a recommendation to KHRC.

In 2015, the Race Dates Committee met on October 6, 2015, and the following members served on the committee.

Chair:

Robert M. Beck, Jr., representing the commission (served until December 2015)

Members:

Edward S. Bonnie, representing the commission (served until April 2016)

Frank Jones, Jr., representing the commission (served until April 2016)

Elizabeth Lavin, representing the commission (served until April 2016)

Burr Travis, Jr., representing the commission (served until April 2016)

The Race Dates Committee did not meet in 2016. The following members serve on this committee.

Chair:

Franklin S. Kling, Jr., representing the commission (appointed July 1, 2016)

Members:

J. Gatewood Bell, Jr., representing the commission (appointed July 1, 2016)

Kerry T. Cauthen, representing the commission (appointed July 1, 2016)

Bret Jones, representing the commission (appointed July 1, 2016)

Foster Northrop, D.V.M., representing the commission (appointed July 1, 2016)

John C. Roach, representing the commission (appointed July 1, 2016)

Mark Simendinger, representing the commission (appointed July 1, 2016)

Rules Committee

This committee reviews the regulatory structure of the KHRC and makes recommendations regarding regulations governing the horse industry. Meetings were held on March 23 and August 18 in 2015 and August 24, 2016.

Chair:

Edward S. Bonnie (served until April 2016)

Mark Simendinger (appointed July 1, 2016)

Members:

J. Gatewood Bell, Jr. (appointed July 1, 2016)

F. Thomas Conway (served until April 2016)

John Forgy (appointed July 1, 2016)

Gerald W. Holt (appointed July 1, 2016)

Bret Jones (appointed July 1, 2016)

Burr Travis, Jr. (served until April 2016)

Safety and Welfare Committee

This committee identifies issues of concern and makes recommendations to promote human and equine safety and welfare in Kentucky horse racing.

Chair:

Patrick A. Day, representing the commission (appointed June 2016)

Members:

Stuart E. Brown II, D.V.M. (appointed June 2016)

Douglas Hendrickson (appointed June 2016)

Bret Jones (appointed June 2016)

Daisy Phipps Pulito (appointed June 2016)

Wagering Integrity Committee

This committee is charged with investigating wagering integrity and security issues and making recommendations to the KHRC. It reviews license applications related to wagering operations and gathers information from various sources relating to wagering integrity issues. This committee did not meet in 2015 and met on October 19 and November 22 in 2016.

Chair:

Franklin S. Kling, Jr., representing the commission (appointed July 2016)

Members:

Edward S. Bonnie, representing the commission (served until April 26, 2016)

Marc A. Guilfoil, representing the KHRC (served until June 2016)

Chuck Grubbs, representing a participant in the sport (appointed July 2016)

David Ingordo, representing a participant in the sport (appointed July 2016)

Kenneth A. Jackson, representing the commission (appointed July 1, 2016)

Greg Lamb, representing the KHRC (served until January 2016)

Mike Maloney, representing a participant in the sport (appointed July 2016)

J. David Richardson, M.D., representing the commission (appointed July 1, 2016)

John Ward, representing the KHRC (served until January 2016)

Mike Ziegler, representing the racetracks (appointed July 1, 2016)

Funds attached to the Kentucky Horse Racing Commission

Kentucky Racing Health and Welfare Fund

The Kentucky Racing Health and Welfare Fund is a charitable, non-profit organization that helps eligible individuals in the Kentucky Thoroughbred racing industry who demonstrate need. The fund was founded in 1978 by an act of the Kentucky legislature. It provides funding toward the payment of medical, hospital, vision and funeral expenses for backstretch workers. It is not an insurance company and does not provide insurance benefits.

The fund provides benefits for off-the-job injuries and illnesses that are not covered by union health and welfare plans, worker's compensation, social security, public welfare, military benefits, veterans' benefits or any other type of health, medical, dental or accident insurance. Richard Riedel is the executive director of the fund.

The board met April 13, July 1, September 9 and December 8 in 2015 and April 19, June 29, September 19 and December 14 in 2016. For additional information, regarding the Kentucky Racing Health and Welfare Fund, please visit www.kyracinghealth.org.

Chair:

Donald Ball

Members:

Rick Hiles, Vice-President

Carol Hebel, Secretary

Jeffrey Fisk, Member (appointed September 22, 2016)

Randy Scheen, M.D., Treasurer

Peter Salmen, Member, representing HBPA

The Kentucky Racing Health and Welfare Fund receives funding from un-cashed pari-mutuel tickets that are over one year old. Pursuant to KRS 230.362, any reported pari-mutuel ticket that has not been claimed within one year from the time the ticket became payable is presumed to be abandoned. Each year, any person or association holding on July 1 any tickets that have not as of that date, been claimed for one year or more is required to create a list of the tickets with corresponding amounts. The list is then submitted to the KHRC by September 1 of the same year. Between November 1 and November 15, the person or association then relinquishes the sum of tickets to the KHRC, less any advertising paid pursuant to KRS 230.362.

Thoroughbred Unclaimed Pari-mutuel Tickets

Remitted to KY Health and Welfare Fund by December 31, 2015

Racing Facility	Amount	Amount Claimed	Advertising Paid	Total to Fund
Churchill Downs	\$855,007	\$2,320	\$780	\$851,907
Ellis Park	\$168,693	\$0	\$130	\$168,564
Keeneland	\$639,992	\$400	\$608	\$638,983
Kentucky Downs	\$90,866	\$0	\$300	\$90,566
Turfway Park	\$196,433	\$110	\$67	\$196,255
Total	\$1,950,991	\$2,831	\$1,885	\$1,946,275

Thoroughbred Unclaimed Pari-mutuel Tickets
Remitted to KY Health and Welfare Fund by December 31, 2016

Racing Facility	Amount	Amount Claimed	Advertising Paid	Total to Fund
Churchill Downs	\$983,457	\$2,473	\$780	\$980,204
Ellis Park	\$150,130	\$0	\$130	\$150,000
Keeneland	\$599,128	\$615	\$599	\$597,913
Kentucky Downs	\$98,504	\$0	\$349	\$98,155
Turfway Park	\$209,089	\$26	\$29	\$209,033
Total	\$2,040,307	\$3,114	\$1,887	\$2,035,305

County Fair Purse Fund

The Kentucky Colt Association, also known as Kentucky Fair Racing, administers harness racing at county fairs in Kentucky. Purses for Kentucky fair races are funded by Standardbred unclaimed pari-mutuel tickets.

In 2015, the Standardbred Development Fund and Standardbred Breeders' Incentive Fund donated \$148,000 to the County Fair Purse Fund. There were races at eight fairs throughout the Commonwealth. The races began in May and ended in August. There were separate divisions for two-and-three-year-old trotters and pacers and separate divisions for fillies and colts. In 2015, there was no pari-mutuel wagering at the fairs.

2015 Kentucky Fair Schedule:

Ballard County Fair (LaCenter)	June 7
Purchase District Fair (Mayfield)	June 15
McCracken County Fair (Paducah)	June 22
Marion County Fair (Lebanon)	June 30
Washington County Fair (Lebanon)	July 7
Woodford County Fair (Lebanon)	July 18
Mercer County Fair (Red Mile)	July 25
Fair Finals (Red Mile)	August 1

In 2016, eight fairs raced throughout the Commonwealth. The races began in June and ended with the fair final in July. There were separate divisions for two-and-three-year-old trotters and pacers and separate divisions for fillies and colts. In 2016, there was pari-mutuel wagering offered at the Marion County Fair.

2016 Kentucky Fair Schedule:

Purchase District Fair (Mayfield)	June 6-7
Ballard County Fair (LaCenter)	June 13-14
McCracken County Fair (Lebanon)	June 28-29 (wagering offered)
Washington County Fair (Lebanon)	July 5-6
Woodford County Fair (Lebanon)	July 15-16
Mercer County Fair (Red Mile)	July 22
Fair Finals (Red Mile)	July 30

Horses that are eligible for the fair races must have been nominated and owned wholly or in part by Kentucky residents. For additional information regarding harness racing at county fairs, go to <http://www.kentuckycoltassociation.com>.

Standardbred Unclaimed Pari-mutuel Tickets: Turned over to KHRC by December 31, 2014, and remitted to Kentucky Colt Racing Association for 2015 Kentucky Fair Circuit

Racing Facility	Amount	Amount Claimed	Advertising Paid	Total to Fund
Bluegrass Players Downs	\$32,661	\$0	\$119	\$32,542
Hazard U-Bet	\$25,515	\$2,625	\$264	\$22,626
The Red Mile	\$18,198	\$20	\$621	\$17,557
Thunder Ridge	\$14,165	\$2,285	\$108	\$11,772
Total	\$90,539	\$4,930	\$1,112	\$84,497

Standardbred Unclaimed Pari-mutuel Tickets: Turned over to KHRC by December 31, 2015, and remitted to Kentucky Colt Racing Association for 2016 Kentucky Fair Circuit

Racing Facility	Amount	Amount Claimed	Advertising Paid	Total to Fund
Bluegrass Players Downs	\$19,019	\$0	\$169	\$18,851
Hazard U-Bet	\$12,195	\$3,139	\$93	\$8,963
The Red Mile	\$18,045	\$0	\$608	\$17,437
Thunder Ridge	\$14,290	\$3,052	\$113	\$11,125
Total	\$63,550	\$6,191	\$983	\$56,376

FINANCIAL ANALYSIS

The following is the statement of activities-cash basis for the KHRC for the fiscal year ended June 30, 2016, and June 30, 2015.

	6/30/2016	6/30/2015
REVENUES:		
General fund allotment	2,615,400	698,700
Track assessments	519,428	508,773
License fees	1,486,737	1,376,785
Fines	21,770	16,174
Interest	133	264
Other receipts	356,987	259,277
Gain from asset disposal	2,057	1,440
Total revenue	5,002,512	2,861,413
EXPENSES:		
Personnel	\$ 3,313,099	\$ 3,126,550
Operating	672,658	691,013
Capital outlay	15,197	47,958
Total expenses	4,000,954	3,865,521
Net program expense	1,001,558	(1,004,108)
Transfer to OOS/GAPS	(275,500)	(241,500)
Change in net position	726,058	(1,245,608)
NET POSITION- BEGINNING	1,528,706	2,774,314
NET POSITION- ENDING	\$ 2,254,764	\$ 1,528,706

Discussion of Financial Analysis

For the fiscal year ending June 30, 2015, the KHRC started the year with a balance carry-forward of \$2,774,314 and received funding from the following sources: General Fund allotment; track assessments; and participant licensing fees, fines, and other receipts. The carry-forward and receipts were reduced during the fiscal year by non-revenue receipts (i.e., governmental transfers for support services) in the amount of \$241,500 and total expenses of \$3,865,521, resulting in a net position ending balance of \$1,528,706 for the KHRC.

For the fiscal year ending June 30, 2016, the KHRC started the year with a balance carry-forward of \$1,528,706 and received funding from the following sources: General Fund allotment; track assessments; and participant licensing fees, fines, and other receipts. The carry-forward and receipts were reduced during the fiscal year by non-revenue receipts (i.e. governmental transfers for support services) in the amount of \$275,500 and total expenses of \$4,000,954, resulting in a net position ending balance of \$2,254,764 for the KHRC.

DIVISIONS OF THE KHRC

DIVISION OF PARI-MUTUEL WAGERING AND COMPLIANCE

The Pari-Mutuel Wagering Division was created in 2009 and renamed Division of Pari-Mutuel Wagering and Compliance in 2016 to account for additional responsibilities. This division is responsible for the oversight of all wagering on live horse racing, simulcasting and historical horse racing operations in the Commonwealth. This includes compliance auditing of associations, totalizator companies, and licensed advance deposit wagering companies operating in the state.

The division worked closely with the Association of Racing Commissioners International to create the first totalizator standards enforced in Kentucky. Over the past year, this division has worked closely with CHRIMS, an internationally known data provider of pari-mutuel handle information, to further improve the accuracy of the data received from the associations, totalizator companies, and advance deposit wagering operations, and ensure it is correct for taxation on handle. This division has also redesigned the pari-mutuel handle reports to further improve the transparency of wagering data.

Kentucky Handle and Excise Tax Report for FY 2016 & 2015

	Fiscal Year 2016 Handle Data	% of Fiscal Year 2016 Handle	Fiscal Year 2015 Handle Data	% of Fiscal Year 2015 Handle	% Change FY15 to FY16
Live Racing Dates	265		252		5.16%
On-Track Handle	\$ 110,805,991	9.8%	\$ 113,657,516	13.6%	-2.5%
All-Breed Simulcast Handle	\$ 179,832,085	15.9%	\$ 189,658,311	22.6%	-5.2%
ADW Handle	\$ 197,006,273	17.4%	\$ 161,833,970	19.3%	21.7%
Historical Horse Racing Handle	\$ 641,823,401	56.8%	\$ 372,670,250	44.5%	72.2%
Total Handle	\$1,129,467,750	100.0%	\$ 837,820,047	100.0%	34.8%
	Fiscal Year 2016 Tax Data	% of Fiscal Year 2016 Excise Tax	Fiscal Year 2015 Tax Data	% of Fiscal Year 2015 Excise Tax	% Change FY15 to FY16
TB Development Fund	\$ 7,891,909	45.9%	\$ 6,630,440	49.9%	19.0%
SB Development Fund	\$ 847,665	4.9%	\$ 80,665	0.6%	950.9%
QH/Arabian Development Fund	\$ 19,020	0.1%	\$ 21,511	0.2%	-11.6%
Backside Improvement Fund	\$ 546,282	3.2%	\$ 561,656	4.2%	-2.7%
Equine Industry Program	\$ 945,078	5.5%	\$ 954,278	7.2%	-1.0%
Equine Drug Research	\$ 576,734	3.4%	\$ 587,584	4.4%	-1.8%
Higher Education Fund	\$ 576,734	3.4%	\$ 587,584	4.4%	-1.8%
ADW Host Track Allocation (Note 1)	\$ 418,653	2.4%	\$ 343,897	2.6%	21.7%
ADW Purse Allocation (Note 1)	\$ 418,653	2.4%	\$ 343,897	2.6%	21.7%
KY General Fund	\$ 4,951,726	28.8%	\$ 3,175,335	23.9%	55.9%
Total KY Excise Tax	\$ 17,192,452	100.0%	\$ 13,286,847	100.0%	29.4%

Note 1 - As per KRS 138.530



Kentucky Excise Tax Analysis by Source for Fiscal Year 2015

Track/ADW Provider	Thoroughbred Development Fund		Standardbred Development Fund		QH/Other Development Fund		Equine Industry Program		Equine Drug Research		Higher Education Fund		Backside Improvement Fund		ADW Host Track Allocation		ADW Purse Allocation		Kentucky General Fund		Total Excise Tax FY15	
	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	% of Fund Total	FY 2015	Total Excise Tax
Live	\$842,483	12.7%	\$16,580	20.6%			\$227,315	23.82%	\$113,658	19.34%	\$113,658	19.34%	\$561,656	100.00%					\$394,485	12.42%	\$2,269,834	17.08%
Blue Grass Downs			\$256	0.3%			\$41	0.00%	\$20	0.00%	\$20	0.00%							\$20	0.00%	\$358	0.00%
Churchill Downs	\$514,762	7.8%					\$137,270	14.38%	\$68,635	11.68%	\$68,635	11.68%	\$343,175	61.10%					\$240,222	7.57%	\$1,372,699	10.33%
Ellis Park	\$33,022	0.5%					\$8,806	0.92%	\$4,403	0.75%	\$4,403	0.75%	\$22,015	3.92%					\$15,410	0.49%	\$88,060	0.66%
Keeneland	\$253,261	3.8%					\$67,536	7.08%	\$33,768	5.75%	\$33,768	5.75%	\$168,841	30.06%					\$118,189	3.72%	\$675,363	5.08%
Kentucky Downs	\$5,584	0.1%					\$1,489	0.16%	\$745	0.13%	\$745	0.13%	\$3,723	0.66%					\$2,606	0.08%	\$14,891	0.11%
The Red Mile			\$16,306	20.2%			\$2,609	0.27%	\$1,304	0.22%	\$1,304	0.22%							\$1,304	0.04%	\$22,828	0.17%
Thunder Ridge			\$18	0.0%			\$3	0.00%	\$1	0.00%	\$1	0.00%							\$1	0.00%	\$25	0.00%
Turfway Park	\$35,854	0.5%					\$9,561	1.00%	\$4,781	0.81%	\$4,781	0.81%	\$23,903	4.26%					\$16,732	0.53%	\$95,610	0.72%
Simulcast	\$2,992,930	45.1%	\$64,085	79.4%	\$21,511	100.00%	\$76,963	8.07%	\$153,926	26.20%	\$153,926	26.20%							\$1,154,447	36.36%	\$4,617,789	34.75%
Blue Grass Downs																						
Churchill Downs	\$828,619	12.5%	\$1,862	2.3%	\$5,635	26.20%	\$20,903	2.19%	\$41,806	7.11%	\$41,806	7.11%							\$313,544	9.87%	\$1,254,174	9.44%
Ellis Park	\$378,648	5.7%	\$27,480	34.1%	\$1,419	6.59%	\$10,189	1.07%	\$20,377	3.47%	\$20,377	3.47%							\$152,830	4.81%	\$611,320	4.60%
Keeneland	\$923,078	13.9%			\$3,159	14.69%	\$23,156	2.43%	\$46,312	7.88%	\$46,312	7.88%							\$347,339	10.94%	\$1,389,355	10.46%
Kentucky Downs	\$260,047	3.9%	\$13,328	16.5%	\$6,647	30.90%	\$7,001	0.73%	\$14,001	2.38%	\$14,001	2.38%							\$105,008	3.31%	\$420,033	3.16%
The Red Mile																						
Thunder Ridge																						
Turfway Park	\$602,538	9.1%	\$21,414	26.5%	\$4,651	21.62%	\$15,715	1.65%	\$31,430	5.35%	\$31,430	5.35%							\$235,727	7.42%	\$942,906	7.10%
ADW															\$343,897	100.00%	\$343,897	100.00%	\$121,375	3.82%	\$809,170	6.09%
AmWest Entertainment															\$4,183	1.22%	\$4,183	1.22%	\$1,476	0.05%	\$9,843	0.07%
eBet Technologies															\$1,125	0.33%	\$1,125	0.33%	\$397	0.01%	\$2,647	0.02%
Lien Games															\$4,103	1.19%	\$4,103	1.19%	\$1,448	0.05%	\$9,655	0.07%
TVG															\$111,766	32.50%	\$111,766	32.50%	\$39,447	1.24%	\$262,978	1.98%
TwinSpires															\$173,030	50.31%	\$173,030	50.31%	\$61,069	1.92%	\$407,130	3.06%
XpressBet															\$49,690	14.45%	\$49,690	14.45%	\$17,538	0.55%	\$116,918	0.88%
HHR	\$2,795,027	42.2%					\$650,000	68.11%	\$320,000	54.46%	\$320,000	54.46%							\$1,505,027	47.40%	\$5,590,054	42.07%
Ellis Park	\$378,040	5.7%					\$84,423	8.85%	\$41,312	7.03%	\$41,312	7.03%							\$210,993	6.64%	\$756,080	5.69%
Kentucky Downs	\$2,416,987	36.5%					\$565,577	59.27%	\$278,688	47.43%	\$278,688	47.43%							\$1,294,034	40.75%	\$4,833,974	36.38%
Grand Total	\$6,630,440	100.0%	\$80,665	100.0%	\$21,511	100.00%	\$954,278	100.00%	\$587,584	100.00%	\$587,584	100.00%	\$561,656	100.00%	\$343,897	100.00%	\$343,897	100.00%	\$3,175,335	100.00%	\$13,286,847	100.00%



Kentucky Excise Tax Analysis by Source for Fiscal Year 2016

Track/ADW Provider	Thoroughbred Development Fund		Standardbred Development Fund		QH/Other Development Fund		Equine Industry Program		Equine Drug Research		Higher Education Fund		Backside Improvement Fund		ADW Host Track Allocation		ADW Purse Allocation		Kentucky General Fund		Total Excise Tax FY16	
	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	% of Fund Total	FY 2016	Total Excise Tax
Live	\$819,423	10.4%	\$19,370	2.3%			\$221,612	23.45%	\$110,806	19.21%	\$110,806	19.21%	\$546,282	100.00%					\$383,947	7.75%	\$2,212,246	12.87%
Blue Grass Downs			\$197	0.0%			\$32	0.00%	\$16	0.00%	\$16	0.00%							\$16	0.00%	\$276	0.00%
Churchill Downs	\$485,683	6.2%					\$129,515	13.70%	\$64,758	11.23%	\$64,758	11.23%	\$323,789	59.27%					\$226,652	4.58%	\$1,295,154	7.53%
Ellis Park	\$37,566	0.5%					\$10,018	1.06%	\$5,009	0.87%	\$5,009	0.87%	\$25,044	4.58%					\$17,531	0.35%	\$100,177	0.58%
Keeneland	\$253,288	3.2%					\$67,543	7.15%	\$33,772	5.86%	\$33,772	5.86%	\$168,859	30.91%					\$118,201	2.39%	\$675,435	3.93%
Kentucky Downs	\$4,711	0.1%					\$1,256	0.13%	\$628	0.11%	\$628	0.11%	\$3,141	0.57%					\$2,199	0.04%	\$12,563	0.07%
The Red Mile			\$19,165	2.3%			\$3,066	0.32%	\$1,533	0.27%	\$1,533	0.27%							\$1,533	0.03%	\$26,831	0.16%
Thunder Ridge			\$8	0.0%			\$1	0.00%	\$1	0.00%	\$1	0.00%							\$1	0.00%	\$11	0.00%
Turfway Park	\$38,174	0.5%					\$10,180	1.08%	\$5,090	0.88%	\$5,090	0.88%	\$25,450	4.66%					\$17,815	0.36%	\$101,798	0.59%
Simulcast	\$2,841,701	36.0%	\$51,139	6.0%	\$19,020	100.00%	\$72,796	7.70%	\$145,593	25.24%	\$145,593	25.24%							\$1,091,947	22.05%	\$4,367,789	25.41%
Blue Grass Downs																						
Churchill Downs	\$843,445	10.7%	\$2,520	0.3%	\$3,788	19.91%	\$21,244	2.25%	\$42,488	7.37%	\$42,488	7.37%							\$318,657	6.44%	\$1,274,628	7.41%
Ellis Park	\$360,280	4.6%	\$19,708	2.3%	\$1,352	7.11%	\$9,533	1.01%	\$19,067	3.31%	\$19,067	3.31%							\$143,002	2.89%	\$572,009	3.33%
Keeneland	\$852,578	10.8%			\$2,779	14.61%	\$21,384	2.26%	\$42,768	7.42%	\$42,768	7.42%							\$320,759	6.48%	\$1,283,035	7.46%
Kentucky Downs	\$245,150	3.1%	\$12,201	1.4%	\$7,115	37.41%	\$6,612	0.70%	\$13,223	2.29%	\$13,223	2.29%							\$99,175	2.00%	\$396,700	2.31%
The Red Mile																						
Thunder Ridge																						
Turfway Park	\$540,248	6.8%	\$16,710	2.0%	\$3,986	20.96%	\$14,024	1.48%	\$28,047	4.86%	\$28,047	4.86%							\$210,354	4.25%	\$841,417	4.89%
ADW															\$418,653	100.00%	\$418,653	100.00%	\$147,760	2.98%	\$985,066	5.73%
AmWest Entertainment															\$2,456	0.59%	\$2,456	0.59%	\$867	0.02%	\$5,779	0.03%
eBet Technologies															\$1,732	0.41%	\$1,732	0.41%	\$611	0.01%	\$4,074	0.02%
Lien Games															\$7,100	1.70%	\$7,100	1.70%	\$2,506	0.05%	\$16,707	0.10%
TVG															\$135,100	32.27%	\$135,100	32.27%	\$47,682	0.96%	\$317,883	1.85%
TwinSpires															\$218,950	52.30%	\$218,950	52.30%	\$77,276	1.56%	\$515,177	3.00%
XpressBet															\$53,315	12.73%	\$53,315	12.73%	\$18,817	0.38%	\$125,446	0.73%
HHR	\$4,230,785	53.6%	\$777,155	91.7%			\$650,669	68.85%	\$320,335	55.54%	\$320,335	55.54%							\$3,328,072	67.21%	\$9,627,351	56.00%
Ellis Park	\$547,880	6.9%					\$78,467	8.30%	\$38,503	6.68%	\$38,503	6.68%							\$392,454	7.93%	\$1,095,807	6.37%
Keeneland/Red Mile	\$582,873	7.4%	\$777,155	91.7%			\$115,678	12.24%	\$56,335	9.77%	\$56,335	9.77%							\$743,104	15.01%	\$2,331,478	13.56%
Kentucky Downs	\$3,100,033	39.3%					\$456,525	48.31%	\$225,497	39.10%	\$225,497	39.10%							\$2,192,515	44.28%	\$6,200,066	36.06%
Grand Total	\$7,891,909	100.0%	\$847,665	100.0%	\$19,020	100.00%	\$945,078	100.00%	\$576,734	100.00%	\$576,734	100.00%	\$546,282	100.00%	\$418,653	100.00%	\$418,653	100.00%	\$4,951,726	100.00%	\$17,192,452	100.00%



DIVISION OF ENFORCEMENT

The primary duty of the Division of Enforcement is to investigate and detect violations of the laws and rules as they pertain to Thoroughbred and Standardbred racing. The enforcement division is made up of a director of enforcement and two investigators. It conducts interviews with applicants who indicate on their license application that they have a criminal record or conviction for a public offense, or a suspension of or revocation of a license for any racing related infraction.

The division utilizes records and information from the Association of Racing Commissioners International (ARCI), Thoroughbred Racing Protective Bureau (TRPB), United States Trotting Association (USTA), Standardbred Canada, and the KHRC licensing database. The division also communicates with security and enforcement divisions in other jurisdictions, federal, state, and local law enforcement and court systems to gain information for criminal background checks and determine suitability for licensure in Kentucky.

Alleged or actual criminal offenses are investigated, including human drug violations, assault on association grounds, burglary, theft, forgery and disorderly conduct. The division will provide assistance to law enforcement to complete criminal investigations. Investigations are also conducted regarding a vast array of other potential violations, such as hidden ownership, claims violations and pari-mutuel concerns.

This division conducts barn and vehicle searches as necessary, as well as random visits to training centers. The KHRC enforcement division works in cooperation with various agencies of law enforcement in multiple jurisdictions, including local police, county sheriffs, state authorities and federal organizations, along with racing investigators from other jurisdictions.

The KHRC enforcement division performs breathalyzer alcohol testing and drug screening of jockeys and various other racing officials on a random basis. Investigators perform drug testing on individuals at the order of the stewards. The evidence gathered by the division is completed in accordance with police procedures and accurate chain of custody.

The division also responds to complaints received from the KHRC Integrity hotline. The hotline, 866-993-3949, is posted on the KHRC website, as well as on posters at all licensed facilities.

DIVISION OF INCENTIVES AND DEVELOPMENT

The Kentucky Breeders' Incentive Fund was established in 2005. Tax incentives were included in the plan to ensure the strength and growth of the horse industry. The Breeders' Incentive Funds are financed through the 6 percent sales tax paid on stallion stud fees, most of which is derived from the thoroughbred stud fees.

Kentucky Thoroughbred Breeders' Incentive Fund (KBIF)

The Kentucky Thoroughbred Breeders' Incentive Fund is financed through 80 percent of the receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky. The money deposited in the Kentucky Thoroughbred Breeders' Incentive Fund is used to administer the fund and provide rewards for breeders of horses bred and foaled in Kentucky.

To qualify for the program, the mare must have been covered by a Kentucky stallion registered with the KTDF and the pregnant mare must also remain in Kentucky from the time of cover until foaling. For each breeding season, the intended breeder of record is required to register the unborn foal with the KHRC before August 15 of the cover year and pay a filing fee of \$60 for each mare.

The Thoroughbred Breeders' Incentive Fund paid monetary awards to registered Kentucky-bred winners of horses racing across the US and at Woodbine racetrack in the following categories: maiden special weight (MSW); allowance (ALW); stakes; and graded stakes. Awards were also paid to Kentucky-bred winners of group stakes races in Canada, England, Ireland and France, as well as group 1 wins on Dubai World Cup Day, Hong Kong International Day and Japan Cup Day. KBIF allocates \$200,000 to the top 20 claiming horses registered to the fund and running at Kentucky racetracks. Finally, KBIF allocates \$50,000 each to the Kentucky Derby and Kentucky Oaks winners, by far the largest award each year.

KBIF offers four registration periods: January 1 – August 15 of cover year for \$60; August 16 – December 31 of cover year for \$150; January 1 – December 31 of weanling year for \$750 and January 1 – December 31 of yearling year for \$1,500.

Nominations received January 1 - December 31, 2015		
Type of Registration	Number of Registrations	Total Fees
January 1 - August 15 of Cover Year (\$60)	9,229	\$ 553,740
August 15 - December 31 of Cover Year (\$150)	293	\$ 43,950
January 1 - December 31 of Weanling Year (\$750)	39	\$ 29,250
January 1 - December 31 of Yearling Year (\$1,500)	5	\$ 7,500
Special Filing (\$300)	0	\$ -
TOTAL	9,566	\$ 634,440

Nominations received January 1 - December 31, 2016		
Type of Registration	Number of Registrations	Total Fees
January 1 - August 15 of Cover Year (\$60)	9209	\$ 552,540
August 15 - December 31 of Cover Year (\$150)	261	\$ 39,150
January 1 - December 31 of Weanling Year (\$750)	31	\$ 23,250
January 1 - December 31 of Yearling Year (\$1,500)	1	\$ 1,500
Special Filing (\$300)	1	\$ 300
TOTAL	9,503	\$ 616,740

During the 2015 calendar year, KBIF awarded \$10,543,927 for races won in 2014 and awarded \$10,793,440 in 2016 for races won in 2015. For additional information regarding the Kentucky Thoroughbred Breeders' Incentive Fund, please visit: khrc.ky.gov/pages/kbif.

KBIF THOROUGHBRED STATISTICS		
	2016	2015
TOTAL MONEY AWARDED	\$10,793,440	\$10,543,927
Total awarded to races held inside KY	\$1,928,841	\$1,974,392
Total awarded to races held outside KY	\$8,864,599	\$8,569,536
<i>Total races awarded</i>	\$3,913	\$3,934
<i>Average award per race</i>	\$2,758	\$2,680

STATISTICS RELATED TO ELIGIBLE RACES IN KENTUCKY		
	2016	2015
Total number of races paid in KY	567	584
Average award for races won in KY	\$3,402	\$3,381
ALW, MSW Races inside KY		
Average award per race	\$2,727	\$2,615
Total number of races	465	478
KY Stakes Races (non-graded)		
Average award per race	\$3,993	\$3,917
Total number of races	32	31
KY Grade II & III Stakes Races		
Award per race	\$5,165	\$5,100
Total number of races	37	40
KY Grade I Stakes Races		
Award per race	\$7,665	\$7,600
Total number of races	13	15
Kentucky Derby	\$50,000	\$50,000
Kentucky Oaks	N/A	\$50,000
KY Claiming Component		
Total dollars awarded	\$200,000	\$200,000
Total number of awards	20	20

STATISTICS RELATED TO ELIGIBLE RACES HELD OUTSIDE KENTUCKY BUT IN THE US		
	2016	2015
Total number of races paid outside KY but in the US	3,238	3,246
Average award for races won outside KY but in the US	\$2,609	\$2,520
ALW, MSW Races outside KY but in the US		
Average award per race	\$2,214	\$2,137
Total number of races	2,662	2,695
Stakes Races (non-graded) outside KY but in the US		
Average award per race	\$3,629	\$3,585
Total number of races	359	346
Gr. II, III Stakes outside KY but in the US		
Award per race	\$5,165	\$5,100
Total number of races	165	152
Gr. I Stakes outside KY but in the US		
Award per race	\$7,665	\$7,600
Total number of races	52	53

STATISTICS RELATED TO ELIGIBLE RACES OUTSIDE THE US		
	2016	2015
Total number of races paid in Canada, England, France & Ireland	108	104
Average award for races won in Canada, England, France & Ireland	\$3,863	\$3,759
International Gr. I: (Can, Eng, Fr, Ire) & (Dubai World Cup Day, Hong Kong Int'l Day, Japan Cup Day)		
<i>Award per race</i>	\$7,665	\$7,600
<i>Total number of races</i>	6	5
International Gr. II, III: (Can, Eng, Fr, Ire)		
<i>Award per race</i>	\$5,165	\$5,100
<i>Total number of races</i>	31	26
WOODBINE RACETRACK ONLY		
Average award for a ALW/MSW at WO	\$2,800	\$2,805
Total number of races	62	61
Wo Stakes races (non-graded)		
<i>Average award per race</i>	\$4,165	\$4,100
<i>Total number of races</i>	9	12

Kentucky Standbred Development Fund and Kentucky Standbred Breeders' Incentive Fund (KSDF/KSBIF)

The Kentucky Standardbred Development Fund is financed by a portion of the pari-mutuel tax. The Kentucky Standardbred Breeders' Incentive Fund is financed through 13 percent of all receipts collected from the sales and use tax on stud fees. The money deposited in the fund is used to administer the program and provide purses for breeders or owners of Kentucky-bred Standardbred horses through the Kentucky Sire Stakes (KYSS).

In 2015 and 2016, the premier event of Standardbred racing in Kentucky, the Kentucky Sire Stakes, was conducted at The Red Mile, showcasing the U.S. and Canada's top competitors. The KYSS distributes more than \$1.6 million, contested over a total of eight races, with purses of \$175,000 per division for two-and-three year-old pacers and trotters. For more information regarding the Kentucky Sire Stakes program, visit khrc.ky.gov/pages/kyss.

2015 KYSS Leading Money Winners

2 Year Olds	Total
2 Year Old Colt Pacer	
<i>Dragallthemoni</i>	\$90,500
2 Year Old Colt Trotter	
<i>Barryscout</i>	\$95,000
2 Year Old Filly Pacer	
<i>Lakeisha Hall</i>	\$95,000
2 Year Old Filly Trotter	
<i>Erica America</i>	\$96,200
3 Year Olds	Total
3 Year Old Colt Pacer	
<i>Tail Gunner Hall</i>	\$102,500
3 Year Old Colt Trotter	
<i>Cinnabar Hall</i>	\$95,000
3 Year Old Filly Pacer	
<i>Twilight Princess</i>	\$102,500
3 Year Old Filly Trotter	
<i>Jane Eyre</i>	\$95,000

2016 KYSS Leading Money Winners

2 Year Olds	Total
2 Year Old Colt Pacer	
<i>V Power</i>	\$96,200
2 Year Old Colt Trotter	
<i>Starlight As</i>	\$90,500
2 Year Old Filly Pacer	
<i>In The Dark</i>	\$98,750
2 Year Old Filly Trotter	
<i>Sheas Victory</i>	\$89,900
3 Year Olds	Total
3 Year Old Colt Pacer	
<i>Cracker Cam</i>	\$98,750
3 Year Old Colt Trotter	
<i>Barryscourt</i>	\$102,500
3 Year Old Filly Pacer	
<i>Lakeisha Hall</i>	\$102,500
3 Year Old Filly Trotter	
<i>Cash In My Genes</i>	\$96,200

Kentucky Horse Breeders' Incentive Fund (KHBIF)

The Kentucky Horse Breeders' Incentive Fund, often referred to as the non-race program, is financed through 7 percent of the receipts collected from the sales and use tax on stud fees. The money deposited in the fund is used to administer the program and provide awards for breeders, owners and exhibitors of horses bred and foaled in Kentucky. The program operates in three-year-cycles and is currently in Period IV, which includes calendar years 2015-2017. The following allocations were disbursed for 2015 and 2016:

2015	Number	Breed	%	\$
	2,767	Kentucky Appaloosa Owners Association, Inc.	2.18	20,234
	4,404	Kentucky Arabian & Half Arabian Breeders Alliance	3.47	32,205
	14,756	Kentucky Mountain Saddle Horse Association	12	107,904
	6,284	Kentucky Miniature Horse Breeders Club	4.95	45,952
	9,975	Kentucky Paint Horse Club	7.85	72,943
	34,525	Kentucky Quarter Horse Association	27.18	252,466
	6,452	Rocky Mountain Horse Association	5.08	47,181
	9,906	Kentucky Saddlebred Owners and Breeders Association	7.80	72,438
	1,684	South Central Hackney Association	1.33	12,314
	34,183	Kentucky Walking Horse Breeders Incentive Fund	26.91	249,965
	2,087	Mountain Pleasure Horse Association	1.64	15,261
TOTAL:	127,023		100	928,863

2016	Number	Breed	%	\$
	2,767	Kentucky Appaloosa Owners Association, Inc.	2.18	20,465
	4,404	Kentucky Arabian & Half Arabian Breeders Alliance	3.47	32,573
	14,756	Kentucky Mountain Saddle Horse Association	12.00	109,139
	6,284	Kentucky Miniature Horse Breeders Club	4.95	46,478
	9,975	Kentucky Paint Horse Club	7.85	73,778
	34,525	Kentucky Quarter Horse Association	27.18	255,356
	6,452	Rocky Mountain Horse Association	5.08	47,721
	9,906	Kentucky Saddlebred Owners and Breeders Association	7.80	73,267
	1,684	South Central Hackney Association	1.33	12,455
	34,183	Kentucky Walking Horse Breeders Incentive Fund	26.91	252,826
	2,087	Mountain Pleasure Horse Association	1.64	15,436
TOTAL:	127,023		100	939,494

For additional information related to the Kentucky Horse Breeders' Incentive Fund, go to: khrc.ky.gov/pages/khbif.

DIVISION OF LICENSING

Kentucky state law requires all persons wishing to participate at Kentucky racetracks and facilities under the jurisdiction of the KHRC to be licensed by the KHRC. The KHRC may issue a license, if it finds the applicant is committed to upholding the high quality of Kentucky racing and is fit to perform the licensed activity. A license is valid for the calendar year in which it is issued unless

suspended or revoked under administrative regulations promulgated by the commission.

The Licensing Division maintains a central office located at the Kentucky Horse Park in Lexington and is present on all association grounds prior to and during the opening of live race meetings in order to process license applications and collect fees.

For additional information regarding the licensing process, including applications for licensure, please visit the KHRC website at khrc.ky.gov.

The following two charts reflect the total number of licenses issued and the corresponding dollar amount of fees collected for 2015 and 2016.

Standardbred Licenses Issued		2015
License Type (Fee)	Number of Licenses Issued	Total Fees
Association Employee (\$25)	352	\$8,800
Driver (\$125)	29	\$3,625
Driver/Trainer (\$125)	40	\$5,000
Farm Mgr/Agent (\$50)	1	\$50
Farrier (\$100)	2	\$200
Mutuel Clerk (\$50)	124	\$6,200
Owner (\$125)	646	\$80,750
Owner - Conversion (\$0)	94	\$0
Owner/Driver (\$125)	6	\$750
Owner/Trainer (\$125)	111	\$13,875
Owner/Trainer - Conversion (\$0)	3	\$0
Owner/Trainer/Driver (\$125)	166	\$20,750
Racing Official (\$100)	14	\$1,400
Stable Employee (\$5)	316	\$1,580
Temp Owner (\$125)	132	\$16,500
Trainer (\$125)	41	\$5,125
Vendor (\$50)	3	\$150
Vendor Employee (\$25)	97	\$2,425
Vet Asst. (\$50)	4	\$200
Vet Tech. (\$50)	1	\$50
Veterinarian (\$125)	12	\$1,500
Total	2,194	\$168,930

Thoroughbred Licenses Issued
2015

License Type (Fee)	Number of Licenses Issued	Total Fees
Association Employee (\$25)	3,507	\$87,675
Asst. Trainer (\$150)	302	\$45,300
Authorized Agent (\$25)	179	\$4,475
Claiming (\$150)	14	\$2,100
Dental Tech (\$100)	20	\$2,000
Equine Therapist (\$50)	34	\$1,700
Exercise Rider (\$10)	652	\$6,520
Farm Mgr/Agent (\$50)	53	\$2,650
Farrier (\$100)	95	\$9,500
Jockey (\$150)	233	\$34,950
Jockey Agent (\$150)	63	\$9,450
Jockey Apprentice (\$100)	21	\$2,100
Mutuel Clerk (\$50)	690	\$34,500
Occupational Employee (\$25)	117	\$2,925
Owner (\$150)	4,865	\$729,750
Owner - Conversion (\$0)	111	\$0
Owner/Trainer (\$150)	986	\$147,900
Owner/Trainer - Conversion (\$0)	5	\$0
Racing Official (\$100)	130	\$13,000
Special Event (\$10)	386	\$3,860
Special Mutuel (\$10)	163	\$1,630
Special Occupational (\$10)	2	\$20
Stable Employee (\$10)	3,022	\$30,220
Temp Owner (\$150)	139	\$20,850
Trainer (\$150)	230	\$34,500
Vendor (\$50)	51	\$2,550
Vendor Employee (\$25)	737	\$18,425
Vet Asst. (\$50)	30	\$1,500
Vet Tech. (\$50)	6	\$300
Veterinarian (\$150)	94	\$14,100
Total	16,937	\$1,264,450

Arabian Licenses Issued**2016**

License Type (Fee)	Number of Licenses Issued	Total Fees
Owner (\$35)	12	\$420
Trainer (\$35)	7	\$245
Stable Employee (\$5)	1	\$5
Total	20	\$670

Standardbred Licenses Issued**2016**

License Type (Fee)	Number of Licenses Issued	Total Fees
Association Employee (\$25)	433	\$10,825
Driver (\$125)	35	\$4,375
Driver/Trainer (\$125)	33	\$4,125
Farm Mgr/Agent (\$50)	1	\$50
Farrier (\$100)	1	\$100
Mutuel Clerk (\$50)	223	\$11,150
Owner (\$125)	628	\$78,500
Owner - Conversion (\$0)	62	\$0
Owner/Driver (\$125)	10	\$1,250
Owner/Trainer (\$125)	99	\$12,375
Owner/Trainer - Conversion (\$0)	1	\$0
Owner/Trainer/Driver (\$125)	153	\$19,125
Racing Official (\$100)	15	\$1,500
Stable Employee (\$5)	301	\$1,505
Temp Owner (\$125)	96	\$12,000
Trainer (\$125)	42	\$5,250
Vendor (\$50)	1	\$50
Vendor Employee (\$25)	72	\$1,800
Vet Asst. (\$50)	4	\$200
Vet Tech. (\$50)	1	\$50
Veterinarian (\$125)	11	\$1,375
Total	2,222	\$165,605

Thoroughbred Licenses Issued
2016

License Type (Fee)	Number of Licenses Issued	Total Fees
Association Employee (\$25)	3,250	\$81,250
Asst. Trainer (\$150)	272	\$40,800
Authorized Agent (\$25)	148	\$3,700
Claiming (\$150)	18	\$2,700
Dental Tech (\$100)	24	\$2,400
Equine Therapist (\$50)	23	\$1,150
Exercise Rider (\$10)	627	\$6,270
Farm Mgr/Agent (\$50)	55	\$2,750
Farrier (\$100)	90	\$9,000
Jockey (\$150)	172	\$25,800
Jockey Agent (\$150)	53	\$7,950
Jockey Apprentice (\$100)	15	\$1,500
Mutuel Clerk (\$50)	693	\$34,650
Occupational Employee (\$25)	20	\$500
Owner (\$150)	4,960	\$744,000
Owner - Conversion (\$0)	106	\$0
Owner/Trainer (\$150)	855	\$128,250
Owner/Trainer - Conversion (\$0)	9	\$0
Racing Official (\$100)	139	\$13,900
Special Event (\$10)	1,195	\$11,950
Special Mutuel (\$10)	18	\$180
Special Occupational (\$10)	1	\$10
Stable Employee (\$10)	2,986	\$29,860
Temp Owner (\$150)	133	\$19,950
Trainer (\$150)	232	\$34,800
Vendor (\$50)	64	\$3,200
Vendor Employee (\$25)	1,538	\$38,450
Vet Asst. (\$50)	34	\$1,700
Vet Tech. (\$50)	6	\$300
Veterinarian (\$150)	102	\$15,300
Total	17,838	\$1,262,270

DIVISION OF RACING SUPERVISION – STEWARDS AND JUDGES

Stewards and judges exercise immediate supervision, control and regulation of live racing at each licensed race meeting on behalf of the Kentucky Horse Racing Commission. The powers of the stewards and judges include: authority over all horses and all persons, licensed or unlicensed, on association grounds during each race meeting as to all matters relating to racing and the determination of all questions, disputes, protests, complaints or objections concerning racing which arise during a race meeting. Additionally in Standardbred racing, the judges are placing judges, meaning they verify the order of finish in each race.

As a matter of course Kentucky stewards review the replay of each race from four different camera angles before the results are posted as “official.” At the Thoroughbred racetracks, the chief state steward and state steward are employees of the KHRC, and the third steward is an employee of the racing association. Pursuant to 810 KAR 1:004, stewards are responsible only to the commission. At Standardbred racetracks, the presiding judge is an employee of the KHRC, and the other two judges are employees of the racing association. For additional information regarding Thoroughbred and Standardbred stewards and judges rulings, go to: khrc.ky.gov/pages/rulings.

DIVISION OF VETERINARY SERVICES

The chief racing veterinarian supervises the operations of the test barn and all regulatory veterinary activities associated with live racing. Test barn operations include the pre-race, post-race, post-work, and out of competition collection of blood and urine samples for testing; preparation and documentation of samples transported to the official laboratory; management of retained split samples; and management of race day furosemide administrations by KHRC veterinarians.

Regulatory veterinary activities related to live racing include pre-race examinations; race-day furosemide administrations; on-track monitoring of horse health and soundness; triage and emergency care of racing injuries; management of the veterinarians’ list of horses determined to be ineligible to race for veterinary medical reasons; and, associated record keeping. In addition, the chief racing veterinarian manages staff scheduling, performs personnel performance evaluations, and participates at all commission meetings.

To fulfill regulatory duties, the KHRC employs six full-time racing veterinarians, two full-time veterinary technicians, a full-time test barn technician and full-time test

barn administrator. Additional qualified personnel are employed on an interim basis in response to racetrack-specific needs. KHRC official veterinarians examine all in-today horses for soundness and racing fitness to ensure the health and safety of all participants.

On race day, each Thoroughbred is evaluated by KHRC veterinarians in the morning at the pre-race exam, while in the saddling paddock, and during the post-parade. The pre-race exam includes an in-stall, hands-on evaluation followed by observation of the horse in motion outside of its stall. Standardbred horses are evaluated during the warm-up trips. Records of Thoroughbred exams are permanently stored in a central server, managed by InCompass, that has shared access by racing regulatory veterinarians in multiple jurisdictions. This allows veterinarians to monitor a horse's condition over time despite its having raced at different tracks or in other states. KHRC veterinarians are present in the paddock, at the starting gate, in the equine ambulance and in the test barn during live Thoroughbred racing in Kentucky.

For Standardbred racing, the KHRC veterinarian attends the test barn and observes each race via live racetrack video feed or is present trackside. If a horse sustains an injury or demonstrates signs of unsoundness at any time prior to the start of the race, the KHRC veterinarian examines the horse and, where warranted, recommends to the chief state steward or presiding judge that the injured horse be scratched from participating in the race.

KHRC veterinarians enter data relevant to KHRC initiated scratches and race-related accidents, injuries, or medical conditions of Thoroughbreds into The Jockey Club Equine Injury Database. All horses that die or are euthanized as a result of a condition sustained during the running of a race are submitted for necropsy to the University of Kentucky, Veterinary Diagnostic Laboratory (UK-VDL).

The KHRC may require necropsy of any horse that dies or is euthanized at a facility under the jurisdiction of the KHRC. For musculoskeletal injuries resulting in a fatality, a specialized racing necropsy group at the UK-VDL, performs an in depth evaluation (including radiography) of the injured limb and its uninjured counterpart.

KHRC veterinarians or licensed veterinary technicians perform blood sampling associated with post-race testing or pre-race TCO₂ analysis. KHRC test barn technicians are responsible for the collection of post-race equine urine samples to be sent to the KHRC official laboratory for analysis. The ability to collect paired (blood and urine) samples from each horse subjected to post race testing ensures

that the full scope of instrumental analysis—testing for more than 1,500 substances—can be applied to every horse. All post-race samples undergo testing that exceeds the requirements of the Thoroughbred Owners and Breeders Association (TOBA) Graded Stakes Committee. Horses working under the observation of a KHRC veterinarian for release from the veterinarian's list—having been previously declared to be unfit for competition due to injury or unsoundness—are subjected to post-work blood sampling to ensure that a horse's medication status does not obscure accurate assessment of its suitability for return to racing.

The KHRC continues to implement out-of-competition testing for the detection of blood doping agents and other prohibited substances. This testing is applied across all breeds and classes of racing. For specific, targeted events, such as the Kentucky Derby and Oaks and Breeders' Cup, out-of-competition sampling is performed in other states and countries by other racing regulatory authorities on behalf of the KHRC. All out of competition test results have been negative since the beginning of testing in 2010. In Thoroughbred racing, the winning horse and a minimum of one other horse are selected by the stewards to be submitted to post-race blood and urine collection. In Standardbred racing, all winners are tested. In both Thoroughbred and Standardbred racing, additional horses are tested at the discretion of the stewards or judges. For graded stakes and races with purses greater than \$100,000, four or more horses are sampled. TCO₂ testing is conducted on samples collected pre-race. Horses in overnight races are identified for sampling on a random basis. All horses entered in graded stakes are subjected to pre-race TCO₂ testing. This testing is intended to identify horses having were administered an alkalinizing substance that, by neutralizing the buildup of lactic acid in the athlete, delays the onset of fatigue and thus enhances performance. For Thoroughbred racing, TCO₂ testing is performed at the KHRC's official laboratory, LGC Sport Science, on a post-race basis and within 120 hours of sampling. For Standardbred racing, TCO₂ sampling and analysis are performed on site by the KHRC veterinarian or licensed veterinary technician, and analysis is completed prior to post time for the race in which the sampled horse is entered.

2015–Summary of Testing Performed

BREED	Number of Race Starts (Source)	Total Number of Horses Sampled/ Tested Post-Race	Post-Race Testing		Pre-Race TCO ₂ Testing (blood)	Out-of-Competition Testing (blood)	Post-work Testing (blood)	Post-injury Testing (blood)
			Blood only samples	Paired (blood & urine) Samples				
Thoroughbred	15,514 (Equibase)	Sampled: 3,882 1 per 4.0 starts Tested: 3,147 1 per 4.9 starts	Collected: 62 Tested: 52 Retained: 10	Collected: 3,820 Tested: 3,095 Retained: 725	3,672	306	109	60
Standard-bred	4,144 (Test Barn Records)	Sampled: 854 1 per 4.9 starts Tested: 720 1 per 5.8 starts	Collected: 297 Tested: 204 Retained: 93	Collected: 557 Tested: 516 Retained: 41	622	39	3	0
TOTAL	19,658	Sampled: 4,736 1 per 4.1 starts Tested: 3,867 1 per 5.1 starts	Collected: 359 Tested: 256 Retained: 103	Collected: 4,377 Tested: 3,611 Retained: 766	4,294	345	112	60

2016–Summary of Testing Performed

BREED	Number of Race Starts (Source)	Total Number of Horses Sampled/Tested Post-Race	Post-Race Testing		Pre-Race TCO ₂ Testing (blood)	Out-of-Competition Testing (blood)	Post-work Testing (blood)	Post-injury Testing (blood)
			Blood only samples	Paired (blood & urine) Samples				
Thoroughbred	16,495 (Equibase)	Sampled: 4,057 1 per 4.1 starts Tested: 3,258 1 per 5.1 starts	Collected: 61 Tested: 44 Retained: 17	Collected: 3,996 Tested: 3,214 Retained: 782	2,599	257	88	55
Standardbred	3,949 (USTA)	Sampled: 911 1 per 4.3 starts Tested: 759 1 per 5.2 starts	Collected: 238 Tested: 195 Retained: 43	Collected: 673 Tested: 564 Retained: 109	523	48	1	2
TOTAL	20,444	Sampled: 4,968 1 per 4.2 starts Tested: 4,017 1 per 5.2 starts	Collected: 299 Tested: 239 Retained: 60	Collected: 4,669 Tested: 3,778 Retained: 891	3,122	305	89	57

The only injection permitted to be administered to a horse on race day is furosemide (Salix™). KHRC veterinarians perform these administrations to eligible horses between 4.5 and 4 hours to their scheduled post time. The fee for KHRC race day furosemide administration remains constant at \$20, as established by regulation in 2014. This fee is comparable to that historically charged by private practicing veterinarians for the same service. This fee is revenue neutral, covering KHRC expenses associated with race day furosemide administration. Each year, KHRC veterinarians perform approximately 16,000 administrations of race day furosemide in accordance with 810 KAR 1:018 and 811 KAR 1:090.

2015: Reports of Finding (ROF) Issued by the Official Laboratory of the KHRC, LGC Science

STANDARD BRED

Substance	Penalty	Frequency
Levamisole	A	1
Clenbuterol	B	1
Testosterone	B	1
Betamethasone	C	1
Dexamethasone	C	6
Methylprednisolone	C	6
Naproxen	C	1
PBZ > 5 mcg/ml	NSAID	1
Flunixin > 20 ng/ml	NSAID	2
2 NSAIDS > 2° threshold	NSAID	1

STD total ROF:	21
Total Race Starts:	4,144
1 ROF per:	197 starts

THOROUGHBRED

Substance	Penalty	Frequency
(none)	A	0
Stanozolol	B	1
TCO ₂	B	2
Testosterone	B	2
Dexamethasone	C	4
Hydrocortisone succinate	C	1
Methocarbamol	C	9
Methylprednisolone	C	4
Triamcinolone acetone	C	1
PBZ > 5 mcg/ml	NSAID	3
Flunixin > 20 ng/ml	NSAID	6
Ketoprofen >10 ng/ml	NSAID	1
Ket >1°; PBZ, Flu > 2°	NSAID	1
PBZ >2<5 mcg/ml	NSAID	3
2 NSAIDS > 2° threshold	NSAID	1

TB total ROF	39
Total Race Starts:	15,514
1 ROF per:	397 starts

**2016 Reports of Finding (ROF) issued by the Official Laboratory of the KHRC,
LGC Science:**

STANDARD BRED

Substance	Penalty	Frequency
(none)	A	0
Caffeine	B	3
Cobalt	B	2
Betamethasone	C	1
Dexamethasone	C	6
Methylprednisolone	C	1
Flunixin	NSAID	2
PBZ > 1°; Flunixin > 2°	NSAID	1
PBZ > 2 mcg <5 mcg	NSAID	3
2 NSAIDs > 2°	NSAID	1

STD total ROF	20
Total Race Starts	3,949
1 ROF per:	197 starts

THOROUGHBRED

Substance	Penalty	Frequency
(none)	A	0
Clenbuterol	B	1
3-OH Lidocaine	B	1
Ractopamine	B	3
Betamethasone	C	3
Dembroxol	C	1
Dexamethasone	C	7
Hydrocortisone succinate	C	1
Ibuprofen	C	1
Methocarbamol	C	2
Methylprednisolone	C	1
Ketoprofen	NSAID	3
PBZ >2<5 mcg/ml	NSAID	2
2 NSAIDS > 2° threshold	NSAID	10

TB Total ROF	36
Total Race Starts	16,495
1 ROF per:	413 starts

Findings Reported by Penalty Classification as a Percent of Post-race Tests Performed

2015			2016		
Penalty Classification	Percent	Frequency	Penalty Classification	Percent	Frequency
A:	0.03%	-1	A:	0.00%	0
B:	0.18%	-7	B:	0.23%	-10
C:	0.85%	-33	C:	0.60%	-24
D:	0.00%	0	D:	0.00%	0
Other:	0.49%	-19	Other:	0.55%	-22
Total:	1.55%	-60	Total:	1.39%	-56

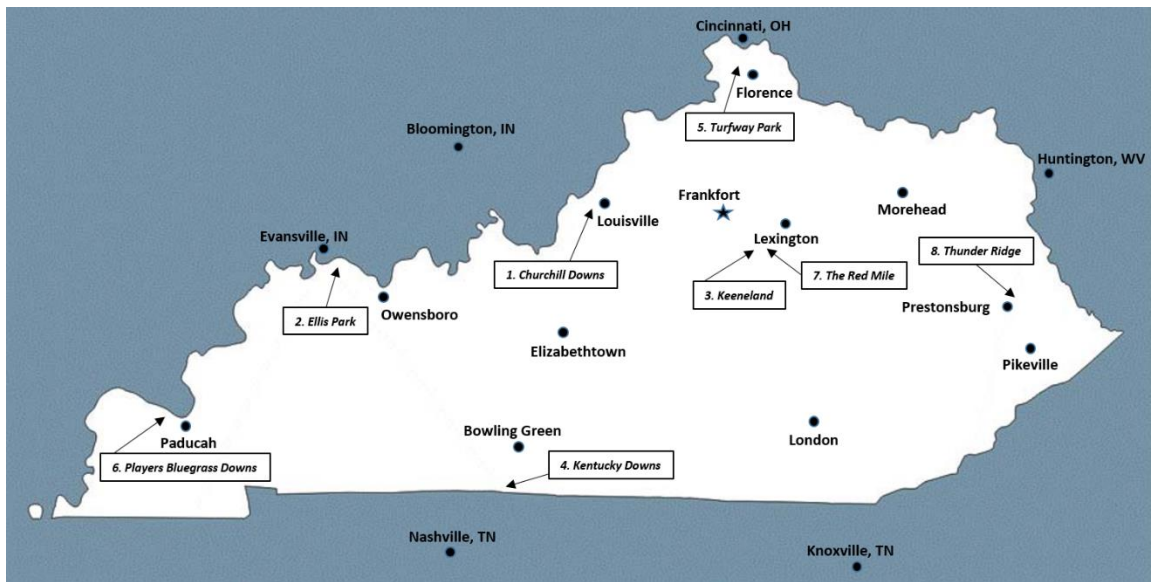
Class "A" Drugs are those that have the highest potential to influence performance in the equine athlete

Class "B" Drugs are those that have a high potential to influence performance in the equine athlete, but less of a potential than Class "A" Drugs.

Class "C" Drugs are those that have a lesser potential to influence performance in the equine athlete than Class "A" or "B" Drugs.

Class "D" Drugs are those that have a lesser potential to influence performance in the equine athlete than Class "A," "B," or "C" Drugs.

KENTUCKY LICENSED ASSOCIATIONS



Thoroughbred Racetracks:

1. **Churchill Downs**
700 Central Ave.
Louisville, KY 40208
(502) 636-4400
www.churchilldowns.com
2. **Ellis Park**
3300 US Hwy. 41 N.
Henderson, KY 42420
(800) 333-8110
www.ellisparkracing.com
3. **Keeneland**
4201 Versailles Rd.
Lexington, KY 40588
(859) 254-3412
www.keeneland.com
4. **Kentucky Downs**
5629 Nashville Rd.
Franklin, KY 42134
(270) 586-7778
www.kentuckydowns.com
5. **Turfway Park**
7500 Turfway Rd.
Florence, KY 41042
(859) 371-0200
www.turfway.com

Standardbred Racetracks:

6. **Bluegrass Downs**
150 Downs Rd.
Paducah, KY 42002
(270) 444-7117
www.caesars.com/bluegrass-downs
7. **The Red Mile**
1200 Red Mile Rd.
Lexington, KY 40504
(859) 255-0752
www.theredmile.com
8. **Thunder Ridge**
164 Thunder Rd.
Prestonsburg, KY 41653
(606) 886-7723

THOROUGHBRED TRACK/MEET	2015 AWARDED/RACED (Excludes Optional Dates)	2015 OPTIONAL AWARDED/ RACED	2016 AWARDED/RACED (Excludes Optional Dates)	2016 OPTIONAL AWARDED/ RACED
Churchill Downs Spring	38/38	0/0	38/38	0/0
Churchill Downs September	11/11	0/0	11/11	0/0
Churchill Downs Fall	21/21	0/0	21/21	4/0
Ellis Park	31/31	4/0	30/30	4/0
Keeneland Spring	15/15	0/0	16/16	0/0
Keeneland Fall	20/20	0/0	17/17	0/0
Kentucky Downs	5/4	0/1	5/5	0/0
Turfway Park Winter/Spring	39/36	9/0	45/43	5/4
Turfway Park Holiday	15/15	0/1	22/20	1/0
TOTAL	195/191	13/2	205/201	14/4

2015 RACETRACK MEETING DATES

Thoroughbred

Churchill Spring

April: 25, 28, 29, 30

May: 1, 2, 7, 8, 9, 10, 14, 15, 16, 17, 21, 22, 23, 24, 25, 28, 29, 30, 31

June: 4, 5, 6, 7, 11, 12, 13, 14, 18, 19, 20, 21, 25, 26, 27

Total racing days – 38

Churchill September

September: 11, 12, 13, 17, 18, 19, 20, 24, 25, 26, 27

Total racing days – 11

Churchill Fall

November: 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29

Total racing days – 21

Ellis Park

July: 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31

July optional dates: 9, 16, 23, 30

August: 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30

September: 4, 5, 6, 7

Total race dates – 31

Total optional racing dates – 4

Keeneland Spring

April: 3, 4, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24

Total racing days – 15

Keeneland Fall

October: 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 24, 29, 30, 31

Total racing days – 20

Kentucky Downs

September: 5, 10, 12, 16, 19

Total racing dates – 5

Turfway Park Winter/Spring

January: 1, 2, 3, 4, 9, 10, 11, 16, 17, 18, 23, 24, 25, 30, 31

January optional dates: 8, 15, 22, 29

February: 1, 6, 7, 8, 13, 14, 15, 20, 21, 22, 27, 28,

February optional dates: 5, 12, 19, 26

March: 1, 6, 7, 8, 13, 14, 15, 20, 21, 27, 28, 29

March optional dates: 22

Total race dates – 39

Total optional racing dates – 9

Turfway Park Holiday

December: 3, 4, 5, 6, 10, 11, 12, 13, 17, 18, 19, 20, 26, 27, 31

December optional dates: 24

Total racing dates- 15

Total optional racing dates – 1

Standardbred

The Red Mile

July: 26, 30

August: 1, 2, 6, 8, 9, 13, 15, 16, 20, 22, 23, 27, 29, 30

September: 3, 5, 6, 10, 12, 13, 17, 19

September optional dates: 30

October: 1, 2, 3, 8, 9, 10

October optional dates: 4, 7, 11

Total racing days – 30

Total optional days – 4

Thunder Ridge

April: 23, 24, 25, 29, 30

May: 1, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30

June: 4, 5, 6

Total racing days – 21

Bluegrass Downs

June: 12, 13, 14, 19, 20, 21, 26, 27, 28

July: 3, 4, 5, 10, 11, 12

Total racing days – 15

2016 RACETRACK MEETING DATES

Thoroughbred

Churchill Spring

April: 30

May: 3, 4, 5, 6, 7, 12, 13, 14, 15, 19, 20, 21, 22, 26, 27, 28, 29, 30

June: 2, 3, 4, 5, 9, 10, 11, 12, 16, 17, 18, 19, 23, 24, 25, 26, 30

July: 1, 2

Total racing days- 38

Churchill September

September: 16, 17, 18, 22, 23, 24, 25, 29, 30

October 1, 2

Total racing days – 11

Churchill Fall

October: 30

November: 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27

Total racing days – 21

Ellis Park

July: 2, 3, 4, 8, 9, 10, 15, 16, 17, 22, 23, 24, 29, 30, 31

July optional dates: 7, 14, 21, 28

August: 5, 6, 7, 12, 13, 14, 19, 20, 21, 26, 27, 28,

September: 2, 4, 5

Total racing days – 30

Total optional racing days – 4

Keeneland Spring

April: 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29

Total racing days – 16

Keeneland Fall

October: 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 26, 27, 28, 29

Total racing days – 17

Kentucky Downs

September: 3, 8, 10, 11, 15

Total racing days – 5

Turfway Park Winter/Spring

January: 1, 2, 3, 7, 8, 9, 10, 14, 15, 16, 17, 21, 22, 23, 24, 28, 29, 30, 31

February: 5, 6, 7, 12, 13, 14, 19, 20, 21, 26, 27, 28

February optional dates: 4, 11, 18, 25

March: 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26

March optional dates: 31

April: 1, 2, 3

Total racing days – 45

Total optional racing days – 5

Turfway Park Holiday

November: 30

December: 1, 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 28, 29, 30, 31

December optional dates: 24

Total racing days – 22

Total optional racing days- 1

Standardbred

Bluegrass Downs

June: 10, 11, 12, 17, 18, 19, 24, 25, 26

July: 1, 2, 3, 8, 9, 10

Total racing days – 15

The Red Mile

July: 24, 28, 30, 31

August: 4, 6, 7, 11, 13, 14, 18, 20, 21, 25, 27, 28

September: 1, 3, 4, 8, 10, 11, 15, 17, 29, 30

October: 1, 2, 6, 7, 8, 9

Total racing days – 32

Thunder Ridge

April: 13, 14, 15, 20, 21, 22, 27, 28, 29

May: 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27

Total racing days – 21

KENTUCKY THOROUGHBRED PURSE INFORMATION

**Racing for Fiscal Year Ending
June 30, 2015**

Track	Association Purses	KTDF Purses	Horseman's Fees	Total Purses
Kentucky Downs	\$2,932,500	\$1,811,022	\$131,250	\$4,874,772
Turfway Park	\$5,322,890	\$1,420,232	\$117,450	\$6,860,572
Keeneland	\$18,813,025	\$1,028,227	\$967,175	\$20,808,427
Churchill	\$29,154,535	\$1,648,879	\$2,275,450	\$33,078,864
Ellis	\$3,776,595	\$1,125,178	\$27,900	\$4,929,673

Total Purses	<u>\$59,999,545</u>	<u>\$7,033,538</u>	<u>\$3,519,225</u>	<u>\$70,552,308</u>
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**Racing for Fiscal Year Ending
June 30, 2016**

Track	Association Purses	KTDF Purses	Horseman's Fees	Total Purses
Kentucky Downs	\$3,031,250	\$3,425,855	\$152,250	\$6,609,355
Turfway Park	\$5,273,758	\$917,724	\$140,375	\$6,331,857
Keeneland *	\$36,888,845	\$904,666	\$6,987,475	\$44,780,986
Churchill	\$29,824,343	\$1,575,667	\$2,509,137	\$33,909,147
Ellis	\$4,726,695	\$1,063,344		\$5,790,039

Total Purses	<u>\$79,744,891</u>	<u>\$7,887,256</u>	<u>\$9,789,237</u>	<u>\$97,421,384</u>
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* Includes \$25 million in Breeders' Cup World Championship purses. The Breeders' Cup was held at Keeneland on October 30 & 31, 2015.

KENTUCKY STANDARD BRED PURSE INFORMATION

Racing for Fiscal Year Ending June 30, 2015

Track	Association Purses	Total Purses
The Red Mile	\$7,816,440	\$7,816,440
Player's Bluegrass Downs	\$234,500	\$234,500
Thunder Ridge	\$188,000	\$188,000

Total Purses	<u>\$8,238,940</u>	<u>\$8,238,940</u>
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Racing for Fiscal Year Ending June 30, 2016

Track	Association Purses	Total Purses
The Red Mile	\$7,783,000	\$7,783,000
Player's Bluegrass Downs	\$179,400	\$179,400
Thunder Ridge	\$188,950	\$188,950

Total Purses	<u>\$8,151,350</u>	<u>\$8,151,350</u>
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