

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
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In state government, has not only kept pari-mutuel racing out of states, but also deters favorable legislation in many of the states that differently license it---the stigma of the aforementioned haunt racing everywhere.

This article is not to get into the moral justification of pari-mutuels. The right of an individual's right of choice or freedoms and so on does not belong, but one point must be emphasized.

Pari-Mutuel Wagering is LEGAL. Going further, they are audited, controlled, and of public record. The dollars wagered are all accounted for and open for investigation. Other gaming, with the exception of Nevada, is not.

In 1973, Michigan State University was commissioned by the United States Gambling Commission to do a study on gambling in America. To make a long story short, racing accounts for billions of gaming dollars, but the estimates of illegal gambling on football, baseball, basketball, and other professional and collegiate sports is much larger. It is like drugs, there is no control and no taxation for billions and billions of illegally bet dollars.

This does not even include the various numbers rackets, punch boards, illegal slot machines, card games, crap tables, as well as bookmakers that exist in all states, not just states that have pari-mutuels.

The issue of windfall profits for state tax roles raises another fundamental issue. That is the taxation of racing regardless of the financial well-being, or not-so-well-being, as it may be, of tracks in this country.

States get tax dollars on a percentage of the gross, no matter what that figure may be. It makes no difference if it is rain, hail, snow, sleet, or sunshine---sure specifically, if the track is making money, losing, or breaking even. The tax revenue rolls in.

Take a medium size operation, making it with a pari-mutuel handle of approximately \$250,000 per day. Running a 100 day meeting, the track would receive approximately 1.25 million dollars of pari-mutuel revenue. Figure in costs from earlier sections, and the operation could be going under. Many are. During the past two or three years, tracks have been closing their doors, from New Jersey to New England, to the Midwest, southwest, and far west---more

will be following.

Who is the biggest loser when a track goes under? The track will stop losing money...The horsemen were already losing money as handle did not justify purses... It is the state taxpayers.

The state is the biggest loser in that the money generated from racing revenues had been firmly implemented into the tax structure of the community the track operated, and the various funds and municipalities such as schools, roads, community services, construction, and so on, is no longer available. Does the Governor call out the National Guard? What other industry could make up the sudden loss?

The legislature cries wolf, and suddenly the state, already faced with a shortage of tax revenues, wonders what went wrong.

In 1978, the state of New York, who license Thoroughbred and Harness racing tracks, in addition to a complicated Off-Track Betting system, received over \$120,000,000 from taxes on racing. The cost of operation was less than six million, or about 4.7% of the gross.

Florida, with almost every form of pari-mutuel wagering known to man, generated nearly 100 million, and spent about 2-3% for regulation.

These states are only examples. It ranges from the huge totals in California and Illinois, to the smaller amounts in South Dakota and Wyoming.

Almost all states take an attitude that allows the business and sport of racing to exist. They only ask that a minimum of problems occur, and that the industry just stay operative to keep the tax revenue coming in. Don't ask for any favors.

State Racing Commissions do provide a regulatory function. Licensing, testing, investigative and racing officials, as well as legal counsel, are the primary costs. Nonetheless, what racing receives from the state sanctioned commissions is less than adequate in more cases than not.

Legislative action has to provide more services by granting larger budgets to the commissions in the areas mentioned above, to insure the integrity of the sport, and also cut the percentage of take out that they receive. Provide more and take less.

It sounds like a big order and every industry would like similar legislation. Any industry that has a similar tax structure as racing deserves it. Racing does need it. It is grossly over-taxed and inequitable in the present state. The financial health of horsemen and tracks will do more to raise total dollar revenues to states in future years than it will if it remains ignored and taxed to the point of recession.

Yet where does racing fit and what should be done? The health and growth of any industry is necessary for economic success.

Nevada laws approach gaming quite differently than the typical racing model. Legalized gambling is the economic salvation for Nevada. Gambling revenues are not the tax base for the legislatures. It is the ancillary revenues that are bogotten from the health of that industry---construction, employment, tourism, hotels, and entertainment. The schools, libraries, community services in Nevada, not to mention the unemployment situation, take a back seat statistically to no one.

The Nevada legislature does not treat the gambling industry with disregard. They are vitally concerned with control, and also with creating an atmosphere in which the gaming institutions are healthy financially. On a comparative scale, the percent of gambling tax for casinos in Nevada is a drop in the bucket when compared to that of racing and pari-mutuel wagering.

Other governments such as Japan, Hong Kong, China, as well as established jurisdictions in Europe, Australia, and elsewhere, are promoting racing and making the necessary allowances to make the industry viable and healthy. It not only provides revenue, but the leisure and recreation offered to millions is important.

The state of the economy of racing can go on for pages and cover volumes of studies and ideas. Problems are many and not easy to solve. But there has to be a starting point, and it has to start at the top.

The success of racing in North America is dependent upon legislative action. Without it, growth and health is severely crippled. At present, the racing industry will not be a master of its own destiny. The future of racing will be won more in the courts and legislatures of this country than in the stretch of any race track.

SUMMARY

A general theory of racing economics and taxation is emerging from research findings. The major points of this theory may be summarized as follows:



TOWARDS A GENERAL
THEORY OF RACING
ECONOMICS AND TAXATION

1. Spending on horse racing is directly proportional to national or market area income. Countries with higher national incomes, i.e., larger gross national products, have a greater volume spent on racing. The same is true for individual market areas.
2. Wagering systems incorporating both on- and off-course betting will tend to generate greater spending than will a system offering only on-course wagering. However, the gain achieved depends upon the success and performance level of the on-track systems prior to introduction of an off-track system.
3. Wagering systems incorporating both tote and book-makers do not appear to generate additional spending.
4. Total spending increases with the number of races, but exhibits definite saturation and levels off.
5. Different forms of wagering interact and compete for overall market share.

These hypotheses have been established in a study of international racing data. The implications of this theory are significant:

- i) Countries or market areas with smaller incomes must have larger percentages of spending directed towards purses and the racing associations and lower percentages directed towards taxes;
- ii) The percentages to the industry must increase and the percentage to government must decline with growing numbers of races and racing days as saturation occurs in spending.
- iii) As increasing numbers of wagering options are legalized by the government, spending on an individual sport such as horseracing tends to decline. This requires that the percentages of spending directed towards purses and racing associations must increase and that taxes be reduced. Indeed, in some markets, the direct governmental tax on wagering might need to be totally removed.

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Several countries have been identified as being in significant variance with both the general theory and the patterns of international data. These countries include Great Britain, France, and South Africa. Specifically, in Great Britain, only 3.9% of the public's spending on horse racing is directed to purses. This is dramatically lower than in other countries. In France, 65.1% of the public's spending on horse racing is paid to the government leaving little for the racing societies. This percentage to government is significantly higher than in other countries. In South Africa and Great Britain, pari-mutuel tote wagering has a high withholding and a high tax. Bookmakers enjoy a competitive advantage and, in South Africa, pay little to racing. Consequently, the racing industry receives a small share of the public's expenditures on racing.

The general theory under development provides a framework under which racing economics and taxation may be examined. Subsequent publications will focus on the details of pari-mutuel withholdings, interactions within the wagering market, and saturation of wagering markets.

I. INTRODUCTION

Racing industries around the world are experiencing mounting financial difficulties. These problems are arising from several sources, including: (i) rapid inflation of operating costs, both for horse owners and racing associations, (ii) a stagnation or decline in the public's discretionary income*, and (iii) growing competition for the wagering dollar. These fundamental problems are often exacerbated by racing's limited cash flow which restricts facility modernization and marketing efforts. Several recent research projects conducted by Killingsworth, Liddy & Co. have focused on these problems and have examined means for correcting these financial difficulties. Central to these research projects has been an examination of the public's wagering on horse racing, the withholding tax on the pari-mutuel wagering, and the allocation of the withholding among government, purses, and racing associations. The research has investigated racing and wagering in both U.S. and international markets.

From these studies, a general theory of racing economics and taxation has begun to emerge. The objective of this paper is to review the current status of the research, to discuss the emerging results, and to indicate areas where further research is necessary. Ultimately, this research may provide answers to such fundamental questions as: How much wagering of all types can a market area support?, What are equitable and economically justifiable levels of taxes on wagering?, Is there a normal level of demand for racing within a market area?, and Are the racing associations and purses receiving a fair share of the public's spending on racing? The current research

* Income remaining after taxes and expenditures for housing, food, energy, and health services.

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Indicates partial answers to some of these questions and points toward the research necessary to answer others. The studies to date are summarized in the following sections. Subsequent research monographs will address future findings.

II. DEMAND FOR RACING

Background

One objective of the research has been to examine the public's demand for racing in various market areas. Typically, demand for racing or the "sales" of a racing industry have been measured in terms of the total amount wagered. In the U.S., this is frequently referred to as the handle. Internationally, the term turnover is widely used to denote amount wagered. Amount wagered, however, is an inaccurate indicator of the public's actual spending on racing or the industry's accrued revenues. For example, in a market area with an annual amount wagered of \$100,000,000 and a takeout* of 15%, the public actually "spends" \$15,000,000, the amount withheld from the wagering.

It is only this spending which accrues as revenues and is allocated among government, racing associations, and purses. If in another market area, \$75,000,000 is wagered but with a 20% takeout, the public in this area is then also spending \$15,000,000 per year. It is this spending which may be taken as an accurate indicator of demand and may be correctly compared from one area to another.

Before beginning to compare levels of spending in various markets, however, several factors affecting spending must be taken into consideration. These major factors include:

i. Levels of National or Market Area Income

It would be expected that countries or market areas with larger economies and incomes would exhibit a larger total volume of wagering, spending, and purses.

* The term takeout is used to denote the percentage of wagering which is withheld from the pari-mutuel wagering prior to paying the winning bettors.

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ii. Number of Races

It would be expected that total annual amount wagered would increase with the number of races.

iii. Type of Wagering System

It would be expected that systems offering greater public exposure and opportunities to wager would realize greater volume in amount wagered and spent. We have grouped wagering systems into the following system types:

- I. On-Course Tote Only
- II. On- and Off-Course Tote
- IIIA. On- and Off-Course Tote and On-Course Bookmakers
- IIIB. On- and Off-Course Tote and On- and Off-Course Bookmakers

iv. Percentage Withheld From Wagering (Takeout)

It would be expected that total amount wagered would be inversely related to the percentage withheld from the wagering. That is, with higher takeout, amount wagered would decline so as to maintain stable levels of spending. Conversely, with lower takeout, amount wagered would increase, again tending to result in relatively stable spending.

v. Competition

It would be expected that increasing the legal forms of wagering, e.g. horse racing, casinos, sports betting, grayhound racing, and jai-alai, would re-allocate the public's spending on the forms of wagering.

The research monograph will focus on the first three issues of the above five. Subsequent monographs will focus on the takeout and the impacts of competition.

Demand

Exhibit 1 presents data on national or market area income, number of horse races (both thoroughbred and trotting), and total amount wagered (on- and off-course tote and on- and off-course bookmakers where legal) for a number of major racing jurisdictions. In addition to this basic data, the chart also presents several additional terms. First is the total effective takeout percentage. This overall percentage incorporates the different volumes

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TYPE OF SYSTEM	U.S. STATE	GROSS PRODUCT OF COUNTRY OR STATE (\$F 000 000 000)	NUMBER OF HORSE RACES (THOROUGHBRED & TROTTING)	TOTAL AMOUNT WAGERED (\$F 000 000)	OVERALL EFFECTIVE TAKE OUT	PUBLIC SPENDING (\$F 000 000)	SPENDING AS PERCENTAGE OF INCOME
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I. ON-COURSE TOTE

(The U.S. states included are not exhaustive and have been chosen for illustrative purposes.)

California	892	9 025	6 502	18.1	1 138	0.128%
Canada	813	4 658	4 658	18.1	863	0.104%
Illinois	429	4 139	4 139	17.5	760	0.177%
Pennsylvania	419	2 180	2 180	19.8	432	0.101%
Ohio	374	1 765	1 765	18.3	324	0.084%
Michigan	327	1 711	1 711	19.1	327	0.100%
Maryland	152	1 471	1 471	18.7	275	0.181%
Kentucky	106	1 177	1 177	16.6	195	0.185%
Arizona	81	2 280	2 278	18.5	51	0.061%

II. ON- AND OFF-COURSE TOTE

Japan	3 168	30 991	30 991	25.7	7 964	0.251%
France	2 135	17 667	17 667	26.9	4 752	0.221%
New York City	577	11 812	11 812	20.2	2 385	0.811%
Porto Rico	360	347	347	37.1	129	0.357%
New Zealand	72	1 402	1 402	19.2	269	0.374%

III. A. ON- AND OFF-COURSE TOTE AND ON-COURSE BOOKMAKERS

Australia	452	14 467	14 467		1 866	0.411%
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III. B. ON- AND OFF-COURSE TOTE AND BOOKMAKERS

Great Britain	1 375	16 706	16 706	19.0	3 174	0.231%
South Africa	183	2 749	2 749	19.8	544	0.297%
Ireland	51	898	898	21.7	195	0.381%

of betting on the on-course tote, the off-course tote, and the on- and off-course legal bookmakers as well as the different levels of takeout which may exist for the on-course tote, the off course tote, and what may be considered as an effective takeout by bookmakers. (The U.K. Royal Commission report of 1975 found that the off-course bookmakers operated with an effective takeout of 10.11%, plus the levy of 7.5%.) The second additional term on the chart is the previously introduced public spending on racing. This spending is calculated by multiplying the total amount wagered by the total effective takeout. Spending is thus the total amount of money which has been withheld from bettors wagering. The third term is the public's spending on horse racing expressed as a percentage of the national or market area income.

Several major observations can be made from this chart. First, within the groups of different wagering systems, the percentage of income spent on horse racing is relatively similar. As a result, larger volumes are spent on horse racing in larger economy market areas, given similar structures of wagering. This supports the earlier hypothesis. For example, within the group of on-course tote only, the percentage of income spent on horseracing varies from 0.061% to 0.185%. Although this is a rather broad range, it should be noted however, that the three states in this grouping with the highest percentages, Kentucky, Maryland, and Illinois, all attract bettors from neighboring states and market areas. Since some of the spending comes from out of state, this tends to increase the ratio of the spending in the state to the income of the state. To correct for this, part of the income of the neighboring state must be added to the income of the state of interest, resulting in a lower ratio. Arizona, with a low percentage of income spent on horse racing, has relatively fewer races, is somewhat constrained by weather, and is in a state with considerable pari-

mutuel activity. In fact, 0.063% of Arizona income is spent on greyhound racing yielding a total percentage of income spent on pari-mutuel wagering of 0.146%. Taking factors such as these into account tends to narrow the range of spending. Relatively narrow ranges also exist for the other groups. These percentages range from 0.23% to 0.41%. It should be noted that two of the countries with low percentages of income spent on horse racing, Japan and Great Britain, have extensive competition for the public's expenditures on wagering and have large volumes wagered on other activities. Exhibit 2 illustrates this wagering mix for Great Britain. This extensive competition undoubtedly reduces the percentage of income spent on horse racing in Great Britain. Taking these factors into account tends to reduce the range of percentage spent and supports the proportionality of spending with income.

The second major observation which may be made from Exhibit 1 is that spending as a percentage of income appears greater for an on- and off-course system than for an on-course total system only. Specifically, a percentage of income ranging from 0.25% to 0.41% versus a range from 0.063% to 0.185% for on-course only. This gain is as would be expected due to the greater exposure and accessibility of wagering to the public provided by the off-course system. In addition to the greater convenience, some off-course systems such as those in France and Puerto Rico offer very popular "exotic" types of wagers. These also tend to increase the public's spending.

A cautionary note must be made at this point. The spending percentages shown in Exhibit 1 are for systems which have been operating in a relatively stable manner for a number of years. It should not be immediately assumed that introduction of an off-course system will double the public's spending on horse racing as might be deduced from the percentages of Exhibit 1. In some markets, an on-course system may be very successful, have limited competition, and achieve a

EXHIBIT 2

BRITISH WAGERING MARKET

1976

TYPE OF WAGERING	HANDLE	FAN SPENDING	PERCENT OF INCOME
On-Track Horses	£ 105M	£ 12.7M	0.012%
On-Track Greyhound	£ 170M	£ 21.3M	0.019
Off-Track Wagering (83% Horses)	£ 1,868M	£ 355.0M	0.322
Lotteries & Misc.	NM	£ 80.0M	0.072
Casinos	NM	£ 100.5M	0.091
Slot Machines	NM	£ 126.0M	0.114
Bingo	NM	£ 15.0M	0.014
Football Pools	£ 233M	£ 163.0M	0.148
TOTAL LEGAL		£ 873.5M	0.792%

National Income was 110.35 billion; personal income assumed equivalent.
Source for Wagering Data: Report of the Royal Commission on Gambling,
July, 1978

spending level of 0.25% or higher. In this case, the net gain from an off-track system is likely to be rather small, and in fact, the major impact may be a redistribution of the spending from on-course to off-course. This seems, in fact, to have been the case in New York City. Exhibits 3 and 4 present wagering, spending, and spending as a percentage of income for three years: 1970 (pre-OTB); 1972 (post-OTB, pre-Meadowlands); and 1979 (post-OTB and post-Meadowlands). In 1970, total spending on horse racing in the New York City area was 0.304%, a very high level. After the introduction of OTB, total spending increased to only 0.37% and on-track spending declined to 0.0276%. After the opening of the Meadowlands, total spending grew only to 0.413% by 1979, but the on-track portion had shrunk to just 0.232%. Thus, the introduction of the off-course system led to some net gain; the major impact, however, was a redistribution of spending. These issues of net and redistribution are areas of current research.

239 The third major observation which may be drawn is that spending as a percentage of income appears no greater for a wagering system incorporating tote and bookmakers than it is for the tote only structure; both groups vary from 0.25% to 0.40%. This lack of response is not particularly surprising since little additional exposure or accessibility is gained by two types of off-course systems, that is, totalizator and legal bookmakers. As will be discussed later, this has major implications for the racing industries in Great Britain, Ireland, and South Africa.

The fourth major observation from this chart is that spending as a percentage of income increases with an increasing number of races, but tends to level off with large numbers of races. That is, at some large number of races, little additional total spending is brought forth by adding more races. This saturation phenomenon has been well observed in the United States as total wagering has leveled off with growth in the number of racing days. Exhibit 5 illustrates this saturation for a number of major racing cities in the U.S.

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EXHIBIT 3
NEW YORK CITY AREA*
WAGERING AND SPENDING
ON HORSE RACING

<u>Type of Wagering</u>	<u>1970</u>		<u>1972</u>		<u>1979</u>	
	<u>Handle</u>	<u>Spending</u>	<u>Handle</u>	<u>Spending</u>	<u>Handle</u>	<u>Spending</u>
On-Track Thoroughbreds	\$709.0	\$119.1	\$603.5	\$121.5	\$997.0	\$170.5
On-Track Harness	\$627.6	\$105.4	\$587.0	\$112.8	\$853.9	\$162.1
Off-Track	<u>0.0</u>	<u>0.0</u>	<u>\$450.3</u>	<u>\$ 80.0</u>	<u>\$1,079.9</u>	<u>\$259.7</u>
TOTAL	\$1,336.6	\$224.5	\$1,640.8	\$314.3	\$2,930.8	\$591.8

* New York City Area includes counties of:

<u>New York</u>	<u>New Jersey</u>
New York City (five counties)	Bergen
Nassau	Essex
Suffolk	Hudson
Westchester	Passaic
	Union

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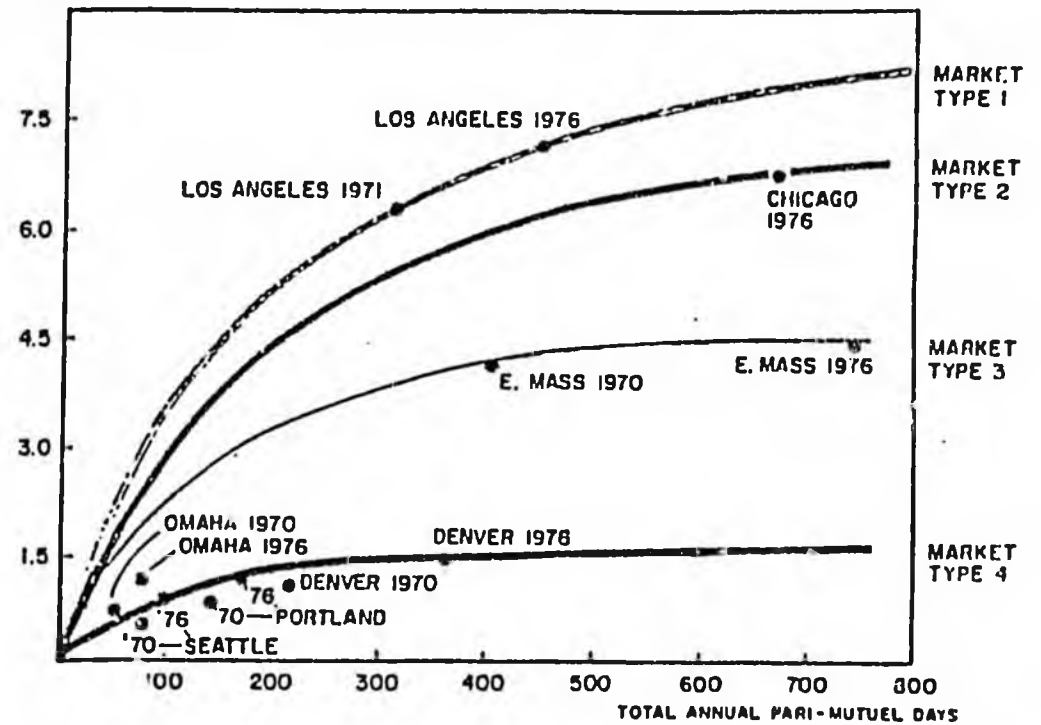
SATURATION OF
PARI-MUTUEL MARKETS
WITHIN THE UNITED STATES

EXHIBIT 4
NEW YORK CITY AREA*
WAGERING SPENDING
ON HORSE RACING

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TYPE OF WAGERING	SPENDING AS A PERCENTAGE OF MARKET AREA INCOME		
	1970	1972	1979
On-Track Thoroughbreds	0.161%	0.143%	0.119%
On-Track Harness	0.143%	0.133%	0.113%
Off-Track	0.000%	0.094%	0.181%
TOTAL	0.304%	0.370%	0.413%

TOTAL ANNUAL PARI-MUTUEL ATTENDANCE (MILLIONS)



* New York City Area includes counties of:

- | | |
|-------------------------------|-------------------|
| <u>New York</u> | <u>New Jersey</u> |
| New York City (five counties) | Bergen |
| Nassau | Essex |
| Suffolk | Hudson |
| Westchester | Passaic |
| | Union |

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The data and patterns contained in Exhibits 1 and 5 may be used to develop a general theory regarding the public's spending on horse racing within a country or market area and from one area to another. This theory has, as will be shown below, major implications for taxation and revenues to purses and racing associations. The major points of this theory are summarized below.

1. Spending on horse racing is directly proportional to national or market area income. Countries with higher national incomes, i.e., larger gross national products, have a greater volume spent on racing. The same is true for individual market areas.
2. Wagering systems incorporating both on- and off-course betting will tend to generate greater spending than will a system offering only on-course wagering. However, the gain achieved depends upon the success and performance level of the on-track systems prior to introduction of an off-track system.
3. Wagering systems incorporating duplications, that is both tote and bookmakers, do not appear to generate additional spending.
4. Total spending increases with the number of races but exhibits definite saturation and levels off.

TOTAL SPENDING

GENERAL PATTERNS OF
TOTAL SPENDING

242 The general patterns incorporated into this theory are presented in Exhibit 6.

Distribution of the Public's Spending on Horse Racing

The theory advanced above has major implications for the distribution of the public's spending on racing. These are now summarized:

- A. As stated in point 1 above, total spending on horse racing is directly proportional to national or market area income. Thus, for example, one could expect total spending on racing in France to be approximately ten times the total spending in South Africa. (Ratio of GNP's: 1,560,289/150,624 = 10.4.) However, the annual costs of training a horse are not directly proportional to national income. For example, although the GNP of Japan is over twice that of Great Britain, one would not expect the costs of training a horse in Japan to be over two times the costs in Great Britain. Similarly, one would expect training costs in France to be greater than those in South Africa, but not by a factor of ten. This means that for a specific annual number of races (and the number of horses needed in training for those races) the percentage of spending directed to purses must be inversely related to national or market area income, that is, the percentage of spending to purses must be higher for countries or market areas with lower incomes. This is illustrated in Exhibit 7.

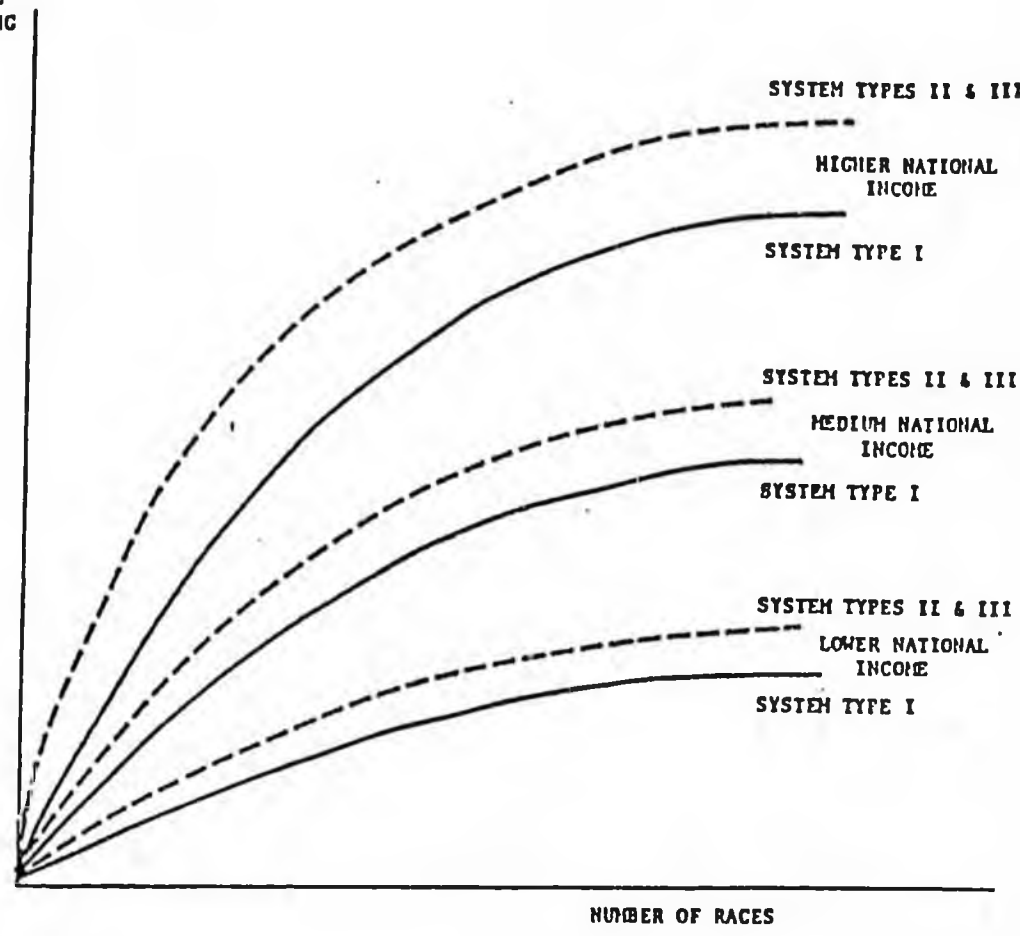
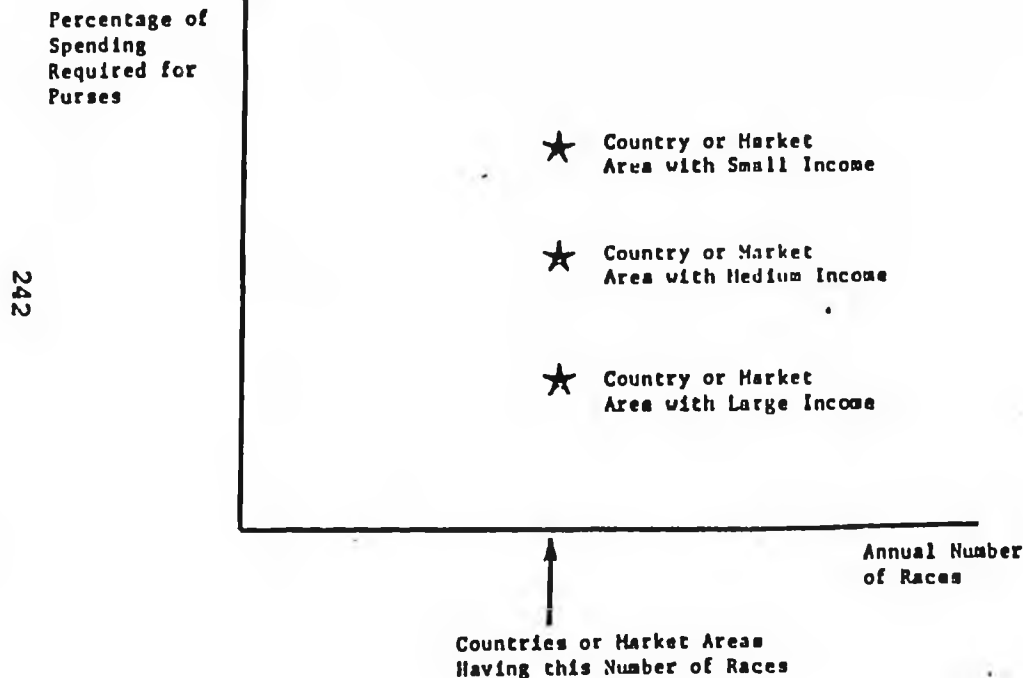


EXHIBIT 7

PERCENTAGE OF SPENDING
REQUIRED FOR PURSES



A similar argument may be made for the racing associations since the operating costs of conducting a day of racing are not proportional to national or market area income. This means that at a specified number of races or racing days, the percentage of spending which is required for track operations must also be inversely related to national or market area income as shown in Exhibit 8. The implications of these relationships for taxes are very clear. After providing adequate revenues to purses and the racing associations, less spending can be directed toward taxes in market areas with small incomes than in areas with larger incomes.

B. As the number of racing days and races increases, total spending tends to saturate and level off. Industry costs, however, continue to grow with growth in racing days and races. The racing associations incur additional labor and equipment costs with each additional day. Horse owners incur greater total costs because, as the number of races increases, the number of horses required in training also increases. This growth in horses is necessary since each horse can make only a finite number of starts per year. Since spending levels and costs continue to grow with races, the percentages of spending directed towards the tracks and purses must increase as spending levels off with larger numbers of races. This is illustrated in Exhibit 9. This growing percentage thus enables continuing growth in total purses and track revenues. The implication for taxes is clear. The percentage of spending directed towards taxes must decline as race days grow to large levels. Taking into account the variations in national or market area incomes yields the integrated interrelationships presented in Exhibit 10. This graph may be summarized as follows:

- (i) Countries or market areas with smaller incomes must have larger percentages of spending directed towards purses and the racing associations and lower percentages directed towards taxes, and
- (ii) The percentages to the industry must increase and the percentage to government must decline with growing numbers of races and racing days as saturation occurs in spending.
- (iii) As increasing numbers of wagering options are legalized by the government (for example casinos or sports betting), spending on horse-racing tends to decline. This requires that the percentages of spending directed towards purses and racing associations must increase and that taxes be reduced. Indeed, in some markets, the direct governmental tax on wagering might need to be totally removed.

EXHIBIT 8

PERCENTAGE OF SPENDING
REQUIRED FOR RACING ASSOCIATIONS

Percentage of
Spending
Required for
Racing
Associations

- ★ Country or Market Area with Small Income
- ★ Country or Market Area with Medium Income
- ★ Country or Market Area with Large Income

Annual Number
of Races

Countries or Market
Areas Having This
Number of Races

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EXHIBIT 9

SPENDING, PURSES, AND NUMBER OF RACES

SPENDING &
COSTS

SPENDING

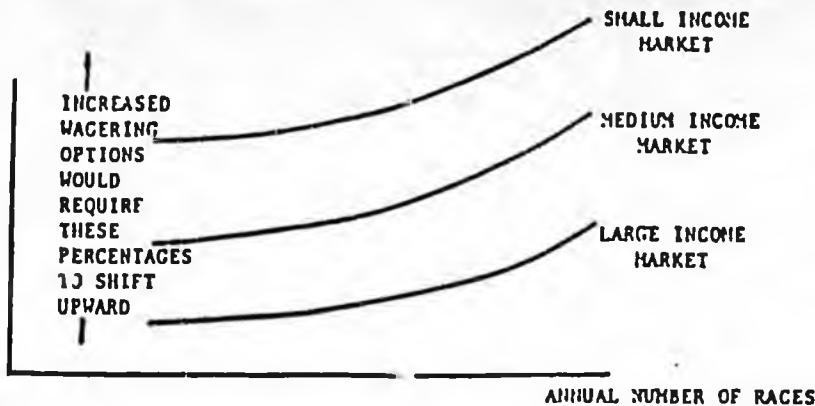
OPERATING
COSTS FOR
RACING
ASSOCIATIONS
HORSEOWNERS

NUMBER OF RACES

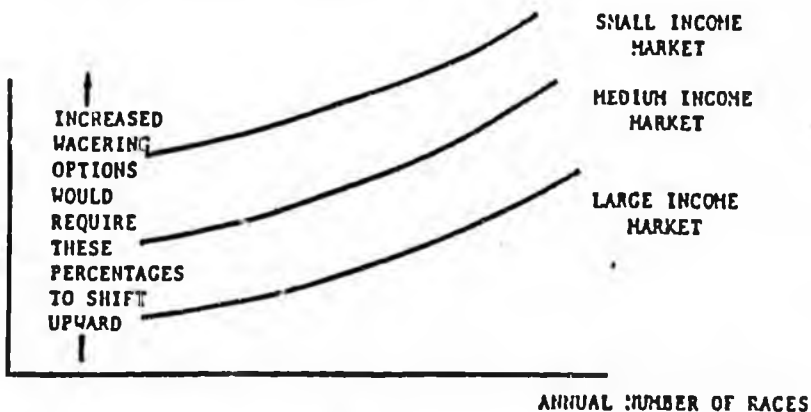
PERCENTAGE
OF
SPENDING
REQUIRED FOR
RACING
INDUSTRY

NUMBER OF RACES

PERCENTAGE OF SPENDING REQUIRED FOR RACING ASSOCIATIONS

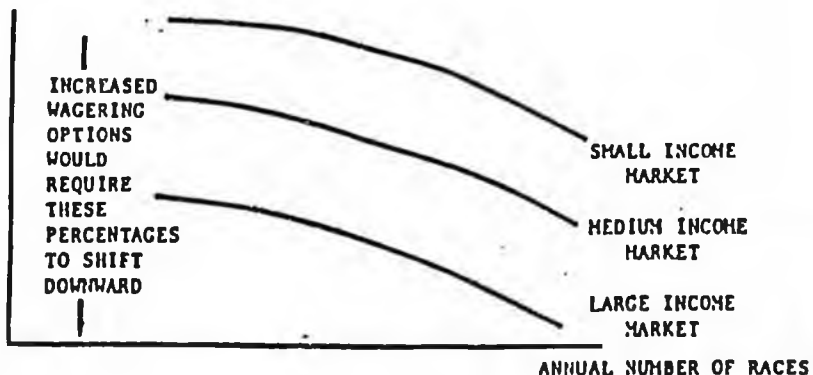


PERCENTAGE OF SPENDING REQUIRED FOR PURSES



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PERCENTAGE OF SPENDING POTENTIALLY AVAILABLE FOR TAXES



To examine whether these hypotheses are reflected in the actual world of racing, Exhibits 11, 12, and 13 present data on international spending, purses, payments to government, and payments to operations (racing associations, off-course tote systems, and legal bookmakers). Exhibit 14 presents a summary of the percentage allocation of the public's spending on horse racing. Although it is difficult to draw broad conclusions from Exhibit 14, several important observations may be made. In Group I, on-course tote only the percentages generally trend in the anticipated directions. However, several points are noteworthy. First, Canada has a high percentage of spending paid to the government and a low percentage retained by the tracks. Second, Michigan has a low percentage paid to purses and a high percentage paid to government. In Group II, on- and off-course tote systems, France has an extremely high percentage of spending paid to government and a low percentage retained by the racing societies. New Zealand also pays a high percentage to government combined with a low percentage to purses. The major reason the percentage paid to government is low in the New York City area is the very low percentage paid by the Meadowlands (0.5% of amount wagered).

It is in Group III where the most dramatic findings are found. It may be noted immediately that the purse to spending ratios of Great Britain, South Africa, and Ireland are all quite low and are much lower than the general theory would have indicated. In Great Britain, only 3.9% of the public's spending goes for purses. For example, Great Britain has a national income less than half that of Japan. At a similar number of races, Great Britain's ratio of purses to spending would need to be at least twice that of Japan's in order to ensure similar purses. As may be seen in Exhibit 11, Britain's ratio is only one-third that of Japan's resulting in Japan's purses being significantly greater than in England. Similarly, at a similar number of

EXHIBIT 11

PURSES

EXHIBIT 12

TYPE OF SYSTEM	COUNTRY OR U.S. STATE	PUBLIC SPENDING (FF 000 000)	TOTAL PURSES (FF 000 000)	PRIZES AS PERCENTAG OF SPENDI	PAYMENTS TO GOVERNMENT				
					Type of System	Country or U.S. State	Public Spending (FF 000 000)	Payments to Government (FF 000 000)	Payments to Government as % of Spending
I.	ON-COURSE TOTE				I.	ON-COURSE TOTE			
	California	1 138	300	26.4%		California	1 138	429	37.7%
	Canada	843	276	32.7%		Canada	843	347	41.2
	Illinois	760	256	33.7%		Illinois	760	294	38.7
	Pennsylvania	432	153	35.4%		Pennsylvania	432	107	24.8
	Ohio	324	115	35.6%		Ohio	324	86	26.5
	Michigan	327	101	31.0%		Michigan	327	108	33.0
	Maryland	275	93	33.9%		Maryland	275	71	25.8
	Kentucky	195	82	41.9%		Kentucky	195	37	19.2
	Arizona	51	20	39.8%		Arizona	51	10	19.6
II.	ON- AND OFF-COURSE TOTE				II.	ON- and OFF-COURSE TOTE			
	Japan	7 967	844	10.6%		Japan	7 964	3 935	49.4%
	France	4 752	513	10.8%		France	4 752	3 092	65.1
	New York City	2 385	321	13.5%		New York City	2 385	769	32.2
	Puerto Rico	129	38	29.6%		Puerto Rico	129	55	42.6
	New Zealand	269	60	14.9%		New Zealand	269	124	46.1
IIIA.	ON- AND OFF-COURSE TOTE AND ON-COURSE BOOKMAKERS				IIIA.	ON- and OFF-COURSE TOTE and ON-COURSE BOOKMAKERS			
	Australia	1 866	288	15.4%		Australia	1 866	738	39.5%
IIIB.	ON- AND OFF-COURSE TOTE AND BOOKMAKERS				IIIB.	ON- and OFF-COURSE TOTE and BOOKMAKERS			
	Great Britain	3 174	124	3.9%		Great Britain	3 174	1 260	39.7%
	South Africa	344	55	10.1%		South Africa	344	212	39.0
	Ireland	195	24	12.3%		Ireland	195	66	33.8

nearly equal to that of Japan, a country with a national income sixteen times that of South Africa. Thus, total purses in Japan for a similar number of races will be approximately sixteen times that of South Africa.

For their levels of national income and number of races, an inadequate percentage of the public's spending on racing is directed to purses in England and South Africa. This seemingly has arisen out of an inconsistent governmental policy regarding taxation, number of forms of wagering permitted, and the types of horse racing wagering systems offered to the public. In brief, the inconsistency is a combination of high taxes, the government permitting an inefficient distribution system for wagering on horse racing; in Great Britain, extensive competition; and, especially in South Africa, racing receiving minimal revenues from one wagering system, that is bookmakers. Specifically, the distribution system (on- and off-course tote system and on- and off-course bookmakers) is inefficient in that high operating costs are incurred with little additional spending being generated by the duplication. This reduces the amount of spending available for purses after payment of taxes and operating costs. This fact is documented in Exhibit 13, in which it may be seen that the fraction of spending supporting the wagering systems is highest for System Type III, which incorporates both tote and bookmakers. If this duplication is then combined with extensive competition, high taxes and minimal revenues to racing from bookmakers, racing suffers dramatically.

III. CONCLUSIONS

A general theory of racing economics and taxation is being developed.

KILLINGSWORTH, LIDDY & CO., INC.

public's spending on horse racing, and the allocation of the spending among purses, racing associations, and the government. It has been shown that the percentage of spending directed to purses and the racing associations must be inversely related to national or market area income, for example, the percentages to the industry must be larger for smaller income countries or market areas. Consequently, the percentage of spending on horse racing paid to government in smaller income countries or markets must be smaller than the tax percentage paid in larger market areas. Moreover, it was shown that the percentages of spending directed to purses and the racing associations must increase as the number of races in a market area becomes very large. As a result, the percentage paid to government in this saturation condition must be reduced. Finally, proliferation of wagering options reduces spending on horse racing and requires increased percentages of spending to the industry and reduced payments to government.

The major points of this theory have been observed in international racing data. Amount spent on horse racing was shown to vary directly with national or market area income. Moreover, the hypothesized relationship between market area income and allocation of spending was also observed. In addition, factors driving reductions in tax payments were identified. These factors have undoubtedly played a major role in the recent trend of thoroughbred tax payments in the U.S. In 1970, the average percentage of amount wagered paid to government in the U.S. was 8.01%. In 1979, that percentage had fallen to 5.06%. In some countries and market areas, it may very well be appropriate to have no direct taxes on pari-mutuel wagering. Based upon the theory, several countries have been identified as being in significant variance with the general theory as well as international data. These countries include Great Britain, France, Ireland, and South Africa.

The framework of the general theory presented in this monograph is but a first step. Details of competitive interactions within the wagering market, saturation of wagering markets, and of withholdings from wagering must be incorporated. These issues will be addressed in subsequent research monographs.

(5)

I. GOALS AND OBJECTIVES

To promote and encourage the raising and racing of race horses in Montana. To encourage track management to improve their Facilities. To better protect the betting public. To give all state personnel better training. To update the license process and screening of applicants. To make the Board more responsive to the immediate problems. To continue to improve trainers examinations to protect the public from unqualified trainers.

II. SUMMARY OF BOARD ACTIVITIES

Monthly Board meetings. Annual spring seminar for officials and employees. Conduct hearings. Participate in NASRC. (National Association of State Racing Commission)

III. STATISTICS ILLUSTRATING BOARD ACTIVITIES CONCERNING LICENSING

Licenses Issued by Category:	FY 84	FY 85
Owners License	959	998
Owner-Trainer License	627	490
Trainer License	115	162
Jockey License	94	114
Apprentice Jockey License	25	7
Jockey Agent	7	4
Track License	13	12
Official License	146	121
Pari-Mutuel License	466	432
Occupational License	1052	987
Stable License	62	61
Authorized Agent License	8	7
TOTAL LICENSES:	3574	3395
TRAINERS EXAMINATION GIVEN:	44	48

IV. SUMMARY OF COMPLAINTS RECEIVED AND THEIR DISPOSITION

<u>TYPE OF COMPLAINTS</u>	<u>DISPOSITION</u>
Protest against pari-mutuel	(4) Dismissed (1) Settled
Protest against Stewards	(11)Dismissed (1) Overturned
Protest against assistant starter	(1) Reprimanded
Protest against licensee-Financial	(1) No action taken (1) Suspended
Protest against Racing Secretary	(1) No action taken

V. NUMBER OF LICENSES REVOKED OR SUSPENDED BY CATEGORY OR OTHER DISCIPLINARY ACTION

Revoked 2
 Suspended 4
 Other Disciplinary Action 156
 by calendar year 84 & 85

1984 Race Season:	<u>Total</u>	<u>Fines</u>	<u>Suspension</u>	<u>Both</u>
Bad Test (medication)	5			5
Electrical Device	4			4
No Protective Helmet	2	2		
Careless Riding	31	28		3
Failure to bring Horse to Paddock	4	4		
Not Properly Licensed	1	1		
Miscellaneous	6	3		3
Failure to Comply with Official	6	6		
Late to Jockey Room	5	5		
Ineligible Entry	6	6		
Financial	4	(3 Settled)		1
Frivolous Claim of Foul	1	1		
TOTAL	<u>75</u>	<u>59</u>		<u>16</u>

1985 Race Season:

Bad Test (medication)	2	1		1
Electrical Device	0			
No Protective Helmet	0			
Careless Riding	30	28		3
Failure to Bring Horse to Paddock	1	1		
Not Properly Licensed	1	1		
Miscellaneous	24	22		2
Failure to Comply with Official	2	2		
Late to Jockey Room	5	5		
Ineligible Entry	10	10		
Financial	1			1
Frivolous Claim of Foul	1	1		
Tampering with Scale	1	1		
Bringing Wrong Horse to Paddock	2	2		
Failure to Identify Horse	1	1		
TOTAL	<u>81</u>	<u>75</u>		<u>6</u>

VI. BOARD MEMBERSHIP DURING THE BIENNIUM:

Linda King, P.O. Box 5804, Helena, MT	7-1-85
Harold Gerke, 1201 Clark Avenue, Billings, MT	1-20-89
John Trippe, Drawer E, Seeley Lake, MT	1-20-89
Malvin Merja, Gen. Del., Sun River, MT	1-20-88
Terry Wagner, Rt. 2, Box 3104, Miles City, MT	1-20-88
Chuck O'Reilly, 1050 N. Warren, Helena, MT	1-20-87

VII. COURT ACTION AFFECTING THE BOARD

In the Matter of the Petition of Al Carruthers and Tom Williams the Supreme Court affirmed a District Court decision that the Board acted correctly in a case involving a Stewards' decision disqualifying a horse in a race. The Board's hearing procedure and its interpretation of its own rules were also upheld.

In a case involving assignment of race dates for the 1985 season, the District Court in Helena sent the case back to the Board with some comments on how to handle problems resulting from conflicting applications for the same race dates.

VIII. RECOMMENDATIONS FOR ADMINISTRATION OF PROGRAM

To develop an apprenticeship program for officials. To increase the pool of qualified officials. To upgrade the racing seminar. To encourage tracks to operate at a profit. To upgrade the collection, process and accountability of urine and blood tests of race horses. To continue to inform the public.

FINANCIAL REPORT

REVENUE:	FY84	FY85
Racing Personnel	\$ 55,389	\$ 58,519
Pari-Mutuel Betting	153,233	147,105
Horse Racing Violations	5,055	6,970
Veterinarian Reimbursement	-0-	5,500
Rulebooks	-0-	730
TOTAL REVENUE	<u>\$213,677</u>	<u>\$210,824</u>

EXPENDITURES:

PERSONAL SERVICES:

Salaries		
Regular	\$127,776	\$108,671
Overtime	266	58
Longevity	38	13
Regular Pay - Retoractive	-0-	1,638
Termination Pay - Sick	9	1,041
Termination Pay - Vacation	47	2,837
Other Compensation		
Per Diem	5,150	4,750
Employee Benefits		
FICA	7,082	6,748
Retirement - Other	2,767	3,061
Group Insurance	2,460	1,993
Workers Compensation	811	775
State Unemployment Tax	667	502
TOTAL PERSONAL SERVICES	<u>\$147,074</u>	<u>\$132,067</u>

CONTRACTED SERVICES:

Consult & Prof Services	\$ 1,077	\$ 15,766
Legal Fees & Court Costs	15,950	16,254
Printing	3,510	2,539
Photographic	1	-0-
Private Legal Services	200	-0-
Consultant & Other Travel	182	1,156
Sec. of State Filing Fees	617	359
Computer Proc Serv/ D of A	688	168
Sys Dev & Sup/D of A	690	225
General	-0-	5
TOTAL CONTRACTED SERVICES	<u>\$ 22,915</u>	<u>\$ 35,432</u>

SUPPLIES AND MATERIALS:

Photo & Reproduction/Educational	\$ 2,327	\$ 31
Gasoline	-0-	4
Books & Reference Material	357	20
Pager/Central Stores	4	28
Radio Supplies/Minor Equip	-0-	10
Shop Supplies/Tools/Minor Equip	-0-	2
Photographic	1,711	140
Ofc Supplies/Central Stores	122	217
Microfilm Supplies	1,026	1,210
Ofc Supplies/Non State	373	3,655
Vet Supplies	121	-0-
General	251	240
TOTAL SUPPLIES & MATERIALS	<u>\$ 0,292</u>	<u>\$ 5,557</u>

	FY84	FY85
COMMUNICATIONS:		
Telephone - Local Serv & Equip	\$ 220	\$ 521
Telephone - Long Distance Use	1,567	1,385
Postage & Mailing	1,134	1,138
Telephone - STS usage	601	936
Telephone - Onetime Charges	49	2
TOTAL COMMUNICATIONS	\$ 3,571	\$ 3,982
TRAVEL:		
In-State Personal Car Mileage	\$ 11,550	\$ 8,483
In-State Commercial Trans	1,970	2,386
In-State Aircraft Rental	486	-0-
In-State State Motor Pool	1,085	1,268
In-State Other	24	19
In-State Meals/ Overnight	9,077	6,938
In-State Lodging	9,673	8,326
In-State Car Rental	224	376
Out-of-State Personal Car Mige	414	-0-
Out-of-State Commercial Trans	1,431	1,074
Out-of-State Other	7	-0-
Out-of-State Meals	436	266
Out-of-State Lodging	667	423
TOTAL TRAVEL	\$ 37,044	\$ 29,559
RENT:		
Office Equip	\$ -0-	36
Other Equip	15	12
Films	-0-	30
Meeting Rooms	43	-0-
Photo Copy Equip	13	188
Rent/D of A	2,100	1,995
General	538	-0-
TOTAL RENT	\$ 2,709	\$ 2,252
REPAIRS & MAINTENANCE:		
Office Equip	\$ 35	\$ -0-
Photographic Equip	171	73
Maintenance	246	83
TOTAL REPAIRS & MAINTENANCE	\$ 452	\$ 150
OTHER EXPENSES:		
Dues	\$ 1,400	\$ 1,400
Subscriptions	162	75
Regis Fees for Training Confer	644	325
Tuition	85	-0-
Freight & Express	96	31
Licenses	-0-	13
Indirect/Administrative Costs	21,733	21,997
Sport Event/Meet Expense	3,830	8,000
Photographic & Film Proc	-0-	1,027
TOTAL OTHER EXPENSES	\$ 27,950	\$ 32,800

	FY84	FY85
TOTAL OPERATING EXPENSES	\$100,933	\$110,866
EQUIPMENT	\$ 1,387	\$ -0-
TOTAL ALL EXPENDITURES	\$249,395	\$242,953
TOTAL APPROPRIATION	\$283,432	\$305,175
UNEXPENDED APPROPRIATION	\$ 34,037	\$ 62,222
CASH BALANCE - FYE	\$ 70,242	\$ 46,112

PART 4 OF A SERIES

Who Is Playing What

By Dr. John R. Koza

A Comparison of Participation in 32 Various Gaming, Amusement, and Promotional Activities by Residential Neighborhood Types.

404-446-0666

Dr. John R. Koza is chairman and chief executive officer of Scientific Games, Inc. of Atlanta, Georgia, a leading supplier of games to the state lottery market. He has a B.A. and M.S. in computer and communication sciences, and an M.A. in mathematics. He received a Ph.D. in computer science from the University of Michigan in 1972. In 1973, he was co-founder (with Daniel W. Bower, president) of Scientific Games. In 1974, Scientific Games introduced America's first rub-off instant state lottery game in Massachusetts.

This is the fourth article in a series exploring consumer participation in 32 different gaming, amusement, and promotional activities. The first article appeared in the March 1984 issue of this magazine and compared the demographics of participation in the 32 activities. The second article appeared in the April 1984 issue and presented percentage of overlap for the regular participants in each of the 32 activities. The third article appeared in the May 1984 issue and compared the "Values and Lifestyles" of consumers who participate in the 32 activities. This fourth article is concerned with comparing participation in the 32 activities according to resi-

dential neighborhood type.

In the United States today, the place where an individual lives typically mirrors his present place in society and life-style at the moment. People tend to cluster together in relatively homogeneous demographic and economic groups located in small neighborhood areas. These small neighborhood areas tend to contain people with similar incomes, educational levels, occupational status, racial characteristics, religious views, etc.

Individuals change much more rapidly than neighborhoods. As their lives change, people tend to "move on" to other neighborhoods and to select their new residences so as to join their peers in appropriate neighborhoods. Economics play an important role in determining each such relocation as does the individual's own sense of identifying with the people already living in the new location.

In making such moves people look for such things as the "right address" (for whatever one's status is), convenient transportation to one's place of employment, "good schools," cultural attractions, "good shopping," the "right" church, the presence of existing friends or relatives, or, perhaps, just "my kind of people." Thus, an individual's place of residence of the moment tells a great deal about the individual in a statistical sense.

For example, in their late teens or early 20's, people often live in "group housing" consisting of college dormitories, fraternities or military barracks, or perhaps in inexpensive, transient, rented apartments with several roommates. Later in their 20's, they may live in smaller groups in rented apartments - both before and after marriage. By their 30's, they may have bought mortgaged homes in the

Who Is Playing

suburbs suitable for raising children. By their 40's, they have risen in social status, "settled down" to a given occupation, "moved up" through economic strata, and perhaps already launched their own teenagers into society.

If the family's income and social standing rises, the family may move to a more affluent neighborhood. If the head of the household is transferred or his employer's plant or office moves or closes, this may also cause the family to relocate. In making such a move, the family tends to re-select a

collar suburb containing many recently-married, moderate income, high-school educated young working couples with young children. However, these addresses might be well-represented on a list of *Popular Mechanics* subscribers, buyers of "economy size" grocery items, buyers of children's toys, and recent buyers of what are perceived as the "necessary" new home appliances (but perhaps not yet the "luxury" appliances).

Sales of tricycles, dishwashers, dye to disguise gray hair, or new station wagons will be low among the ad-

series. Similarly, the market can be segmented to "Value and Lifestyles" using psychological and attitudinal factors. We did this in the third article. ACORN is a geodemographic approach to market segmentation—that is, it combines geography (neighborhoods) and demography.

ACORN was first used in Great Britain and was then developed to apply to the United States in the mid-1970s.

While all Gaul was divided into three parts, ACORN divides the United States into 44 neighborhood "types." These 44 types are numbered 1 to 44. For convenience, similar ACORN types among the 44 types are then grouped into 13 "groups." These groups are assigned letters from A to M.

For example, "A-01" is the residential neighborhood type consisting of old, established, wealthy "blue blood" suburban areas. These elite areas contain people with high incomes, high educational levels, and white collar occupational status. Only .5 percent of the country is A-01.

"A-02" is a similar ACORN type representing wealthy suburban areas. However, A-02 neighborhoods have somewhat less income than A-01 neighborhoods and "newer money" than A-01.

Group "A" consists of neighborhood types A-01, A-02, and A-03. All three Group "A" neighborhood types are "wealthy areas" as compared to the rest of the country. However, each of three individual neighborhood types in Group "A" has different characteristics.

In New Jersey, 42 of the 44 ACORN neighborhood types occur. However, only 19 of these neighborhood types represent two percent or more of the population of the state. Moreover, two particular neighborhood types representing just 2 percent of the population each (E-19 and F-20) had unusually few respondents in our survey.

Individuals change much more rapidly than neighborhoods. As their lives change, people tend to "move on" to other neighborhoods and to select their new residences so as to join their peers in appropriate neighborhoods. Thus, an individual's place of residence of the moment tells a great deal about the individual in a statistical sense.

new neighborhood based on its current economic and social status and expectations.

In their 50's, people are typically engaged in increased community participation, as their family responsibilities decrease. During their 60's, they seek out residences suited to retirement — perhaps moving to a different part of the country to follow the sun, their friends, their children, or some other attraction.

Most consumer products have a distinct profile of residential neighborhood types where the product sells better or worse than average. The distribution of usage of few commodities, except perhaps air, is uniform and "flat" from neighborhood type to neighborhood type. For example, a list of the addresses of the buyers of expensive home computers, Mercedes automobiles, or round-the-world cruises would probably not include very many addresses in a blue

dresses of the transient, rented multi-roommate apartments that are the usual places of residence for individuals in their late teens or early 20's. On the other hand, the addresses of consumers of movie theatre tickets, *Playboy* magazine, phonograph records, tennis shoes, or "collect" phone calls would undoubtedly show a relatively high degree of representation of individuals from these neighborhoods.

Methodology and Definitions

CACI (formerly the California Analysis Center Inc.) offers a market segmentation tool called "ACORN" based on residential neighborhood types. "ACORN" stands for "A Classification of Residential Neighborhoods."

There are many ways to "segment" markets. For example, the market can be segmented by sex, age, race, income, education or occupation. This is demographic market segmentation. We did this in the first article of the

TABLE I: THE 44 ACORN RESIDENTIAL NEIGHBORHOOD TYPES AND THEIR OCCURENCE IN NEW JERSEY AND NATIONALLY

ACORN GROUP	ACORN TYPE	DESCRIPTION	New Jersey Percent	National Percent
A Wealthy Areas	A1	Established Suburbs	0.8%	0.5%
	A2	Newer Suburbs	3.0%	1.0%
	A3	Older Families, Higher Density	2.8%	2.5%
B Upper Middle Income, High Value Suburbs	B4	Newer Suburbs, Very High Income	4.1%	2.5%
	B5	Older Families, Post-War Suburbs	0.7%	2.7%
	B6	Young Families, High Mobility	2.3%	3.1%
	B7	Families with Older Children	4.4%	5.2%
	B8	Middle Income, Blue Collar	7.1%	4.8%
C Young, Mobile Families in Multi-Unit Housing	C9	Upper-Middle Income, High Rent/Value Condo	1.3%	1.8%
	C10	Young Adults, Middle and Lower-Middle income	4.8%	5.6%
	C11	College Undergraduates	0.2%	0.3%
	C12	College Areas, Older Students	0.3%	1.8%
D High-Density Rental/Condo	D13	Highrise Areas	1.3%	2.3%
	D14	Older, Midrise Areas	1.5%	1.8%
E Hispanic Neighborhoods	E15	Lower-Middle Income, Blue Collar	0.8%	2.3%
	E16	Young Hispanics, Southwestern States	0.6%	1.5%
	E17	Older Population, Ethnic Mix	1.9%	1.6%
	E18	Poor Families, Very Old Housing	4.5%	1.2%
	E19	Hispanics and Blacks; Midrise, Low Rent	2.4%	1.1%
F Black Neighborhoods	F20	Lower-Middle Income, Low Value House/Apt.	2.5%	3.2%
	F21	Older Population, Old Rental Housing	3.3%	2.1%
	F22	Very Poor Blacks; Low Rent Housing	0.8%	0.9%
G Middle Income Suburbs, Blue Collar	G23	Middle Income, Higher Value Housing	5.2%	3.3%
	G24	Young Families	2.5%	4.5%
H Lower-Middle Income, Rural and Small Town Areas	H25	Young Mobile Families	0.2%	1.9%
	H26	Farms and Older Housing	0.4%	2.1%
	H27	Seasonal Housing and Farms	1.1%	3.2%
	H28	Rural Industrial	0.7%	1.8%
I Older Population Lower-Middle Income	I29	Older Families and Retirees, High Mobility	2.3%	2.4%
	I30	Older Housing	12.4%	5.5%
	I31	Small Towns	3.3%	6.3%
	I32	Eastern Europeans, Northeastern U.S.	3.6%	1.1%
	I33	Rural Retirement Areas	0.6%	2.1%
	I34	Low Value, Very Old Housing	4.9%	5.1%
J Mobile Homes and Seasonal	J35	Seasonal Housing	1.4%	0.8%
	J36	Mobile Home Areas	0.4%	1.1%
K Agricultural Areas	K37	Self-Employed Farmers	0.0%	0.7%
	K38	Large Farms, Low-Income Farm Workers	0.0%	0.3%
L Depressed Rural Towns, Blue Collar	L39	Low Income, Post-War Housing	0.4%	1.2%
	L40	Poor Families, High Unemployment	0.1%	0.1%
	L41	Small Farms	0.1%	2.7%
	L42	Very Low Income, Blacks and Whites, Large Families	0.0%	0.4%
M Special Populations	M43	Military Areas	0.2%	0.5%
	M44	Institutions	0.1%	0.1%
TOTALS			100%	100%



II: NEIGHBORHOOD TYPE A-02

Activity	Index
Trading Stamps	295
Lottery Subscription	139
Non-Skill Contest	116
<hr/>	
Raffles	98
Craps	95
Cents-Off Coupons	91
Likely Video Lottery Players	90
Cards For Money with Friends	87
Break-Open or Pull Tab Tickets	83
Blackjack at Table	79
Horse Races	78
Poker	73
Video Games at Home	71
Pinball	65
Bet with a Bookie	65
Giveaway Games	63
Slot Machines	59
Legal Video Poker Slots	58
Skill Contest	51
Coin-Operated Video Outside Home	51
Pick 6 (Lotto) Lottery	51
Bingo	51
Sports Betting with Friend	46
Legal Video Blackjack Slots	42
Atlantic City Casino Gaming	33
Rub-Off Instant Lottery	32
Roulette	30
Illegal Video Gray Machines	30
Progressive Slots	29
Blg Six	18
Pick 4 Lottery	16
Pick 3 (Daily) Lottery	11



III: NEIGHBORHOOD TYPE A-03

Activity	Index
Trading Stamps	314
Craps	180
Lottery Subscription	131
Illegal Video Gray Machines	115
Pinball	109
Legal Video Blackjack Slots	107
Cents-Off Coupons	107
Giveaway Games	106
<hr/>	
Cards For Money with Friends	98
Sports Betting with Friend	97
Raffles	95
Break-Open or Pull Tab Tickets	95
Rub-Off Instant Lottery	94
Pick 3 (Daily) Lottery	86
Pick 6 (Lotto) Lottery	85
Horse Races	84
Likely Video Lottery Players	78
Coin-Operated Video Outside Home	77
Atlantic City Casino Gaming	76
Progressive Slots	73
Slot Machines	68
Pick 4 Lottery	67
Blackjack at Table	66
Non-Skill Contest	50
Legal Video Poker Slots	49
Bingo	47
Blg Six	46
Video Games at Home	42
Poker	41
Skill Contest	0
Roulette	0
Bet with a Bookie	0

Who Is Playing

Continued from page 51

In order to simplify this study and maintain statistical significance after the number of respondents in our survey are divided into neighborhood types, we will limit our discussion in this article to 17 neighborhood types. Each of these 17 neighborhood types represents 2 percent or more of the population. Collectively, these 17 neighborhood types represent 80 percent of the population of the state.

Table I (page 52) shows all 44 neighborhood ACORN types and all 13 groups and their occurrence in the population of New Jersey and the U.S. as a whole based on the 1980 Census.

In the first article of this series, we discussed the methodology used by SRI International and ourselves for collecting the data for this study; we defined each of the 32 gaming, amusement, and promotional activities; we adopted a shortened description ("short title") for each activity, and a particular frequency to qualify as a "regular participant."

Our definition of "regular participant" was designed to be broader than merely the activity's "hard core," but not so broad as to include casual participants who may have engaged in the activity only occasionally. In cases where we had data available on the amount of money spent by consumers on the activity, our definition of "regular participant" was further designed to account for between 85 percent and 100 percent of the money spent on the activity.

In other words, when we talk about "regular participants" of an activity in this series of articles, we are talking about the consumers who spend the overwhelming bulk of the money spent on that activity.

In short, if you are interested in "where's the beef" for any of these 32 activities, it will be found using the definitions we use here.

Note that in this series of articles, when we use words such as "Players," "Play," "Participants," and "Participate," we are always referring to the

"Regular Participants" as defined in detail in the first article.

After conducting the survey, the address of each of the respondents was sent on computer tape to CACI. Using the street address, CACI determined the neighborhood type where the address was located. In CACI's ACORN system, this classification is much more refined than systems based only on the respondent's ZIP Code. This information was then merged with the respondent's other responses in the survey.

The author wishes to acknowledge the assistance of Paul Davies of CACI in this work, of Glen Stewart of Unique Photo Arts of Norcross, Georgia in making the photographs of each ACORN neighborhood type that accompany this article, and of William Behm of Scientific Games, Inc. of Norcross on other aspects of this article.

A-02: Wealthy Areas-Newer Suburbs

As previously mentioned, the old, established, very wealthy "blue blood" suburban A-01 neighborhood type represents too few people to be involved in this article. Thus, we start

to be middle-aged, white, and have children who have reached their teens. The proportion of professional, managerial, and other white collar occupations and college graduates is high. The housing is almost exclusively owner-occupied, single-family houses. A-02 households drive expensive cars which are sportier than the cars found in the A-01 households. Their second car is often a station wagon.

Table II (page 52) shows each of the 32 gaming, amusement and promotional activities in descending order of the indices of participation of the adult population of New Jersey living in A-02 neighborhoods who are "regular participants" in the activity, using the definition of "regular participant" from the first article of this series. In this table and all other tables in this article, we have highlighted the five state lottery activities by coloring them green, and we have highlighted the six video activities by coloring them blue. We have also highlighted in red the indices of participation of 120 and above and those of 80 and below in these tables.

As can be seen from a glance at Table II, A-02 neighborhoods are not

While not quite as affluent as the "old money" found in the established "blue blood" A-01 areas, the A-02 neighborhoods contain somewhat younger people than A-01 who tend to be middle-aged, white, and have children who have reached their teens.

with the "newer money" of A-02. The A-02 neighborhood type is one of three neighborhood types in the "A" group (which is called "Wealthy Areas"). The A-02 neighborhood type represents 3 percent of the population of the state.

While not quite as affluent as the "old money" found in the established "blue blood" A-01 areas, the A-02 neighborhoods contain somewhat younger people than A-01 who tend

heavy participants in gaming, amusement, and promotional activities. Only three of the 32 activities have indices above 100. Twenty-three of the activities have indices of participation below 80 (and are thus shown in red).

Collecting trading stamps has the highest index of participation among A-02 neighborhoods. A-02 neighborhoods believe in hard work, the Puritan Ethic, and planning ahead to achieve gains in the future. In fact, that is how



IV: NEIGHBORHOOD TYPE B-04

Activity	Index
Blackjack at Table	145
Roulette	143
Video Games at Home	131
Giveaway Games	122
Poker	102
<u>Legal Video Blackjack Slots</u>	<u>100</u>
Coin-Operated Video Outside Home	97
Likely Video Lottery Players	97
Cents-Off Coupons	97
Pinball	91
Trading Stamps	89
Cards For Money with Friends	86
Lottery Subscription	81
Non-Skill Contest	79
Skill Contest	79
Raffles	75
Slot Machines	74
Craps	74
Bingo	73
Atlantic City Casino Gaming	69
Legal Video Poker Slots	61
Break-Open or Pull Tab Tickets	59
Rub-Off Instant Lottery	58
Big Six	58
Progressive Slots	54
<u>Horse Races</u>	<u>52</u>
Pick 4 Lottery	50
Pick 6 (Lotto) Lottery	48
Illegal Video Gray Machines	48
Sports Betting with Friend	48
Pick 3 (Daily) Lottery	27
Bet with a Bookie	0



V: NEIGHBORHOOD TYPE B-05

Activity	Index
Trading Stamps	160
Roulette	156
Illegal Video Gray Machines	156
<u>Horse Races</u>	<u>155</u>
Lottery Subscription	118
Cards For Money with Friends	116
Rub-Off Instant Lottery	114
Raffles	112
Atlantic City Casino Gaming	111
Likely Video Lottery Players	109
Craps	108
Cents-Off Coupons	107
Slot Machines	105
Giveaway Games	104
<u>Pick 6 (Lotto) Lottery</u>	<u>102</u>
Legal Video Poker Slots	99
Poker	97
Pick 3 (Daily) Lottery	97
Pick 4 Lottery	97
Blackjack at Table	97
Bingo	96
Progressive Slots	96
Non-Skill Contest	94
Break-Open or Pull Tab Tickets	90
Pinball	90
Coin-Operated Video Outside Home	89
Skill Contest	86
Big Six	84
Sports Betting with Friend	83
Video Games at Home	76
Legal Video Blackjack Slots	48
Bet with a Bookie	37

Who Is Playing

most occupants of this neighborhood type got to live in A-02 neighborhoods. The only gaming activity with an index above 100 is lottery subscriptions. This activity is a deliberate, planned activity where one must fill out an "application form" and pay in advance in order to participate.

game is the beneficiary of this population and has participation (94) - almost equal to the statewide average. The indices for Pick 3 (86), Pick 6 (85), and Pick 4 (67) are considerably better than the indices in A-02. No doubt because of age, likely video lottery players have a lower index here (78)

A-03 neighborhoods have a greater proportion of persons over the age of 65 than do A-01 and A-02. State lottery games enjoy a distinctly better reception in the A-03 neighborhoods than in either A-01 or A-02. The rub-off instant game is the beneficiary of this older population and has participation almost equal to the statewide average.

In terms of the existing major state lottery games, A-02 neighborhoods could not care less. The Pick 3 (daily numbers) game has an index of participation of only 11. The Pick 4 lottery is not much better (at 16). The rub-off instant game is only 32. Pick 6 (Lotto) has an index of participation of only 51.

With an index of 90 for likely players, electronic video Player-Activated Lottery Machines (PALMs) represent the greatest revenue potential for state lotteries in these highly affluent A-02 neighborhoods.

A-03: Wealthy Areas - Older Families, Higher Density

A-03 neighborhoods have a greater proportion of persons over the age of 65 than do A-01 and A-02. Many are "empty nesters" with no children living at home. Most of the demographic statements about A-02 apply here; however, incomes are somewhat less than A-01 or A-02; there are more condominiums; and there are many large American-built cars.

State lottery games enjoy a distinctly better reception in the A-03 neighborhoods than in either A-01 or A-02 (Table III, page 52). The rub-off instant

than in A-02 (where the index was 90).

As with A-02, the oldest activity of collecting Trading Stamps has the highest index of participation (314). This index is even higher than A-02.

The casino game of craps has the second highest index (at 180). But, as with A-02, A-03 people do not care for the casino game of roulette. Anyone designing a direct mail promotion or billboard for a casino for A-03 neighborhoods would be well-advised to depict an exciting game of craps, rather than an exciting game of roulette.

B-04: Upper-Middle Income, High Value Suburbs - New Suburbs, Very High Income

Group B consists of suburban, predominantly white, upper-middle income households. Home values are high (with very few multi-unit buildings). There are high proportions of college graduates and white collar workers. Group B is just a "cut below" Group A.

B-04 areas contain primarily young and middle-aged families with pre-teen and teenage children. B-04 neighborhoods have the highest con-

centration of households with annual income between \$35,000 and \$50,000 (four times the national average). Home values are high, and the housing stock is of recent vintage. There is a greater proportion of condominiums in B-04 areas than in other Group B areas.

Households in B-04 tend to be the most conspicuous consumers of all. They spend money like it is going out of style. Most of their expenditures are on children and on their homes. They have a preference for expensive imported cars and imported beer. They are the highest spenders of all on fast food and family restaurants. There is a great emphasis on physical fitness, gardening, and community events.

State lottery products have very low indices of participation in B-04 neighborhoods (see Table IV on page 55. The Pick 3 (daily numbers) game has an index of only 27. Pick 6 (lotto) has an index of only 50. The rub-off instant game has an index of only 58. However, likely players of electronic video Player Activated Lottery Machines have a promising index of 97 (i.e., almost average). Although 97 is not an above-average index, because of the affluence of B-04 areas, the revenue-raising potential here (as with A-02) is significant.

Blackjack played at a table in a casino tops the list of activities for B-04 neighborhoods (with an index of 145). Roulette is second at 143. These two particular casino activities stand in sharp contrast to the other casino activities (which have generally low indices of participation).

B-05: Upper-Middle Income, High Value Suburbs - Older Families Post-War Suburbs

The B-05 neighborhood type is somewhat older than B-04, with a much higher concentration of persons aged 55-64. Children are living away from home and at college. These neighborhoods have about three times the national average of house-



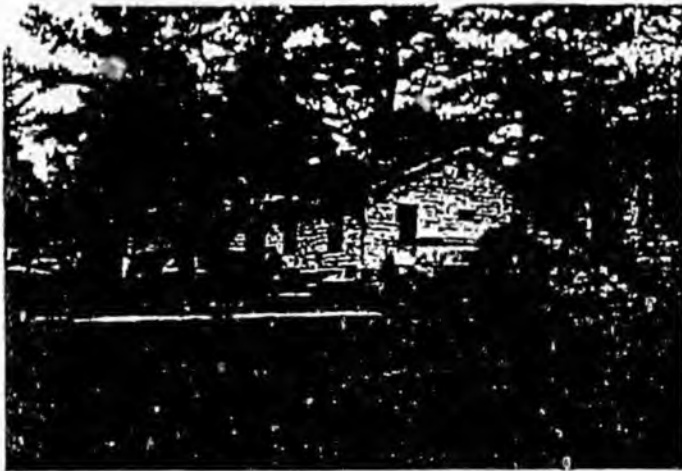
VI: NEIGHBORHOOD TYPE B-06

Activity	Index
Craps	155
Legal Video Poker Slots	153
Blackjack at Table	146
Video Games at Home	142
Horse Races	131
Sports Betting with Friend	131
Coin-Operated Video Outside Home	130
Progressive Slots	129
Pick 3 (Daily) Lottery	120
Illegal Video Gray Machines	119
Slot Machines	118
Rub-Off Instant Lottery	116
Pick 6 (Lotto) Lottery	115
Raffles	108
Likely Video Lottery Players	107
Cents-Off Coupons	105
Cards for Money with Friends	102
Pick 4 Lottery	97
Poker	96
Big Six	96
Atlantic City Casino Gaming	94
Break-Open or Pull Tab Tickets	89
Skill Contest	88
Pinball	85
Legal Video Blackjack Slots	83
Roulette	80
Non-Skill Contest	72
Lottery Subscription	68
Giveaway Games	64
Bingo	61
Bet with a Bookie	0
Trading Stamps	0



VII: NEIGHBORHOOD TYPE B-07

Activity	Index
Skill Contest	411
Lottery Subscription	315
Progressive Slots	212
Roulette	185
Illegal Video Gray Machines	185
Rub-Off Instant Lottery	170
Horse Races	169
Video Games at Home	152
Slot Machines	151
Coin-Operated Video Outside Home	145
Sports Betting with Friend	140
Pinball	131
Legal Video Blackjack Slots	129
Raffles	128
Likely Video Lottery Players	119
Legal Video Poker Slots	118
Atlantic City Casino Gaming	117
Pick 3 (Daily) Lottery	104
Pick 6 (Lotto) Lottery	103
Pick 4 Lottery	97
Non-Skill Contest	92
Bingo	85
Giveaway Games	85
Cents-Off Coupons	73
Cards For Money with Friends	55
Poker	49
Break-Open or Pull Tab Tickets	45
Blackjack at Table	0
Trading Stamps	0
Big Six	0
Craps	0
Bet with a Bookie	0



VIII: NEIGHBORHOOD TYPE B-08

Activity	Index
Big Six	230
Illegal Video Gray Machines	139
Giveaway Games	134
Coin-Operated Video Outside Home	131
Lottery Subscription	129
Non-Skill Contest	129
Skill Contest	126
Roulette	126
Break-Open or Pull Tab Tickets	125
Atlantic City Casino Gaming	119
Likely Video Lottery Players	118
Pick 3 (Daily) Lottery	118
Progressive Slots	116
Pick 6 (Lotto) Lottery	115
Pinball	114
Video Games at Home	114
Rub-Off Instant Lottery	112
Slot Machines	109
Blackjack at Table	109
Bet with a Bookie	108
Raffles	106
Cards For Money with Friends	104
Cents-Off Coupons	102
Pick 4 Lottery	101
Legal Video Poker Slots	97
Horse Races	97
Bingo	89
Legal Video Blackjack Slots	88
Sports Betting with Friend	83
Poker	81
Craps	79
Trading Stamps	28



IX: NEIGHBORHOOD TYPE C-10

Activity	Index
Legal Video Blackjack Slots	229
Legal Video Poker Slots	210
Craps	205
Skill Contest	182
Roulette	164
Giveaway Games	152
Bingo	151
Blackjack at Table	142
Progressive Slots	138
Poker	123
Slot Machines	122
Big Six	119
Likely Video Lottery Players	113
Non-Skill Contest	108
Cards For Money with Friends	108
Raffles	104
Cents-Off Coupons	104
Video Games at Home	99
Illegal Video Gray Machines	98
Trading Stamps	97
Coin-Operated Video Outside Home	88
Atlantic City Casino Gaming	83
Break-Open or Pull Tab Tickets	81
Rub-Off Instant Lottery	80
Bet with a Bookie	70
Pinball	62
Horse Races	60
Pick 6 (Lotto) Lottery	58
Pick 3 (Daily) Lottery	49
Sports Betting with Friend	49
Pick 4 Lottery	46
Lottery Subscription	0

Who Is Playing

Continued from page 80

on public transportation than automobiles. Although each situation must be evaluated individually, a good principle would be to have the index number of per capita lottery sales agents in a given neighborhood equal the sales index of the lottery product in each neighborhood.

I-34: Older Population, Lower-Middle Income - Low Value, Very Old Housing

I-34 has high proportions of older persons, but still a greater mix of children and young adults than is common for Group I. Low-skill blue-collar workers predominate. Education level is low.

I-34 has very old housing. It has the highest percentage (72 percent) of pre-1939 housing of any segment. The housing stock is a mixture of single family and small multi-unit structures with very low values.

The older people in I-34 neighborhoods have plenty of time to enter skill contests (with an index of 246) and play bingo (index of 159). These two activities head the list for these areas. (Table XVII, page 83)

Conclusion

Residential neighborhood type is a particularly effective and dramatic means for market segmentation of the 32 gaming, amusement, and promotional products discussed. Vast differences exist in the participation in the 32 activities in the various

TABLE XIX: THE TOP 4 RESIDENTIAL NEIGHBORHOOD TYPES FOR THE 4 MAJOR EXISTING STATE LOTTERY PRODUCTS

	INSTANT		PICK 3		PICK 4		PICK 6	
BEST	I-32	212	F-21	246	F-21	229	E-18	171
2ND BEST	B-07	170	I-32	195	I-32	197	I-31	153
3RD BEST	G-24	142	I-31	151	E-18	148	I-32	145
4TH BEST	I-34	124	E-18	144	I-31	144	F-21	123

neighborhood types.

These neighborhood differences are quite dramatic for the four major existing state lottery products. In this regard, Table XIX shows the top four residential neighborhood types for the four major existing state lottery products and the index of participation for each game.

As this series of articles has shown, there are significant and dramatic differences in performance of the existing state lottery products regardless of whether the market is segmented by demographics, by "values and lifestyles," or by residential neighborhood type. This information increases our understanding of the marketplace. The next step is to use this information to increase total revenues.

The state lottery industry in the United States currently generates about \$6.1 billion in sales annually. In spite of the fact that this industry services only about half of the population of the country, it represents about 1/580th of the gross national product (which was \$3.54 trillion in the first quarter of 1984).

It is not unreasonable to expect to get a sales increase of 15 percent to 30 percent through the judicious use of a greater understanding of one's marketplace. A 15 percent increase would be \$1 billion, and a 30 percent increase would be \$2 billion. As the late Senator Dirksen used to say: "A billion here. A billion there. Pretty soon it begins to add up to real money."

PG

Atlantic City Profits *Continued from page 22*

out of every dollar of revenue, the casino kept 12.4 cents as profit.

Atlantis Hotel and Casino, which is owned by Elsinore Corp., had a profit of \$497,825 for the year. While the profit was slim, it was far better than 1982 when the casino hotel lost \$10.8

million. Revenues for 1983 were \$168.2 million, an increase of 1.4 percent over the previous year.

The Claridge Casino & Hotel reported a total loss of \$21.6 million for the year on revenues of \$131.1 million. For the year 1982, however, the casino

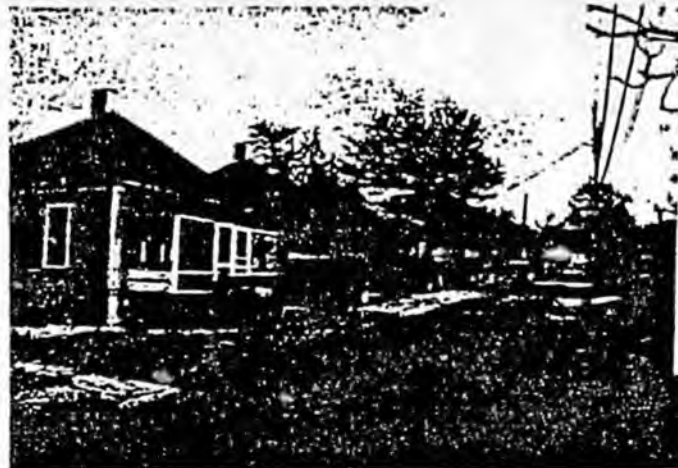
hotel had a loss of \$30.4 million.

The Tropicana casino hotel had a profit of \$7.8 million on revenues of \$224.3 million in 1983, or 3.2 cents out of every dollar. In 1982, the casino hotel had a loss of \$14.9 million on \$172.1 million in revenues. **PG**



X: NEIGHBORHOOD TYPE E-18

Activity	Index
Bet With a Bookie	576
Pick 6 (Lotto) Lottery	171
Pick 4 Lottery	148
Pick 3 (Daily) Lottery	144
Horse Races	140
Sports Betting with Friend	136
Pinball	127
Bingo	118
Progressive Slots	117
Slot Machines	114
Legal Video Blackjack Slots	107
Raffles	99
Rub-Off Instant Lottery	94
Big Six	93
Atlantic City Casino Gaming	90
Coin-Operated Video Outside Home	86
Non-Skill Contest	76
Roulette	76
Illegal Video Gray Machines	76
Cents-Off Coupons	72
Likely Video Lottery Players	70
Blackjack at Table	66
Poker	61
Craps	60
Break-Open or Pull Tab Tickets	57
Giveaway Games	53
Legal Video Poker Slots	49
Cards For Money with Friends	46
Lottery Subscription	43
Video Games at Home	42
Trading Stamps	28
Skill Contest	0



XI: NEIGHBORHOOD TYPE F-21

Activity	Index
Pick 3 (Daily) Lottery	246
Skill Contest	229
Pick 4 Lottery	229
Bet with a Bookie	221
Legal Video Blackjack Slots	192
Legal Video Poker Slots	176
Roulette	172
Craps	161
Coin-Operated Video Outside Home	139
Progressive Slots	131
Pinball	131
Non-Skill Contest	125
Big Six	125
Pick 6 (Lotto) Lottery	123
Lottery Subscription	117
Likely Video Lottery Players	107
Bingo	106
Raffles	106
Rub-Off Instant Lottery	105
Sports Betting with Friend	104
Slot Machines	102
Break-Open or Pull Tab Tickets	102
Giveaway Games	79
Cards For Money with Friends	77
Atlantic City Casino Gaming	75
Video Games at Home	75
Illegal Video Gray Machines	69
Cents-Off Coupons	65
Poker	55
Trading Stamps	51
Blackjack at Table	44
Horse Races	37



XII: NEIGHBORHOOD TYPE G-23

Activity	Index
Skill-Contest	160
Legal Video Blackjack Slots	150
Slot Machines	128
Video Games at Home	128
Poker	125
Progressive Slots	124
Atlantic City Casino Gaming	117
Coin-Operated Video Outside Home	109
Illegal Video Gray Machines	108
Cards For Money with Friends	108
Blackjack at Table	101
Giveaway Games	100
<hr/>	
Break-Open or Pull Tab Tickets	98
Likely Video Lottery Players	94
Cents-Off Coupons	93
Legal Video Poker Slots	92
Raffles	91
Roulette	90
Rub-Off Instant Lottery	88
Bingo	88
Big Six	87
Pinball	85
Sports Betting with Friend	82
Pick 6 (Lotto) Lottery	68
Non-Skill Contest	65
Pick 4 Lottery	63
Pick 3 (Daily) Lottery	61
Craps	56
Trading Stamps	53
Horse Races	52
Bet with a Bookie	38
Lottery Subscription	20



XIII: NEIGHBORHOOD TYPE G-24

Activity	Index
Big Six	360
Sports Betting with Friend	236
Bet with a Bookie	181
Bingo	169
Pinball	161
Progressive Slots	146
Slot Machines	145
Rub-Off Instant Lottery	142
Non-Skill Contest	140
Cents-Off Coupons	139
Atlantic City Casino Gaming	138
Poker	136
Blackjack at Table	128
Illegal Video Gray Machines	127
Break-Open or Pull Tab Tickets	126
Cards For Money with Friends	121
Pick 4 Lottery	118
Likely Video Lottery Players	118
Legal Video Blackjack Slots	118
Raffles	113
Pick 3 (Daily) Lottery	111
Horse Races	108
Coin-Operated Video Outside Home	105
<hr/>	
Giveaway Games	98
Skill Contest	94
Trading Stamps	94
Pick 6 (Lotto) Lottery	85
Roulette	85
Video Games at Home	70
Craps	66
Legal Video Poker Slots	54
Lottery Subscription	0

Who Is Playing

Continued from page 56

holds with incomes of \$35,000 to \$50,000. The percentages of college graduates and professional and managerial workers are well above average. High value single family homes built primarily from 1940 to 1959 predominate.

Households in B-05 are in the late stage of the family "life cycle." All of their shelter needs are already taken care of. They invest in low-risk investments such as saving certificates, eat out at family type restaurants, drive large cars, and are heavy readers of books and magazines. They are heavy consumers of beer and dark liquors. Their leisure activities include gardening, TV and travel.

Much like the improvement in lottery participation from A-02 to the more oldish A-03, there is a similar improvement between B-04 and B-05. The player selection games have moved up to indices right around 100. The rub-off instant game moved to an index of 114. (Table V, page 55)

While roulette remained at a relatively high index (156), table blackjack dropped to only 97. Illegal "gray area" machines have an index of 156 (compared with only 48 for B-04). The more oldish activity of horse racing has an index of 155 in B-05 (as compared with only 52 in B-04). No doubt reflecting the same age difference, video games at home are only 76 among B-05 (while they were 131 among B-04).

B-06: Upper-Middle Income, High Value Suburbs - Young Families, High Mobility

B-06 households lead all other ACORN segments in the percentage of population aged 30-44, and have very high concentrations of young children. The income profile of segment B-06 shows more concentration in the \$25,000 to \$50,000 range and less above \$50,000 than is the case in B-04 and B-05. Households in these areas are very "mobile," with double the national average percentage of

movers over the past five years. Houses are primarily single family, high value, and very new (45 percent built since 1975).

Households in market segment B-06 are heavy spenders on their home and on their children. They are heavily involved in sport activities, school activities, and community events. They drive mid-size American and imported cars, are avid gardeners, and drink premium beers and wine spirits. (Table VI, page 57)

size American and imported cars, and are heavy consumers of beer and fast foods. Their leisure activities are concentrated in movie going, sports activities with their children, news and sport magazine readership, and shopping.

As to state lottery products, the rub-off instant game has a high index of participation (170) in these B-07 neighborhoods. (Table VII, page 57)

B-07 neighborhoods have responded well to direct instant lottery

The particular gambling product which appeals to one neighborhood type is not necessarily the product that appeals to another neighborhood type. Moreover, the precise ACORN neighborhood type matters. While the 13 overall ACORN groups matter, the actual differential in appeal occurs at the neighborhood type level.

Craps has the highest index of participation in B-06 neighborhoods, while betting with a bookie and trading stamps have indices of zero.

Bingo has a very low index (61) in this youngish area.

The four existing major lottery products all enjoy healthy indices between 155 and 120.

Like the younger B-04 types, B-06 has a high index for blackjack (146) and video games at home (142).

While legal video poker slots have a high index (153), their cousins in the casinos (i.e., the blackjack slots) have an index of 83. No doubt this is because the B-06 casino visitor is busy at the blackjack table.

B-07: Upper-Middle Income, High Value Suburbs - Families With Older Children

B-07 neighborhoods are solidly middle to upper-middle income with greater emphasis on the "middle" than in B-04, B-05, and B-06. Market segment B-07 is solidly "Middle America." They drive small and mid-

mail promotions such as "Bonus Play" in several different lottery states.

The three player-selection games (Pick 3, Pick 4, and Pick 6) are clustered right around an index of 100.

As to casino activities, roulette has a high index (185), while the other two table games (craps and blackjack) have indices of zero. Progressive slot machines have an index of 212 and conventional slot machines have an index of 151.

Thus, B-07 neighborhoods can be said to be "instant game country" and "roulette" country. As we have already seen and will continue to see in this article, the particular gambling game makes a big difference. The particular gambling product which appeals to one neighborhood type is not necessarily the product that appeals to another neighborhood type. Moreover, the precise ACORN neighborhood type (out of 44) matters. While the 13 overall ACORN groups matter, the actual differential in appeal occurs at the neighborhood type level.

Who Is Playing

B-08: Upper-Middle Income, High Value Suburbs - Middle Income, Blue Collar

B-08 stands out in Group B with a low percentage of professionals and managers and an above average proportion of blue collar, craft and operative workers. The income profile in B-08 is very "middle income." B-08 has the lowest income in the B group. This is the highest of all ACORN segments in percentage of housing built from 1940 to 1959 (69 percent). B-08 has older families and many "empty nesters." Note the parallelism in the progression of neighborhood types in the "A" group and the "B" group.

Households in market segment B-08 are "middle america." They drive mid-size American built cars and have an affinity for country music. They tend to spend little on home furnishings and are active in leisure activities, except hunting. (Table VII, page 58)

B-08 stands out with a low percentage of professionals and managers and an above average proportion of blue-collar, craft, and operative workers. Likely players of electronic video Player-Activated Lottery Machines (PALMs) have an index of 118 in B-08 neighborhoods—the highest index for PALMs among any neighborhood type.

The striking thing about B-08 in contrast to the more affluent neighborhood types in the B group is the considerably larger number of activities which have an index of participation above 100. B-08 people participate a lot more in our 21 gaming, amusement, and promotional activities. As can be seen, the line in the tables separating the activities with indices of 100 and above has progressively moved down as one progresses through the B group. In fact, the same progression exists in the A group.

Big six has the highest index in B-08 (230).

Illegal "gray area" machines have the second highest index (139).

Except for Pick 4 (with an index of 101), the existing state lottery products have indices lying between 112 and 118.

Likely players of electronic video Player-Activated Lottery Machines (PALMs) have an index of 118 in B-08 neighborhoods - the highest index for PALMs among any neighborhood type. PALMs are tied in B-08 with Pick 3 and have substantially higher indices than Pick 6, the instant game, and Pick 4.

C-10: Young Mobile Families In Multi-Unit Housing - Young Adults, Middle and Lower Middle Income

In contrast to the single family homes in Groups A and B, multi-unit, higher density housing dominates

Group C. The labor force is largely white collar. Households are very "mobile" - that is, the people move a lot.

C-10 is dominated by young adults, especially aged 22-29. C-10 areas have the largest percentage of working women of all ACORN types. The income profile is middle to lower-middle, with mostly white collar workers. C-10 contains mostly medium-rise and low-rise multi-unit housing, generally with high value or high rent.

Households in market segment C-

10 areas are an excellent market for fast food, beer and wine, movies, and consumer electronics products. They drive small American and Japanese made cars. Their leisure activities are concentrated in fitness classes, competitive sports, photography, and day trips to rural areas. They represent a poor market for expensive home furnishings, investments, and grocery stores. (Table IX, page 58)

In the youngish C-10 areas, legal video blackjack and poker slots are at the top of the list (with indices of 220 and 210, respectively).

The three state lottery player selection games have indices between 46 and 58, while the rub-off instant game has an index of 80. Lottery subscriptions have an index of zero in this youngish area.

Likely players of electronic video Player-Activated Lottery Machines (PALMs) have an index of 113.

Note that the existing state lottery products all have indices well below 100. Because of the 113 index, C-10 must therefore be viewed as a prosperous potential market. Because of the substantial lead over the existing state lottery products, state lotteries would seem to have the most to gain in neighborhoods such as C-10. -

E-18: Hispanic Neighborhoods - Poor Families, Very Old Housing

Group E has very high proportions of Hispanics. The income and education levels, as well as home values, are very low. Generally, the population is young, with a high proportion of families with children.

While heavily Hispanic (34 percent of households), E-18 areas also contain substantial black and white populations. Young families with children predominate. Household income levels are very low, and unemployment is very high. Most of the labor force is in low-skill service or labor occupations. E-18 areas have high unemployment - twice the national average. Housing units them-

Who Is Playing

selves are very old, and are mostly mid-rise, multi-family structures.

Betting with a bookie has the very high index of 576 in E-18 neighborhoods. The three player selection lottery games (Pick 6, Pick 4, and Pick 3) also have high indices - 171, 148, and 144, respectively. (Table X, page 75)

On the other hand, the rub-off instant game has an index of only 94 in these areas.

Horse racing has an index of 140.

To the extent that people from E-18 neighborhoods go to casinos, progressive slot machines and conventional slot machines have indices of between 117 and 114.

Video does poorly in these disadvantaged areas. Video games at home have an index of only 42. Coin-operated video amusement games outside the home have an index of only 86. Illegal "gray area" machines have an index of only 76. Likely players of electronic video PALMs have an index of only 70.

Clearly, the state lottery already does well in E-18 with Pick 3, 4, and 6. Video lotteries will add nothing here.

F-21: Black Neighborhoods - Older Population, Old Rental Housing

Group F neighborhoods have a high percentage of blacks. These neighborhoods have low income and educational levels. The population is youngish and the housing is old and low in value.

F-21 is the most black-dominated neighborhood type (87 percent) of all AGORN types. F-21 also has the highest proportion of population over age 65 within Group F, although families with children are still a significant proportion of the population.

F-21 is a very poverty-stricken segment, with 2.5 times the national proportion of households with annual income below the poverty level. The occupational make-up is mainly low-skill, blue collar, especially in service occupations. Very old housing predominates (58 percent built

before 1939). Housing is primarily in single family units and small complexes. Home values and rents are very low. (Table XI, page 75)

Pick 3 (the daily numbers game) leads all 32 activities in this black-dominated neighborhood type with an index of 426. Pick 4 has an index of 229. Pick 6 (lotto) has a considerably lower following (index of 123) in F-21. The rub-off instant game is at 105.

While at the casinos, F-21's play the legal video blackjack and poker slot

of participation in G-23 neighborhoods. At the casino, legal video blackjack slot machines (with an index of 150), conventional slot machines (with an index of 128), and progressive slot machines (124) have high indices. (Table XII, page 76)

G-24: Middle Income, Suburban, Blue Collar - Young Families

In G-24, families with younger children predominate. These areas have a more lower-middle slant than

In G-24, families with younger children predominate. Recently built single-family units make up much of the housing stock. Among the state lottery products, the rub-off instant game has the highest index of participation in G-24 (141).

machines (with indices of 192 and 176, respectively).

Horse racing (with an index of 37) and casino blackjack at a table (with an index of 44) are especially low in F-21 neighborhoods.

G-23: Middle Income, Suburban Blue Collar - Middle Income Higher Value Housing

Group G neighborhoods largely consist of middle income suburbs with a significant proportion of blue collar workers. The population is primarily made up of young, white families. Housing tends to be fairly new, single-family homes.

G-23 contains largely white families, often with teenage children. G-23 is solidly upper-middle income, with generally skilled blue collar and professional/technical workers. Most adults have a high school degree, but there is a low proportion of college graduates. Single family homes of more recent construction with fairly high value predominate.

Skill contests have the highest index

do segment G-23 neighborhoods. There is a high proportion of recent movers. The labor force is even more blue collar than in G-23, with above average numbers of full-time working women. Recently built single-family units make up much of the housing stock.

Among the state lottery products, the rub-off instant game has the highest index of participation in G-24 (142). Pick 4 has an index of 118; Pick 3 has an index of 111; and Pick 6 (lotto) has a below-average index of 65. Lottery subscriptions have an index of zero. (Table XII, page 76)

Likely players of electronic video Player Activated Lottery Machines (PALMs) have an index of 118 in G-24 neighborhood types - a tie with the high index in B-08.

I-29: Older Population, Lower-Middle Income - Older Families, Retirees, High Mobility

Areas heavily populated with senior citizens make up AGORN Group I. The income profile of households in

Who Is Playing

this group is lower-middle, but note that this reflects current annual income and does not necessarily mean low accumulated assets or "wealth." The housing stock is also generally older. These areas have a very low percentage of non-white residents.

The oldest non-institutional ACORN

I-30: Older Population, Lower-Middle Income - Older Housing

I-30 contains older families and senior citizens with very few minorities. There is also often a substantial presence of college students in these areas. I-30 is solidly middle to lower middle income. The work force is

It is not unreasonable to expect a sales increase of 15 percent to 30 percent (in the U.S. lottery industry overall) through the judicious use of a greater understanding of one's marketplace. A 15 percent increase would be \$1 billion, and a 30 percent increase would be \$2 billion.

segment, I-29 has the highest concentration of persons aged 55 to 64, and the second highest of persons over 65. Forty-five percent of all persons fall into one of these age brackets in segment I-29 areas. The proportion of households which have recently moved into these neighborhoods is high, and the housing stock is fairly expensive. The level of education is high.

I-29 leads all ACORN classifications in its proportion of sales/administrative/clerical workers - jobs senior citizens often take upon retirement from their initial career and relocation to a new area.

These are people who have chosen where they will retire. The area contains mixed single family and small multi-unit complexes, especially condos. Home values and rents are fairly high.

Betting with a bookie has considerable support in I-29 neighborhoods (with an index of 335). Legal video poker slot machines (index of 267) and video blackjack slot machines (with an index of 218) also enjoy heavy participation. (Table XIV, page 81)

All state lottery products have indices below 100.

white collar. It has very old housing, with a mix of single unit structures and mid-rise complexes. Home values are low.

Unlike I-29, lottery subscriptions are at the top of the list in I-30 neighborhoods. Bingo (with an index of 143) is second. (Table XV, page 81)

Illegal "gray area" machines also enjoy considerable play (with an index of 127), as do break-open/pull-tab tickets (with an index of 126).

State lottery participation is low. The rub-off instant game (with an index of 90) leads the list among the major existing state lottery products, with Pick 6 (lotto) second at 66, and Pick 3 and Pick 4 in the 40s.

I-31: Older Population, Lower-Middle Income - Small Towns

I-31 is generally older, but with more children and young families than is the norm for Group I. There is low minority presence. I-30 is lower middle income with a mix of blue and white collar. Housing is primarily single family homes built after World War II. There is also a higher proportion of mobile homes than is the norm for this group. Home values are about average.

I-31 has the greatest number of activities with above-average indices of the neighborhood types in this article. I-31 people "do almost everything." (Table XVI, page 82)

Lottery subscriptions are on top (with an index of 174) and Pick 6 (lotto) is second (with an index of 153).

The remaining player selection games (Pick 3 and Pick 4) have indices of 151 and 144, respectively, while the rub-off instant game has an index of 103.

Casino, roulette, craps and blackjack at a table have below-average indices.

I-32: Lower-Middle Income Older Population - Eastern Europeans

I-32 has a very high proportion of persons over 65, with very low minority presence. I-33 has the lowest income profile in Group I, with an above average percentage of persons with below-poverty-level income. These areas are often near institutions, so there is a high percentage of service workers. Housing is fairly old, mainly single units and of mixed values. (Table XVII, page 82)

Lotteries reign supreme among these I-32 Eastern European neighborhoods. The rub-off instant game is on top (with an index of participation of 212). Lottery subscriptions, Pick 4, and Pick 3 have the next highest indices. Pick 6 (lotto) also has a high index.

An obvious application of this kind of information, (i.e., the index of 212 for the instant game in I-32 neighborhoods) is to ascertain whether the penetration of lottery sales agents in a given neighborhood type is matched to the index of participation in that neighborhood type.

While people do buy lottery tickets just about anywhere, most purchases are made in places the person regularly and routinely visits. Locations near his home are the most predominant, particularly in high density urban situations where there is greater reliance

Continued on page 64



XIV: NEIGHBORHOOD TYPE I-29

Activity	Index
Bet with a Bookie	335
Legal Video Poker Slots	267
Legal Video Blackjack Slots	218
Sports Betting with Friend	185
Blackjack at Table	180
Craps	163
Roulette	156
Atlantic City Casino Gaming	151
Coin-Operated Video Outside Home	129
Progressive Slots	119
Bingo	112
Poker	111
Cards For Money with Friends	110
Slot Machines	101
Pinball	99
Pick 3 (Daily) Lottery	98
Cents-Off Coupons	98
Giveaway Games	96
Raffles	93
Pick 4 Lottery	91
Pick 6 (Lotto) Lottery	81
Likely Video Lottery Players	78
<u>Horse Races</u>	76
Lottery Subscription	59
Video Games at Home	57
Illegal Video Gray Machines	52
Non-Skill Contest	51
Rub-Off Instant Lottery	47
Skill Contest	0
Big Six	0
Break-Open or Pull Tab Tickets	0
Trading Stamps	0



XV: NEIGHBORHOOD TYPE I-30

Activity	Index
Lottery Subscription	144
Bingo	143
Skill Contest	141
Sports Betting with Friend	128
Roulette	127
Illegal Video Gray Machines	127
Break-Open or Pull Tab Tickets	126
Giveaway Games	117
Cards For Money with Friends	115
Non-Skill Contest	112
Cents-Off Coupons	109
<u>Horse Races</u>	93
Video Games at Home	93
Atlantic City Casino Gaming	92
Poker	90
Rub-Off Instant Lottery	90
Coin-Operated Video Outside Home	-76
Blackjack at Table	73
Raffles	71
Likely Video Lottery Players	68
Pick 6 (Lotto) Lottery	66
Craps	66
Pinball	60
Legal Video Blackjack Slots	59
Legal Video Poker Slots	54
Slot Machines	50
Pick 3 (Daily) Lottery	47
Pick 4 Lottery	44
Progressive Slots	16
Big Six	0
Bet with a Bookie	0
Trading Stamps	0

Tables continued on next page



XVI: NEIGHBORHOOD TYPE I-31

Activity	Index
Lottery Subscription	174
Bet with a Bookie	173
<u>Horse Races</u>	162
Pick 6 (Lotto) Lottery	153
Poker	151
Pick 3 (Daily Lottery)	151
Break-Open or Pull Tab Tickets	148
Sports Betting with Friend	147
Pick 4 Lottery	144
Illegal Video Gray Machines	129
Giveaway Games	123
Non-Skill Contest	123
Video Games at Home	120
Big Six	117
Bingo	114
Legal Video Poker Slots	113
Legal Video Blackjack Slots	112
Cards For Money with Friends	108
Skill Contest	107
Coin-Operated Video Outside Home	107
Pinball	107
Progressive Slots	105
Likely Video Lottery Players	103
Rub-Off Instant Lottery	103
Raffles	101
Cents-Off Coupons	99
Slot Machines	93
Blackjack at Table	90
Atlantic City Casino Gaming	89
Craps	88
Trading Stamps	84



XVII: NEIGHBORHOOD TYPE I-32

Activity	Index
Rub-Off Instant Lottery	212
Lottery Subscription	197
Pick 4 Lottery	197
Pick 3 (Daily) Lottery	195
Pinball	185
Bingo	173
Pick 6 (Lotto) Lottery	145
Non-Skill Contest	143
Coin-Operated Video Outside Home	126
Raffles	120
Video Games at Home	119
Cents-Off Coupons	112
Likely Video Lottery Players	107
Cards For Money with Friends	104
Slot Machines	103
Atlantic City Casino Gaming	102
Trading Stamps	96
<u>Horse Races</u>	79
Blackjack at Table	75
Poker	69
Craps	67
Progressive Slots	66
Break-Open or Pull Tab Tickets	64
Giveaway Games	60
Legal Video Blackjack Slots	60
Legal Video Poker Slots	55
Roulette	43
Sports Betting with Friend	21
Skill Contest	0
Big Six	0
Illegal Video Gray Machines	0
Bet with a Bookie	0



XVIII: NEIGHBORHOOD TYPE I-34

Activity	Index
Skill Contest	246
Bingo	159
Bet with a Bookie	158
Atlantic City Casino Gaming	148
Pick 4 Lottery	142
Pinb.	140
Giveaway Games	137
Trading Stamps	137
Break-Open or Pull Tab Tickets	128
Progressive Slots	127
Pick 3 (Daily) Lottery	125
Cents-Off Coupons	125
Rub-Off Instant Lottery	124
Raffles	117
Pick 6 (Lotto) Lottery	115
Illegal Video Gray Machines	111
Non-Skill Contest	110
Slot Machines	110
Likely Video Lottery Players	103
Video Games at Home	101
Cards For Money with Friends	100
<hr/>	
Poker	99
Blackjack at Table	96
Big Six	89
Coin-Operated Video Outside Home	83
Sports Betting with Friend	75
<u>Horse Races</u>	54
Legal Video Blackjack Slots	51
Legal Video Poker Slots	47
Lottery Subscription	42
Roulette	37
Craps	0

REACH THE LEADERS

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The thoroughbred and standardbred (harness) racing industries in Illinois are governed by the Illinois Horse Racing Act of 1975.¹ The Act regulates pari-mutuel wagering procedures, licensing of racing organizations (usually racetracks) and racetrack personnel, and distribution of state revenue from racing taxes and fees. The Illinois Racing Board, composed of seven members appointed by the Governor, is responsible for administering the Act.²

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Daily Pari-Mutuel Handle

The daily pari-mutuel handle consists of all the money wagered at a racetrack during a single day of racing. The handle is composed of the "take out," pari-mutuel pool, and breakage.

"Take Out"

Illinois law permits racing organizations to take out a specified percentage of the total amount wagered at the racetrack each day. Included in the "take out" are pari-mutuel taxes, track operating expenses, and winners' purses. The "take out" may not exceed 17 percent on all daily wagers plus (a) 3.5 percent (for a total "take out" of 20.5 percent) of the daily wagers on the quinella, perfecta, daily double, and all other races involving a single bet on two horses and (b) 8 percent (for a total "take out" of 25 percent) on the daily wagers on the trifecta and all other races involving a single bet on three or more horses.³

Pari-Mutuel Pool

The pari-mutuel pool consists of all daily wagers remaining after the "take out." The amount of money in the pool and the pattern of betting on the horses is used to determine the odds and the amount to be paid to winning bettors.

Breakage

If the amount to be paid on a winning \$2 bet exceeds a multiple of 10 cents, the state retains the "breakage"--the number of extra cents.⁴ It is argued that handling this "small change" imposes an inconvenience on racetrack personnel and the bettors. Consequently, winning payoffs are rounded downward.⁵

For example, if the winning horse paid \$4.66, the bettor would receive \$4.60 and 6 cents would be retained by the state as breakage. Breakage amounts to about 1.5 percent of the total amount wagered each day.⁶

Illinois Racing Privilege Tax

Most of the state's revenue from horse racing comes through the Illinois Racing Privilege Tax. The tax is imposed at graduated rates based on the amount of the racing organization's daily pari-mutuel handle (total amount wagered each day). Graduated rates range from 1.75 percent on daily handles of \$200,000 or less to 7.75 percent on daily handles over \$3 million.⁷ Rates are listed in Appendix A.

The graduated tax rates are supplemented by two tax rates imposed on racing organizations that conduct multiple wagering. A rate of 2.5 percent is imposed on the amount wagered on the daily double (picking winners in successive races), quinella (picking first and second horses regardless of order), perfecta (picking first and second horses in order), or other multiple wagers involving a single bet on two horses. A second rate of 7 percent is imposed on the amount wagered on the trifecta (picking the first, second, and third horses in order) or other multiple wagers involving a single bet on three or more horses.⁸

Distribution of the \$2 Wager

Distribution of horse-racing revenue for pari-mutuel taxes, race track operators, horsemen's purses, breakage, and the pari-mutuel pool differs according to whether the bet is a single or multiple wager. Examples of single and multiple wagers are given to illustrate the distribution of a \$2 wager.

Single Wager

Assume that a \$2 wager involving a single bet on a single horse is placed at a track with a daily pari-mutuel handle of \$1,000,001. The 17 percent "take out" (34 cents) includes 6 percent (12 cents) for the graduated racing privilege tax and 11 percent (22 cents)

which is evenly divided between the track operator and the horsemen. Breakage represents 1.5 percent (3 cents) of the total bet and the pari-mutuel pool receives the remaining 81.5 percent (\$1.63). This is shown in the following table:

<u>Distribution</u>	<u>Amount of bet</u>	<u>Percent</u>
Graduated racing privilege tax	\$.12	6.0%
Track operator (to maintain physical plant and pay employees)	.11	5.5
Horsemen's purses	.11	5.5
Breakage	.03	1.5
Pari-mutuel pool to pay bettors	<u>1.63</u>	<u>81.5</u>
Total	\$2.00	100.0%

Multiple Wager on Two Horses

A \$2 wager on a daily double, quinella, perfecta, or other multiple wagers involving a single bet on two horses requires a 20.5 percent (41 cents) "take out." In addition to the graduated racing privilege tax and the shares distributed to the track operator and horsemen, the "take out" includes the 2.5 percent (5 cents) additional tax on two-horse wagers and a 1 percent (2 cents) share for the special purse and reward fund account.⁹ This account must be maintained and distributed by each track operator to guarantee that the winning horsemen receive adequate purses. Assuming that the track had a daily handle of \$1,000,001, a \$2 bet on a multiple wager involving two horses would be distributed as follows:

<u>Distribution</u>	<u>Amount of bet</u>	<u>Percent</u>
Graduated racing privilege tax	\$.12	6.0%
Additional tax on daily double, quinella, and perfecta	.05	2.5
Special purse and reward fund account	.02	1.0
Track operator	.11	5.5
Horsemen's purses	.11	5.5
Breakage	.03	1.5
Pari-mutuel betting pool	<u>1.56</u>	<u>78.0</u>
Total	\$2.00	100.0%

Multiple Wager on Three or More Horses

A \$2 wager on a trifecta or other multiple wager involving a single bet on three or more horses requires a 25 percent (50 cents) "take out." The larger "take out" reflects the 7 percent (14 cents) additional tax. If a track had a daily handle of \$1,000,001, a \$2 bet would be distributed as follows:

<u>Distribution</u>	<u>Amount of bet</u>	<u>Percent</u>
Graduated racing privilege tax	\$.12	6.0%
Additional tax on trifecta	.14	7.0
Special purse and reward fund account	.02	1.0
Track operator	.11	5.5
Horsemen's purses	.11	5.5
Breakage	.03	1.5
Pari-mutuel betting pool	<u>1.47</u>	<u>73.5</u>
Total	\$2.00	100.0%

Distribution of the Illinois Racing Privilege Tax

Racing privilege tax revenue is distributed among five funds in the state treasury.¹⁰

<u>Fund</u>	<u>Distribution (percent)</u>
Agricultural Premium Fund	50.0%
Metropolitan Exposition, Auditorium and Office Building Fund	33.5
Fair and Exposition Fund	7.0
Thoroughbred Breeders Fund or Illinois Standardbred Breeders Fund	8.5
General Revenue Fund	<u>1.0</u>
Total	100.0%

Agricultural Premium Fund

This fund is administered by the Illinois Department of Agriculture. Revenue is used to finance: administrative expenses of the Illinois Racing Board and salaries for its employees; prizes and awards for the state and county fairs; scholarships for veterinary students; county agriculture and home advisors; soil and water surveys and conservation programs; international

trade promotion; care and rehabilitation assistance to disabled veterans and their families; grants for ChicagoFest; and other programs generally related to agriculture and the horse racing industry.¹¹ (See Appendix B.)

Metropolitan Exposition, Auditorium,
and Office Building Fund

This fund is administered by the Department of Commerce and Community Affairs. Racing privilege tax revenue deposited in the fund is used to pay a portion of the principal and interest on bonds issued to construct civic centers throughout the state.¹² Allocations have been made to support civic centers in Aurora, Danville, Decatur, DeKalb, Joliet, Peoria, Rockford, and Springfield.

Fair and Exposition Fund

This fund is administered by the Illinois Department of Agriculture. County fair organizations in downstate counties and the exposition authority in Cook County apply to the Department for allocations from the fund. Each county fair authority and the fair and exposition authority in Cook County receive that portion of the fund's allocation which the population of the county bears to the total population of all counties participating in the allocation.¹³ Revenue from the fund may be used for financing industrial, cultural, educational, trade, and scientific exhibits; constructing, equipping, and maintaining auditoriums, exposition buildings, and viewing stands, and other related expenditures; and paying the principal of, and interest on, revenue bonds issued for these purposes. The Department of Agriculture may authorize expenditures for other purposes.¹⁴

County fair organizations in downstate counties are not eligible for allocations from the Fair and Exposition Fund if they receive allocations from the Agricultural Premium Fund.¹⁵

Thoroughbred and Standardbred Breeders' Funds

Two breeders' funds are administered by the Department of Agriculture. The Thoroughbred Breeders' Fund receives 8.5 percent of the racing privilege tax

revenue from thoroughbred racing meets, and the Standardbred Breeders' Fund (harness racing) receives the same percentage of privilege tax revenue from standardbred racing meets.

Revenue in the Thoroughbred Breeders Fund is used primarily to encourage the breeding of thoroughbred race horses in the state. Revenue in the Standardbred Breeders' Fund is used primarily to encourage the breeding of harness racing horses and ownership of such horses by residents of the state. These funds are also intended to encourage the ownership of such horses by residents of the state in order to provide sufficient numbers of high quality race horses to participate in racing meets in Illinois.

General Revenue Fund

Any racing privilege tax revenue remaining after distributions to these funds is deposited in the General Revenue Fund.¹⁸

Distribution of Other Horse Racing Revenue

The horse racing industry generates additional revenue from breakage, license fees, admissions taxes, and unclaimed pari-mutuel tickets. Most of this revenue is deposited in the General Revenue Fund.

Breakage

The breakage from all races except charity meets is divided evenly between the General Revenue Fund and the Illinois Race Track Improvement Fund.¹⁹ The State Racing Board distributes money in the Improvement Fund to racetracks for:

- construction of seating stands, buildings, and other structures;
- maintenance of grounds and track surfaces;
- purchase or restoration of property and equipment used to operate the track; and
- payment of amortization of debt contracted with the approval of the State Racing Board for any or all such purposes.²⁰

The breakage from charity meets is divided evenly between the General Revenue Fund and the particular charity which sponsors the racing meet.²¹

License Fees

Horse racing organizations must pay an annual fee of \$1,000, plus \$100 for each racing day. Racing organizations are subject to additional fees of \$100 for each racing day on which the pari-mutuel handle is over \$400,000 but less than \$700,000 and \$200 for each racing day on which the pari-mutuel handle is over \$700,000.²² In addition, the Racing Board has the option of imposing license fees on horse owners, trainers, harness drivers, jockeys, grooms, exercise persons, veterinarians, blacksmiths, concessionaires, and other personnel who work at a race track. The annual license fee may not exceed \$25 and the 3-year license fee may not exceed \$60.²³ All license fees are deposited in the General Revenue Fund.

Admissions Taxes

A tax of 15 cents is imposed on each person entering a racetrack. This tax is in addition to any admissions charge imposed by the track operator. Racing personnel licensed by the Racing Board are not required to pay the tax.²⁴ All admissions tax revenue is deposited in the General Revenue Fund.

Municipalities which have a licensed racetrack wholly within their corporate limits may impose a local amusement tax up to 10 cents per person.²⁵ This revenue is deposited in the municipality's corporate fund.

Unclaimed Pari-Mutuel Tickets

Unredeemed pari-mutuel ticket payoffs must be retained by the racing organization for payment until April 1 of the next year. Within 10 days after the April 1 deadline, the value of unclaimed tickets must be deposited in the Illinois Veterans' Rehabilitation Fund.²⁶ The Department of Rehabilitation Services uses this money for case services to individual veterans.

State Revenue from Horse Racing

State revenue from horse racing averaged about \$70 million in racing years 1980, 1981, and 1982. Revenue from the racing privilege tax averaged about \$58 million and breakage revenue averaged about \$9 million in each of these years. Additional revenue from license fees, admissions taxes, uncashed pari-mutuel tickets, and miscellaneous sources has averaged about \$2.6 million during this 3-year period. Total revenue for the 1982 racing year was slightly below that collected in the 2 previous years.

During this 3-year period, most of the state's horse racing revenue has been distributed to the Agricultural Premium Fund and the Metropolitan Exposition, Auditorium, and Office Building Fund. Distributions to the Agricultural Premium Fund have averaged about \$29 million, and distributions to the Exposition Fund have averaged about \$19 million in each of these years. Annual distributions to the General Revenue Fund, Fair and Exposition Fund, and Race Track Improvement Fund have averaged about \$6 million, \$4 million, and \$4.5 million, respectively. The Thoroughbred Breeders' Fund and Standardbred Breeders' Fund have each received an average of \$2.5 million during the last 3 racing years.

Racing revenue and distributions for racing years 1980, 1981, and 1982 appear in Appendix C.

Cumulative Distributions, 1941 Through 1982

From 1941 to 1983 state revenue from horse racing totaled about \$1.3 billion. The largest cumulative distribution of nearly \$535 million was to the Agricultural Premium Fund, 1941-1982. Other significant cumulative distributions include \$163 million to the General Revenue Fund, 1941-1982, \$134.6 million to the Metropolitan Exposition, Auditorium, and Office Building Fund, 1972-1982, and \$91.6 million to the Fair and Exposition Fund, 1951-1982.

Significant distributions of horse racing revenue were made to two funds which have been discontinued. The Service Recognition Bond, Interest, and Retirement Fund,²⁷ which was used to pay bonuses to World War II veterans, received racing revenue totaling about \$257.8 million from 1946 to 1972, and the Metropolitan

Fair and Exposition Authority Reconstruction Fund,²⁸ which was used to retire bonds issued to reconstruct McCormick Place, received about \$77.5 million during 1972 through 1976.

The annual state revenue from horse racing from 1941 to 1982 and the cumulative distributions to the various state funds which receive racing revenues are listed in Appendix D.

Notes

1. Ill. Rev. Stat. 1981, ch. 8, sec. 37-1 ff.
2. Ill. Rev. Stat. 1981, ch. 8, sec. 37-4.
3. Ill. Rev. Stat. 1981, ch. 8, sec. 37-26.
4. Ill. Rev. Stat. 1981, ch. 8, sec. 37-26.
5. Tom Ainslie, Ainslie's Encyclopedia of Thoroughbred Handicapping (1978), p. 188.
6. Same as note 5, p. 187.
7. Ill. Rev. Stat. 1981, ch. 8, sec. 37-27.
8. Ill. Rev. Stat. 1981, ch. 8, sec. 37-27.
9. Ill. Rev. Stat. 1981, ch. 8, sec. 37-29.
10. Ill. Rev. Stat. 1981, ch. 8, sec. 37-28.
11. Ill. Rev. Stat. 1981, ch. 8, sec. 37-28.
12. Ill. Rev. Stat. 1981, ch. 85, sec. 1394.
13. Ill. Rev. Stat. 1981, ch. 85, sec. 668.
14. Ill. Rev. Stat. 1981, ch. 85, sec. 670.
15. Ill. Rev. Stat. 1981, ch. 85, sec. 668.
16. Ill. Rev. Stat. 1981, ch. 8, sec. 37-30.
17. Ill. Rev. Stat. 1981, ch. 8, sec. 37-31.
18. Ill. Rev. Stat. 1981, ch. 8, sec. 37-28.
19. Ill. Rev. Stat. 1981, ch. 8, sec. 37-28.
20. Ill. Rev. Stat. 1981, ch. 8, sec. 37-32.
21. Ill. Rev. Stat. 1981, ch. 8, sec. 37-27.
22. Ill. Rev. Stat. 1981, ch. 8, sec. 37-18.
23. Ill. Rev. Stat. 1981, ch. 8, sec. 37-15.
24. Ill. Rev. Stat. 1981, ch. 8, sec. 37-25.
25. Ill. Rev. Stat. 1981, ch. 8, sec. 37-27.
26. Ill. Rev. Stat. 1981, ch. 8, sec. 37-26.
27. Ill. Rev. Stat. 1981, ch. 126 1/2, secs. 53-57.
28. Ill. Rev. Stat. 1981, ch. 85, secs. 1250.1 to 1250.10.

Appendix A

Illinois Graduated Racing Privilege Tax

<u>Daily pari-mutuel handle</u>	<u>Tax rate</u>
\$ 200,000 and under	1.75%
200,001 - \$ 300,000	3.25
300,001 - 400,000	3.75
400,001 - 500,000	4.25
500,001 - 750,000	5.25
750,001 - 1,000,000	5.5
1,000,001 - 1,500,000	6.0
1,500,001 - 2,000,000	6.5
2,000,001 - 2,250,000	6.75
2,250,001 - 2,500,000	7.0
2,500,001 - 2,750,000	7.25
2,750,001 - 3,000,000	7.50
3,000,000 and over	7.75

Source: Ill. Rev. Stat. 1981, ch. 8, sec. 37-27.

Appendix B

**Distribution of Revenue in the Agricultural Premium Fund,
Thoroughbred Breeders' Fund, and Standardbred Breeders' Fund**

Agricultural Premium Fund

Salaries of racing board members, stewards, directors of mutuels, veterinarians, inspectors, and other racing board employees and all administrative expenses of the racing board, including all expenses and salaries incident to the taking of saliva and urine samples.

Operating expenses of the state fair, including payment of prize money or premiums.

Distribution to county fairs, vocational agriculture section fairs, agricultural societies, and agricultural extension clubs.

Payment of prize money and premiums awarded and for expenses incurred in connection with the Mid-Continent Livestock Exposition and the International Livestock Exposition held in Illinois.

Personal services of county agricultural advisors and county home advisors.

Distribution to agricultural home economic extension councils.

Research of equine diseases, including an equine disease research center.

Scholarships for study of equine diseases to students at the University of Illinois College of Veterinary Medicine.

Rehabilitation and repair of the state fair grounds and structures and construction of permanent improvements on the grounds, including structures and property which are under the custody and control of the Department of Agriculture and which have been determined by the Governor not to pertain to the state fair.

Administration and other expenses of the Department of Agriculture in promoting agricultural exports.

Administration and other expenses of the Department of Commerce and Community Affairs in promoting international trade.

Care and rehabilitation assistance to disabled veterans of any war and their surviving spouses and orphans.

Expenses of the Department of Law Enforcement for duties performed under the Horse Racing Act.

Appendix B (cont'd)

Soil surveys and soil and water conservation programs conducted by the Department of Agriculture.

Grants from the Department of Agriculture to the city of Chicago for ChicagoFest.

Thoroughbred Breeders' Fund

Supplemental purses to owners of Illinois race horses participating in the race limited to Illinois thoroughbreds.

Stakes and rewards to owners of winning horses in races limited to Illinois thoroughbreds which are designated as stake races.

Stallion awards to owners of an Illinois stallion which sired an Illinois thoroughbred which wins any race conducted at a thoroughbred racing meeting in which the total purse offered for such race is \$7,500 or more.

\$50,000 annually for purses distributed to county fairs that provide running races for Illinois thoroughbreds.

Educational programs regarding the thoroughbred breeding industry.

Research programs concerning the health, development, and care of thoroughbred horses.

Public information designed to promote the breeding of thoroughbred horses.

Scholarship and training programs for students of equine veterinary medicine.

All expenses incurred in the administration of the Illinois Thoroughbred Breeders Fund.

Standardbred Breeders' Fund

Purses for state and county fair races for Illinois-bred harness horses.

Supplemental purses for races limited to Illinois horses by racing associations conducting harness racing meetings.

Improvements of racing facilities at the state and county fairs.

Appendix B (cont'd)

Administrative expenses of the Standardbred Breeders Fund.

The promotion of harness racing in Illinois.

Source: Ill. Rev. Stat. 1981, ch. 8, secs. 37-28 to 37-30.

Appendix C

Source and Distribution of Revenue for the 1980, 1981 and 1982 Racing Years

	1980	1981	1982
Sources of Revenue			
Application and License Fees of Racing Association	\$ 150,572	\$ 181,740	\$ 164,930
Admission Taxes	998,585	982,320	902,576
Privilege Tax on Pari-Mutuel Wagering	58,564,432	60,512,088	56,324,146
Breakage from Pari-Mutuel Wagering	8,990,404	9,393,398	8,560,861
Licensing of Racing Personnel	160,150	160,201	200,078
Uncashed Pari-Mutuel Tickets	1,271,105	1,288,691	1,307,595
Horsemen's Fines	44,323	39,424	36,285
Miscellaneous Sources	30,213	15,653	15,687
TOTAL RECEIVED	\$70,209,784	\$72,573,515	\$67,512,158
Distribution of Revenue			
General Revenue Fund	\$ 6,392,201	\$ 6,368,866	\$ 6,163,228
Veteran's Rehabilitation Fund	1,271,105	1,288,691	1,307,596
Agricultural Premium Fund	29,272,432	30,256,044	28,162,073
Metropolitan Exposition, Auditorium and Office Building Fund	19,612,709	20,715,495	18,868,589
Fair and Exposition Fund	4,103,127	4,235,846	3,942,690
Illinois Standardbred Breeders Fund	2,507,756	2,307,089	2,230,837
Illinois Thoroughbred Breeders Fund	2,555,252	2,704,785	2,556,715
Race Track Improvement Fund	4,495,202	4,696,699	4,280,430
TOTAL ALLOCATED	\$70,209,784	\$72,573,515	\$67,512,158

Source: Illinois Racing Board, Annual Reports, 1980, 1981, 1982.

Appendix D

Illinois Horse Racing Revenue and Distribution, 1941 to 1982

<u>Year</u>	<u>Revenues received</u>	<u>Year</u>	<u>Revenues received</u>
1941	\$1,791,518	1961	\$19,564,561
1942	2,444,605	1962	22,766,100
1943	2,808,168	1963	25,174,191
1944	3,917,835	1964	27,804,181
1945	4,339,820	1965	30,501,429
1946	5,206,051	1966	35,561,117
1947	11,384,415	1967	37,803,547
1948	9,547,636	1968	40,024,116
1949	8,673,309	1969	43,334,006
1950	9,084,497	1970	46,551,097
1951	11,414,567	1971	50,258,595
1952	15,109,378	1972	48,996,761
1953	16,081,420	1973	56,392,252
1954	16,135,634	1974	62,031,801
1955	16,600,600	1975	66,103,392
1956	17,536,242	1976	76,474,451
1957	17,550,987	1977	72,535,849
1958	17,266,924	1978	73,899,698
1959	17,535,680	1979	84,785,628
1960	18,115,431	1980	70,209,784
		1981	72,532,515
		1982	67,512,158

Total \$1,353,402,946

Cumulative Distributions

<u>Fund</u>	<u>Amount distributed</u>
General Revenue Fund, 1941-1982	\$ 162,884,255
Veterans' Rehabilitation Fund, 1943-1982	11,555,155
Agricultural Premium Fund, 1941-1982	534,875,331
Metropolitan Fair and Exposition Authority Reconstruction Fund, 1972-1976	77,525,291
Metropolitan Exposition, Auditorium and Office Building Fund, 1972-1982	134,620,324
Fair and Exposition Fund, 1951-1982	91,666,316
Illinois Standardbred Breeders Fund, 1976-1982	13,616,487
Illinois Thoroughbred Breeders Fund, 1976-1982	14,991,208
Race Track Improvement Fund, 1976-1982	30,493,539
Service Recognition Bond, Interest and Retirement Fund, 1946-1972	257,779,502
Illinois Fund for Illinois Colts, 1965-1975	20,069,099
Illinois Bred Thoroughbred Fund, 1957-1963	3,326,439
	<u>\$1,353,402,946</u>

Source: Illinois Racing Board, Annual Reports, 1941-1982.

NEW MEXICO
STATE RACING
COMMISSION

1985
ANNUAL REPORT

Submitted to

The Honorable

TONEY ANAYA

Governor of the State of New Mexico



Nick Franklin
Chairman
Gary C. Mitchell
Vice-Chairman
Harry J. Garcia
Member



Lucy Keys Brubaker
Member
Malcolm "Buddy" Major Jr.
Member
Ronald R. Beserra
Executive Secretary

STATE RACING COMMISSION
OF NEW MEXICO

PO Box 8576, Sta. C Albuquerque, NM 87198
(505) 841-4644

January 1986

The Honorable Toney Anaya
Governor of New Mexico
Office of the Governor
417 State Capitol
Santa Fe, NM 87503

Dear Governor Anaya:

The New Mexico State Racing Commission submits this 1985 Annual Report of Horse Racing in New Mexico in compliance with Statute 60-6-2, being laws of 1933, Chapter 55 revised.

The report covers the calendar year 1985 for the seven race meetings licensed during the year. Where possible, comparable statistics are included for the previous several years to reflect the growth of the industry and to provide for analysis.

The Commission wants to acknowledge the cooperation, support and assistance your office has extended during the 1985 season and the cooperation of other state agencies, track operators, horsemen and others for the progress realized in 1985.

Respectfully submitted,

NEW MEXICO STATE RACING COMMISSION

Nick Franklin, Chairman
Gary C. Mitchell, Vice-Chairman
Harry J. Garcia, Member
Lucy K. Brubaker, Member
Malcolm S. "Buddy" Major, Jr., Member

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1985

STATE OFFICIALS

NEW MEXICO STATE RACING COMMISSION

CORPORATION OFFICIALS OF RACE TRACKS IN NEW MEXICO

Nick Franklin, Chairman	Albuquerque
Gary C. Mitchell, Vice-Chairman	Ruidoso
Harry J. Garcia, Member	Albuquerque
Lucy K. Brubaker, Member	Belen
Malcolm S. "Buddy" Major, Jr.	Los Lunas
Ronald R. Beserra, Executive Secretary.	Albuquerque

NEW MEXICO STATE FAIR COMMISSION

Operator of New Mexico State Fair

Albuquerque, New Mexico

J. T. Turner, Chairman	Moriarty
Odis Echols, Vice-Chairman	Albuquerque
Ina Wilcher, Secretary-Treasurer	Dora
Norris Dean Butler, Member	Eagle Nest
Jennie Day, Member	Albuquerque
Bennie Atencio, Member.	Santo Domingo
Joe Torrez, Member	Angel Fire
M. Steven Anaya, Manager.	Moriarty

SANTA FE RACING, INC.

Operator of Downs at Albuquerque
Albuquerque, New Mexico

SANTA FE RACING, INC.

Operator of Downs at Santa Fe
Santa Fe, New Mexico

Ken Newton.	President
Pete Drypolcher . .	Exec Vice-Pres.
Bob Lee	Vice-President
Patrick Villella. .	Secy-Treasurer
Bob Lee	General Manager

Ken Newton.	President
Pete Drypolcher . .	Exec Vice Pres.
Bob Lee	Vice-President
Patrick Villella. .	Secy-Treasurer
Bob Lee	General Manager

(Corporation Officials Continued. .)

RUIDOSO-SUNLAND, INC.
 Operator of Ruidoso Downs
 Ruidoso, New Mexico

RUIDOSO-SUNLAND, INC.
 Operator of Sunland Park
 Sunland Park, New Mexico

Jess Burner President
 Richard "Dick" Worley . . . Vice-President
 John L. Augustine Secretary
 A. D. Bowen Treasurer
 Sam F. Henderson Director
 Mollie B. Kelly Director
 Ben Lanford, Sr. Director
 Edwin Mayer, Jr. Director
 Jerry Rheudasil Director
 Ferd Slocum Director
 John West Director
 H. Rick Henson General Manager

A. D. Bowen President
 Richard "Dick" Worley . . . Vice-President
 Ferd Slocum Secretary
 Sam F. Henderson Treasurer
 Dr. Johnny French Director
 Raymond Harris Director
 Robert Haynsworth Director
 Bobby Holt Director
 Bill Macey Director
 Jerry Rheudasil Director
 John West Director
 Jess Burner Past President
 H. Rick Henson General Manager

SAN JUAN COUNTY
 Operator of San Juan Downs
 Farmington, New Mexico

LA MESA RACING CORPORATION
 Operator of La Mesa Park
 Raton, New Mexico

Ronn Jones Chairman
 Robert Karlin Chairman Pro Tem
 Donald Benally Member
 Robert Smith Member
 Wallace Davis Member
 Darrell McMullen County Manager
 Dale Wood General Manager

J. R. Adams President
 Jo Ann Adams Vice-President
 A. J. Mangiro Secretary-Treasurer
 T. A. Gillervie Director
 Jean Caldarelli Executive Secretary
 A. J. Mangino General Manager

STATE OF NEW MEXICO

RACING COMMISSION OFFICE STAFF

The 1985 Annual Report to the Governor is compiled through the coordinated efforts of the New Mexico State Racing Commission office staff by keeping all statistical and other information current.

The Racing Commission office staff is as follows:

Ronald R. Beserra Executive Secretary
 Julian Luna Deputy Executive Secretary
 Josie Beutler Financial Specialist
 Ed Tanuz Investigator
 Rio Pollo Investigator
 Kim Ahlbom Administrative Secretary
 Carmen Cardona Key Entry Operator

1985

DOWNS AT ALBUQUERQUE

RACING OFFICIALS

Bob Lee.	General Manager
Dave Brazda.	Administrative Coordinator
Rick Kloeppe.	NMSRC Steward
Dean McKinney.	Steward
Bobbie Harmon.	Steward
Charlie Iles.	Racing Secretary
Terri Bickel.	Assistant Racing Secretary
Butch Murray.	Starter & Paddock Judge
Mike Iles.	Horse Identifier & Clocker
Gerry Howard.	Clocker & Timer
Polly Goins.	Placing Judge & Clocker
Pam Howard.	Clerk of Scales
David Orton, D.V.M.	Track Veterinarian
Richard B. McKee, D.V.M.	State Veterinarian
Dell Jessop, Jr.	Jockey Room Custodian
A. F. Harding.	Stable Superintendent
Ross Sinclair.	Track Superintendent
Jess Sosa.	Chief of Security
Jerry Russell.	Pari-Mutuel Manager
Leonard Lopez & Assocs.	NMSRC Auditor
Bill Duree.	Outrider
Dominic Duree.	Outrider
Alan Stearns.	Accountant
Bill Wood.	Plant Manager
Anna Fay Davis.	Horsemen's Bookkeeper
Polly Miller.	Marketing
Dale Wood.	Publicity & Announcer
J. R. Shiveley, M.D.	Track Physician
Eric Moyers.	Track Photographer

SERVICES

United Totalisator Company	Pari-Mutuel Equipment
Webb Telemedia Corporation	Video, Photo Finish & Timer
Tru-Center	Starting Gate
Rick Johnson & Company	Advertising

1985

DOWN AT SANTA FE

RACING OFFICIALS

Bob Lee.	General Manager
Dave Brazda.	Administrative Coordinator
Rick Kloeppel.	NMSRC Steward
Dean McKinney.	Steward
Gerry Howard	Steward
Charlie Iles	Racing Secretary
Terry Bickel	Assistant Racing Secretary
Butch Murray	Starter & Paddock Judge
Mike Iles.	Horse Identifier & Clocker
Polly Goins.	Placing Judge & Clocker
Pamela Howard.	Clerk of Scales
David Orton, D.V.M.	Track Veterinarian
Richard B. McKee, D.V.M.	State Veterinarian
Dell Jessop, Jr.	Jockey Room Custodian
A. F. Harding.	Stable Superintendent
Ross Sinclair.	Track Superintendent
George Smith	Chief of Security
Jerry Russell.	Pari-Mutuel Manager
Ernest A. Romero	NMSRC Auditor
Bill Duree	Outrider
Dominic Duree.	Outrider
Alan Stearns	Accountant
Bill Wood.	Plant Manager
Polly Miller	Marketing
Anna Fay Davis	Horsemen's Bookkeeper
Paul Nicholson	Publicity & Announcer
J. R. Shiveley, M.D.	Track Physician
Eric Moyers	Track Photographer

SERVICES

United Totalisator Company	Pari-Mutuel Equipment
Webb Telemedia Corporation	Video, Photo Finish & Timing
Tru-Center	Starting Gate
Rick Johnson & Company	Advertising

1985

LA MESA PARK

RACING OFFICIALS

A. J. "Tony" Mangino	General Manager
Dave Keiter.	NMSRC Steward
Hiram Valentini.	Steward
Donald Eikleberry.	Steward
T. A. "Andy" Gillespie	Racing Secretary
Kathern Cruzan	Concessions
Hanns C. Schwyzer.	Track Physician
Bob Traynor.	Starter & Paddock Judge
Johnny Graham.	Track Superintendent
Joe Gagliardi.	Pari-Mutuel Manager
Louis Collar	Clerk of Scales
James Arrington, D.V.M.	Track Veterinarian
Lloyd Skow, D.V.M.	State Veterinarian
Crystal Traynor.	Chart Caller
Robert Dabovich.	Jockey Room Custodian
Robert Gonzales.	Chief of Security
Gary Stevens	Barn Area Security
Richard Barela	Grandstand Security
Edrie Trent.	Horsemen's Bookkeeper
Azar & Associates.	NMSRC Auditor
Gloria Garner.	Track Photographer
Bill Donati.	Publicity Director
Inge Knox.	Publicity Assistant
Bill Donati.	Announcer
Gary Stevens	Clocker
Louis Collar	Clocker
Joseph Martinez.	Clocker

SERVICES

Webb Telemedia	Film Patrol & Photo Finish
--------------------------	----------------------------

1985

RUIDOSO DOWNS

RACING OFFICIALS

H. Rick Henson	General Manager
Richard D. Lidberg	Assistant General Manager
Jeff Thrasher	NMSRC Steward
Bruce Brinkley	Steward
Gordon Graham	Steward
Harold L. Payne	Racing Secretary
Scott Golightly	Assistant Racing Secretary
William Powers	Paddock Judge
Dean Turpitt	Starter
Michael Hedeman	Clerk of Scales
Iedro Rodriguez	Identifier
Tom R. Carroll, D.V.M.	State Veterinarian
William Pitt, D.V.M.	Track Veterinarian
Jack Chambers	Timer
Kenneth Shockey	Chief of Security
J. E. Knott	Pari-Mutuel Manager
Ray Montoya	Track Superintendent
John Payne	Stable Superintendent
Frank Olmstead	NMSRC Auditor
Bill Thomas	Public Relations
Randall Summers	Director of Horse Sales
Michael R. Fones	Director of Publicity
Frank Cummins	Manager of Operations
Robert Welch	Manager of Concessions
Joan Chase	Office Manager
Robert Dudich	Announcer
Dickye Turner	Horsemen's Bookkeeper
Fred Bernard	Maintenance Superintendent
Bill Pitt, Jr.	Track Photographer
Dr. Don Simms	Track Physician
Dr. Ron Annala	Track Physician

SERVICES

American Totalisator	Pari-Mutuel System
Video Patrol, Inc.	Video, Photo Finish
Tru-Center	Starting Gate
Telcom Specialties, Ltd.	Timing & Message Board

1985
SAN JUAN DOWNS
RACING OFFICIALS

R. Dale Wood	General Manager
Albert Frazzini	NMSRC Steward
Dean Summers	Steward
Dale Parker	Steward
Fred Davis	Racing Secretary & Announcer
Gerald Quinn	Clerk of Scales
Hank Mills, Jr.	Starter & Identifier
Hank Demoney	Paddock Judge & Asst. Racing Secretary
Toby Lucero	Jockey Room Custodian
Tony Reynolds, D.V.M.	Track Veterinarian
Leroy Martinez, D.V.M.	State Veterinarian
Howard Donalson	Chief of Security
Bob Chisholm	Pari-Mutuel Manager
Leonard Lopez	NMSRC Auditor
Mark Stoneking	Track Superintendent
Earleen Baird	Horsemen's Bookkeeper
Silviano Martinez	Maintenance Superintendent
Bill Weldon	Track Photographer
Eduardo Schmidt	Track Physician
Ned Charani	Track Physician

SERVICES

Webb Telemedia	Video & Photo Finish
United Totalisator	Pari-Mutuel Equipment
Tru-Center	Starting Gate
Impressions	Souvenir Shop
C & M Concessions	Horsemen's Kitchen
Farrell Industries	Concessions

1985
STATE FAIR
RACING OFFICIALS

M. Steven Anaya	Manager
Allen Mosley	Director of Racing
Dean McKinney	Racing Secretary
Jeff Thrasher	NMSRC Steward
Bobbie Harmon	Steward
Bruce Brinkley	Steward
Gerry Howard	Assistant Steward
Scott Golightly	Assistant Racing Secretary
Butch Murray	Starter
Jerry Russell	Pari-Mutuel Manager
Leonard Lopez & Assocs.	NMSRC Auditor
Paul Tartaglia	Bank Manager
Pedro Rodriguez	Horse Identifier
Pam Howard	Paddock Judge & Clocker
Rick Kloepfel	Placing Judge
Buck Harris	Head Outrider
Ronnie Claridge	Outrider
Fred Davis	Announcer
James Jaramillo	Track Physician
Herbert Smith	Track Superintendent
Dominic Duree	AM Outrider
Rita Tibbits	Grandstand Nurse
Dean Summers	Clerk of Scales & Clocker
Dean Pavillard, D.V.M.	Track Veterinarian
Tom R. Carroll, D.V.M.	State Veterinarian
Glen Gross	Bugler
Dickye Turner	Horsemen's Bookkeeper
H. M. Grey	Jockey Room Custodian
Jess Sosa	Director of Security
Jim Culbertson	Horse Ambulance
Eric Moyers	Track Photographer

SERVICES

Telecom Specialties	Thoroughbred Split-Timer
Clay Puett's True Gate	Starting Gate
Video Patrol	Video & Photo Finish
American Totalisator	Pari-Mutuel Equipment

1985

SUNLAND PARK - SPRING

RACING OFFICIALS

H. Rick Henson	General Manager
Richard D. Lidberg	Assistant General Manager
Bill Thomas	Administrative Assistant
Jeff Thrasher	NMSRC Steward
Bruce Brinkley	Track Steward
Randall Summers	Track Steward
Gordon Graham	Racing Secretary
Scott Golightly	Assistant Racing Secretary
William Powers	Paddock Judge
Dean Turpitt	Starter
Michael Hedeman	Clerk of Scales
Pedro Rodriguez	Horse Identifier
William Pitt, D.V.M.	Track Veterinarian
Tom R. Carroll, D.V.M.	State Veterinarian
Jack Chambers	Timer
Kenneth Shockey	Chief of Security
J. E. Knott	Pari-Mutuel Manager
Frank Olmstead	NMSRC Auditor
Ray Montoya	Track Superintendent
John Payne	Stable Superintendent
Pete Drypolcher	Marketing/Publicity Consultant
Frank Cummins	Manager of Operations
Robert Welch	Manager of Concessions
Robert Dudich	Announcer
Dickye Turner	Horsemen's Bookkeeper
Joe Maldonado	Maintenance Superintendent
Bill Pitt, Jr.	Track Photographer
Dr. Ward Chesley	Track Physician
Dr. John Johnstone	Track Physician

SERVICES

American Totalisator Company	Pari-Mutuel Equipment
Video Patrol, Inc.	Video & Photo Finish
Tru-Center	Starting Gate
Telcom Specialties, Ltd.	Timing & Message Board

1985

SUNLAND PARK - FALL

RACING OFFICIALS

H. Rick Henson	General Manager
Richard D. Lidberg	Assistant General Manager
Dean Summers	NMSRC Steward
Harold Payne	Steward
Bruce Brinkley	Steward
Gordon Graham	Racing Secretary
Scott Golightly	Assistant Racing Secretary
William Powers	Paddock Judge
Dean Turpitt	Starter
Pedro Rodriguez	Horse Identifier
Michael Hedeman	Clerk of Scales
John Payne	Stall Superintendent
William Pitt, D.V.M.	Track Veterinarian
Tom R. Carroll, D.V.M.	State Veterinarian
Jack Chambers	Timer
Kenneth Shockey	Chief of Security
J. E. Knott	Pari-Mutuel Manager
Azar & Associates	NMSRC Auditor
Bill Thomas	Public Relations
Bobbie Jo King	Comptroller
Michael R. Fones	Publicity Director
Dickye Turner	Horsemen's Bookkeeper
Robert Welch	Manager of Concessions
Frank Cummins	Manager of Operations
Joe Maldonado	Maintenance Superintendent
Bill Pitt, Jr.	Track Photographer
Robert Dudich	Announcer
Bill Hilscher	Outrider
Ron Ober	Outrider
Dr. Ward Chesley	Track Physician
Dr. John Johnstone	Track Physician

SERVICES

American Totalisator Company	Pari-Mutuel Equipment
Video Patrol, Inc.	Video & Photo Finish
Tru-Center	Starting Gate
Telcom Specialties, Ltd.	Timing & Message Board

TRENDS IN WAGERING

	<u>YEAR</u>	<u>STRAIGHT PLACE AND SHOW</u>	<u>DAILY DOUBLE</u>	<u>QUINELLA</u>	<u>EXACTA</u>	<u>TRIFECTA</u>	<u>PIC-SIX</u>	<u>TOTAL</u>
Dollars	1985	57,067,391	5,365,515	37,837,495	7,611,092	33,914,699	2,410,650	144,206,842
% of Total	1985	.39	.04	.26	.05	.24	.02	100 %
Dollars	1984	54,572,753	5,438,345	40,081,234	3,132,951	30,850,610	2,595,998	136,671,891
% of Total	1984	.40	.04	.30	.02	.22	.02	100 %
Dollars	1983	52,436,291	5,487,050	40,682,411	1,947,664	27,041,419		127,594,835
% of Total	1983	41.10	4.30	31.88	1.53	21.19		100 %
Dollars	1982	55,723,629	5,866,760	47,617,050	1,490,968	10,165,340	8,307,056	129,170,803
% of Total	1982	43.15	4.54	36.86	1.15	7.87	6.43	100 %
Dollars	1981	53,808,347	5,420,898	47,081,300		3,351,297	7,493,415	117,155,257
% of Total	1981	45.92	4.63	40.19		2.86	6.40	100 %
Dollars	1980	52,415,596	4,948,415	40,988,492			8,439,272	106,791,765
% of Total	1980	49.09	4.63	38.38			7.90	100 %
Dollars	1979	52,249,455	4,478,596	37,564,479			7,384,611	101,677,141
% of Total	1979	51.40	4.40	36.94			7.26	100 %

ATTENDANCE AND PARI-MUTUEL WAGERING

1985

	<u>NO. OF DAYS</u>	<u>ATTENDANCE</u>	<u>DAILY AVERAGE</u>	<u>PARI-MUTUEL HANDLE</u>	<u>AVERAGE</u>	<u>PER CAPITA WAGERING</u>
La Mesa Park	61	70,994	1,163	11,275,253	184,840	158.81
Ruidoso Downs	70	316,194	4,517	33,781,719	482,595	106.83
Downs at Santa Fe	72	252,244	3,503	30,419,047	422,486	120.59
State Fair	25	191,811	7,672	21,349,657	853,986	111.30
San Juan Downs	56	72,479	1,294	4,607,559	82,277	63.57
Downs at Albuquerque	27	127,764	4,732	15,167,983	561,777	118.71
Sunland Park	90	358,287	3,980	27,605,624	360,729	77.04
TOTALS AND AVERAGES	401	1,389,773	3,466	144,206,842	103,763	103.77

1984

La Mesa Park	62	73,751	1,190	11,833,821	190,868	160.46
Ruidoso Downs	70	319,145	4,559	35,869,091	512,416	112.39
Downs at Santa Fe	69	268,715	3,894	31,604,151	458,031	117.61
State Fair	25	223,209	8,928	23,239,400	929,576	104.11
San Juan Downs	26	40,882	1,572	2,267,303	87,204	55.46
Sunland Park	91	363,179	3,991	31,858,125	350,089	87.72
TOTALS AND AVERAGES	343	1,288,881	3,758	136,671,891	398,460	106.04

1983

La Mesa Park	61	100,957	1,655	12,722,643	208,568	126.00
Ruidoso Downs	74	334,942	4,526	38,263,504	517,074	114.24
Downs at Santa Fe	69	262,039	3,798	29,525,402	427,904	113.00
State Fair	17	204,641	10,815	17,137,955	1,008,115	93.22
Sunland Park	85	240,198	2,826	29,945,351	352,298	124.67
TOTALS AND AVERAGES	306	1,142,777	3,617	127,594,835	416,977	115.27

WAGERING AND DISTRIBUTION

1985

	<u>NO. OF DAYS</u>	<u>TOTAL HANDLE</u>	<u>RETURN TO PUBLIC</u>	<u>COMMISSION</u>	<u>BREAKAGE</u>	<u>CAPITAL IMPROVEMENT</u>	<u>STATE TAX</u>
La Mesa Park	61	11,275,253	8,919,674.20	2,023,555.12	104,756.96	219,074.40	8,188.32
Ruidoso Downs	70	33,781,719	26,766,361.65	5,654,972.14	282,764.69	344,965.62	732,654.90
Downs at Santa Fe	72	30,419,047	24,079,244.35	5,301,240.25	200,426.12	354,760.50	483,375.78
State Fair	25	21,349,657	16,907,743.95	3,881,521.47	133,398.44	125,000.00	31,998.44
San Juan Downs	56	4,607,559	3,646,792.30	830,001.60	38,614.46	92,151.18	-0-
Downs at Albuquerque	27	15,167,983	12,008,916.55	2,544,681.20	102,556.27	135,000.00	376,828.98
Sunland Park	90	27,605,624	22,032,336.75	4,991,057.03	193,790.03	433,061.88	165,280.93
TOTALS	401	144,206,842	114,361,069.75	25,227,028.81	1,056,306.97	1,704,013.58	2,068,327.35

1984

La Mesa Park	62	11,833,821	9,368,301.20	2,114,108.37	111,830.14	226,441.22	13,140.07
Ruidoso Downs	70	35,869,091	28,386,291.75	5,969,444.77	330,420.54	345,898.66	837,035.28
Downs at Santa Fe	69	31,604,151	25,022,994.30	5,454,626.21	211,819.05	344,979.36	569,732.08
State Fair	25	23,239,400	18,414,229.40	4,222,117.69	138,264.91	125,000.00	339,788.00
San Juan Downs	26	2,267,303	1,791,349.35	406,168.60	24,438.99	45,346.06	-0-
Sunland Park	91	31,858,125	25,192,802.91	5,716,274.24	205,983.28	447,038.86	296,025.71
TOTALS	343	136,671,891	108,175,968.91	23,882,739.88	1,022,756.91	1,534,704.16	2,055,721.14

1983

La Mesa Park	61	12,722,643	10,074,478.25	2,265,641.83	124,241.22	241,315.30	16,966.40
Ruidoso Downs	74	38,263,504	30,286,183.10	6,351,017.31	358,213.48	368,019.08	900,071.03
Downs at Santa Fe	69	29,525,402	25,369,611.76	5,142,388.79	208,484.11	345,000.00	459,917.34
State Fair	17	17,137,955	13,575,430.10	3,113,205.38	106,560.42	85,000.00	257,759.10
Sunland Park	85	29,945,331	23,839,231.80	5,207,948.26	198,880.15	424,396.20	274,874.59
TOTALS	306	127,594,835	101,144,935.01	22,080,201.57	996,379.38	1,463,730.58	1,909,588.46

RACING REVENUE TO THE STATE

1985

	<u>NO. OF DAYS</u>	<u>ADMISSION TAX</u>	<u>PARI-MUTUEL TAX</u>	<u>DAILY LICENSE FEE</u>	<u>OCCUPATIONAL LICENSE FEES</u>	<u>OCCUPATIONAL FINES</u>	<u>TOTAL STATE REVENUE</u>
La Mesa Park	61	7,099.40	8,188.32	18,300.00	7,900.00	3,575.00	45,062.72
Ruidoso Downs	70	26,355.60	732,654.90	21,000.00	14,155.50	10,260.00	804,426.00
Downs at Santa Fe	72	18,929.00	483,375.78	21,600.00	6,177.50	5,050.00	535,132.28
State Fair	25	16,138.30	301,998.44	250.00	2,997.00	1,025.00	322,408.74
San Juan Downs	56	5,578.30	-0-	16,800.00	9,982.00	3,700.00	36,060.30
Downs at Albuquerque	27	9,606.70	376,828.98	8,100.00	10,691.00	1,100.00	406,326.68
Sunland Park	90	27,553.30	165,280.93	27,000.00	26,464.00	9,440.00	255,738.23
Commission Fines						1,300.00	1,300.00
TOTALS	401	111,260.60	2,068,327.35	113,050.00	78,367.00	35,450.00	2,406,454.95

1984

La Mesa Park	62	7,375.10	13,140.07	18,600.00	11,431.50	3,675.00	54,221.67
Ruidoso Downs	70	26,146.60	837,035.28	21,000.00	15,072.00	7,180.00	906,433.88
Downs at Santa Fe	69	21,079.50	569,732.08	20,700.00	10,883.00	5,100.00	627,494.58
State Fair	25	21,266.80	339,788.00	250.00	4,281.00	775.00	366,360.80
San Juan Downs	26	2,648.50	-0-	7,800.00	7,709.00	250.00	18,407.50
Sunland Park	91	27,851.40	296,025.71	27,307.00	27,220.00	8,095.00	386,492.11
Commission Fines						4,000.00	4,000.00
TOTALS	343	106,367.90	2,055,721.14	95,650.00	76,596.50	29,075.00	2,363,410.53

1983

La Mesa Park	61	8,586.40	16,966.40	18,300.00	11,689.00	2,897.00	58,438.80
Ruidoso Downs	74	26,491.60	900,071.03	22,200.00	15,797.00	2,725.00	967,284.63
Downs at Santa Fe	69	21,686.90	459,917.03	20,700.00	11,407.00	6,705.00	520,416.24
State Fair	17	18,384.80	257,759.10	170.00	3,910.00	1,150.00	281,373.90
Sunland Park	85	17,844.30	274,874.59	25,500.00	24,799.00	8,845.00	351,862.89
Commission Fines						750.00	750.00
TOTALS	306	92,994.00	1,919,588.46	86,870.00	67,602.00	23,072.00	2,180,126.46

THOROUGHBRED AND QUARTER HORSE WAGERING AND AVERAGES

1985

	<u>NO. OF RACES</u>	<u>THOROUGHBRED HANDLE</u>	<u>AVERAGE PER RACE</u>	<u>NO. OF RACES</u>	<u>QUARTER HORSE HANDLE</u>	<u>AVERAGE PER RACE</u>
La Mesa Park	415	6,357,843.50	15,320.10	373	4,917,409.50	13,183.40
Ruidoso Downs	414	18,648,064.49	45,043.63	431	15,133,654.51	36,554.72
Downs at Santa Fe	598	25,452,236.00	42,562.26	173	4,966,811.00	28,709.89
State Fair	222	16,884,500.00	76,056.30	86	4,465,157.00	51,920.43
San Juan Downs	294	2,484,252.00	8,449.83	338	2,123,307.00	6,281.97
Downs at Albuquerque	210	11,842,241.00	56,391.62	88	3,325,742.00	37,792.52
Sunland Park	683	20,281,911.15	29,695.33	358	7,323,712.85	20,457.29
TOTALS	2,836	101,951,048.14	35,948.89	1,847	42,255,793.86	22,878.02

1984

La Mesa Park	417	6,670,496.00	15,996.39	367	5,163,325.00	14,069.01
Ruidoso Downs	400	18,430,092.50	46,075.23	448	17,438,998.50	38,926.34
Downs at Santa Fe	580	25,776,453.00	44,442.16	182	5,827,698.00	32,020.32
State Fair	220	18,810,852.00	85,503.87	80	4,220,822.00	52,760.28
San Juan Downs	96	907,484.00	9,452.96	168	1,359,819.00	8,094.16
Sunland Park	686	23,255,930.01	33,900.77	370	8,602,194.99	23,249.18
TOTALS	2,399	93,851,307.51	39,121.01	1,615	42,612,857.00	26,385.67

1983

La Mesa Park	411	7,310,354.50	17,786.75	358	5,412,288.50	15,118.12
Ruidoso Downs	428	20,351,784.00	47,550.90	467	17,911,720.00	38,354.86
Downs at Santa Fe	567	23,582,473.00	41,591.66	197	5,942,929.00	30,167.15
State Fair	149	13,555,383.50	90,975.73	55	3,422,439.50	62,226.17
Sunland Park	647	21,464,502.50	33,175.43	356	8,480,828.50	23,822.55
TOTALS	2,202	86,264,497.50	39,175.52	1,433	41,170,205.50	28,730.08

TYPE OF WAGERING

QUARTER HORSE

1985

	<u>NO. OF RACES</u>	<u>STRAIGHT PLACE. SHOW</u>	<u>DAILY DOUBLE</u>	<u>QUINELLA</u>	<u>TRIFECTA</u>	<u>EXACTA</u>	<u>PIC-SIX</u>	<u>QUARTER HORSE TOTAL HANDLE</u>	<u>GRAND TOTAL</u>
La Mesa Park	373	2,348,039	70,246.50	1,302,775	998,121	98,228	-0-	4,917,409.50	11,275,253
Ruidoso Downs	431	8,040,186	620,378.00	4,602,578	1,181,161	-0-	700,440.51	15,133,654.51	33,781,719
Downs at Santa Fe	173	2,231,359	396,753.00	1,960,744	92,184	285,821	-0-	4,966,811.00	30,419,047
State Fair	86	2,008,893	29,837.00	2,009,999	57,485	385,943	-0-	4,465,157.00	21,349,657
San Juan Downs	338	1,087,315	77,457.00	570,983	169,771	180,624	37,157.00	2,123,307.00	4,607,559
Downs at Albuquerque	88	1,563,777	267,561.00	1,261,646	-0-	232,758	-0-	3,325,742.00	15,167,983
Sunland Park	358	2,888,826	536,844.00	3,445,348	225,716	-0-	226,978.85	7,323,712.85	27,605,624
TOTALS	1,847	20,168,395	1,999,076.50	15,154,073	2,724,438	1,156,374	964,576.36	42,255,793.86	144,206,842

1984

La Mesa Park	367	2,627,241	196,623.00	1,415,441	781,591	142,429	-0-	5,163,325.00	11,833,821
Ruidoso Downs	448	8,732,125	719,630.00	5,000,250	2,058,836	-0-	928,157.50	17,438,998.50	35,869,091
Downs at Santa Fe	182	2,579,967	429,480.00	2,042,271	90,346	685,634	-0-	5,827,698.00	31,604,151
State Fair	83	2,029,856	324,209.00	1,999,497	-0-	74,986	-0-	4,428,548.00	23,239,400
San Juan Downs	168	708,961	68,903.00	526,334	55,621	-0-	-0-	1,359,819.00	2,267,303
Sunland Park	370	3,199,005	485,634.50	4,494,837	154,539	-0-	268,179.49	8,602,194.99	31,858,125
TOTALS	1,618	19,877,155	2,224,479.50	15,478,630	3,140,933	903,049	1,196,336.99	42,820,583.49	136,671,891

1983

La Mesa Park	358	2,979,401	198,553.50	1,655,276	344,156	244,902	-0-	5,412,288.50	12,722,643
Ruidoso Downs	467	9,572,168	680,986.00	5,964,345	1,694,221	-0-	-0-	17,911,720.00	38,263,504
Downs at Santa Fe	197	2,658,284	398,311.00	2,336,044	33,097	517,193	-0-	5,942,929.00	29,525,402
State Fair	55	1,563,352	176,215.50	1,682,872	-0-	-0-	-0-	3,422,439.50	17,137,955
Sunland Park	356	3,206,280	151,359.50	4,844,248	278,931	-0-	-0-	8,480,828.50	29,945,331
TOTALS	1,433	19,979,485	1,605,425.50	16,482,785	2,350,405	762,095		41,170,205.50	127,594,835

TYPE OF WAGERING

THOROUGHBRED

1985

	<u>NO. OF RACES</u>	<u>STRAIGHT PLACE, SHOW</u>	<u>DAILY DOUBLE</u>	<u>QUINELLA</u>	<u>TRIFECTA</u>	<u>EXACTA</u>	<u>PIC-SIX</u>	<u>THOROUGHBRED TOTAL HANDLE</u>
La Mesa Park	415	2,550,733	242,846.50	1,370,018	1,696,505	197,741	-0-	6,357,843.50
Ruidoso Downs	414	8,040,186	610,689.00	4,302,260	4,849,357	-0-	845,572.49	18,648,064.49
Downs at Santa Fe	598	8,818,174	695,772.00	5,195,685	7,922,551	2,820,059	-0-	25,452,236.00
State Fair	222	5,764,882	661,788.00	3,190,743	5,395,802	1,871,285	-0-	16,884,500.00
San Juan Downs	294	931,715	51,701.00	251,010	974,365	249,472	25,989.00	2,484,252.00
Downs at Albuquerque	210	4,159,024	341,752.00	2,105,710	3,919,594	1,316,161	-0-	11,842,241.00
Sunland Park	683	6,345,371	661,940.00	6,268,001	6,432,087	-0-	574,512.15	20,281,911.15
TOTALS	2,836	36,610,085	3,266,488.50	22,683,427	31,190,261	6,454,718	1,446,073.64	101,951,048.14

1984

La Mesa Park	417	3,212,936	265,881.00	1,301,032	1,591,252	299,395	-0-	6,670,496.00
Ruidoso Downs	400	8,162,135	612,589.00	4,608,505	4,351,823	-0-	695,040.50	18,430,092.50
Downs at Santa Fe	580	9,310,058	817,147.00	7,055,056	7,737,937	856,255	-0-	25,776,453.00
State Fair	220	6,564,137	474,786.00	4,779,896	5,917,781	1,074,252	-0-	18,810,852.00
San Juan Downs	96	385,082	14,247.00	249,743	258,412	-0-	-0-	907,484.00
Sunland Park	686	7,061,250	1,029,215.50	6,608,372	7,852,472	-0-	704,620.51	23,255,930.01
TOTALS	2,399	34,695,598	3,213,865.50	24,602,604	27,709,677	2,229,902	1,399,661.01	93,851,307.51

1983

La Mesa Park	411	3,590,505	283,196.50	2,043,150	1,154,161	239,342	-0-	7,310,354.50
Ruidoso Downs	428	8,926,425	872,761.00	5,096,618	5,455,980	-0-	-0-	20,351,784.00
Downs at Santa Fe	567	8,587,418	850,730.00	6,500,294	6,697,804	946,227	-0-	23,582,473.00
State Fair	149	4,712,151	496,848.50	4,099,257	4,247,127	-0-	-0-	13,555,383.50
Sunland Park	647	6,560,093	1,382,465.50	6,376,012	7,145,932	-0-	-0-	21,464,502.50
TOTALS	2,202	32,376,592	3,886,001.50	24,115,331	24,701,004	1,185,569		86,264,497.50

PURSE DISTRIBUTION

THOROUGHBRED

<u>1985</u>	<u>NO. OF RACES</u>	<u>TRACK PURSE</u>	<u>CONTRIBUTION</u>	<u>TOTAL PURSE</u>	<u>COMBINED PURSE</u>
La Mesa Park	415	517,600	283,141.20	800,741.20	
Ruidoso Downs	414	1,471,200	406,510.86	1,877,710.86	
Downs at Santa Fe	598	2,115,610	602,775.00	2,718,385.00	
State Fair	222	1,537,800	155,684.69	1,693,484.69	
San Juan Downs	294	315,900	35,153.97	351,053.97	
Downs at Albuquerque	210	896,372	21,550.00	917,922.00	
Sunland Park	683	1,628,300	560,712.75	2,189,012.75	
TOTALS	2,836	8,482,782	2,065,528.47	10,548,310.47	

QUARTER HORSE

La Mesa Park	373	461,800	833,028.73	1,294,828.73	2,095,569.93
Ruidoso Downs	431	1,425,100	6,459,820.00	7,884,920.00	9,762,630.86
Downs at Santa Fe	173	494,620	120,629.00	615,249.00	3,333,634.00
State Fair	86	592,000	295,637.27	887,637.27	2,581,121.96
San Juan Downs	338	369,525	272,769.43	642,294.43	993,348.40
Downs at Albuquerque	88	321,900	13,750.00	335,650.00	1,253,572.00
Sunland Park	358	833,200	786,432.12	1,619,632.12	3,808,644.87
TOTALS	1,847	4,498,145	8,782,066.55	13,280,211.55	23,828,522.02

1984

THOROUGHBRED

La Mesa Park	417	571,500	290,916.14	862,416.14	
Ruidoso Downs	400	1,462,100	348,241.56	1,810,341.56	
Downs at Santa Fe	580	2,096,750	733,134.30	2,829,884.30	
State Fair	220	1,532,100	128,394.27	1,660,494.27	
San Juan Downs	96	110,125	33,503.50	143,628.50	
Sunland Park	686	1,824,100	506,444.24	2,330,544.24	
TOTALS	2,399	7,596,675	2,040,634.01	9,637,309.01	

QUARTER HORSE

La Mesa Park	367	505,400	723,961.51	1,229,361.51	2,091,777.65
Ruidoso Downs	448	1,545,900	6,522,584.00	8,068,484.00	9,878,825.56
Downs at Santa Fe	182	558,100	160,131.72	718,231.72	3,548,116.02
State Fair	83	565,700	247,334.62	813,034.62	2,473,528.89
San Juan Downs	168	192,150	134,171.16	326,321.16	469,949.66
Sunland Park	370	932,300	837,100.02	1,769,400.02	4,099,944.26
TOTALS	1,618	4,299,550	8,625,283.03	12,924,833.03	22,562,142.04

TRACK RETAINED PARI-MUTUEL REVENUE AND PURSE DISTRIBUTION

1985

THOROUGHBRED

	<u>NO. OF DAYS</u>	<u>COMMISSION AFTER STATE TAX</u>	<u>BREAKAGE</u>	<u>TOTAL RETAINED REVENUE</u>	<u>PURSE</u>	<u>COMBINED TRACK PURSE</u>
La Mesa Park	61	1,128,605.41	58,663.90	1,187,269.31	517,600	
Ruidoso Downs	70	2,707,274.49	155,520.58	2,862,795.07	1,471,200	
Downs at Santa Fe	72	4,047,006.15	168,357.94	4,215,364.09	2,115,610	
State Fair	25	2,827,823.19	105,384.77	2,933,207.96	1,537,800	
San Juan Downs	56	448,200.86	20,851.81	469,052.67	315,900	
Downs at Albuquerque	27	1,690,924.73	79,993.89	1,770,918.62	896,372	
Sunland Park	90	3,522,816.55	141,466.72	3,664,283.27	1,628,300	
TOTALS	401	16,372,651.38	730,239.61	17,102,890.99	8,482,782	

QUARTER HORSE

La Mesa Park	61	886,761.39	46,093.06	932,854.45	461,800	979,400
Ruidoso Downs	70	2,215,042.75	127,244.11	2,342,286.86	1,425,100	2,896,300
Downs at Santa Fe	72	770,858.32	32,068.18	802,926.50	494,620	2,610,230
State Fair	25	751,699.84	28,013.67	779,713.51	592,000	2,129,800
San Juan Downs	56	381,800.74	17,762.65	399,563.39	369,525	685,425
Downs at Albuquerque	27	476,927.49	22,562.38	499,489.87	321,900	1,218,272
Sunland Park	90	1,302,959.55	52,323.31	1,355,282.86	833,200	2,461,500
TOTALS	401	6,786,050.08	326,067.36	7,112,117.44	4,498,145	12,980,927

1984

THOROUGHBRED

La Mesa Park	62	1,121,276	62,625.00	1,183,901.00	571,500	
Ruidoso Downs	70	2,875,902	168,514.00	3,044,416.00	1,462,100	
Downs at Santa Fe	69	4,299,102	173,692.00	4,472,794.00	2,096,750	
State Fair	25	3,307,921	111,995.00	3,419,916.00	1,532,100	
San Juan Downs	26	152,692	9,776.00	162,468.00	110,125	
Sunland Park	91	4,022,512	150,367.00	4,172,879.00	1,824,100	
TOTALS	343	15,779,405	676,969.00	16,456,374.00	7,596,675	

QUARTER HORSE

La Mesa Park	62	881,002	49,205.00	930,207.00	505,400	1,076,900
Ruidoso Downs	70	2,763,122	161,906.00	2,925,028.00	1,545,900	3,008,000
Downs at Santa Fe	69	943,705	38,127.00	981,832.00	558,100	2,654,850
State Fair	25	775,932	26,270.00	802,202.00	565,700	2,097,800
San Juan Downs	26	229,038	14,663.00	243,701.00	192,150	302,275
Sunland Park	91	1,487,778	55,615.00	1,543,393.00	932,300	2,756,400
TOTALS	343	7,080,577	345,786.00	7,426,363.00	4,299,550	11,896,225

SUMMARY OF OCCUPATIONAL LICENSES ISSUED IN 1985

<u>STATE</u>	<u>OWNERS</u>	<u>TRAINERS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>STATE</u>	<u>OWNERS</u>	<u>TRAINERS</u>	<u>OTHERS</u>	<u>TOTAL</u>
Alaska	3	0	0	3	Texas	1,909	291	1,175	3,375
Alabama	4	0	1	5	Utah	66	9	16	91
Arkansas	14	4	16	34	Virginia	2	1	0	3
Arizona	231	69	188	488	Washington	4	4	8	16
California	92	16	53	161	Wisconsin	1	0	1	2
Colorado	737	143	269	1,149	West Virginia	0	0	2	2
Florida	22	5	21	48	<u>Foreign Countries:</u>				
Georgia	6	1	1	8	Canada	1	0	3	4
Hawaii	0	0	1	1	Mexico	29	6	194	229
Iowa	10	1	8	19	Venezuela	2	0	1	3
Idaho	17	5	6	28	Sub-Total	3,918	687	2,249	6,854
Illinois	15	0	6	21	New Mexico	1,894	400	3,707	6,001
Indiana	5	0	0	5	TOTAL - 1985	5,812	1,087	5,956	12,855
Kansas	133	17	33	183	Comparison - 1984				
Kentucky	11	0	3	14	Sub-Total	3,694	623	2,215	6,532
Louisiana	17	8	12	37	New Mexico	1,669	365	3,408	5,442
Massachusetts	1	0	0	1	TOTAL - 1984	5,363	988	5,623	11,974
Maryland	3	0	0	3	Comparison - 1983				
Michigan	7	0	8	15	Sub-Total	3,559	559	2,210	6,328
Minnesota	8	1	1	10	New Mexico	1,449	286	2,760	4,495
Missouri	8	3	17	28	TOTAL - 1983	5,008	845	4,970	10,823
Montana	14	4	14	32	1985 - 41 states and 3 foreign countries were represented.				
North Carolina	2	0	0	2	1984 - 43 states and 3 foreign countries were represented.				
North Dakota	2	1	0	3	1983 - 43 states and 3 foreign countries were represented.				
Nebraska	24	1	11	36					
Nevada	11	0	2	13					
New York	4	1	4	9					
Ohio	7	0	3	10					
Oklahoma	478	90	153	721					
Oregon	6	5	9	20					
Pennsylvania	2	0	1	3					
Rhode Island	1	0	1	2					
South Dakota	5	1	5	11					
Tennessee	4	0	2	6					

Twenty-Ninth Report

of the

**Washington
Horse Racing Commission
210 E. Union
Olympia, WA 98501**

to

**The Governor of Washington
Booth Gardner**

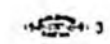
and

The Forty-Ninth Legislature

STATE OF WASHINGTON



1985



Governor Booth Gardner
and
Members of the Legislature
State of Washington

Ladies and Gentlemen:

Pursuant to the provisions of the Washington Horse Racing Act, House Bill No. 59, Legislature of the State of Washington, the same being Chapter 55, of the Laws of 1933 as amended (RCW 67.16.010-67.16.900), the Washington Horse Racing Commission herewith submits its twenty-ninth report for the period beginning January 1, 1985, to, and including December 31, 1985.

Respectfully submitted,

WASHINGTON HORSE RACING
COMMISSION

Warren Chinn, *Chairman*
Barbara Black, *Commissioner*
Lyle Smith, *Commissioner*
Billy Aliment, *Executive Secretary*

SUMMARY OF PARI-MUTUEL TAXES FROM 1933 — 1985

Racing Season	Pari-Mutuel Tax Collected	Licenses and Registration Fees
1933	\$ 73,805.75	\$ 6,554.00
1934	149,059.90	6,542.00
1935	155,322.60	8,236.00
1936	165,979.45	10,670.00
1937	155,190.05	10,871.00
1938	175,419.75	8,093.00
1939	184,642.45	9,207.00
1940	178,392.75	9,022.00
1941	196,256.60	8,748.00
1942	227,894.40	6,312.00
1943	No Racing	No Racing
1944	458,635.45	9,178.00
1945	730,622.45	10,608.00
1946	885,568.10	11,903.00
1947	700,340.40	10,931.00
1948	678,581.00	11,633.00
1949	608,128.25	11,364.00
1950	587,647.95	11,374.00
1951	679,887.20	11,927.00
1952	776,831.20	12,429.00
1953	832,324.80	11,537.00
1954	854,371.60	11,590.00
1955	873,042.60	11,623.00
1956	967,555.35	12,414.00
1957	1,050,354.05	12,960.00
1958	1,058,130.30	12,914.00
1959	1,166,198.05	13,467.00
1960	1,175,570.05	14,395.00
1961	1,325,027.65	15,001.00
1962	1,354,425.10	16,529.00
1963	1,367,403.15	16,653.00
1964	1,490,287.75	17,024.00
1965	1,579,193.60	18,651.00
1966	1,735,117.35	20,808.00
1967	1,892,697.65	20,075.00
1968	2,147,178.00	21,830.00
1969	2,346,364.52	21,225.00
1970	2,568,801.16	24,322.00
1971	2,943,937.42	27,294.00
1972	3,264,267.45	29,614.00
1973	3,868,486.71	32,025.00
1974	4,302,006.50	31,451.00
1975	4,950,644.60	33,714.00
1976	5,536,718.55	37,106.00
1977	5,913,214.27	39,892.00
1978	6,522,080.81	39,924.00
1979	7,273,352.11	42,246.00
1980	7,817,741.11	52,883.00
1981	9,464,688.53	57,389.00
1982	9,674,268.28	199,282.00
1983	9,782,813.93	245,206.00
1984	9,707,541.32	251,910.00
1985	8,981,259.25	245,402.00
	<u>\$133,753,169.27</u>	<u>\$ 1,846,268.00</u>

RACING DATES — 1985

LONGACRES AT RENTON	April 3 through October 14.	133 racing days
PLAYFAIR AT SPOKANE	May 1 through October 21.	101 racing days
YAKIMA MEADOWS AT YAKIMA	March 2 through April 1. April 6 through June 10.	15 racing days 30 racing days
	August 31 through October 6. October 12 through December 1.	15 racing days 23 racing days
SUN DOWNS AT KENNEWICK	March 2 through October 20.	26 racing days
SOUTHEASTERN WASHINGTON FAIR AT WALLA WALLA	May 11 & 12 August 30, 31 & September 1, 2,	2 racing days 4 racing days
DAYS OF REAL SPORT AT WAITSBURG	May 18 & 19.	2 racing days
DAYTON DAYS AT DAYTON	May 25, 26 and 27.	3 racing days
GRAYS HARBOR PARK AT ELMA	July 20, 21, 22, 27, 28, 29,	6 racing days
SOUTHWEST WASHINGTON FAIR AT CHEHALIS	August 17, 18, 20, 24, 25.	5 racing days

PARI-MUTUEL TAXES — 1985

LONGACRES-WASHINGTON JOCKEY CLUB	\$7,979,296.90
PLAYFAIR-APPLEWAY LEASING, INC.....	687,241.32
YAKIMA MEADOWS-YAKIMA VALLEY TURF CLUB ..	257,972.17
SUN DOWNS-SUN DOWNS, LTD.....	27,341.36
WALLA WALLA-SOUTHEASTERN WASHINGTON FAIR & FRONTIER DAYS	5,124.11
WAITSBURG-DAYS OF REAL SPORT	1,143.65
DAYTON-DAYTON DAYS, INC.....	1,631.39
ELMA-GRAYS HARBOR PARK	5,526.65
CHEHALIS-SOUTHWEST WASHINGTON FAIR	1,588.71
TOTAL	\$8,966,866.26

REGISTRATION AND LICENSES

	1985
Prospective Owners	66
Owners	6,154
Trainers	992
Jockeys	222
Occupationals	3,602
Veterinarians, Platers	106
Authorized Agents	422
Jockey Agents	31
Stable Names	644
Total	12,239

WASHINGTON BRED BONUS FUND

The Washington State Legislature amended the horse racing act to provide a Washington bred bonus fund (RCW 67.16.102) in 1969. This act provided an incentive to Washington horse breeders to produce superior horses allowing them to participate in bonus payments. Owners of Washington bred horses finishing first, second, third or fourth at Washington tracks receive bonus payments over and above the purse monies distributed by the racing association.

The bonus fund authorizes the Washington Horse Racing Commission, to receive daily, from the licensee, one percent of the gross receipts of all pari-mutuel machines which sum is distributed according to the following formula:

The bonus will increase the amount each Washington-bred earns finishing first, second, third or fourth at the meet on or after August 11, 1969, by the same percentage which the total amount accumulated by the one-percent withheld bears to the total amount earned at the meet by Washington-bred horses finishing first, second, third and fourth. In stake races, only added monies will be considered in computing the bonus.

Pursuant to RCW 67.16.102, licensees are not to take into consideration the benefits derived from the Washington-bred bonus fund in establishing purses.

The bonus fund accumulation at each racing association meeting is deposited by the Washington Horse Racing Commission and at the conclusion of the respective race meeting the funds are distributed to the eligible recipients by the Racing Commission. Race meets which are nonprofit in nature, or of ten days or less or which have an average daily handle of less than one hundred twenty thousand dollars are exempted from withholding the one percent of gross receipts for this bonus fund.

Under RCW 67.16.102 the funds, while they are in the custody of the Racing Commission, are invested in interest bearing certificates of deposit and the interest earned is distributed annually on an equal basis to race courses at which independent race meets are held which are nonprofit and of ten days or less. This money must be used for maintaining and upgrading the respective race courses and equine storage areas of said nonprofit meets.

The fund benefits the breeding industry and the public. It serves to produce higher quality horses and therefore better racing. It also allows the nonprofit meets to upgrade their facilities.

RCW 67.16.102 provides further that interest earned from the Commission's share of pari-mutuel taxes and license fees, as provided for in RCW 67.16.100, shall also be distributed annually to race courses at which nonprofit race meets of ten days or less are held.