

EIGHTY - FIFTH
ANNUAL REPORT

2004

STATE OF MARYLAND



MARYLAND RACING COMMISSION

Robert L. Ehrlich, Jr.
Governor of Maryland

Michael S. Steele
Lt. Governor of Maryland

James D. Fielder, Jr., Ph.D.
Secretary
Department of Labor, Licensing
and Regulation



ROBERT L. EHRLICH, Jr., Governor
MICHAEL S. STEELE, Lt. Governor
JAMES D. FIELDER, Jr., Ph.D., Secretary
Maryland Racing Commission
J. Michael Hopkins, Executive Director

DLLR Home Page • <http://www.dllr.state.md.us>
DLLR E-mail • mddllr@dllr.state.md.us

James D. Fielder, Jr., PhD, Secretary
Department of Labor, Licensing and Regulation
500 N. Calvert Street
Baltimore, Maryland 21202

Dear Secretary Fielder:

The Maryland Racing Commission is pleased to present you with the annual report for calendar year 2004.

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

Sincerely,

A handwritten signature in black ink that reads "J. Michael Hopkins". The signature is written in a cursive style.

J. Michael Hopkins
Executive Director

500 N. CALVERT STREET
BALTIMORE, MD 21202-3651



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The Commission during the year 2004 consisted of:

Chairman Louis Jay Ulman
Thomas F. McDonough
Members Alvin Akman
Gregory H. Barnhill
Ernest J. Colvin
John B. Franzone
John P. McDaniel
Erwin Mendelson
Vincent D. Palumbo
Terry H. Saxon

The Commission Staff:

Executive Director J. Michael W. Hopkins
Deputy Director Angeline M. Huffman
Fiscal Accounts Manager Doreen K. Semmont
Fiscal Associate II Francine J. Patterson
Fiscal Clerk II Vurley M. Johnson

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

Stewards:

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

Judges:

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

Veterinarians:

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

Chemists:

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

MEETINGS and HEARINGS STATISTICS - 2004

Commission Meetings

In 2004, the Commission met to conduct business on eight (8) occasions. The Commission also conducted hearings on eight (8) occasions. A total of 11 licensees or applicants for licenses appeared before the Commission during these hearings.

Thoroughbred

Six (6) licensees, or applicants for licenses, appeared before the Commission for hearings relative to the rules of thoroughbred racing.

Harness

Five (5) licensees, or applicants for licenses, appeared before the commission for hearings relative to the rules of harness racing.

2004 HIGHLIGHTS

REVENUE:

\$4,910,996 was collected by the State in 2004. This amount represents a decrease from the amount of revenue collected in 2003.

ATTENDANCE:

Attendance at Maryland tracks was 2,578,512 in 2004. Since attendance is not kept for patronage at Satellite Simulcast Betting Facilities and at remote tracks, recorded attendance alone is not a good measure of activity.

RACING REVENUE:

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

Mile Tracks	70.2% of revenue with	28.4% of days
Harness Tracks	29.0% of revenue with	70.6% of days
County Fair Tracks	.5% of revenue with	.9% of days
Steeplechase*	.3% of revenue with	.1% of days

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

LEGISLATION and OTHER MAJOR EVENTS

SB 125

Restricted \$40,000 of the Commission's general fund appropriation until the Commission adopted certain regulations regarding stall space at a thoroughbred race track. The regulations were adopted and the restriction was released.

SB 170

Repealed the Maryland Racing Facility Redevelopment Program and redirected the increased takeout on live thoroughbred races to the Maryland Million.

2004 RACING DATES

MILE TRACKS:

Laurel	January 1 – March 28 Simulcast Only Days	62+ <u>24</u> 86 Days*
Pimlico	March 29 – June 6 Simulcast Only Days	48+ <u>21</u> 69 Days
Pimlico	July 27 – August 27 Simulcast Only Days	16+ <u>16</u> 32 Days*
Pimlico	September 7 – December 31 Simulcast Only Days	71+ <u>43</u> 114 Days
Total		301 Days

COUNTY FAIR TRACKS:

Timonium	August 28 – September 6 Simulcast Only Days	8 <u>2</u>
Total		10 Days

STEEPLECHASE :

Fair Hill	May 31	<u>1</u>
Total		1 Day

TOTAL LIVE:	206 DAYS
TOTAL SIMULCAST ONLY:	<u>106 DAYS</u>
THOROUGHBRED TOTAL:	312 DAYS

2004 RACING DATES
(Continued)

HARNESS TRACKS:

Rosecroft	January 1 – December 31 Simulcast Only Nights	117+ <u>235</u> 352 Nights
Ocean Downs	January 1 – December 31 Simulcast Only Nights	39+ <u>358</u> 397 Nights

TOTAL LIVE:	156 NIGHTS
TOTAL SIMULCAST ONLY:	<u>593 NIGHTS</u>
HARNESS TOTAL:	749 NIGHTS

TOTAL LIVE RACING DAYS AND NIGHTS	362
TOTAL SIMULCAST ONLY	<u>699</u>
GRAND TOTAL	1,061

RACE YEAR SUMMARY:

During the year 2004, there were 1,061 days and nights of licensed racing in the State, consisting of the following:

There were 301 days of licensed racing at the Mile Tracks - Pimlico 215 days and Laurel 86 days; 10 days at the county Fair Track, Timonium; and 1 day raced at Fair Hill. There were also 749 nights of licensed racing at the Harness Tracks - Rosecroft 352 nights and Ocean Downs 397 nights.

ATTENDANCE FOR CALENDAR YEARS 2002 - 2004

	2002	2003	2004
Laurel	918,725*	825,530	651,644
Pimlico	674,188	749,230	792,342
Timonium	<u>34,968</u>	<u>420,997**</u>	<u>489,711**</u>
TOTAL:	1,627,881	1,995,757	1,933,697
Rosecroft	652,852	576,255	489,536
Ocean Downs	<u>135,868</u>	<u>142,830</u>	<u>141,229</u>
TOTAL:	788,720	719,085	630,765
Fair Hill	16,583	10,441	14,050
TOTAL ATTENDANCE - THOROUGHBRED AND HARNESS:			
	<u>2,433,184</u>	<u>2,725,283</u>	<u>2,578,512</u>

* Includes Pimlico at Laurel

**Includes attendance from State Fair

WAGERING HISTORY IN MARYLAND
of
THOROUGHBRED AND HARNESS RACING

THOROUGHBRED STATISTICS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1990	277	442,735,248
1991	273	411,722,044
1992	268	383,315,282
1993	284	403,881,788
1994	309	477,245,662
1995	322	490,693,266
1996	309	474,630,499
1997	321	465,225,433
1998	314	476,034,935
1999	314	480,988,981
2000	319	344,843,621
2001	348	337,652,117
2002	344	329,705,940
2003	346	306,261,175
2004	312	293,795,752

HARNESS STATISTICS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1990	306	128,122,382
1991	304	110,684,163
1992	290	104,712,095
1993	341	128,932,935
1994	325	125,823,007
1995	282	105,185,308
1996	349	88,620,663
1997	307	82,462,587
1998	305	87,101,030
1999	622	86,191,188
2000*	600	151,566,620*
2001	705	156,777,856
2002	749	155,892,827
2003	742	144,598,813
2004	749	131,111,243

SSB FACILITIES STATISTICS:

YEAR	AMOUNT WAGERED
1990	
1991	
1992	
1993	
1994	
1995	
1996	
1997	
1998	
1999	
2000	52,791,482*
2001	64,393,587
2002	65,580,391
2003	68,972,477
2004	67,351,515

COMBINED TOTALS:

YEAR	LICENSED DAYS	AMOUNT WAGERED
1990	583	570,857,630
1991	577	522,406,207
1992	558	488,027,377
1993	625	532,814,723
1994	634	603,068,669
1995	604	595,878,574
1996	658	563,251,162
1997	628	547,688,020
1998	619	563,347,127
1999	936	567,181,246
2000	919	549,201,723
2001	1,053	558,823,560
2002	1,093	555,179,158
2003	1,088	519,832,465
2004	1,061	492,258,510

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

AMOUNT WAGERED

	<u>2003</u>	<u>2004</u>
<u>MILE TRACKS:</u>		
Laurel	\$176,542,344	\$160,720,634
Pimlico	<u>127,681,123</u>	<u>130,098,009</u>
TOTAL	<u>\$304,223,467</u>	<u>\$290,818,643</u>
 <u>COUNTY FAIR TRACKS:</u>		
Timonium	\$ 1,884,451	\$2,836,143
TOTAL	<u>\$ 1,884,451</u>	<u>\$2,836,143</u>
 <u>HARNESS TRACKS:</u>		
Rosecroft	\$121,858,397	\$109,538,169
Ocean Downs	<u>22,740,416</u>	<u>21,573,082</u>
TOTAL	<u>\$144,598,813</u>	<u>\$131,111,251</u>
 <u>STEEPLECHASE:</u>		
Fair Hill	\$ 153,257	\$ 140,973
TOTAL	<u>\$ 153,257</u>	<u>\$ 140,973</u>
<u>SSB FACILITIES</u>	<u>\$ 68,972,477</u>	<u>\$ 67,351,515</u>
 SUMMARY		
Mile Tracks	\$304,223,467	\$290,818,643
County Fair Tracks	1,884,451	10,587,037
Harness Tracks	144,598,813	131,111,251
Steeplechase	153,257	140,973
SSB Facilities	<u>68,972,477</u>	<u>67,351,515</u>
TOTAL	<u>\$519,832,465</u>	<u>\$492,258,525</u>

SATELLITE SIMULCAST BETTING

The amounts bet at the Satellite Simulcast Betting Facilities in calendar year 2004 are reflected in the following table.

Maryland Satellite Simulcast Betting Facilities

Bet At:	Cracked Claw	NorthEast	Cambridge
Bets on:			
MD Thoroughbred Races	3,714,586	1,798,951	421,527
MD Harness Races	147,289	174,864	62,852
Out-of-State Races	37,856,096	17,531,654	5,643,696
TOTAL	<u>41,717,971</u>	<u>19,505,469</u>	<u>6,128,075</u>

In 2004, SSB facilities met the prescribed food and service standards and provide a convenience to the horse racing public.

In September 2003, the Colonial Beach SSB was washed away by Hurricane Isabel. The owners of the facility are in the process of reconstructing the facility. In 2004 Colonial Beach did not re-open. It is expected that the facility will re-open in the fall of 2005.

FIVE YEAR ASSESSMENT OF LAUREL

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Attendance</u> (* includes Pimlico @ Laurel) Live & Simulcast	651,644	825,530	918,725	500,925	1,241,130
<u>Purses</u>	9,286,091	23,811,771	24,300,202	21,752,971	31,655,895
<u>Number of days of live racing</u> (includes Pimlico @ Laurel)	62	138	144	112	162
<u>Betting on its live racing at:</u>					
Laurel	10,938,015	25,118,717	28,892,681	26,486,837	42,626,631
Other MD tracks	6,582,749	14,221,020	16,628,399	15,115,056	24,446,483
Satellite Simulcast Facilities in MD	1,597,632	3,914,672	4,360,323	3,779,779	4,939,093
Out-of-state	130,676,881	232,248,055	213,460,615	170,227,039	212,137,082
<u>Betting on other in-State races</u>	13,842,841	8,420,028	10,689,612	14,385,927	12,337,215
<u>Betting on out-of-State races</u>	135,939,778	143,542,225	152,899,052	149,335,635	145,985,370
<u>Total betting at this location on all racing</u>	160,720,634	177,080,970	192,481,345	190,208,399	200,949,216

FIVE YEAR ASSESSMENT OF PIMLICO

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Attendance</u> (* Live & Simulcast)	792,342	749,230	674,188	573,484	488,528
<u>Purses</u>	22,705,429	15,701,370	15,238,698	24,520,844	13,701,055
<u>Number of days of live racing</u>	135	71	74	109	58
<u>Betting on its live racing at:</u>					
Pimlico	25,838,130	16,878,035	20,042,369	27,423,675	21,641,401
Other MD tracks	16,554,254	10,526,786	13,514,673	18,379,692	13,980,140
Satellite Simulcast Facilities in MD	6,060,101	2,629,790	2,908,840	3,825,522	2,138,049
Out-of-state	290,544,974	177,781,900	190,978,428	218,391,522	152,264,601
<u>Betting on other in-State races</u>	4,557,944	9,565,405	11,141,240	10,581,946	17,622,230
<u>Betting on out-of-State races</u>	99,701,935	102,250,300	104,339,830	106,372,850	100,925,142
<u>Total betting at this location on all racing</u>	130,098,009	128,693,740	135,523,439	144,378,471	140,188,773

FIVE YEAR ASSESSMENT OF TIMONIUM

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Attendance</u>	489,711*	420,997*	34,968	48,600	34,607
<u>Purses</u>	955,675	906,820	914,170	1,122,385	1,339,248
<u>Number of days of live racing</u>	8	8	8	8	10
<u>Betting on its live racing at:</u>					
Timonium	1,807,906	1,884,451	1,789,673	1,892,326	2,204,179
Other MD tracks	915,401	1,030,186	1,141,030	1,069,376	1,227,620
Satellite Simulcast Facilities in MD	156,428	395,626	205,152	179,207	167,963
Out-of-state	3,389,773	3,090,766	3,126,784	2,984,194	3,171,940
<u>Betting on other in-State races</u>	0	0	0	0	0
<u>Betting on out-of-State races</u>	1,028,237	1,066,316	891,867	962,524	1,313,658
<u>Total betting at this location on all racing</u>	2,836,143	2,950,767	2,681,540	2,854,850	3,517,837

*Fair attendance included.

FIVE YEAR ASSESSMENT OF ROSECROFT

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Attendance</u>	489,536	579,255	652,852	667,853	675,559
<u>Purses</u>	4,874,030	6,472,340	6,063,000	5,684,719	9,343,565
<u>Number of days of live racing</u>	117	122	137	133	147
<u>Betting on its live racing at:</u>					
Rosecroft	6,266,855	8,222,275	9,347,168	11,622,302	14,335,526
Other MD tracks	541,237	1,179,454	1,069,729	1,680,523	2,557,870
Satellite Simulcast Facilities in MD	322,153	540,573	653,828	775,453	749,674
Out-of-state	6,290,000	9,688,543	10,165,640	13,273,326	17,092,139
<u>Betting on other in-State races</u>	6,192,856	8,908,287	10,522,979	11,751,734	13,040,719
<u>Betting on out-of-State races</u>	97,078,458	104,727,836	111,761,450	110,440,950	106,009,727
<u>Total betting at this location on all racing</u>	109,538,169	121,858,398	131,631,597	133,814,986	133,385,972

FIVE YEAR ASSESSMENT OF OCEAN DOWNS

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Attendance</u>	141,229	142,830	135,868	130,757	120,387
<u>Purses</u>	923,680	663,630	839,570	868,670	937,810
<u>Number of days of live racing</u>	39	40	40	40	40
<u>Betting on its live racing at:</u>					
Ocean Downs	2,057,361	2,056,640	2,152,267	2,073,150	2,276,047
Other MD tracks	369,444	338,920	642,695	542,730	788,051
MD Satellite Simulcast Facilities	89,330	101,914	58,407	69,946	59,683
Out-of-state	2,200,334	860,632	2,124,098	2,441,355	3,667,535
<u>Betting on other in-State races</u>	1,552,797	1,821,482	2,279,582	2,375,522	2,120,704
<u>Betting on out-of-State races</u>	17,962,924	20,683,776	19,827,978	20,889,706	13,783,449
<u>Total betting at this location on all racing</u>	21,573,082	22,740,416	24,259,827	22,962,856	18,180,648

METHOD OF TAXATION

TAKEOUT AT MARYLAND THOROUGHBRED RACETRACKS

Effective July 1, 2004

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

Timonium

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

Fair Hill

State Tax (Fair Hill Improvement Fund)	8.00
Track	<u>14.00</u>
Total Takeout	22.00
Returned to Public	<u>78.00</u>
 Total Handle	 100.00 %

(1) Includes .18 for purses.

(2) Includes .25 for Pension Fund.

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

METHOD OF TAXATION

(Continued)

TAKEOUT AT MARYLAND HARNESS RACETRACKS

Effective October 1, 1995

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

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

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

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

METHOD OF TAXATION

(Continued)

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

(Eff. 7/1/00 if track opts for Bond Fund)

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

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

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

See footnotes on Page 17.

REVENUE TO THE STATE: THOROUGHBRED

TOTAL FOR ALL MEETS	2003	2004
LAUREL		
Race Days	191	86
Tax to the State	\$ 755,936	\$ 586,244
License Fee	<u>4,775</u>	<u>3,025</u>
	\$ 760,711	\$ 589,269
PIMLICO		
Race Days	144*	351**
Tax to the State	\$ 552,580	\$ 670,573
License Fee	<u>3,600</u>	<u>5,800</u>
	\$ 556,180	\$ 676,373
TOTAL THOROUGHBRED	<u>\$ 1,783,895</u>	<u>\$ 1,265,642</u>
COUNTY FAIR: TIMONIUM		
Race Days	10	10
Tax to the State	\$ - 0 -	\$ - 0 -
License Fee	<u>- 0 -</u>	<u>- 0 -</u>
	\$ - 0 -	\$ - 0 -
TOTAL COUNTY FAIR	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
STEEPLECHASE: FAIR HILL		
Race Days	1	1
Tax to the State	<u>\$ 12,260</u>	<u>\$ 11,278</u>
TOTAL STEEPLECHASE	<u>\$ 12,260</u>	<u>\$ 11,278</u>

* Included 50 Simulcast days from Colonial Downs

**Included 33 Simulcast days from Colonial Downs

REVENUE TO THE STATE: HARNESS

	2003	2004
ROSECROFT		
Race Days	341	352
Tax to the State	\$ 381,246	\$ 341,361
License Fee	<u>8,525</u>	<u>9,075</u>
	\$ 389,771	\$ 350,436
OCEAN DOWNS		
Race Days	363	397
Tax to the State	\$ 72,769	\$ 69,034
License Fee	<u>9,075</u>	<u>9,075</u>
	\$ 81,844	\$ 78,109
TOTAL HARNESS	<u>\$ 471,615</u>	<u>\$ 428,545</u>

(Race days include live and simulcast only days)

SUMMARY OF LICENSES & REGISTRATIONS ISSUED

2004

THOROUGHBRED LICENSES:

566	Original Owner	@ \$50.00	\$ 28,300
1,835	Renewal Owner	25.00	45,875
61	Original Trainer	50.00	3,050
245	Renewal Trainer	25.00	6,125
114	Assistant Trainer	25.00	2,850
373	Owner / Trainer	50.00	18,650
211	Jockey	25.00	5,275
30	Jockey Agent	25.00	750
30	Veterinarian	25.00	750
36	Farrier	10.00	360
1,151	Stable Employee& Ex. Rider	5.00	5,755
739	Mutuel Employee	5.00	3,695
212	Vendor	5.00	1,060
344	Exercise Rider	5.00	1,720
466	Track Employee	5.00	2,330
----- 6,413	TOTAL LICENSES		----- <u>\$126,545</u>

THOROUGHBRED REGISTRATIONS:

53	Authorized Agent	@ \$10.00	\$ 530
670	Assumed Name	75.00	50,250
----- 723	TOTAL REGISTRATIONS		----- <u>\$ 50,780</u>

SUMMARY OF LICENSES & REGISTRATIONS ISSUED

(Continued)

HARNESS LICENSES:

222	Original Owner	@ \$50.00	\$ 11,100
845	Renewal Owner	25.00	21,125
12	Original Trainer	25.00	300
77	Renewal Trainer	25.00	1,925
47	Driver	25.00	1,175
62	Trainer / Driver	50.00	3,100
219	Owner / Trainer	50.00	10,950
197	Owner / Trainer / Driver	75.00	14,775
20	Owner / Driver	50.00	1,000
15	Veterinarian	25.00	375
392	Stable Employee	5.00	1,960
158	Mutuel Employee	5.00	790
210	Track Employee	5.00	1,050
30	Vendor	5.00	150
1	Caterer	5.00	5

2,507	TOTAL LICENSES		<u>\$ 69,780</u>

HARNESS REGISTRATIONS:

1	Authorized Agent	@ \$10.00	\$ 10
83	Assumed Name	75.00	6,225

84	TOTAL REGISTRATIONS		<u>\$ 6,235</u>

THOROUGHBRED AND HARNESS

TOTAL RECEIPTS FOR LICENSES & REGISTRATIONS ISSUED: \$ 253,340

UNCASHED PARI-MUTUEL TICKETS

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

	2003	2004
Mile Tracks	\$1,160,271	\$1,343,969
Harness Tracks	667,972	665,413
County Fair Track	48,328	0*
Steeplechase	2,621	2,537
OTB	<u>341,559</u>	<u>0**</u>
TOTAL UNCASHED PARI-MUTUEL TICKETS	\$2,220,751	\$2,011,919

*County Fair uncashed monies included with mile tracks.

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

STATEMENT OF RECEIPTS

DISBURSED TO THE STATE COMPTROLLER

	2003	2004
<u>MILE TRACKS:</u>		
Track License Fees	\$ 8,375	\$ 8,825
Tax on Betting	1,308,516	1,256,817
Licensing Fees	130,800	126,545
Registration Fees	49,630	50,780
Uncashed Pari-Mutuels	<u>1,160,271</u>	<u>1,343,969</u>
TOTAL DISBURSEMENTS MILE TRACKS	<u>\$ 2,657,592</u>	<u>\$ 2,786,936</u>
<u>COUNTY FAIR TRACKS:</u>		
Tax on Betting (6)	-0-	-0-
Uncashed Pari-Mutuels	<u>\$48,328</u>	*
TOTAL DISBURSEMENTS COUNTY FAIR TRACKS	<u>\$48,328</u>	*
<u>HARNESS TRACKS:</u>		
Track License Fees	\$ 17,600	\$ 18,150
Tax on Betting	454,015	410,395
Licensing Fees	76,900	69,780
Registration Fees	7,795	6,235
Uncashed Pari-Mutuels	<u>667,972</u>	<u>665,413</u>
TOTAL DISBURSEMENTS HARNESS TRACKS	<u>\$ 1,224,282</u>	<u>\$ 1,169,973</u>
<u>STEEPLECHASE:</u>		
Tax on Betting	\$12,260	\$ 11,278
Uncashed Pari-Mutuels	<u>2,621</u>	<u>2,537</u>
TOTAL DISBURSEMENTS STEEPLECHASE	<u>\$14,881</u>	<u>\$ 13,815</u>
<u>OTB'S:</u>		
PERMIT FEE	\$ 1,500	\$ 1,500
Uncashed Pari-Mutuels	<u>341,559</u>	**
TOTAL DISBURSEMENTS O.T.B.	<u>\$343,059</u>	<u>\$ 1,500</u>
<u>TOTAL ALL DISBURSEMENTS</u>	<u>\$ 4,288,142</u>	<u>3,972,224</u>

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

*County Fair uncashed monies included with mile tracks.

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

STATEMENT OF RECEIPTS

DISBURSED TO THE STATE COMPTROLLER (Continued)

DIRECT DISBURSEMENTS TO STATE COMPTROLLER:

	2003	2004
Tax on Badges & Admissions at the Racing Associations	\$432,542	482,767
Sales Tax on Horses Claimed by the Racing Associations in Maryland	<u>522,334</u>	<u>456,005</u>
TOTAL DIRECT DISBURSEMENTS TO STATE	\$954,876	938,772
<u>TOTAL ALL DISBURSEMENTS TO STATE COMPTROLLER</u>	<u>\$5,243,018</u>	<u>4,910,996</u>

STATEMENT OF ACTUAL EXPENDITURES

JANUARY 1 TO DECEMBER 31, 2004

SALARIES & BENEFITS

Commission Personnel	\$ 278,136
Total Salary Expenses	<u>\$ 278,136</u>

OFFICE EXPENDITURES:

Technical & Special Fees	-0-
Telephone and Postage	6,330
Travel Expense	4,492
Motor Vehicle Operation	2,412
Contractual Services, i.e., Printing, Repairs, Equipment and Leasing, Court Expenses, Transcript of Hearings	5,902
Office Supplies	3,817
Office Equipment Additional	249
Fixed Charges, i.e., Rent, Insurance, Subscriptions and Dues	23,314
Total Office Expenses	<u>\$ 46,516</u>
TOTAL EXPENDITURES AND DISBURSEMENTS (7)	<u>\$ 324,652</u>

OTHER DISBURSEMENTS:

Grants	\$ 1,610,000
Impact Aid	1,152,000
Subsidies:	
Maryland Million	500,000
Maryland Standardbred Race Fund	350,000
Total Subsidies	<u>\$ 850,000</u>
TOTAL OTHER DISBURSEMENTS	<u>\$ 3,936,652</u>

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

MARYLAND RACING COMMISSION LABORATORY

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

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

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

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

The following table and list represent the findings of the laboratory during calendar year 2004:

ASSOCIATION OF OFFICIAL RACING CHEMISTS OFFICIAL SAMPLES ANALYZED DURING CALENDAR YEAR 2004

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

NUMBER OF OFFICIAL SAMPLES ANALYZED

<u>SOURCE</u>	<u>URINE</u>	<u>BLOOD</u>	<u>TOTAL</u>	<u>POSITIVE</u>
Thoroughbred (MD)	3,419	3,598	7,017	35
(VA)	611	665	1,276	3
(WV)	5,915	6,382	12,297	111
Standardbred (MD)	3,197	3,587	6,784	4
(VA)	675	743	1,418	2
Human	<u>72</u>	<u>0</u>	<u>72</u>	<u>0</u>
	13,889	14,975	28,864	155

THE MARYLAND JOCKEY INJURY COMPENSATION FUND

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

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

POLICY COST

1990	\$366,628.00
1991	\$505,388.85
1992	\$593,918.26
1993	\$506,118.00
1994	\$444,853.00
1995	\$396,629.00
1996	\$390,462.00
1997	\$318,181.00
1998	\$312,093.00
1999	\$346,367.00
2000	\$355,966.00
2001	\$378,578.00
2002	\$388,877.00
2003	\$586,640.00
2004	\$611,533.00

The above costs were funded by an assessment on all licensed owners and trainers levied and collected by the Maryland Racing Commission at the time of licensure. The assessment per licensee for 2004 was \$ 200.00.

MARYLAND-BRED FUND REPORT

MARYLAND-BRED FUND DISTRIBUTION IS EXPLAINED

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

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

In 2004, revenue from all tracks for the Maryland-Bred Fund totaled over \$4.1 million. After eligible deductions were taken, this money was divided 55 percent to purse money and owner awards and 45 percent to breeder and stallion awards - or about \$1.9 million to purses and owner awards and \$1.6 million to breeder and stallion awards.

Fifty-five percent of the Fund is designated for purses and owner awards, of which 66-2/3 percent was allocated to purses and 33-1/3 percent was allocated to owner awards. (At Timonium, the split is 75 percent to purses and 25 percent to owner awards.) The remaining 45 percent funds breeder and stallion awards and is split approximately 75 percent to breeder awards and 25 percent to stallion awards. This is an approximation since the percentage paid in breeder awards is always double the percentage paid in stallion awards and not all registered Maryland-breds are sired by Maryland stallions. Since 1982, owner awards have been paid in lieu of any restricted races other than stakes and Maryland Million races for horses sired by Maryland Stallions. The quality of Maryland-breds has improved to such an extent since the Fund was initiated more than 40 years ago that the shelter of restricted races has ceased to be the most effective use of Fund monies. Owner awards benefit more people and provide a greater incentive to race in Maryland.

Owner awards are paid to the owners of all registered Maryland-breds when they win any race other than stakes, starter races or claiming races in which the winner runs for a claiming price of less than \$25,000 (\$20,000 at Timonium). These awards usually amount to 11 to 22 percent of the winner's share of the purse. Owner awards at Timonium are capped at 50 percent of the winning share of the purse with any overage transferred to stakes.

Breeder and stallion awards are paid for the registered Maryland-bred which wins any race or finishes second, third or fourth in any stakes race in Maryland. The breeder award is exactly twice the amount of the stallion award, the range usually varying between 2 to 18 percent of the earner's share of the purse for the breeder and 1 to 9 percent of the earner's share of the purse for the stallion. In stake races, the award is based on the first \$100,000 of the gross purse.

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

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

Computation of owner, breeder and stallion awards is made at the conclusion of each race meeting. The percentage paid in these awards depends upon the total mutuel handle and the number of Maryland-breds which earn bonuses. The stakes program is planned on an annual basis and is based on projected track handles for the coming year.

MARYLAND STANDARDBRED RACE FUND

Total purses for the year were \$1,321,127, a decrease from 2003 purses. The Maryland Sire Stakes (MSS) and Maryland Standardbred Fund (MSF) combined totals for the program in each year from 1987 through 2004 are shown below:

<u>YEAR</u>	<u>MSS</u>	<u>MSF</u>	<u>TOTAL</u>
1987	1,103,340	1,404,720	2,508,060
1988	1,305,490	1,277,120	2,582,610
1989	1,355,680	1,312,070	2,667,750
1990	1,306,383	1,399,830	2,706,213
1991	1,383,910	1,056,288	2,440,198
1992	1,316,150	933,140	2,249,290
1993	1,392,940	889,352	2,282,292
1994	1,459,520	885,000	2,344,520
1995	1,736,050	1,018,100	2,754,150
1996	1,736,050	1,017,270	2,723,370
1997	1,209,660	793,775	2,003,435
1998	1,152,040	909,190	2,061,230
1999	1,171,750	967,620	2,139,370
2000	1,215,690	1,132,700	2,348,390
2001	1,142,780	1,039,960	2,182,740
2002	970,360	900,690	1,871,050
2003	947,550	833,250	1,780,800
2004	784,000	537,127	1,321,127

STATISTICS ON THE BREEDING INDUSTRY

Based on the estimates of regional and national organizations, the following is offered on the Thoroughbred and Standardbred breeding industries in Maryland for 2004.

	Thoroughbred	Standardbred
Number of breeders	720	3561
Number of foals registered	866	613
Average sales prices of foals (Yearlings)	\$40,685	\$4,624