

**VIRGINIA RACING COMMISSION
2016 ANNUAL REPORT**

Virginia Racing Commission

2016

COMMISSIONERS

D.G. Van Clief, Jr.
Chairman
Esmont

Charles Steger, Ph.D.
Blacksburg

I. Clinton Miller
Woodstock

Carol G. Dawson
Vice Chair
Morattico

J. Sargeant Reynolds, Jr.
Richmond

STAFF

David S. Lermond, Jr.—Executive Secretary

Kimberly C. Mackey—Office Administrator

C. Richard Harden, DVM—Equine Medical Director

Joseph M. Roney—Enforcement Administrator



COMMONWEALTH of VIRGINIA

Virginia Racing Commission

5707 Huntsman Road

Suite 201-B

Richmond, Virginia 23250

(804) 966-7400

February 22, 2017

TO: The Honorable Terence R. McAuliffe, Governor of Virginia
Members of the General Assembly

In compliance with Code of Virginia Title 29, Chapter 59.1-369 (9) as related to horse racing with pari-mutuel wagering please accept the 2016 Annual Report of the Virginia Racing Commission.

This was a year of transition for horse racing in the Commonwealth. The Virginia Racing Commission has worked diligently with the Virginia Horsemen's Benevolent and Protective Association, the Virginia Harness Horse Association and the Virginia Equine Alliance to assist each stakeholder by encouraging full and unwavering participation in Virginia. Collectively we have accomplished a great deal, but much work remains to be done. We intend to collaborate and work with our partners to establish the Virginia equine industry in a position of national prominence.

Funding for the Virginia Racing Commission comes solely from revenue generated by a small percentage of all pari-mutuel wagers made in the Commonwealth. This revenue enables us to meet our financial obligations associated with the regulation of live horse racing and pari-mutuel wagering.

The Racing Commission remains steadfast in protecting the integrity of racing for those who participate and the loyal customers who enjoy it. As always, we rely on the continued support of horse racing and the equine industry from you and your administration, as well as from the General Assembly.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "DL", written over a horizontal line.

David S. Lermond, Jr.
Executive Secretary

THE RACING COMMISSION

The Racing Act, Title 59, Chapter 29, effective as of January 1, 1989, vests control of all horse racing with pari-mutuel wagering conducted in the Commonwealth to the Virginia Racing Commission (VRC).

The Commission:

- Prescribes regulations and conditions under which racing and wagering is conducted;
- Maintains horse racing in the Commonwealth of the highest quality free of corrupt, incompetent, dishonest or unprincipled practices, and;
- Maintains in such racing complete honesty and integrity.

Horse racing offering pari-mutuel wagering is permitted in the Commonwealth with the intention of “promotion, sustenance, and growth of the native industry, in a manner consistent with the health, safety, and welfare of the people”.

The closure of Colonial Downs in 2014 adversely affected the Thoroughbred and Standardbred racing and breeding industries in the Commonwealth. However, we are pleased to report that through the excellent efforts of the Virginia General Assembly, the Governor's Office, the Virginia Equine Alliance, the Virginia Horsemen's Benevolent and Protective Association, and the Virginia Harness Horse Association horse racing with pari-mutuel wagering has been resurrected.

Live racing was conducted at the Virginia Gold Cup Races which celebrated its' 91st anniversary on May 7th. An enthusiastic crowd of approximately 70,000 people gathered at Great Meadow Racecourse in Fauquier County to watch and wager on quality steeplechase and flat racing. In addition, a crowd of approximately 30,000 enjoyed the International Gold Cup Races on October 22nd.

Harness racing found a new opportunity at Shenandoah Downs in Woodstock, Virginia presented by the Virginia Equine Alliance (VEA). This Shenandoah County facility formally known as Woodstock Racetrack has conducted harness racing without pari-mutuel wagering for many years in conjunction with the Shenandoah County Fair. The VEA invested \$750,000 in track renovations producing a quality racing surface which was very well received by the horsemen that competed there. There were 10 days of live harness racing with pari-mutuel wagering conducted at Shenandoah Downs distributed over five weekends that was enjoyed by the many racing fans in attendance.

The VEA also opened its first Satellite Wagering Facility (SWF) on West Broad Street in Henrico County with another location scheduled to open in early January of 2017. The operation of SWFs will allow the VEA to generate additional money for purses and the operating expenses associated with live racing. The VEA hopes to open three more SWFs in 2017 in an effort to provide a steady source of revenue generation for many years to come.

Advanced Deposit Wagering (ADW) offered through the internet and telephone services continues to be a major source of pari-mutuel wagering in Virginia. The three Advanced Deposit Wagering companies licensed to operate in Virginia are, "TwinSpires" operated by Churchill Downs Incorporated, "Xpressbet" operated by the Stronach Group, and "TVG" operated by the Betfair, Inc.

Virginia Racing Commission's revenue is generated solely from a percentage of all pari-mutuel wagers to meet our financial obligations. The reduction of income through elimination of on-track handle and the closure of satellite wagering facilities had become an encumbrance to the generation of operating funds for the Commission. By an act of the Virginia General Assembly the license fee paid to the Commission from ADW was modified allowing the Commission to maintain financial solvency and continue good governance in all matters related to horse racing.

Commission Activities

Taxable Wagering Recapitulation

Year	Wagering at Racetrack and at Satellite Facilities	Account Wagering	Total Taxable Wagering
1996	\$36,952,607.00	\$0.00	\$36,952,607.00
1997	\$95,094,161.00	\$0.00	\$95,094,161.00
1998	\$120,717,190.00	\$0.00	\$120,717,190.00
1999	\$121,324,249.00	\$0.00	\$121,324,249.00
2000	\$121,754,800.00	\$0.00	\$121,754,800.00
2001	\$123,879,396.00	\$0.00	\$123,879,396.00
2002	\$124,064,569.00	\$0.00	\$124,064,569.00
2003	\$130,382,875.00	\$0.00	\$130,382,875.00
2004	\$145,394,480.00	\$1,287,541.00	\$146,682,021.00
2005	\$151,758,202.00	\$12,691,398.00	\$164,449,600.00
2006	\$164,208,077.00	\$28,300,972.00	\$192,509,049.00
2007	\$167,684,686.00	\$33,206,726.00	\$200,891,412.00
2008	\$149,629,200.00	\$47,303,439.00	\$196,932,639.00
2009	\$122,461,456.00	\$49,850,493.00	\$172,311,949.00
2010	\$105,505,800.00	\$53,392,088.00	\$158,897,888.00
2011	\$97,737,892.75	\$62,646,843.85	\$160,384,736.60
2012	\$91,927,194.10	\$69,233,852.85	\$161,161,046.95
2013	\$86,220,534.60	\$73,205,095.00	\$159,425,629.60
2014	\$21,198,320.50	\$93,858,388.30	\$115,056,708.80
2015	\$291,173.50	\$79,478,622.50	\$79,769,796.00
2016	\$2,726,163.80	\$76,725,493.00	\$79,451,656.80
Totals	\$2,180,913,027.25	\$681,180,952.50	\$2,862,093,979.75

Live Thoroughbred Racing Statistics

Year	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1997	\$183,594.00	\$28,182,006.00	\$939,400.00	3620	\$50.72
1998	\$141,154.00	\$21,293,467.00	\$881,473.00	2263	\$62.37
1999	\$107,881.00	\$23,420,243.00	\$975,854.00	1628	\$66.27
2000	\$90,589.00	\$27,923,752.00	\$872,617.00	1247	\$72.65
2001	\$117,818.00	\$27,579,707.00	\$1,103,188.00	1940	\$60.73
2002	\$140,067.00	\$31,039,485.00	\$1,193,826.00	2202	\$63.61
2003	\$140,305.00	\$36,090,262.00	\$1,203,009.00	2193	\$63.98
2004	\$138,236.00	\$36,205,494.00	\$1,064,867.00	2155	\$64.15
2005	\$124,122.00	\$44,710,190.00	\$1,117,755.00	2028	\$61.20
2006	\$113,438.00	\$51,587,415.00	\$1,258,230.00	1804	\$62.88
2007	\$164,557.00	\$50,507,580.00	\$1,262,689.00	1996	\$82.44
2008	\$126,195.00	\$50,343,446.00	\$1,118,743.00	1668	\$75.66
2009	\$128,093.00	\$31,241,633.00	\$781,041.00	1712	\$74.82
2010	\$131,908.00	\$29,287,463.00	\$732,187.00	1499	\$88.00
2011	\$127,542.00	\$27,041,285.00	\$845,040.00	1864	\$68.42
2012	\$116,525.00	\$18,733,192.00	\$604,297.00	2008	\$58.03
2013	\$118,086.00	\$14,343,174.00	\$597,632.00	1942	\$60.81
2014	\$0.00	\$0.00	\$0.00	0	N/A
2015	\$13,130.00	\$13,130.00	\$13,130.00	3478	\$3.78
2016	\$0.00	\$0.00	\$0.00	0	N/A

Live Harness Racing Statistics

Year	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1998	\$56,661.00	\$7,260,770.00	\$172,875.00	1379	\$41.09
1999	\$41,319.00	\$5,795,265.00	\$193,175.00	909	\$45.46
2000	\$19,270.00	\$5,903,010.00	\$147,575.00	258	\$74.69
2001	\$30,912.00	\$2,459,010.00	\$163,934.00	486	\$63.60
2002	\$30,860.00	\$3,716,853.00	\$154,869.00	478	\$64.56
2003	\$34,585.00	\$4,148,072.00	\$148,145.00	580	\$59.63
2004	\$40,361.00	\$5,815,294.00	\$181,728.00	645	\$62.58
2005	\$36,959.00	\$6,217,238.00	\$172,701.00	620	\$59.61
2006	\$20,498.00	\$6,562,653.00	\$182,296.00	312	\$65.70
2007	\$43,183.00	\$5,726,362.00	\$178,949.00	613	\$70.45
2008	\$35,945.00	\$5,320,909.00	\$156,497.00	509	\$70.62
2009	\$27,552.00	\$3,885,199.00	\$107,922.00	353	\$78.05
2010	\$40,575.00	\$2,748,428.00	\$98,194.00	511	\$79.40
2011	\$33,198.00	\$3,125,901.00	\$104,197.00	431	\$77.03
2012	\$22,856.00	\$1,993,949.00	\$83,081.00	495	\$46.17
2013	\$20,503.00	\$2,425,357.00	\$101,057.00	376	\$54.53
2014	\$14,812.00	\$1,723,748.00	\$71,823.00	265	\$55.89
2015	\$7,953.00	\$31,811.00	\$7,953.00	557	\$14.28
2016	\$10,553.70	\$105,537.00	\$10,553.70	299	\$35.30

Steeplechase Racing

Live Steeplechase Racing Statistics

Year	Total Handle	Daily Average On-Track Handle	Daily Average Attendance
2013	\$119,956.00	\$59,978.00	43,500
2014	\$240,302.00	\$80,100.67	34,400
2015	\$222,682.00	\$111,341.00	50,000
2016	\$241,859.50	\$120,929.75	50,000

The Breeders Fund

This fund establishes awards and incentive programs to foster the horse breeding industry in Virginia. Funding for these programs is derived from a one percent deduction of all wagers made in the Commonwealth. Since 1996 a grand total of \$26,011,127 has been contributed to the fund. This fund is managed by the collaborative efforts of the Virginia Thoroughbred Association and the Virginia Harness Horse Association with oversight from the Racing Commission staff.

Breeders Fund Contributions

Year	Thoroughbred Contributions	Standardbred Contributions	Total Contributions
1996	\$263,517.00	\$105,288.00	\$368,805.00
1997	\$755,900.00	\$195,041.00	\$950,941.00
1998	\$917,484.00	\$289,688.00	\$1,207,172.00
1999	\$915,431.00	\$297,811.00	\$1,213,242.00
2000	\$942,714.00	\$274,834.00	\$1,217,548.00
2001	\$967,123.00	\$271,671.00	\$1,238,794.00
2002	\$970,555.00	\$270,091.00	\$1,240,646.00
2003	\$1,035,181.00	\$268,647.00	\$1,303,828.00
2004	\$1,136,789.00	\$317,156.00	\$1,453,945.00
2005	\$1,176,374.00	\$341,208.00	\$1,517,582.00
2006	\$1,285,476.00	\$356,604.00	\$1,642,080.00
2007	\$1,318,153.00	\$358,693.00	\$1,676,846.00
2008	\$1,167,875.00	\$328,417.00	\$1,496,292.00
2009	\$960,763.00	\$263,852.00	\$1,224,615.00
2010	\$1,266,614.00	\$287,607.00	\$1,554,221.00
2011	\$1,301,040.00	\$286,961.00	\$1,588,001.00
2012	\$1,338,896.00	\$276,548.00	\$1,615,444.00
2013	\$1,325,659.00	\$262,990.00	\$1,588,649.00
2014	\$854,434.00	\$287,360.00	\$1,141,794.00
2015	\$651,792.00	\$118,890.00	\$770,682.00
2016	\$729,940.00	\$96,759.00	\$826,699.00
Totals	\$21,281,710.00	\$5,556,116.00	\$26,837,826.00

Tax Revenue to Localities

Year	New Kent	Chesapeake	Henrico	Richmond	Hampton	Brunswick	Vinton	Martinsville	Scott	Fauquier	Nelson	Total
1996	\$157,871.00	\$144,304.00	\$6,783.00	\$6,783.00	\$1,430.00	\$855.00						\$315,741.00
1997	\$408,498.00	\$159,665.00	\$113,726.00	\$113,726.00	\$101,062.00	\$43,538.00						\$797,900.00
1998	\$520,316.00	\$128,530.00	\$107,693.00	\$107,693.00	\$101,396.00	\$46,906.00						\$1,008,832.00
1999	\$524,049.00	\$132,641.00	\$108,839.00	\$108,839.00	\$108,412.00	\$49,836.00						\$1,022,670.00
2000	\$532,156.00	\$129,419.00	\$104,967.00	\$104,967.00	\$115,242.00	\$51,140.00						\$1,029,757.00
2001	\$539,392.00	\$131,455.00	\$107,885.00	\$107,885.00	\$110,778.00	\$50,791.00						\$1,052,999.00
2002	\$544,937.00	\$136,127.00	\$107,043.00	\$107,043.00	\$113,880.00	\$59,092.00						\$1,056,719.00
2003	\$574,992.00	\$145,928.00	\$103,758.00	\$112,388.00	\$113,880.00	\$59,092.00						\$1,110,038.00
2004	\$645,979.00	\$146,406.00	\$89,652.00	\$167,027.00	\$125,476.00	\$59,268.00	\$9,817.00					\$1,243,625.00
2005	\$676,257.00	\$146,065.00	\$84,164.00	\$165,595.00	\$119,218.00	\$52,244.00	\$44,660.00	\$14,615.00				\$1,302,818.00
2006	\$727,828.00	\$171,176.00	\$70,299.00	\$175,246.00	\$114,814.00	\$41,761.00	\$44,349.00	\$43,288.00	\$26,478.00			\$1,415,239.00
2007	\$743,077.00	\$172,558.00	\$79,755.00	\$165,331.00	\$110,160.00	\$45,105.00	\$46,583.00	\$51,189.00	\$29,266.00			\$1,443,024.00
2008	\$656,347.00	\$160,286.00	\$71,940.00	\$148,229.00	\$96,737.00	\$40,619.00	\$35,164.00	\$41,901.00	\$32,365.00			\$1,283,588.00
2009	\$537,046.00	\$121,016.00	\$55,955.00	\$120,425.00	\$88,982.00	\$30,613.00	\$32,241.00	\$37,024.00	\$24,824.00			\$1,048,126.00
2010	\$463,010.00	\$102,607.00	\$57,802.00	\$100,312.00	\$77,853.00	\$29,467.00	\$25,096.00	\$31,866.00	\$17,070.00			\$905,083.00
2011	\$436,914.00	\$94,877.00	\$57,104.00	\$86,180.00	\$72,505.00	\$25,339.00	\$24,079.00	\$32,532.00	\$16,435.00			\$845,965.00
2012	\$409,436.00	\$88,681.00	\$75,208.00	\$69,123.00	\$61,255.00	\$23,622.00	\$22,076.00	\$31,618.00	\$15,602.00			\$796,621.00
2013	\$384,745.00	\$91,428.00	\$72,231.00	\$58,969.00	\$59,531.00	\$21,880.00	\$15,642.00	\$31,733.00	\$15,062.00			\$751,221.00
2014	\$95,193.00	\$29,432.00	\$21,429.00	\$18,738.00	\$17,126.00	\$1,657.00	\$1,069.00	\$2,536.00	\$1,331.00			\$188,511.00
2015	\$66,269.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$853.00	\$109.00	\$67,231.00
2016	\$268,539.00	\$0.00	\$9,515.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$767.00	\$382.00	\$279,203.00
Totals	\$9,912,851.00	\$2,432,601.00	\$1,505,748.00	\$2,044,499.00	\$1,595,857.00	\$673,733.00	\$300,776.00	\$318,302.00	\$178,433.00	\$18,964,911.00	\$18,964,911.00	