

SUNSET REVIEW

OF THE

DIVISION OF RACING EVENTS

SUBMITTED BY

THE COLORADO DEPARTMENT OF REGULATORY AGENCIES

JUNE 1992

STATE OF COLORADO

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Roy Romer
Governor

June 15, 1992

The Honorable Bob Schaffer
Joint Sunrise/Sunset Review Committee Chairman
Room 348, State Capitol Building
Denver, Colorado 80203

Dear Senator Schaffer:

We have completed our evaluation of the Colorado Racing Commission and are pleased to submit this written report which will be the basis for my office's oral testimony before the Joint Legislative Sunrise/Sunset Review Committee. The report is submitted pursuant to section 24-34-104(8)(a), Colorado Revised Statutes, which states in part:

"The Department of Regulatory Agencies shall conduct an analysis and evaluation of the performance of each division, board, or agency or each function scheduled for termination under this section... The Department of Regulatory Agencies shall submit a report and such supporting materials as may be requested, to the Sunrise and Sunset Review Committee, created by joint rule of the Senate and House of Representatives, no later than July 1 of the year preceding the date established for termination..."

The report discusses the question of whether there is need for the regulation provided under the Racing Act. The report also discusses the effectiveness of the regulatory program in carrying out the intention of the statute and makes recommendations for statutory and administrative changes if the program is continued.

Sincerely,

Steven V. Berson
Executive Director

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EXECUTIVE SUMMARY

The Department of Regulatory Agencies has conducted the 1992 Sunset Review of the Colorado Racing Commission and recommends continuation of the Commission. The Department finds that the potential for fraud, abuse, and corruption within the dog and horse racing industries requires strict regulatory oversight if public confidence in the integrity of the sports and wagering is to continue. Without such confidence, it is possible that the industries could collapse in Colorado. To underscore this point, contact with industry officials in other states revealed that they would not carry Colorado simulcast races at their tracks if stringent state regulation were lifted.

This 1992 review was conducted in the most unusual of political environments. Legislation was introduced during the course of this review to move the Racing Commission and the Division of Racing from the Department of Regulatory Agencies to the Department of Revenue (HB 1206) effective July 1, 1992. The legislation made additional changes, most notably to the composition of the Commission. The move itself was premised on the belief that consolidation of gambling regulation in one department of state government was needed in Colorado. Although a few other states have considered such a move, they are studying the pros and cons of such a decision. Colorado, for better or worse, has chosen the "trailblazer" approach and must now wait and see what effects the decision produces. The Department has made an additional recommendation that the General Assembly issue a joint resolution re-affirming the value and integrity of the sunset process.

Indeed, organizational consolidation or consolidation of some regulatory activities (such as background investigations) were among the original research questions outlined by DORA for study in the 1992 Sunset.

This report is therefore limited to a finding that regulation is necessary and several additional recommendations to improve racing regulation. It is worth noting that the racing industry, strong supporters of the move to the Department of Revenue, are also strong supporters of continued regulation. At the same time, the industry complained loudly that it was over-regulated. The Department of Regulatory Agencies intended to recommend a change in the composition of the racing Commission: a recommendation also made in previous sunset reviews. This change was incorporated into HB 1206.

Another important recommendation of this report is a requirement that every track in Colorado have an audit conducted by a Certified Public Accountant or a Public Accountant. The results of these audits should then be provided to the Commission for review.

This report also recommends that the Commission study possible consolidation of duties performed by its field staff. The racing industry complained that the regulatory presence at tracks was too large. Numerous reviews and studies of the Commission have applauded its efficient approach to regulation. In part, this approach includes use of contract employees to fill positions that are required in the performance of live racing regulation around the state. There has never been a serious argument forwarded that this approach is not the most cost-effective method to provide oversight. Therefore, the recommendation of this sunset review is that the Commission consider and study possible consolidation where appropriate.

The Department, in concluding this review, met with Representatives of the Department of Revenue after HB 1206 became law. The Department of Revenue has begun meeting with Commission staff and is developing a transition plan. This plan involves fundamental transitions such as conversions to the Department of Revenue's computer systems. The Department of Revenue plans to conduct a performance audit to determine what changes it will make in administration of the program.

I. THE SUNSET PROCESS

The Colorado Racing Commission is scheduled to terminate on July 1, 1993 unless continued by the General Assembly. During the year prior to that date, it is the responsibility of the Department of Regulatory Agencies to conduct a sunset review and evaluation of that regulatory program.

During this review, the Commission must demonstrate that there is a need for the continued existence of the program and that the regulation it provides is the least restrictive consistent with the public interest. The Department's findings and recommendations are submitted via this report to the Joint Legislative Sunrise and Sunset Review Committee of the Colorado General Assembly. (Statutory criteria used in this sunset review may be found in Appendix A of this report.)

Because of the terminology used in the racing industry, this report defines many terms needed to understand horse and greyhound racing in Colorado.

Glossary of Terms Used in This Sunset Report

Association - Horse or greyhound association licensed by the Commission to conduct races and pari-mutuel wagering on such races.

Breakage - Odd cents retained by racetracks after payouts to bettors.

Dark Day - Any twenty-four hour period beginning at midnight during a race meet when no racing is held.

Handle - Total amount wagered.

Lure - A mechanical apparatus designed and operated to attract greyhounds to race.

Meet - The entire consecutive period for which a license to conduct racing has been granted by the Commission.

Minus Pool - Occurs when the total amount of money to be returned to the public exceeds what is in the pool because of commission being deducted and a rule that stipulates that no mutuel ticket shall be paid at less than \$1.10 for each \$1.00 wagered.

Mutuel Department - That area of a racetrack where wagers are made and winning tickets cashed; where the totalisator is installed and any area used directly in the operation of pari-mutuel wagering.

Mutuel Manager - Employee of the racetrack who manages the mutuel department.

Off-Track Betting (OTB) - Any form of betting on races at a site away from a track.

Overpayment - Occurs when the payoff to the public resulting from errors in calculating pools and errors occurring in the computation of payoffs results in more money returned to the public than is actually due.

Pari-Mutuel - A system of betting, mainly on races, in which winners split all funds wagered after track and state commissions are deducted.

Post Position - The position in the starting gate assigned to a horse or greyhound.

Post Time - The time set for a horse's or greyhound's arrival at the starting gate.

Post Time for Claiming Purposes - The first time posted on the tote board or announced over the public address system.

Race - Contest held on any racetrack for a purse, stakes or entry fees and in the presence of duly appointed racing officials.

Race Day - Any twenty-four hour period beginning at midnight during a race meet when racing is held.

Race Track - The entire area used by a licensed association to hold a meet.

Runner - A horse or greyhound entered in a race.

Scratch - The act of withdrawing an entered horse or greyhound from a race after the drawing for post positions.

Scratch Time - The time set by the association after which no horses or greyhounds may be declared or scratched unless ordered by the judges, stewards, commission veterinarians, or as otherwise provided for by Commission rules.

Simulcasting - Televising of races for the purpose of betting, at an OTB site or, at another racetrack.

Takeout - The percentage of total pari-mutuel betting retained by a racetrack, the state, and other parties.

Totalisator - A system or electronic device which accepts and cashes wagers, calculates the odds and prices of such wagers, and records, displays and stores pari-mutuel wagering information.

Tote Board - The board or video monitor used to display to the public the approximate odds and payoffs on runners, and other pertinent wagering information.

Trainer - A person licensed to condition greyhounds or horses for racing.

Training Track - Licensed and approved facility used for the training of greyhounds.

Underpayment - Occurs when less money is returned to the public than is actually due, as the result of an error in calculating pools and/or errors in the communication of payoffs.

Voucher - A computerized ticket acknowledging that a specified dollar amount has been deposited with the association by a patron. A voucher is the same as cash and is not part of any pari-mutuel pool.

II. STRUCTURE AND FUNCTION OF THE RACING COMMISSION

Introduction

The sports of horse racing and dog racing, and wagering by the public on those races, are regulated in Colorado by a three-member policy making Racing Commission. The Commission works with the Division of Racing Events, whose duties include administrative functions and enforcement of statutory provisions. The Commission and the Division are located in the Department of Regulatory Agencies until July 1, 1992.

The General Assembly, by statute, has directed that the regulation of racing in Colorado be comprehensive in scope. The Commission and the Division are charged to perform a myriad of duties:

- 1) protect the public health, safety, and welfare;
- 2) promote racing in the state;
- 3) raise revenue for the state;
- 4) establish high standards of sport;
- 5) promote the health and safety of racing animals; and,
- 6) foster honesty and fair dealing in the racing industry.

Performance of these charges is not an easy task. Indeed, it may be contentious. Such disagreement, moreover, is nothing new. Problems in these industries are illustrated by such publicized scandals as the illegal use of medications and subsequent disqualification of a Kentucky Derby winner. A 1973 decision by the Colorado Court of Appeals found that the need to protect the public's interest was so acute that the Commission's sometimes strict rules were reasonable.

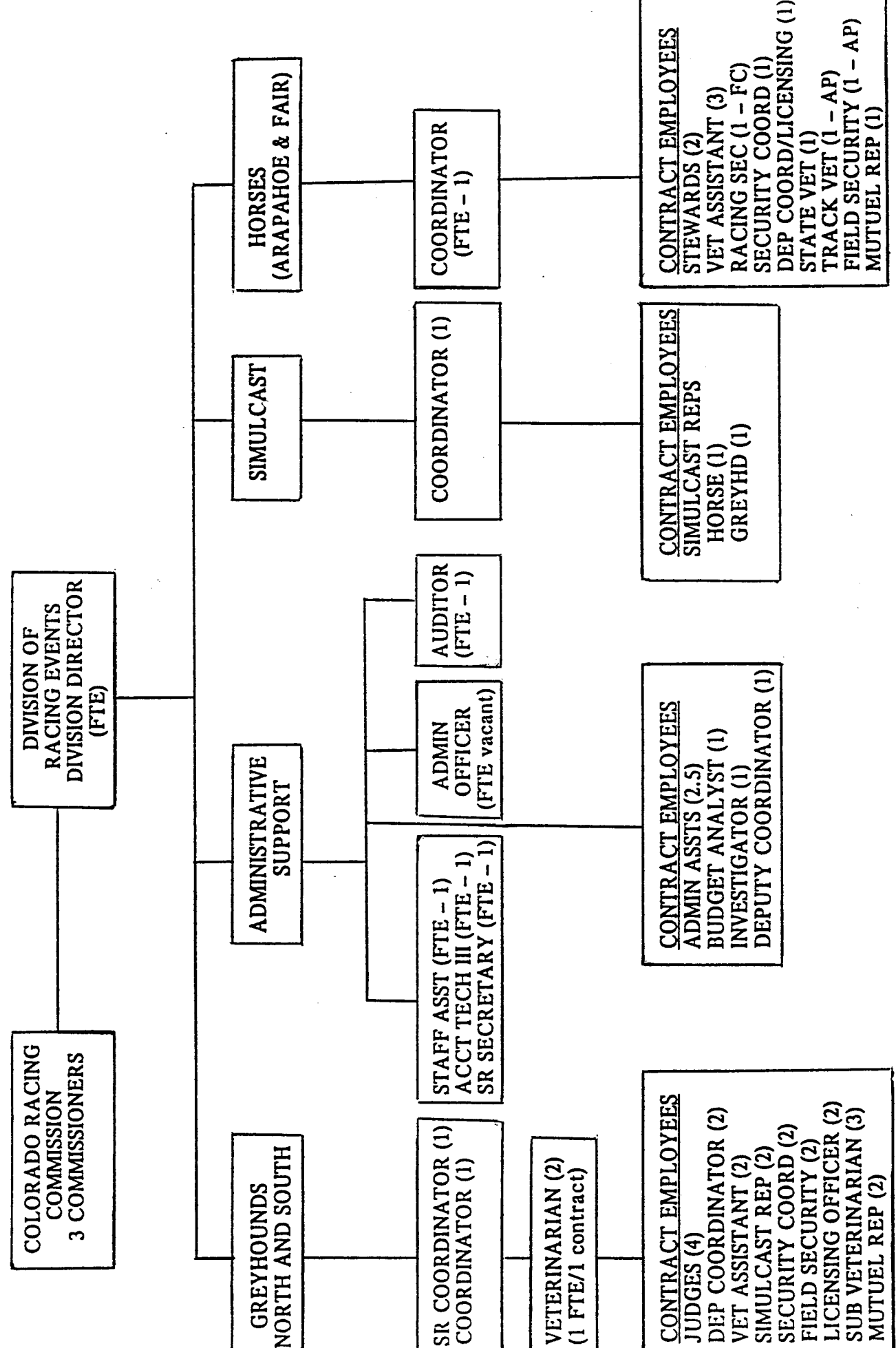
Structure of the Racing Commission and the Division of Racing. The Division of Racing Events is statutorily created within the Department of Regulatory Agencies. The Division of Racing Events is overseen by the Director of the Division of Racing Events who is appointed by the Executive Director of the Department of Regulatory Agencies.

The Colorado Racing Commission is created within the Division of Racing Events and works with the Director of the Division of Racing Events in regulating the industries of dog and horse racing in Colorado. The Commission is made up of three commissioners who are appointed by the Governor with the consent of the Senate. The statute does not establish standards for the commissioners but the Governor may remove any commissioner for cause.

The Director of the Division of Racing Events employs 7 FTE to carry out the Division's functions. The full-time Division staff consists of the following positions: program administrator, administrative officer, auditor, veterinarian, staff assistant, senior secretary, and accounting technician. Figure 1 on page 6 of this report shows the structure of the Division of Racing.

Much of the Commission's work is conducted in the field, at the five tracks currently operating in Colorado, or conducting on-site inspections of kennel facilities. In the future, Commission presence may be required at more field locations as the industry develops off-track betting sites. To carry out its functions, the Commission presently staffs 30 full-time and 12 part-time separate positions with contract employees. These positions may be paid by the day, as is the case with horse veterinarian assistants; they may be paid per racing performance, as is the case with greyhound security officers and greyhound simulcast representatives; they may be paid by the hour as is the simulcast coordinator (located in downtown office), or they may be paid by the week as the contract racing coordinator position is paid. This allows the Division great flexibility in staffing. Additionally, this use of contract personnel saves the state substantial sums of money and personnel costs. These savings are realized primarily because contract personnel enjoy no sick leave benefits, annual leave benefits, or health care benefits. This effective use of contract personnel does more, though, than save the state money. It enables the Division of Racing to better meet its requirement to provide oversight at the great variety of racing events held throughout Colorado and at various times during the year.

Figure 1
 Colorado Racing Commission Organizational Chart
 FTE and Contract Employees
 April 10, 1992



What role has the legislature given the Racing Commission? To answer this question, one must turn to the statute (12-60-100.2 C.R.S. et seq.) Although the law is summarized elsewhere in this report, some highlights may provide insight regarding the Commission's pursuit of its duties.

- * It is the duty of the director to aid in the enforcement of the article and in the prosecution of all persons charged with violating any provisions of the law.
- * Regulate the operations of pari-mutuel machines and equipment, money rooms, accounting rooms, and sellers and cashier's windows.
- * Ensure that the statute and Commission rules and regulations are strictly complied with by the racing industry (Emphasis added).
- * The statute provides that it is unlawful for any person to work upon the premises of a racetrack without first being licensed by the Commission. The statute provides the Commission authority, in its discretion, to waive this requirement for certain occupations.
- * Regulate all in-state simulcast facilities conducting pari-mutuel wagering.

When the enforcement directives are considered in conjunction with the broad directives of the statute's legislative declaration, it becomes clear that the General Assembly recognized the inherent possibility of fraud and corruption in this industry. It is also clear that the General Assembly understood that public perception of the fairness of racing in the state materially contributed to the success of the industry.

Recent Legislation Affecting Colorado Racing - Highlights of Senate Bill 99

The Colorado General Assembly passed legislation in the 1991 Session that made material changes to the racing industry in Colorado. This section of the 1992 Sunset Review will highlight the major provisions of SB 99.

Highlights of Senate Bill 99

- * Authorizes interstate and intrastate simultaneous television broadcasting, known as simulcasting, of live greyhound and horse races to off-site locations.
- * Allows Colorado race tracks to operate one additional facility.
- * Created two categories of horse tracks: Class A and Class B. Provided that horse tracks of the same Class may not operate within forty miles of each other.

- * Deleted statutory limitations on the number and duration of horse racing meets.
- * Changed the license fee for horse racing from 3.5% to .75% per race of the gross amount wagered on each race.
- * Added a .25% of the exotic wagering on all horse races to be paid directly to the Colorado State University Equine Center for Research.
- * Divided Colorado greyhound tracks into North and South Circuits. Allowed each Circuit up to 360 racing dates per year. Allowed tracks to transfer racing dates from one to the other. Provided that tracks could not operate at the same time unless they were more than 100 miles apart.
- * Increased the greyhound licensing fee from 4% to 4.5% of the gross receipts wagered during each race meet or placed on simulcast races. Provided that 50% of the fees are to be allocated to the Colorado General Assembly's Joint Budget Committee for funding operations of the Colorado Racing Commission.
- * Provided an increase in the maximum track takeout for greyhounds from 15% to 17.5% for each race.

Composition of the Racing Commission

During the course of this sunset review, members of the racing industry expressed strong opposition to the composition of the Racing Commission. In short, many feel that the size of the Commission is too small and that there are no assurances that persons appointed to the Commission will have any expertise in the racing industry.

The Racing Commission presently consists of three members. There are no statutory criteria regarding qualifications for these individuals. This combination creates several problems that may materially impact the regulation of racing in Colorado.

- a. If two members are absent, no business can be conducted by the Commission.
- b. When only two Commissioners are present, limited discussion of issues may take place.

Previous sunset reviews recommended increasing the size of the Commission. This 1992 sunset report repeats that recommendation.

However, the passage of HB 1206, which became law on June 6, 1992, has already implemented this recommendation, since it includes a significant change to the composition of the Commission. When the new Commission is appointed, it will be made up of five members:

1. One member previously engaged in the horse racing industry for at least five years.
2. One member who is a practicing veterinarian who specializes in large animals and who has been licensed to practice in Colorado for not less than five years.
3. One member who is a certified public accountant or public accountant who has practiced in Colorado for not less than five years and has a comprehensive knowledge of corporate finance.
4. One member previously engaged in the greyhound racing industry for at least five years.
5. One member from the general public.

Increasing the size of the Racing Commission to five members is not unreasonable when the monetary size of the racing industry is considered. A five-member commission would allow better representation, a broader knowledge base, and reduce the effect of absence of one member.

III. THE PARI-MUTUEL INDUSTRY

Racing and Gambling in Colorado: A Primer for Beginners

Picture this scenario: A person is driving home from work and stops for milk. On the radio, excited conversations alert one to the fact that this week's lottery has reached a level that, if won, will materially impact the winner's comfort level forever. A bus passes sporting a huge billboard depicting one hawaiian shirt amidst a row of drab suits. Inside the store, the lotto computer sits in the customer services area. The patron strolls over, puts down a couple (or more) dollars and says, "Quick Pick" or words to that effect. Within seconds, he or she is in the running for the jackpot. It's that easy.

Compare that wagering experience with "a day at the races." The first thing a gambler needs is a racetrack with horses or dogs or at least television monitors broadcasting horses and dogs racing somewhere else in the state (or country). Legal betting can occur at facilities away from a track but Colorado doesn't have any in operation yet.

Wagering on these sports is not as easy as stopping by a convenience store. There are tracks in Loveland, Commerce City, Colorado Springs (2), Pueblo and a brand new horse track in Arapahoe County. If one lives on the Front Range, this is pretty convenient. If the wagerer lives in Grand Junction, he or she may be having second thoughts.

Once at the track, one needs to pay admission to get in. Once inside, there are a variety of levels offering better views, better seats, and in general, the promise of a better time. But it costs more to move up.

Well, perhaps a quick bet will generate extra disposable income and one can then become more upwardly mobile. Turn around can be quick on a wager: there's a race every 17 minutes or so. Quick Pick? Not really. To gamble successfully, one needs to buy a program. This will tell what runners are running in what races. It will also tell other things about the runners such as how they have raced previously.

The program may explain that a runner is always a threat, collided first turn or never prominent. The program gives lots of other information but a new gambler might be stuck on figuring out what "quick control, almost up" means and time is running out. Wagering stops at a certain point before the race.

Should a person just walk up and bet on number seven? That's possible, of course, but he or she might be putting good money on a runner that seldom performs well. Serious gamblers spend a great deal of time studying the programs and the scheduled races. They are "handicapping" the race and may wager on only one or two events. How can this be so complicated?

One reason it is complicated is because the odds aren't set as in lottery and pari-mutuel wagers are not playing against the house, as in blackjack. In pari-mutuel betting, the odds are set by the amount of money wagered on a horse or dog. That's why the track displays the odds while the betting takes place - and the odds change.

Another reason that it's complicated (to a beginner, at least) is because there are actually two types of betting. Straight pools consist of bets placed on win, place, and show. Win means the runner placed first, place means second, and show means third. This is about as close to a quick pick as it gets. Exotic bets usually require choosing various combinations of runners and how they place. The following examples of legal bets available in Colorado typify exotic wagers.

1. Daily Double - select the first place winner in two consecutive races.
2. Exacta - select the first two finishers, in their exact order for a single race.
3. Quiniela - select the first two finishers, in any order, in a single race.
4. Quiniela double - select the first two finishers, in any order, in each of two consecutive specified races.
5. Superfecta - select the first four finishers, in their exact order, for a single race.
6. Tri-Superfecta - select the first three finishers, in their exact order, in the first of two designated races. And, select the first four finishers in the second of two designated races. If one wins the first of the designated races, he or she must exchange that ticket for a free ticket in the second designated race or he or she can't participate in the second half of a tri-superfecta.

There are other wagers, also. Twin quinielas, twin superfectas, trifectas, twin trifectas, and select three may be available. There may be others, as well. New exotic wagers are designed by the industry and approved by the Commission.

All of the money wagered goes into a pool and most of that money is returned to the bettors in winnings. If one has a winning ticket, simply cash it in right at the track.

The purpose of this exercise is to familiarize the reader with the basics of wagering on races. Track betting is not a spontaneous gambling activity like many other types of gambling. It requires a concentrated effort and requires skill and knowledge. Wagering on races is different, in significant ways, from all other legal gambling.

Greyhound Racing

Greyhound racing has had a significant economic impact on the State of Colorado for the past forty years. In 1990, revenue to the tracks and direct tax to the State of Colorado, from parimutuel wagering, two components of the total handle, was \$25 million. Cost to kennel owners, including costs of equipment and buildings, to raise and train the necessary greyhounds required by the tracks to race was approximately \$8 million. Additional revenue to the tracks from admissions, concessions, and other miscellaneous costs was approximately \$11 million.

Colorado's greyhound racing is now divided into a North Circuit and a South Circuit, which increases the economic impact. According to the Division of Racing, revenue to the tracks and direct tax to the State of Colorado from parimutuel wagering on greyhound races is projected to increase to \$30 million. The costs of kennel owners, including costs of equipment and buildings, to raise and train greyhounds is projected to increase to \$10 million. Additional revenue to the tracks from admissions and concessions is projected to be approximately \$12 million.

The total current direct economic impact of greyhound racing in the State of Colorado, excluding that part of the handle that is returned to the wagering public, is over \$44 million. The greyhound tracks employ 2,100 people and generate an additional 5,200 jobs directly or indirectly. If a conservative multiplier of 2X is applied, the total impact is \$132 million. Again, creation of the North and South Greyhound Circuits in the state is projected to increase the direct economic impact of greyhound racing to approximately \$52 million. After application of the multiplier effect, that total impact may be as high as \$156 million. It is clear from these figures that the economic impact from greyhound racing and the return of major horse racing to Colorado is significant. It should be noted that promotion of the fair circuit race tracks by the Racing Commission is an important element in the increase of economic impact to the state. In short, Colorado can anticipate as much as \$318 million and over 14,500 jobs as a result. This is in addition to the agribusiness economic impact of \$692 million. The total positive economic impact to Colorado from the horse and greyhound industry is in excess of \$1 billion per year.

Major Horse Racing. SB 99 created legal authority for major horse racing to return to Colorado. In fact, major horse racing began at Arapahoe Park, May 16, 1992.

Clearly, it is too early to judge the success of this element of the pari-mutuel industry except to say that the return of racing is, in itself, a success. The Racing Commission worked closely with Arapahoe Park. The Commission reports that it has received an application for a second major horse racing track.

Fair Circuit Horse Racing. Parimutuel horse racing at small community horse tracks, commonly known as fair circuit tracks, has historically had positive economic impact for local communities. Until recently, fair circuit tracks were operating in the communities of Grand Junction, Rangley, Rifle, Craig, Durango and Akron. The only track still operating is Gateway Downs in Holly. It is anticipated that these fair circuit tracks will be able to reopen as horse racing grows in Colorado.

A five weekend horse meet at Grand Junction in 1987 was estimated to have had an economic impact in excess of \$850,000, in that community. If horse racing were to return to all of the fair circuit locations, those communities would experience economic benefits ranging from \$340,000 to \$850,000 with a total impact on those rural communities of approximately \$4 million. Again, if a conservative multiplier effect of 2X is applied, the total impact is predicted to be approximately \$12 million.

Horse and Greyhound Racing - Economic Benefits to Colorado

There are two ways that the racing industry manifests economic impact on Colorado. One, the state retains a percentage of the money wagered, known as the handle. The following table shows the revenue provided to Colorado by parimutuel wagering in recent years. Please see the appendix on page 34 of this report (Cumulative Data - All Tracks) for a more complete review of revenue to the state from racing handle.

HANDLE (IN MILLIONS)	FY 89-90	FY 90-91	FY 91-92	FY 92-93 (Projected)
Greyhound	\$ 202	\$ 204	\$ 220	\$ 230
Class A Horse Tracks	.52	.54	.56	2.1
Class B Horse Tracks	0	0	9.3	22.94
Out of State Simulcasts	0	0	3.5	15
STATE REVENUE (IN MILLIONS)	\$ 8.08	\$ 8.26	\$ 10.05	\$ 10.65

There are benefits derived from the legalized greyhound and horse racing in Colorado other than direct benefits from gambling proceeds. It is clear that the State of Colorado derives significant, positive benefits from the existence of legalized gambling on horse and greyhound racing.

According to a recent study done by Policy Economics Group, the horse industry in Colorado is a \$346 million industry. The study stresses that the \$346 million figure is actual cash flow.

If a conservative multiplier, an economic term that refers to the number of times money will turnover once in the economy, of 2X were applied, as in a study conducted by the Department of Economics of Southern Methodist University, the economic impact in Colorado would be predicted at \$692 million per year for the horse industry alone.

According to the license applications for Arapahoe Park and Pikes Peak Meadows, the economic impact of horse racing on the State of Colorado is as follows.

The average monthly cost of keeping a quarter horse in training is \$900 (based on \$25 a day for a trainer and \$150 for veterinary and other costs). Adjusted to an eight month racing season in Colorado this projects to \$7,200 per horse. According to some experts, trainer costs are about twice as high for a thoroughbred as for a quarter horse. Therefore, the average monthly cost of keeping a racing thoroughbred is \$1,650 (based on \$50 a day for a trainer and \$150 for veterinary and other costs). Adjusted to a eight month racing season this totals \$13,200 per horse. Therefore, the 1,050 starters in Colorado (70% thoroughbred and 30% quarter horse) will generate approximately \$12 million. Assuming that the stall fees are an additional \$50 a day, horsemen will spend \$12.5 million total.

Based on studies of previous attendance in the early eighties and adjusted for 1991 population figures, total attendance during live race meets is projected to be approximately 300,000 per year. Based on current per capita wagering on interstate simulcast of horse races of \$130 a day, the handle, or amount wagered, at live race meets is projected to be \$39 million.

The continuation of the current interstate simulcast handle of \$21 million per year will result in total yearly handle on horse racing of approximately \$60 million. Of the \$60 million, \$450,000 will go to the State of Colorado as a parimutuel tax. Another \$660,000 will go to the Owners and Breeders Fund, \$100,000 to Colorado State University for equine research, \$4 million to horse purses and \$6.5 million to the tracks and simulcast facilities. If expenditures by those attending the track on parking, admissions, concessions and programs is \$8, the 300,000 patrons will spend an additional \$2.4 million per year on those items.

Therefore, the total direct economic impact of major horse racing in the State of Colorado, excluding that part of the handle that is returned to the wagering public, will be over \$50 million. It is anticipated that the two primary horse racing tracks will employ approximately 425 people and generate an additional 6,700 jobs directly or through the multiplier effect. If a conservative multiplier of 2X is applied, the total impact for the State of Colorado will be \$150 million. This amount does not include the parimutuel handle which is returned to the public. The \$150 million is in addition to the agribusiness economic impact of \$692 million.

How is the Betting Public's Money Protected?

In its most simple configuration, all money wagered at a track in Colorado is placed in a pool. The amount of money wagered on each dog or horse establishes the odds on each runner. At the conclusion of the race, winning tickets are paid from the pool.

All of the money in the pool, however, is not returned to the betting public. The public is returned 82% of the total pool; 18% is withheld. This 18% is known as the take-out. The take-out is divided as follows: the State of Colorado receives 5%, the track receives 9% and 4% is paid in purses to greyhound owners or kennel owners.

Tracks monitor this money flow by use of a computer known as a totalisator. This is an elaborate computer system consisting of the main computer, terminal and machines that issue tickets to the bettors, and simultaneously transmit the data of that wager to the main computer. The system will also typically contain a dedicated terminal that allows monitoring of the money room and the information in the totalisator.

Two functions of the totalisator are especially important to the wagering public. One, the totalisator computes and displays, minute by minute, prior to the cessation of betting, the odds of the race. Second, the totalisator computes and displays the final payout prices to the public. These computations are possible because of the totalisator's ability to process all transactions of ticket sales and payouts.

There are other scenarios that could potentially harm the betting public, harm the integrity of racing in Colorado, and cause the track to lose money. Persons could attempt to cash a ticket that has been previously been cashed or canceled, or an attempt may be made to cash a ticket that is fraudulent, and was not purchased at the track.

The system must also compute other significant factors. A dog or horse may be scratched from the race. In other words, they may be listed as participating in the race but have been removed for some reason.

This may lead one to conclude that public protection is afforded by the use of a computer owned and operated by the regulated business. However, the computer only computes what is put into it. A major part of regulation of racing in Colorado involves oversight of the computer system.

In one illustrative example, review of the totalisator data saved the state untold dollars in receipts of the handle. Although the error was just that, an error and not an attempt to commit fraud by the licensee, the potential loss by the state was real. This scenario can be set up to defraud the state and/or the betting public. If no oversight, or limited oversight, is provided by the state, the racing industry is ripe for abuse and scandal, perhaps even attracting criminals into Colorado.

Regulation of the Sport of Racing. How Does the Public Know the Race is Fair?

It is easy to focus on the wagering that accompanies racing and exclude any thought of the integrity of the sports being conducted so that the wagering may take place. Assurance of the integrity of horse and dog racing is an important function of Colorado's regulatory scheme.

Consider any popular sport and the role and authority of the "regulators" or officials is obvious. Referees in football, umpires in baseball, and judges in tennis, to name a few, control the integrity of individual games or matches. Ultimately, then, this regulation translates into integrity of the sport. This is a crucial function.

In major sports, including animal racing, impartial officials are charged with enforcement of the rules as well as making decisions that may affect the outcome of the event. Their effectiveness in carrying out this mission may preserve the sport or destroy the sport if the public confidence is eroded.

In large part, the integrity of Colorado horse and dog racing is overseen by the Commission's veterinarian and the judges or stewards. The veterinarian makes certain that the track is safe for racing, checks the weight and condition of the racing animal, and, perhaps most importantly, tests animals to ensure that they are free of illegal drugs. Figure 2 on the following page shows the process by which the Racing Commission screens horses for drugs.

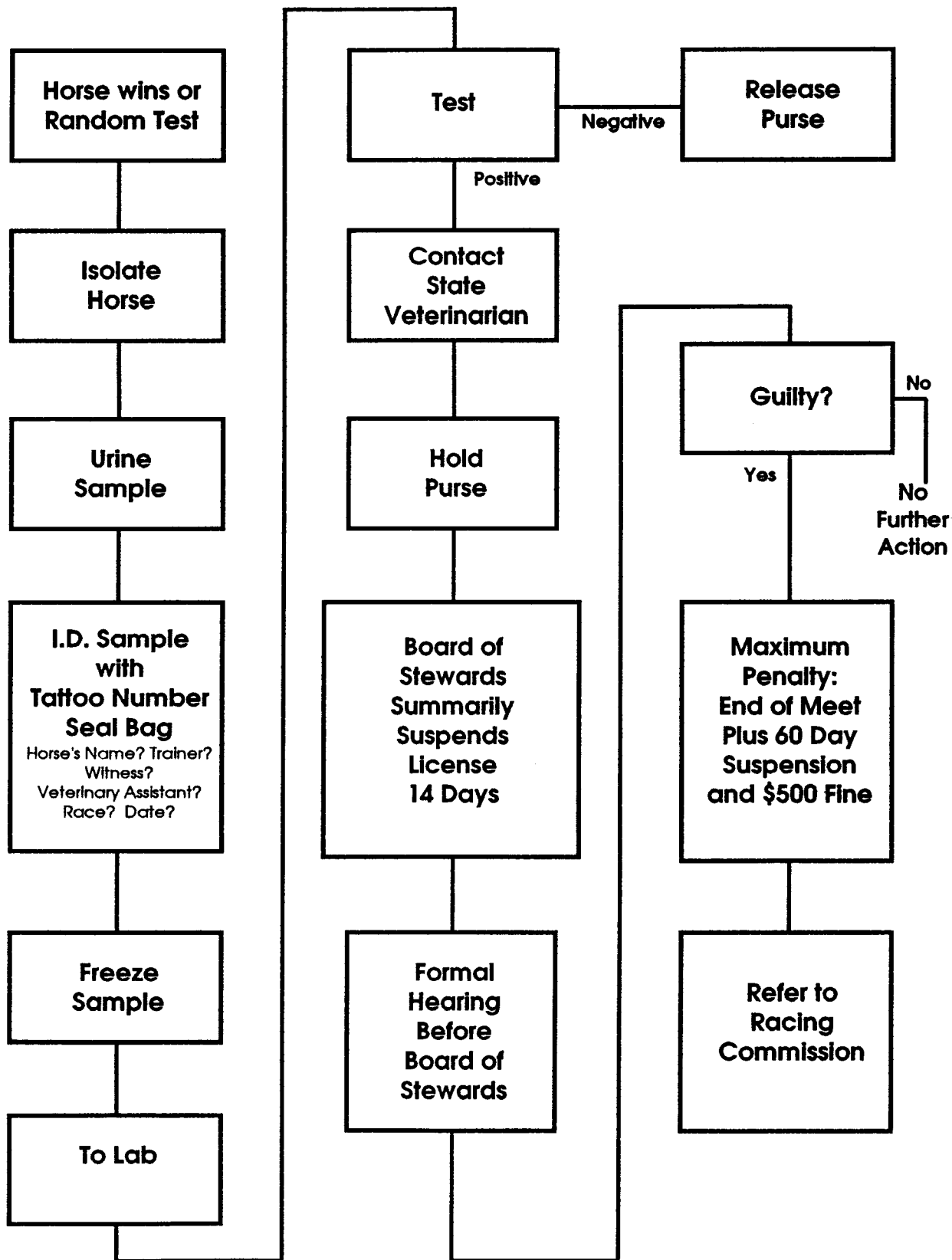
Serious bettors wager because they believe that they can make educated predictions of race outcomes based, in part, on an animal's history in other races. The consequences of an "all-out" drug scandal would cripple the entire racing industry in Colorado.

The Commission discovered five drug violations in the Colorado industry in 1991 and responded with a series of investigations and disciplinary actions. This action took place during a period of time when the amount of money wagered on races was in a three-year decline. As the regulatory hand of the state was applied, dollars wagered began to increase. The Commission points out that it is not possible to determine for certain that other factors did not contribute to the amount of money wagered.

Although this may be true, when the attendance patterns and wagering behavior of serious players is taken into account, one cannot dismiss the potential impact of news of drug violations. When these violations are not controlled by the state, it is likely that serious bettors will cease betting, thereby harming the industry and reducing state revenue.

The other significant state presence charged with assuring the integrity of the sport is the board of stewards, or judges. Two state judges and one employed by the track handle a variety of duties.

Horse Racing Drug Screen Process



The most visible to the wagering public of these functions is perhaps the "officiating" of the race as the referees in a basketball game. The judges decide the official order of finish in a race. Although aided by video, photography and mirror-images, the decision of order of finish is, in the final analysis, a human one; a judgement call in some instances.

The wagering public depends on these decisions because the order of finish determines the payout. What if a "long-shot" is involved in a closely contested finish? Those who wagered on the animal stand to make money. The Commission's complaint files contain many challenges to the judges decisions by wagerers. Integrity in this process is essential.

Judges also monitor the conduct of the race. Runners may trip, bump, impede, fight, or bite other runners. One player has compared it to a hockey match. There is no penalty box in racing, though, and the judges must decide if an infraction has taken place that affected the outcome of the race. They must then decide what action is called for, such as disqualifying the offending runners.

Again, the wagering public depends on the calls of the judges to maintain the integrity of the sport. If a race is not fair, then the state must say so and take corrective measures to protect the public. The judges also hear cases and determine disciplinary action against licensees.

There are a variety of other actions undertaken by the state to ensure that the horse and dog races conducted in Colorado are as fair as possible. Animal identification, scratching or removing a particular animal from the race, inspection of kennels, investigation of illegal training techniques such as use of live lures to excite dogs and general supervision to assure that the thousands of races of animals are conducted humanely, provide an overview of regulatory elements in providing the wagering public with a safe betting environment.

Federal Regulation of Racing

Certain elements of horse racing are regulated by the Interstate Horse Racing Act. Although states have primary responsibility for legalization of gambling within their borders, federal law is imposed to regulate the limited area of interstate off-track wagering on horse races.

The Interstate Horse Racing Act speaks to three areas:

- a. Consent of Parties. An interstate off-track wager may be accepted by an off-track betting system only if consent has been obtained from the host racing commission, the host racing association and the off-track racing commission in the state where the wager is to be made.
- b. Takeout Amount. The Act prohibits an increased takeout (higher than the takeout for off-track wagers on races run within the state) by the racing industry unless such increased takeout is permitted by state law.
- c. Penalty for Violation. Any person accepting wagers in violation of the provision of the Act is liable for damages to the host state, the host racing association and the host horseman's group representing the majority of owners and trainers.

Gambling - The Big Picture

Gambling is a dynamic American industry. Some have estimated that Americans gamble about 6 1/2 percent of their incomes. Gambling is also entertainment and so must compete with other forms of entertainment. In Colorado, gambling competes with professional football, basketball, and, soon, professional baseball. The skiing industry competes for the consumer's entertainment dollar as well. Of course, direct competition exists among lotto, bingo, casino gambling, and racing.

Within the gaming industries, there are winners and losers. Casinos are the big winners and lotteries are a distant second. It should be noted that slot machines and gaming tables in Nevada and New Jersey account for most of the gaming dollars. Bingo and charitable gaming account for a much smaller part of the gross gambling handle followed by legal bookmaking and Indian reservations.

There are other types of gaming. Card rooms are legal in eleven states, off-shore shipboard casino gaming is popular with some gamblers, riverboat casino gambling is legal in Illinois, Iowa and Mississippi and video lottery terminals are legal in several states.

All of this gaming activity generates a total gross national handle (total amount of money wagered) of \$290 billion. Approximately \$30 billion of this gambled money is retained by operators. In some cases, operators are casinos or racetracks. In other cases, lotteries, to be specific, the operator is usually the government (Alaska has a private lottery).

This data provides a snapshot of gaming. It aids in grasping the size and pervasiveness of gambling in American society. To better understand the issue, we must explore the growth of gambling and ponder future possibilities. Gambling is big business and its movements can have large effects.

Nationwide, state lotteries and slot machines have shown the greatest growth from 1982 to 1989. Both showed growth in excess of 300%. Card rooms and bookmaking in Nevada and charitable gambling followed by showing growth in excess of 200%.

Predicting the future of gaming is about as risky as predicting the winning numbers in next week's lottery. However, expansion of the gaming industry seems certain, at least in the near future.

Video gaming is near. A generation surrounded by electronic video games may find electronic gambling appealing. This could substantially increase the scope of gambling activities.

Sports betting is quite popular already. Although illegal in most states, daily newspapers carry the point spread on games as though it were the day's weather forecast.

Indian gaming may be one of the biggest issues facing society and the gaming industries in the near future. During the 1980's, a variety of federal courts ruled that states had no regulatory power over tribal lands. In 1988, the Indian Gaming Regulatory Act was passed. This level of activity underscores the importance of this issue. Colorado, the gaming industries, the wagering public, and the general public will no doubt be called upon to solve complex issues surrounding the rise of Indian Gaming.

Parimutuel wagering is virtually stagnant in the United States. This fact, of itself, would not raise extreme concern. When compared to lotteries, though, with a gain of almost 400% from 1982 to 1989, the racing industry is concerned.

It is easy to grope around and identify scapegoats for the reduction in dollars wagered on racing. One speculation might be that regulation is to blame. It is an interesting position because it covers two eventualities. If regulation is too extensive, then the tracks can't make money, the product is delivered inefficiently, and the public gambles elsewhere. If, on the other hand, the public doesn't gamble because there is fear of corruption or fixed races, that too is the fault of the regulator who, in this instance was too lax.

In fact, the national racing industry knows that it must market its products differently if it is to survive. The racing industry faces challenges today and in the future that were inconceivable even ten years ago. Further, when faced with the new environment of competition, the racing industry has been slow to respond.

Industry officials and business experts addressed these issues at the 1991 World Gaming Congress and Expo, according to a report in "Gaming and Wagering Business" (Volume 13, No.3). As stated earlier, racing competes for entertainment dollars. There is a great difference in being entertained at a professional baseball game and being entertained by attempting to learn how to handicap racing events. It will be the industry's challenge, in the years ahead, to narrow this difference and attract patrons.

IV. REGULATORY EFFORTS OF THE RACING COMMISSION

Complaints And Disciplinary Actions

Complaints. The Commission investigates complaints against tracks, employees of tracks, and complaints against actions by Commission representatives. These complaints are usually made by consumers, or the wagering public. In some cases, though, they may be made by animal owners or employees of the track.

This sunset review examined the Division's complaint files for three years: 1989-1991.

The Division has promulgated policies and procedures to ensure that all complaints are handled in a professional manner with equal treatment to all parties. Complaints are assigned a priority of #1 or #2. An emergency situation or a situation involving the welfare of an animal receives #1 priority and is processed within five days. Other cases receive #2 priority and are processed within 30 days.

Consumer Complaints to Division of Racing

TYPE OF COMPLAINT	1989	1990	1991	1992 (4/6/92)
WAGERING/PAYOUT	13	28	33	3
CONDUCT OF RACE/ RACE RESULTS	20	25	38	4
ANIMAL SAFETY	5	11	4	1
OTHER	5	9	11	2

Disciplinary Actions. The Racing Commission reports that most discipline taken results from the efforts of its staff. In other words, consumer complaints, overall, tend not to be of a substantive nature to an extent that the complaint results in formal discipline. Rather, the Commission responds to the consumer with additional information (such as a copy of the photo finish) or the Commission attempts to mediate between the track and the consumer (as when there is some dispute regarding the validity of a ticket). These efforts are directed towards maintaining the public confidence in the racing offered to the public. The Commission takes consumer complaints very seriously and attempts to investigate and resolve them quickly.

There are infractions, such as medication violations, that do result in disciplinary action against the licensee or fines or both. The following table shows the disciplinary actions of the Racing Commission.

	FY 89-90	FY 90-91	FY 91-92 (Projected)	FY 92-93 (Projected)
Suspensions	21	14	25	50
Fines	80	100	150	200
Application Falsifications	19	26	50	75
Other	34	17	25	60

Licenses and Approval of Race Dates

Two important elements in the regulation of the racing industry are the issuance of licenses, track and individual, and the approval by the Commission of race days, or when a track is permitted to offer live racing. The following table illustrates the Commission's activity in these areas.

	FY 89-90	FY 90-91	FY 91-92 (Projected)	FY 92-93 (Projected)
Track Licenses	9	7	10	11
Individual Licenses	3,404	4,000	6,000	7,000
Greyhound Race Programs	422	650	640	936
Number of Greyhound Race Meets	4 1/3	6	6	4
Class A Horse Track Days	30	10	20	35
Class B Horse Track Days*	0	0	60	152

* Previously called Fair Circuit

Licenses issued by the Racing Commission. The Commission has broad statutory authority to license any person who works on a racetrack. The Commission presently licenses over 40 occupations involved in the operation of a racing track.

This list is rather thorough, including owners, racing officials, trainers, corporate officials, jockeys, concession operators and employees, and parking lot attendants. Appendices C and D show the scope of the Commission's licensing activity.

The licensing process is quite simple, involving the payment of a fee and providing background information. The licensing program is more accurately described as a registration program with the addition of a criminal history check (in some cases).

The Commission will typically provide licensing service at a track conducting live races. This provides a definite "value-added" service to the industry and enables new track employees to secure a license quickly and easily.

V. SHOULD COLORADO CONTINUE TO REGULATE HORSE AND DOG RACING?

Recommendation 1: The General Assembly should continue the Racing Commission.

The guiding question of this Sunset Review is found in the Sunset Criteria:

Is regulation by the agency necessary to protect the public health, safety and welfare?

This Sunset Report concludes that such regulation is necessary. Another significant question that must be answered is whether or not the conditions which led to the initial regulation have changed. Again, this report finds that such conditions have changed. Moreover, these changes support the need for continued regulation.

Continuation of the Colorado Racing Commission is needed in order to regulate and supervise the racing industry. There is an inherent potential for corruption in the racing and gambling industries as well as victimization of the patrons and consumers of that industry. Competition in the free market, the foundation of this country's economic and social systems, cannot protect patrons and consumers from general fraud in legalized gambling industries nor from fraud committed in the sports of horse and greyhound racing. In 1990, almost \$207 million was wagered in Colorado in this industry. This is no anomaly. Patrons have wagered over \$200 million in Colorado every year since 1985.

The racing industry is an important part of the Colorado economy. Appendix B, found on page 40 of this report, records the financial history of racing in Colorado since 1949. Like any industry, it has recorded ups and downs. Effective and efficient regulation has played a part in the development of a successful racing industry in Colorado.

Colorado recognizes the need to regulate legalized gambling. Bingo and raffles, casino gambling, and lotto and lottery gambling are all strictly regulated by the state. It would be unreasonable to deregulate the racing industry because the potential for profits through fraudulent activities would attract criminal elements to that industry and to the State of Colorado.

Furthermore, the regulation of the racing industry entails more than simply regulation of gambling activities. Regulation of the sport of racing covers a vast variety of duties. Examples include judging of races, monitoring of schooling races to determine any irregularities, determining official track conditions, maintaining sanitary conditions in testing areas, collecting urine samples from racing animals, weighing of greyhounds and jockeys, and reviewing security of kennels and track facilities.

Particularly insightful on this issue is the industry itself. During the course of interviews, industry officials constantly called for less regulation. Repeatedly they were presented with the logical extension of their own argument: eliminate regulation.

Industry officials were uniformly appalled at this idea. Even the most high-tech and successful organizations were prepared to admit that the public response to no government regulation of racing could be so severe that the industry would fold.

There are no free market forces that will ensure that these functions take place. Without this type of oversight, the betting public would not have any assurance that races were fair or that betting procedures and payouts were fair. Consumer complaints to the Racing Commission underscore the awareness of the betting public of the potential for fraud in this industry.

VI. STATUTORY RECOMMENDATIONS

The Racing Commission Should Study Consolidation Of Field Positions

Recommendation 2: **The Racing Commission should study its staffing and combine duties where appropriate.**

During the conduct of research for this sunset review, the Department found dissatisfaction throughout the Colorado racing industry with some of the state's regulatory efforts. The industry complained of being "over-regulated." In fact, most complaints referred to problems with too many Commission staff at race tracks.

Questions concerning excessive staff are not answered easily. In many respects, the issue is synonymous with oversight by the state. The Division employs seven FTE (full-time equivalent) employees. However, the Division uses contract employees extensively. Forty-three contract positions complete the Division's staffing. All of these employees do not work full time. Some, however, perform more than one contract assignment.

The Division cites maintaining its regulatory presence at race tracks and an aggressive approach to enforcement of the statutes, rules and regulations as two of its goals.

This report has argued the need for continued regulation of the racing industry. Similarly, the same reasons that argue for continued regulation may be applied as questions to measure the effectiveness of regulation.

1. Are there scandals in the racing industry indicating that the public is not being protected?
2. Is revenue being generated to the General Fund by wagering on races?
3. Are there benefits to the state economy from racing?

The answers to these questions reveal that the Division is doing a good job of regulating the industry. However, there may be areas where duties can be consolidated or, possibly eliminated.

Consolidation should not be pursued haphazardly, though. The Racing Commission's use of contract personnel is a cost-effective approach to staffing. Whenever contract personnel can be used, Colorado gets maximum bang for the buck. For instance, if a position is filled as an FTE to perform some function related to horse racing, and there

is no horse racing Colorado for several months (a true scenario), what happens to the FTE? In such cases, contract positions simply do not work and are not paid. The Racing Commission is general funded so the General Assembly has approved this approach to controlling costs yearly.

Financial Audits Of All Tracks Are Needed

- Recommendation 3:**
- a) **The General Assembly should direct the Racing Commission to require audits of all financial aspects of the Racing Commission's regulation of wagering for all tracks.**
 - b) **The Racing Commission should promulgate by rule and regulation, the standards for approval and operation of a totalisator at any race track in Colorado.**

The totalisator, a computer system that monitors betting activity, plays a most important role in the flow of the wagering public's money and in the computation of take-outs such as the percentage of the handle that is retained by the state. There are currently problems with the totalisator system in Colorado. Between 6-4-91 and 5-31-92, the Racing Commission has received over 200 malfunction complaints regarding the totalisator/tote board operations at race tracks throughout the state.

The computer system should be carefully audited and tested for that reason alone. But there is another element added to the scenario. There is one totalisator system in place in Colorado today although there are several national companies that provide totalisator hardware and service. The present totalisator company is part of the same company that owns and operates the majority of race tracks in Colorado.

Previously, there was some degree of check and balance when a racetrack purchased a totalisator system. Although there is no evidence of problems with the present system, it is the responsibility of the state to make certain that the system in use performs properly. Again, public perception that a conflict of interest exists in the racing industry could be catastrophic.

The present Commission is attempting to address this problem. The Commission now employs an auditor to review totalisator and other money flow issues. This is important and should be continued.

A 1991 audit of one track uncovered several problems. Findings and recommendations of the audit included:

1. Dec writers, or access terminals, should be installed at off-site locations and the Commission should review for any unauthorized access, teller inquiries or excessive checking of teller balances.
2. Access to certain areas of the track should be restricted.
3. The track should keep an auditor's log documenting any problems that would affect the handle.
4. Reports should be made to the Commission when a problem occurs. Although this procedure is in place, reports are made by the Commission staff present at the track and not by the track.
5. The track should install adequate telephone lines.

These recommendations show that the protection of the betting public's money could be improved. The increase in betting activity foreseen as a result of the recent opening of Arapahoe Park underscores the need for improvement. It is not reasonable to expect one auditor, employed by the Commission, to conduct a statewide audit of the complexity and magnitude. Rather, the Commission should require that all tracks perform audits conducted by a Certified Public Accountant or Public Accountant. Those audits should then be provided to the Commission for review and if necessary, corrective action.

Based on the auditor's findings, the Commission should establish formal rules for the approval and continued operation of totalisator systems at race tracks in Colorado. Noncompliance with these rules should result in disciplinary action by the Commission including orders to cease wagering, if the track does not comply and the threat to the wagering public is great.

Grant The Racing Commission Subpoena Power

Recommendation 4: The General Assembly should grant subpoena power to the Racing Commission by adding a new subsection (6) to section 12-60-103, C.R.S.: The commission shall have the power to issue subpoenas for the appearance or production of persons, records, and things in connection with applications before the commission or in the conduct of investigations.

Most of DORA's regulatory boards have the authority to subpoena records and documents and to compel testimony during investigations. Section 12-60-105.5 (5) provides for subpoena power for the Board of Stewards and Judges. The Commission is authorized to delegate its authority to conduct hearings to a board of stewards or judges. However, if the Commission itself should hold a hearing, it would have no authority to subpoena, which would greatly hamper its administrative performance.

The Colorado Limited Gaming Control Commission has subpoena power. Similar power should be granted to the Racing Commission.

Broaden The Racing Commission's Authority To Conduct Drug Tests

Recommendation 5: **The General Assembly should amend section 12-60-104 (2) by repealing "on a random, statistically valid basis."**

Section 12-60-104 (2) allows the Commission to take fluid samples or biopsy or necropsy specimens from horses and greyhounds based on a random, statistically valid basis. This language is too narrow in scope.

In order to provide sufficient protection of the public, the Commission should be able to take samples from any animal at any time. This would enable the Commission to respond to tips or complaints.

Cash Funding Needed

Recommendation 6: **The General Assembly should amend section 12-60-109.5, C.R.S. to cash fund the Racing Commission.**

The Racing Commission is presently funded by the General Fund. Limited Gaming and the regulation of Bingo and Raffles by the Secretary of State are both cash funded.

Cash funding regulatory agencies makes sense for several reasons. The Commission should be allowed to cover its direct costs and indirect costs through license fees rather than through long bill appropriations. In this way, those who benefit from legalized racing in Colorado, the racing industry, pay for that privilege. Ultimately, the patrons of racing, who also benefit, share in those costs as well. Also, race dates fluctuate and the passage of SB 99 may create more tracks. Cash funding could allow the Commission to respond to these changes.

Convert Positions To State Personnel

Recommendation 7: **The Racing Commission should convert all state judges and stewards positions from contract to state personnel system positions.**

The Commission employs contract personnel to judge races. This report has reviewed the importance of the judges and stewards in maintaining the integrity of races. Positions that play such an important role in the oversight of the industry should be state personnel system positions.

Although the Commission does not fill these positions arbitrarily, classifying them as state positions would establish the requirements in a formal personnel system and would produce more competition for these positions through statewide recruitment. The personnel system has flexibility for seasonal and part-time employees if the Commission faces the need.

Implementation of this recommendation may increase the cost of providing judges and stewards. However, if the Commission is cash funded, these costs would be borne by the industry and not by the general fund.

All Judges And Stewards Should Be State Employees

Recommendation 8: **The General Assembly should amend section 12-60-105.5(3) to read as follows:**

(3) All members of the board of stewards or judges shall be appointed and employed by the Commission.

Repeal subsection (4.5) and renumber accordingly.

This report has discussed the important role of judges and stewards at racetracks. The present configuration consists of one judge employed by the Association and two judges employed by the Commission.

All three judges should be appointed and employed by the Commission. The duties of these positions materially impact the integrity of the sports of horse and dog racing in Colorado. It is the role of the state to provide oversight and protect the wagering public. By having three state judges, as is done in Kansas, opportunities for any undue or inappropriate influence in the judging of races are imposition of disciplinary action is reduced.

Employees Of Tracks Should Have No Authority To Discipline Licensees

Recommendation 9: Repeal the authority of industry judges and stewards to impose discipline.

The General Assembly should amend 12-60-105.5, C.R.S. by the addition of the following:

(4)(C) No steward or judge who is not an employee of the commission may participate in any way in any disciplinary action, including the imposition of a fine, against any licensee or license issued by the Colorado Racing Commission.

If the General Assembly chooses to permit employees of tracks to act as judges of the races, another problem with delegation of powers will have to be addressed. The Racing Act contains a provision that is unique in Colorado regulatory law. The Commission is authorized to delegate its authority to conduct hearings with respect to the denial or suspension of licenses or the imposition of fines to the board of stewards or judges. The state requires only that one member of the board be an employee of the Commission, what might be thought of as a "state judge" as opposed to a judge who is an employee of the track.

The use of a board is designed to be convenient to the respondent. The same officials who judge the race may convene and impose disciplinary action within a day. Otherwise, the case would have to be scheduled for the next Commission meeting.

In most regulatory programs, the appointed board hears these cases, or better still, the case is heard by an Administrative Law Judge (ALJ) employed by the Department of Law. The regulatory board may overturn the ALJ's findings. The respondent has recourse to judicial review in any event.

The idea that an employee of a regulated facility (a racetrack) is permitted to hear cases and impose discipline, including revocation, on an individual licensed to practice an occupation in Colorado is problematic. The fact that the licensee may appeal this decision to the Racing Commission does little to remedy the situation.

There are two primary concerns that argue strongly against continuation of this practice.

1. Section 12-60-105.5 (3), C.R.S. permits the board of stewards to conduct hearings in accordance with rules adopted by the Commission. This means, and the statute states directly, that disciplinary hearings do not have to be conducted in accordance with the Administrative Procedures Act. In fact, the Racing Commission only promulgates rules regarding hearings when a situation exists that is not covered in the Administrative Procedures Act.

2. There is an apparent conflict of interest when an employee of a track hears these cases. The respondent may also be an employee of the track. The conflict here is clear. Also, the respondent may be in a contractual relationship with the track. In any case, a licensed individual, appearing before the board of stewards, is probably involved somehow in the conduct of the race. How can an industry employee/judge maintain the he/she is not biased?

One solution to this problem is to have the judge recuse himself if a conflict exists. It would be much easier, though, if association judges or stewards were prohibited from participating in these decisions. Also, an alternate state judge or steward could be appointed for disciplinary hearings.

Empower Commission To Hire Administrative Law Judges

Recommendation 10: The General Assembly should amend section 12-6-105.5 by the addition of a new subsection (7):

(7) The Racing Commission may direct that any hearing be conducted before an Administrative Law Judge.

Many hearings and appeals of decisions of the boards of judges or stewards are heard by hearing officers who are staff of the Racing Commission.

Most regulatory boards and commissions have the statutory authority to hire Administrative Law Judges (ALJ) from the Department of Law to hear disciplinary cases.

The Commission would not be bound by the findings of the ALJ. However, this power would give the Commission the opportunity to hold disciplinary hearings before an impartial party trained in conducting administrative hearings.

Grant the Commission Additional Disciplinary Authority

Recommendation 11: The General Assembly should amend section 12-60-105.6 to include the power to issue a letter of admonition.

Most regulatory boards and commissions in the Department of Regulatory Agencies have the power to issue letters of admonition. These are particularly useful when a licensee has committed a minor violation that does not require a more severe action by the Commission but should not be overlooked because of the potential for harm to the public.

Entering A Plea of Guilty Grounds For Discipline

Recommendation 12: The General Assembly should amend section 12-60-105.6(c) to include as grounds for discipline the entering of a plea of guilty or nolo contendere in a criminal matter, or entering into a plea bargain for acts or omissions that, if committed in Colorado, would have been grounds for discipline in this state.

Section 12-60-105.6(c) states that conviction of a felony may be grounds for discipline by the Commission. This requirement of a felony conviction is too strict and may impede the Commission in imposing discipline. The recommended language will empower the Commission with a broader range of disciplinary options and better protect the wagering public.

Disciplinary Action In Another Jurisdiction Grounds For Discipline In This State

Recommendation 13: The General Assembly should amend section 12-60-105.6(m) to make disciplinary action by another jurisdiction or agency in any other state grounds for discipline by the Commission if the grounds for discipline in the other jurisdiction would have been grounds for discipline in Colorado.

Subsection (m) states that disciplinary action may be imposed by the Commissioner only if the licensee is currently under suspension or has had a license revoked in another jurisdiction. Commission should be empowered to impose discipline for any act or omission that would have been grounds for discipline if the act or omission had occurred in Colorado.

Provide That Final Decisions Of The Commission May Be Appealed To The Court Of Appeals.

Recommendation 14: The General Assembly should amend 12-16-105.6, C.R.S. by the addition of the following subsection:

(3) Any persons aggrieved by a final order or disciplinary action by the Racing Commission shall have a right to appeal such action to the Colorado Court of Appeals.

Appeal to the Court of Appeals is more appropriate than the current system of appeal to the district court because the case in controversy has already been heard fully at least once. The law requires the exhaustion of administrative remedies and this ensures that a case is given full review at the initial hearing level before going to the judicial system.

For this reason, virtually all of the regulatory boards and commissions under the Department of Regulatory Agencies have statutory provisions that allow their disciplinary actions to be appealed to the Colorado Court of Appeals. Such a provision is a necessary element in providing an appropriate level of due process to those persons who may be subject to disciplinary actions by the Commission. This type of provision to appeal decisions works well in other regulatory boards and should be added to the Racing Statute.

Eliminate Licensing Requirements For Several Occupations

Recommendation 15: **The Racing Commission should cease requiring licensing of the following occupations: concession employee, parking lot attendants, and janitorial staff. The Commission should review all of its licensing requirements and only require licensure when there is a clear threat to the wagering public from the unlicensed practice of an occupation at a racetrack.**

The Racing Commission chooses to license an uncommonly large number of occupations related to the racing industry. The statute establishes that it is "unlawful for any person to work upon the premises of a race track without first obtaining from the Commission a license". The statute goes on to grant the Commission the authority to waive this licensing requirement for occupational categories that the Commission deems unnecessary to be licensed. However, the Commission has no discretion to waive the licensing requirement for owners, trainers, farriers, security positions, persons selling tickets or handling money directly related to wagers, and any supervisory or management position.

While the broad authority granted to the Commission is clear, it is also clear that the legislature recognizes those positions that are most likely to represent significant danger to the wagering public. And, in fact, that criterion should be the one used by the Racing Commission in determining occupational licenses that it will require. It is quite difficult to understand how an individual who sells hot dogs at a race track can represent any significant threat to the wagering public.

Transfer of The Racing Commission To The Department of Revenue

Recommendation 16: **The General Assembly should issue a joint resolution re-affirming the integrity and value of the sunset process and adopting a policy of awaiting the results of pending sunset reviews before making major decisions affecting the particular program under review.**

House Bill 1206, enacted by the General Assembly in 1992, transferred the Racing Commission and Division from the Department of Regulatory Agencies (where it has resided since 1968) to the Department of Revenue. The issue of where the program should organizationally reside is a significant one which should have been an important part of this sunset review. There is not only a question of organizational affiliation, but there are important differences in regulatory approach between the two organizations. As a result of the passage of HB 1206, research and evaluation of these issues as a part of the sunset report became increasingly difficult and in the end irrelevant.

It was distressing to observe how little attention was paid to the sunset process as HB 1206 moved through the legislature. Sunset reviews are intended to provide the legislature with meaningful information about a program so that important decisions about its future can be made. In the case of HB 1206 a significant decision was made about the Racing program without the benefit of the results of a sunset review which was in process during the very time period that HB 1206 was being considered.

A similar process took place last year in connection with the fireworks licensing sunset review. This program was located in the Office of The Secretary of State. The program was moved to the Department of Public Safety July 1, 1991. Again, the sunset review was rendered irrelevant.

Examples such as these threaten the integrity and ultimate value of the sunset process. It seems appropriate for the legislature to re-affirm the importance of sunset review and to establish appropriate policies and procedures for deferring to the sunset process where appropriate.

VII. SUMMARY OF THE STATUTE

(TITLE 12, ARTICLE 60)

In 1949, the Racing Commission was created in Colorado, to supervise, enforce, regulate, and promote race meets with pari-mutuel wagering. Pari-mutuel wagering is an intrastate common betting pool, on horses or greyhounds, in which, those who bet on the winner, share total stakes less a percent to management. In 1968, the Commission was placed within the Department of Regulatory Agencies, as a policy making agent. The Commission oversees the established Division of Racing Events, its administrative and enforcement body.

The Director of the Division of Racing Events and the necessary staff of the Division are appointed. The Commission is appointed by the Governor, with the consent of the Senate. It consists of three commissioners, each for a four year term. A Commission Chairman is selected from the three members. The Division and Commission are subject, unless extended, to termination provisions of section 24-34-104, C.R.S., as regulatory bodies.

While serving on the Commission, no person, nor any member of their immediate family, residing in the same household, may hold pecuniary interests in any Colorado racetrack. They also may not wager on the results of any race in Colorado. Failure to comply is grounds for removal.

The Commissioners receive per diem compensation, of fifty dollars for each day spent in attendance at board meetings, hearings, or examinations; within confines fixed and provided by section 24-34-102(13). Commissioners also receive reimbursement for necessary expenses incurred during the discharge of official duties. All such payments, as well as, the necessary costs of administration, are made out of annual appropriations, from the Division of Registrations cash fund, by the General Assembly.

The administrative costs are based upon estimates by the Commission and the Office of State Planning and Budgeting. In making the appropriations, the General Assembly considers the overall costs of the Commission and does not dictate that any aspect of the Commission's activities be self-funded.

The State Treasurer credits daily, to the general fund all moneys payable to and collected by the Commission on the previous day, as stipulated by section 12-60-111; except for funds which are deposited in the horse breeders and owners awards, and the supplemental purse fund. The horse breeders and owners awards and the supplemental purse fund was created to promote and improve the quality of horse racing in Colorado.

The Commission, pursuant to this article, maintains an office within the state, keeps detailed records, prepares an annual report to the Governor and General Assembly. It makes reasonable rules and regulations for the control, supervision, fingerprinting, identification, disciplining and direction of applicants/licensees. At least annually the Commission inspects all places where race meets are held. It also announces the place, time, type, duration, and number of races to be held, conditional upon section 12-60-107 and 12-60-109(3).

The construction, upkeep and operation of Colorado race tracks, fairgrounds, satellite wagering facilities, and race meets, at which horses or greyhounds participate, is regulated by the Commission. Pari-mutuel wagering and in-state simulcast wagering, which includes oversight of racing officials, pari-mutuel equipment, money rooms, accounting rooms, sellers'/cashiers' windows, weighing operations, and taking of samples from animals, is also overseen by this regulatory body. To do so, the Commission employs permanent and contract veterinarians, accountants, chemists, administrative personnel, security personnel, and racing officials (such as stewards at horse race meets and judges at greyhound race meets).

In conjunction, the Racing Commission licenses and disciplines owners, employees at pari-mutuel wagering facilities, and race meets; pursuant to this article. The Commission reviews applications for licensing, contingent to applicants satisfactory compliance with basic requirements for such a license, as provided by sections 12-60-105, 12-60-106, and 12-60-108 (i.e. financial ability, management experience, proposed facility site, criminal history, if any, etc.). The Commission also sets license fees, amounts of which are conditioned upon section 12-60-109, and extends license validity, for a period not exceeding three years.

In addition to being licensed, an in-state simulcast facility owner must attain a written simulcast racing agreement, within a year, with the in-state host track or the out-of-state host track, from which the simulcast race is broadcast. A copy of which has to be filed with the Commission, prior to operation.

For public protection, every licensee is required to carry public liability insurance, which is approved by the Commission. The licensing of standardbred harness horse racing is subject to further regulation, regarding operations and location of races, by section 12-60-114. The above licensing requirements do not apply to the Commission, its employees, or individuals whose only participation is as spectators or bettors.

Without obtaining a license from the Commission, it is unlawful for any person to own, or work at, a pari-mutuel wagering facility. Equally, a license is required to race an animal within such a facility. Violators of these or other portions of section 12-60-105.6; including acts of fraud, misrepresentation, possession of firearms, cruelty/neglect of racing animals, etc; may be fined, suspended, denied a license, or barred from horse/greyhound racing facilities, by the Board of Stewards or Judges. The Board of

Stewards is given its authority to conduct hearings, by the Commission, with respect to denial, suspension of licenses, or imposition of a fine. Any appeals are directed to the Commission. The Board of Stewards authority is limited by section 12-60-105.5(4) and its procedure is pursuant to the State Administrative Procedure Act.

Lastly, the racing statute also renders the following actions unlawful: pool selling or bookmaking; betting or wagering, on any race meet licensed under this article other than by pari-mutuel method; receiving a gross profit, by any licensed pari-mutuel operator, of more than a fixed percent; acting as a courier or agent for another person, for the purpose of placing wagers or cashing winning pari-mutuel tickets; wagering by anyone under the age of eighteen years; etc. Therefore, a violation of this article, upon conviction, is a misdemeanor, punishment provided according to section 18-1-109.

APPENDIX A

Sunset Statutory Evaluation Criteria

- (I) Whether regulation by the agency is necessary to protect the public health, safety and welfare; whether the conditions which led to the initial regulation have changed; and whether other conditions have arisen which would warrant more, less or the same degree of regulations;
- (II) If regulation is necessary, whether the existing statutes and regulations establish the least restrictive form of regulation consistent with the public interest, considering other available regulatory mechanisms and whether agency rules enhance the public interest and are within the scope of legislative intent;
- (III) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices of the Department of Regulatory Agencies and any other circumstances, including budgetary, resource and personnel matters;
- (IV) Whether an analysis of agency operations indicates that the agency performs its statutory duties efficiently and effectively;
- (V) Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates;
- (VI) The economic impact of regulation and, if national economic information is available, whether the agency stimulates or restricts competition;
- (VII) Whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession;
- (VIII) Whether the scope of practice of the regulated occupation contributes to the optimum utilization of personnel and whether entry requirements encourage affirmative action;
- (IX) Whether administrative and statutory changes are necessary to improve agency operations to enhance public interest.

APPENDIX B

Cumulative Data - All Tracks

YEAR	DAYS	ATTENDANCE	% INCREASE OR DECREASE TO PREVIOUS YEAR	TOTAL PM SALES HANDLE	% INCREASE OR DECREASE TO PREVIOUS YEAR	TOTAL BREAKAGE	STATE COMMISSION	TOTAL REVENUE
1949	180	595,159		\$ 11,055,689		\$ 113,269.80	\$ 552,784.45	\$ 669,733.25
1950	239	881,640	+ 48.13	22,189,171	+ 100.70	259,081.05	1,109,458.55	1,375,785.60
1951	237	925,738	+ 5.12	26,137,538	+ 17.79	298,145.40	1,306,876.90	1,612,287.30
1952	237	1,044,789	+ 12.74	31,884,641	+ 21.99	339,660.71	1,594,232.05	1,942,404.65
1953	237	1,022,726	- 2.11	32,676,969	+ 2.48	331,533.05	1,633,848.45	1,973,618.50
1954	250	1,079,111	+ 5.51	34,304,237	+ 4.98	a 331,220.65	1,715,211.85	1,724,731.85
1955	319	1,176,281	+ 9.17	37,918,975	+ 9.53	a 337,500.95	1,895,948.75	1,905,188.45
1956	356	1,312,152	+ 11.56	42,092,707	+ 11.00	a 348,378.65	2,104,635.35	2,115,701.88
1957	366	1,251,931	- 4.59	41,837,440	- .61	a 332,025.40	2,091,872.00	2,103,838.62
1958	318	1,262,620	+ .85	43,358,765	+ 3.64	a 345,653.15	2,167,938.25	2,178,481.15
1959	318	1,432,977	+ 13.49	48,908,714	+ 12.80	a 379,904.50	2,445,435.70	2,458,624.00
1960	298	1,305,157	- 8.92	48,213,882	- 1.41	a 349,869.90	2,410,694.10	2,420,834.70
1961	327	1,409,920	+ 8.03	53,170,272	+ 10.28	a 395,863.20	2,658,513.60	2,672,833.50
1962	322	1,399,110	- .77	55,153,122	+ 3.73	a 422,212.20	2,757,656.10	2,744,512.41
1963	335	1,310,305	- 6.35	54,785,547	- .67	a 401,358.85	2,739,277.35	2,758,829.15
1964	333	1,344,257	+ 2.59	57,984,006	+ 5.84	a 405,367.00	2,899,200.30	2,921,234.81
1965	364	1,318,971	- 1.88	58,616,000	+ 1.08	a 369,733.20	2,927,550.43	2,947,965.53
1966	372	1,440,043	+ 9.18	66,436,966	+ 13.34	a 453,935.90	3,318,292.13	3,348,057.13
1967	353	1,396,635	- 3.01	67,705,745	+ 1.91	a 461,846.25	b3,069,349.31	3,090,599.31
1968	387	1,508,804	+ 8.03	72,331,300	+ 6.83	a 452,333.10	b3,271,176.13	3,296,381.06
1969	415	1,565,363	+ 3.75	77,659,126	+ 7.37	a 480,267.87	c3,725,074.31	3,752,586.31
1970	377	1,429,864	- 8.65	80,712,614	+ 3.93	a 464,696.33	c3,881,910.02	3,905,598.82
1971	462	1,641,802	+ 14.82	95,796,463	+ 18.68	a 528,204.31	c4,633,435.51	4,662,163.31
1972	450	1,591,807	- 3.04	103,307,978	+ 7.84	a 549,157.88	c5,016,591.50	5,049,698.30
1973	459	1,660,060	+ 4.29	111,714,037	+ 8.14	a 592,159.91	c5,436,907.13	5,470,147.66
1974	506	1,700,607	+ 2.44	127,652,360	+ 14.27	a 681,992.94	c6,135,886.70	6,174,299.80
1975	533	1,757,392	+ 3.34	134,584,525	+ 5.43	a 691,780.38	c6,461,607.46	6,511,496.14
1976	544	1,798,993	+ 2.37	144,880,735	+ 7.65	a 692,714.45	c6,967,676.96	7,010,107.83
1977	565	1,863,955	+ 3.61	156,233,373	+ 7.84	a 769,780.05	c7,532,616.92	7,580,205.92
1978	562	1,809,656	- 2.91	167,660,271	+ 7.31	a 786,205.59	c8,103,889.68	8,153,832.68

YEAR	DAYS	ATTENDANCE	% INCREASE OR DECREASE TO PREVIOUS YEAR	TOTAL PM SALES HANDLE	% INCREASE OR DECREASE TO PREVIOUS YEAR	TOTAL BREAKAGE	STATE COMMISSION	TOTAL REVENUE
1979	561	1,785,503	- 1.33	175,652,593	+ 4.77	a 824,335.73	d8,322,452.31	8,397,179.31
1980	568	1,831,592	+ 2.58	181,571,492	+ 3.37	a 790,777.78	d8,465,123.92	8,621,593.42
1981	577	1,925,672	+ 5.14	202,217,926	+ 11.37	a 829,608.73	d9,593,811.72	9,680,942.62
1982	574	2,009,582	+ 4.36	213,148,723	+ 5.41	a 783,732.66	e9,297,342.33	9,374,702.33
1983	576	2,047,785	+ 1.90	212,657,665	- .23	a 665,842.26	e8,570,489.25	8,708,315.25
1984	508	1,759,786	- 14.06	198,036,089	- 6.88	a 550,638.78	f7,764,120.73	7,879,330.10
1985	405	1,788,235	+ 1.62	210,262,852	+ 6.17	a 535,230.92	g8,471,238.89	8,519,574.39
1986	431	1,856,134	+ 3.80	221,118,482	+ 5.16	a 526,229.16	g8,884,739.28	8,897,008.78
1987	400	1,726,994	- 6.96	214,363,701	- 3.05	a 484,593.51	g8,574,448.04	8,637,328.64
1988	4223	1,667,726	- 3.43	211,209,114	- 1.47	a 479,124.97	g8,448,364.56	8,505,055.63
1989	413	1,576,859	- 5.45	h 204,952,401.70	- 2.96	a 452,020.85	g8,198,096.07	8,261,372.17
1990	400	1,561,165	- 1.00	h 206,961,230.65	+ .98	a 444,471.28	g8,278,449.23	8,392,970.38
	16,857	62,774,858		4,559,115,437.35		20,732,460.24	205,394,224.27	208,407,152.64

Breakage retained by Racing Associations in accordance with Colorado Supreme Court decision after June 21, 1954.

Horse racing P.M. commission as enacted by the General Assembly of Colorado 1967.

3% of the first \$200,000.00; 4% of the excess over \$200,000.00 which does not exceed \$300,000.00;

5% of all the excess over \$300,000.00 which does not exceed \$500,000.00; 6% of all the excess of \$500,000.00.

Horse racing P.M. commission as enacted by the General Assembly of Colorado 1969.

4% of the first \$200,000.00; 5% of the excess over \$200,000.00 which does not exceed \$300,000.00; 6% of all the excess of \$300,000.00

Horse racing P.M. commission as enacted by the General Assembly of Colorado 1979.

3.5% of the gross receipts of the pari-mutuel wagering at any such racing meet.

Greyhound racing P.M. commission as enacted by the General Assembly of Colorado 1982.

4% of the gross receipts of the pari-mutuel wagering at any such racing meet. (Effective July 1, 1982)

Horse Racing - the greater of one percent of the gross receipts or a fee; Greyhound Racing - 4% of the gross receipts.

Non-profit horse racing licensed to conduct not more than fifteen days of racing in any calendar year - 4% of gross receipts will be paid general fund. SB 189, 1985 General Assembly. (Effective July 1, 1985)

Mile High Kennel Club total handle equals actual net sales less Commerce City Tax for 1989 (HB 1145, effective March 15, 1989)

Greyhound Tracks

<u>Type of License</u>	<u>Amount</u>	<u>Sold</u>	<u>\$ Received</u>
Assistant Trainer		2	\$ 60.00
Authorized Agent-Apt.		0	0
Authorized Agent-Corp.		3	132.00
Concession Operator		0	0
Corporation		3	225.00
Corporate Director/Officer		2	50.00
Duplicate		0	0
Groom		67	1,273.00
Kennel Helper		32	608.00
Kennel Name		4	400.00
Owner		124	5,456.00
Owner - Trainer		11	968.00
Racing Official		20	880.00
Reciprocal		12	72.00
Trainer		37	2,331.00
Security/Other		<u>35</u>	<u>665.00</u>
		352	\$ 13,120.00

Pari-Mutuel Seller Licenses

Greyhound Tracks	95	\$	2,375.00
Horse Tracks	<u>1</u>		<u>25.00</u>
	96	\$	2,400.00
License Total	1,209	\$	49,284.00
Lease Registration Fees Collected		\$	1,300.00
Fines and Penalties Collected			4,685.00
Investigation Fees Collected			1,000.00
Printing Fees Collected			422.07
TOTAL RECEIPTS		\$	8,505,055.63

1988 Greyhound and Horse Revenue

Commission on Pari-Mutuel Handle:

Horse Tracks (6)	\$ 108,937.72
Greyhound Tracks (5)	<u>8,339,426.84</u>
TOTAL	\$ 8,448,364.56

Occupational Licenses:

Horse Tracks

<u>Type of License</u>	<u>Amount</u>	<u>Sold</u>	<u>\$ Received</u>
Apprentice Jockey		1	\$ 44.00
Assistant Starter		32	608.00
Assistant Trainer		6	378.00
Authorized Agent-Apt.		1	19.00
Authorized Agent-NRCorp.		5	220.00
Concession Operator		1	63.00
Corporation		5	375.00
Corporate Director/Officer		0	0
Duplicate		0	0
Exercise Boy		31	589.00
Groom		64	1,216.00
Jockey		44	1,936.00
Jockey Agent		0	0
Owner		384	16,896.00
Owner/Trainer		55	4,840.00
Plater		5	315.00
Pony Person - Outrider		31	589.00
Racing Official		2	88.00
Stable Name		21	2,100.00
Trainer		48	3,024.00
Valet		0	0
Veterinarian		3	189.00
Reciprocal		11	66.00
Security/Other		<u>11</u>	<u>209.00</u>
		761	\$ 33,764.00

1989 Greyhound and Horse Revenue

Commission on Pari-Mutuel Handle:

Horse Tracks (6)	\$ 86,789.16
Greyhound Tracks (5)	<u>8,111,216.91</u>
TOTAL	\$ 8,198,096.07

Occupational Licenses:

Horse Tracks

<u>Type of License</u>	<u>Amount</u>	<u>Sold</u>	<u>\$ Received</u>
Apprentice Jockey		2	\$ 88.00
Assistant Starter		20	405.00
Assistant Trainer		7	429.00
Authorized Agent-Apt.		0	0
Authorized Agent-NRCorp.		3	132.00
Concession Operator		1	59.00
Corporation		3	225.00
Corporate Director/Officer		0	0
Duplicate		2	12.00
Exercise Person		16	344.00
Groom		44	941.00
Jockey		23	1,012.00
Jockey Agent		0	0
Owner		263	11,572.00
Owner/Trainer		42	3,651.00
Plater		8	496.00
Pony Person - Outrider		16	329.00
Racing Official		5	220.00
Stable Name		8	789.00
Trainer		31	1,889.00
Valet		0	0
Veterinarian		1	63.00
Security/Other		<u>11</u>	<u>214.00</u>
		506	\$ 22,870.00

Greyhound Tracks

<u>Type of License</u>	<u>Amount</u>	<u>Sold</u>	<u>\$ Received</u>
Assistant Trainer		31	\$ 966.00
Authorized Agent-Corp.		9	396.00
Concession Operator		2	118.00
Corporation		9	657.00
Corporate Director/Officer		4	104.00
Duplicate		3	16.00
Groom		85	1,785.00
Kennel Helper		51	1,059.00
Kennel Name		14	1,312.00
Owner		227	9,988.00
Owner - Trainer		33	2,859.00
Racing Official		40	1,760.00
Reciprocal		3	18.00
Trainer		40	2,480.00
Security/Other		<u>72</u>	<u>1,538.00</u>
		623	\$ 25,056.00

Pari-Mutuel Seller Licenses

Greyhound Tracks	207	\$ 5,435.00
Horse Tracks	<u>2</u>	<u>50.00</u>
	209	\$ 5,485.00
License Total	1,338	\$ 53,411.00
Lease Registration Fees Collected		\$ 1,450.00
Fines and Penalties Collected		6,065.00
Investigation Fees Collected		2,000.00
Printing Fees Collected		350.10
TOTAL RECEIPTS		\$ 8,261,372.17

READER RESPONSE FORM

TO: Colorado Department of Regulatory Agencies
Office of Policy and Research
1560 Broadway, Suite 1550
Denver, CO 80202

RE: Sunrise/Sunset Report on _____
(Report Title and Date)

FROM: _____

Your Name and Address

DATE: _____

I have read your report and found it:

Excellent _____ Good _____ Fair _____ Poor _____

Here are my suggestions for improving the report:

The report was thorough in its coverage of the subject:

Yes _____ No _____

Comments:

The report was fair in its treatment of the issues:

Yes _____ No _____

Comments:

Thank you for your response. We hope you found our report useful.

Revised June, 1992.