

VIRGINIA RACING COMMISSION 2018 ANNUAL REPORT



Horses competing in the Steeplethon Stakes at Great Meadow Race Course – The Plains, VA

Virginia Racing Commission

2018

COMMISSIONERS

D.G. Van Clief, Jr.
Chairman
Charlottesville

Stephanie Nixon
Ashland

I. Clinton Miller
Woodstock

Stuart Siegel
Vice Chairman
Richmond

J. Sargeant Reynolds, Jr.
Richmond

STAFF

David S. Lermond, Jr. - Executive Secretary

Rhonda F. Davis - Pari-Mutuel Wagering and Licensing Coordinator

Kimberly C. Mackey - Business Manager

Ada Caruthers, DVM - Equine Medical Director

Joseph M. Roney - Enforcement Administrator



COMMONWEALTH of VIRGINIA

Virginia Racing Commission

D.G. Van Clief, Jr., Chairman
Stuart C. Siegel, Vice Chairman
I. Clinton Miller
Stephanie B. Nixon
J. Sargeant Reynolds, Jr.

David S. Lermond, Jr.
Executive Secretary

February 15, 2018

TO: The Honorable Ralph Northam, Governor of Virginia
Members of the General Assembly

In accordance with Code of Virginia Title 29, Chapter 59.1-369 (9) as related to horse racing with pari-mutuel wagering, I am pleased to present the 2018 Annual Report of the Virginia Racing Commission.

This was a year of transition and growth for horse racing in the Commonwealth. The Virginia Racing Commission has worked diligently with the Virginia Horsemen's Benevolent and Protective Association, the Virginia Harness Horse Association, and the Virginia Equine Alliance to assist each stakeholder by encouraging full and unwavering participation in Virginia. This year saw the passage of House Bill 1609, which allows for pari-mutuel wagering on historical horse racing both at Colonial Downs Racetrack and its Satellite Wagering Facilities. The emergency regulations were drafted by staff with the assistance of the Attorney General's office and approved by the Commission in early October. Licenses were awarded to the Colonial Downs Group, LLC in December allowing historical horse racing to take place at Colonial Downs Racetrack, which is expected to commence operations in late April of 2019.

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

The Racing Commission remains steadfast in protecting the integrity of racing for those who participate and the loyal customers who enjoy it, in addition to the health and welfare of the equine athletes. As always, we rely on the continued support of the Virginia Equine Industry, from you and your administration, as well as from the General Assembly.

Respectfully Submitted,

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

David S. Lermond, Jr.
Executive Secretary

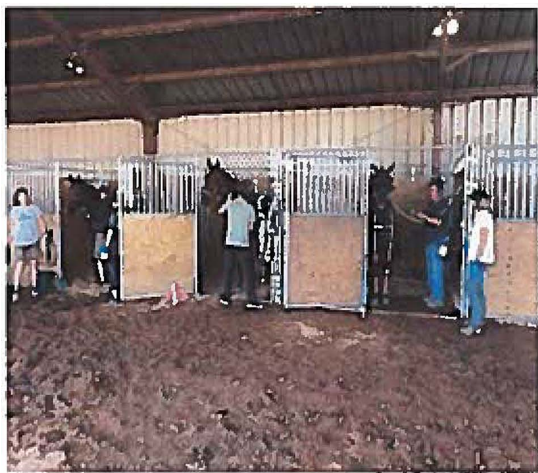
THE RACING COMMISSION

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

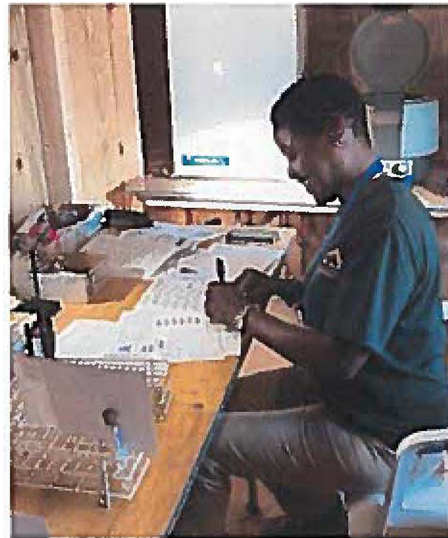
The Commission:

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

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



Test Barn Technicians collecting samples from selected horses.



Test Barn Supervisor, Myra Cooke, prepares samples for testing laboratory.

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

Live racing was conducted at Great Meadow Racecourse in Fauquier County for the Virginia Gold Cup Races, which celebrated its 93rd anniversary on May 5, 2018. An enthusiastic crowd of approximately 60,000 people gathered to watch and wager on a combination of quality steeplechase and flat racing. In addition, a crowd of approximately 35,000 enjoyed the International Gold Cup Races on October 27, 2018.

Harness racing presented by the Virginia Equine Alliance (VEA) was conducted for a third straight year at Shenandoah Downs in Woodstock, Virginia. This Shenandoah County facility formally known as Woodstock Racetrack has conducted harness racing without pari-mutuel wagering for many years in conjunction with the Shenandoah County Fair. In 2016, the VEA invested \$750,000 in track renovations producing a quality racing surface, which was very well received by the horsemen. In 2017, the VEA made improvements to the facility in the form of a new bathhouse, which includes separate changing areas for men and women along with more temporary stalls allowing more horses to be stabled on the grounds. In 2018, a new area for the Commission's Test Barn was established providing a more secure area for the collection of post-race samples from selected horses. There were 10 days of live harness racing with pari-mutuel wagering conducted at Shenandoah Downs distributed over five weekends that were enjoyed by the many racing fans in attendance.

Advanced Deposit Wagering (ADW), offered through the internet and telephone, continues to be a major source of the pari-mutuel wagering in Virginia. The four Advanced Deposit Wagering providers licensed to operate in Virginia are: "TwinSpires" operated by Churchill Downs Incorporated, "Xpressbet" operated by the Stronach Group, "TVG" operated by Betfair, Inc., and NYRAbets owned and operated by the New York Racing Association.

Virginia Racing Commission's revenue is generated solely from a percentage of all pari-mutuel wagers to meet the agency's financial obligations. In 2015, a reduction in revenue from the elimination of live racing at Colonial Downs and the closure of its satellite wagering facilities had become an encumbrance to the generation of operating funds for the Commission. By an act of the Virginia General Assembly, the license fees paid to the Commission from ADW were increased, allowing the Commission to maintain financial solvency and continue good governance of all matters related to horse racing with pari-mutuel wagering.

The most important occurrence of 2018 was the passage of House Bill 1609, which allows for pari-mutuel wagering on historical horse racing both at Colonial Downs Racetrack and its Satellite Wagering Facilities. The emergency regulations for historical horse racing were drafted by staff with the assistance of the Attorney General's office and approved by the Commission in early October. Licenses were awarded to the Colonial Downs Group, LLC in December allowing historical horse racing to take place at Colonial Downs Racetrack, which is expected to commence operations in late April of 2019. A portion of the revenue generated from pari-mutuel wagering on historical horse racing will be distributed to the Commonwealth, the localities where the wagering takes place, and to the horsemen and racetrack operator, allowing for the return of live horse racing at Colonial Downs Racetrack.

Commission Activities

Year	Wagering at Racetrack and at Satellite Facilities	Account Wagering	Total Taxable Wagering
1996	\$36,952,607.00	\$0.00	\$36,952,607.00
1997	\$95,094,161.00	\$0.00	\$95,094,161.00
1998	\$120,717,190.00	\$0.00	\$120,717,190.00
1999	\$121,324,249.00	\$0.00	\$121,324,249.00
2000	\$121,754,800.00	\$0.00	\$121,754,800.00
2001	\$123,879,396.00	\$0.00	\$123,879,396.00
2002	\$124,064,569.00	\$0.00	\$124,064,569.00
2003	\$130,382,875.00	\$0.00	\$130,382,875.00
2004	\$145,394,480.00	\$1,287,541.00	\$146,682,021.00
2005	\$151,758,202.00	\$12,691,398.00	\$164,449,600.00
2006	\$164,208,077.00	\$28,300,972.00	\$192,509,049.00
2007	\$167,684,686.00	\$33,206,726.00	\$200,891,412.00
2008	\$149,629,200.00	\$47,303,439.00	\$196,932,639.00
2009	\$122,461,456.00	\$49,850,493.00	\$172,311,949.00
2010	\$105,505,800.00	\$53,392,088.00	\$158,897,888.00
2011	\$97,737,892.75	\$62,646,843.85	\$160,384,736.60
2012	\$91,927,194.10	\$69,233,852.85	\$161,161,046.95
2013	\$86,220,534.60	\$73,205,095.00	\$159,425,629.60
2014	\$21,198,320.50	\$93,858,388.30	\$115,056,708.80
2015	\$291,173.50	\$79,478,622.50	\$79,769,796.00
2016	\$2,726,163.80	\$76,725,493.00	\$79,451,656.80
2017	\$20,803,619.10	\$81,076,535.12	\$101,880,154.22
2018	\$32,681,651.30	\$83,958,599.27	\$116,640,250.57
Totals	\$2,234,398,297.65	\$846,216,086.89	\$3,080,614,384.54



**Executive Secretary, David Lermond,
prepares to inspect the barn area at
Shenandoah Downs.**

Live Thoroughbred Racing Statistics

Year	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1997	\$183,594.00	\$28,182,006.00	\$939,400.00	3620	\$50.72
1998	\$141,154.00	\$21,293,467.00	\$881,473.00	2263	\$62.37
1999	\$107,881.00	\$23,420,243.00	\$975,854.00	1628	\$66.27
2000	\$90,589.00	\$27,923,752.00	\$872,617.00	1247	\$72.65
2001	\$117,818.00	\$27,579,707.00	\$1,103,188.00	1940	\$60.73
2002	\$140,067.00	\$31,039,485.00	\$1,193,826.00	2202	\$63.61
2003	\$140,305.00	\$36,090,262.00	\$1,203,009.00	2193	\$63.98
2004	\$138,236.00	\$36,205,494.00	\$1,064,867.00	2155	\$64.15
2005	\$124,122.00	\$44,710,190.00	\$1,117,755.00	2028	\$61.20
2006	\$113,438.00	\$51,587,415.00	\$1,258,230.00	1804	\$62.88
2007	\$164,557.00	\$50,507,580.00	\$1,262,689.00	1996	\$82.44
2008	\$126,195.00	\$50,343,446.00	\$1,118,743.00	1668	\$75.66
2009	\$128,093.00	\$31,241,633.00	\$781,041.00	1712	\$74.82
2010	\$131,908.00	\$29,287,463.00	\$732,187.00	1499	\$88.00
2011	\$127,542.00	\$27,041,285.00	\$845,040.00	1864	\$68.42
2012	\$116,525.00	\$18,733,192.00	\$604,297.00	2008	\$58.03
2013	\$118,086.00	\$14,343,174.00	\$597,632.00	1942	\$60.81
2014	\$0.00	\$0.00	\$0.00	0	N/A
2015	\$13,130.00	\$13,130.00	\$13,130.00	3478	\$3.78
2016	\$0.00	\$0.00	\$0.00	0	N/A
2017	\$0.00	\$0.00	\$0.00	0	N/A
2018	\$0.00	\$0.00	\$0.00	0	N/A



Kentucky Derby Party at Ponies & Pints Satellite Wagering Facility – Shockoe Bottom, VA

Live Harness Racing Statistics

Year	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1998	\$56,661.00	\$7,260,770.00	\$172,875.00	1379	\$41.09
1999	\$41,319.00	\$5,795,265.00	\$193,175.00	909	\$45.46
2000	\$19,270.00	\$5,903,010.00	\$147,575.00	258	\$74.69
2001	\$30,912.00	\$2,459,010.00	\$163,934.00	486	\$63.60
2002	\$30,860.00	\$3,716,853.00	\$154,869.00	478	\$64.56
2003	\$34,585.00	\$4,148,072.00	\$148,145.00	580	\$59.63
2004	\$40,361.00	\$5,815,294.00	\$181,728.00	645	\$62.58
2005	\$36,959.00	\$6,217,238.00	\$172,701.00	620	\$59.61
2006	\$20,498.00	\$6,562,653.00	\$182,296.00	312	\$65.70
2007	\$43,183.00	\$5,726,362.00	\$178,949.00	613	\$70.45
2008	\$35,945.00	\$5,320,909.00	\$156,497.00	509	\$70.62
2009	\$27,552.00	\$3,885,199.00	\$107,922.00	353	\$78.05
2010	\$40,575.00	\$2,748,428.00	\$98,194.00	511	\$79.40
2011	\$33,198.00	\$3,125,901.00	\$104,197.00	431	\$77.03
2012	\$22,856.00	\$1,993,949.00	\$83,081.00	495	\$46.17
2013	\$20,503.00	\$2,425,357.00	\$101,057.00	376	\$54.53
2014	\$14,812.00	\$1,723,748.00	\$71,823.00	265	\$55.89
2015	\$7,953.00	\$31,811.00	\$7,953.00	557	\$14.28
2016	\$10,553.70	\$105,537.00	\$10,553.70	299	\$35.30
2017	\$12,499.30	\$124,993.00	\$12,499.30	324	\$38.58
2018	\$11,908.34	\$119,083.40	\$11,908.34	312	\$38.17



Harness Racing at Shenandoah Downs – Woodstock, VA

Live Steeplechase Racing Statistics

Year	Total Handle	Daily Average On-Track Handle	Daily Average Attendance
2013	\$119,956.00	\$59,978.00	43,500
2014	\$240,302.00	\$80,100.67	34,400
2015	\$222,682.00	\$111,341.00	50,000
2016	\$241,859.50	\$120,929.75	50,000
2017	\$179,930.50	\$89,965.25	47,500
2018	\$194,528.00	\$97,264.00	47,500



Commissioner Clinton Miller presenting the trophy for the International Gold Cup at Great Meadow Race Course in The Plains, VA

The Breeders Fund

This fund establishes awards and incentive programs to foster the horse breeding industry in Virginia. Funding for these programs is derived from a one percent deduction of all wagers made in the Commonwealth. Since 1996, a grand total of \$29,027,019 has been contributed to the fund. This fund is managed by the collaborative efforts of the Virginia Thoroughbred Association and the Virginia Harness Horse Association with oversight from the Racing Commission staff.

Breeders Fund Contributions

Year	Thoroughbred Contributions	Standardbred Contributions	Total Contributions
1996	\$263,517.00	\$105,288.00	\$368,805.00
1997	\$755,900.00	\$195,041.00	\$950,941.00
1998	\$917,484.00	\$289,688.00	\$1,207,172.00
1999	\$915,431.00	\$297,811.00	\$1,213,242.00
2000	\$942,714.00	\$274,834.00	\$1,217,548.00
2001	\$967,123.00	\$271,671.00	\$1,238,794.00
2002	\$970,555.00	\$270,091.00	\$1,240,646.00
2003	\$1,035,181.00	\$268,647.00	\$1,303,828.00
2004	\$1,136,789.00	\$317,156.00	\$1,453,945.00
2005	\$1,176,374.00	\$341,208.00	\$1,517,582.00
2006	\$1,285,476.00	\$356,604.00	\$1,642,080.00
2007	\$1,318,153.00	\$358,693.00	\$1,676,846.00
2008	\$1,167,875.00	\$328,417.00	\$1,496,292.00
2009	\$960,763.00	\$263,852.00	\$1,224,615.00
2010	\$1,266,614.00	\$287,607.00	\$1,554,221.00
2011	\$1,301,040.00	\$286,961.00	\$1,588,001.00
2012	\$1,338,896.00	\$276,548.00	\$1,615,444.00
2013	\$1,325,659.00	\$262,990.00	\$1,588,649.00
2014	\$854,434.00	\$287,360.00	\$1,141,794.00
2015	\$651,792.00	\$118,890.00	\$770,682.00
2016	\$729,940.00	\$96,759.00	\$826,699.00
2017	\$875,229.00	\$140,971.00	\$1,016,200.00
2018	\$997,228.00	\$175,765.00	\$1,172,993.00
Totals	\$23,154,167.00	\$5,872,852.00	\$29,027,019.00

Tax Revenue to Localities

Year	New Kent	Chesapeake	Henrico	Richmond	Hampton	Brunswick	Vinton	Martinsville	Scott	Fauquier	Woodstock	Total
1996	\$157,871.00	\$144,304.00	\$6,783.00	\$6,783.00								\$315,741.00
1997	\$408,498.00	\$159,665.00	\$113,726.00	\$113,726.00	\$1,430.00	\$855.00						\$797,900.00
1998	\$520,316.00	\$128,530.00	\$107,693.00	\$107,693.00	\$101,062.00	\$43,538.00						\$1,008,832.00
1999	\$524,049.00	\$132,641.00	\$108,839.00	\$108,839.00	\$101,396.00	\$46,906.00						\$1,022,670.00
2000	\$532,156.00	\$129,419.00	\$104,967.00	\$104,967.00	\$108,412.00	\$49,836.00						\$1,029,757.00
2001	\$539,392.00	\$131,455.00	\$107,885.00	\$107,885.00	\$115,242.00	\$51,140.00						\$1,052,999.00
2002	\$544,937.00	\$136,127.00	\$107,043.00	\$107,043.00	\$110,778.00	\$50,791.00						\$1,056,719.00
2003	\$574,992.00	\$145,928.00	\$103,758.00	\$112,388.00	\$113,880.00	\$59,092.00						\$1,110,038.00
2004	\$645,979.00	\$146,406.00	\$89,652.00	\$167,027.00	\$125,476.00	\$59,268.00	\$9,817.00					\$1,243,625.00
2005	\$676,257.00	\$146,065.00	\$84,164.00	\$165,595.00	\$119,218.00	\$52,244.00	\$44,660.00	\$14,615.00				\$1,302,818.00
2006	\$727,828.00	\$171,176.00	\$70,299.00	\$175,246.00	\$114,814.00	\$41,761.00	\$44,349.00	\$43,288.00	\$26,478.00			\$1,415,239.00
2007	\$743,077.00	\$172,558.00	\$79,755.00	\$165,331.00	\$110,160.00	\$45,105.00	\$46,583.00	\$51,189.00	\$29,266.00			\$1,443,024.00
2008	\$656,347.00	\$160,286.00	\$71,940.00	\$148,229.00	\$96,737.00	\$40,619.00	\$35,164.00	\$41,901.00	\$32,365.00			\$1,283,588.00
2009	\$537,046.00	\$121,016.00	\$55,955.00	\$120,425.00	\$88,982.00	\$30,613.00	\$32,241.00	\$37,024.00	\$24,824.00			\$1,048,126.00
2010	\$463,010.00	\$102,607.00	\$57,802.00	\$100,312.00	\$77,853.00	\$29,467.00	\$25,096.00	\$31,866.00	\$17,070.00			\$905,083.00
2011	\$436,914.00	\$94,877.00	\$57,104.00	\$86,180.00	\$72,505.00	\$25,339.00	\$24,079.00	\$32,532.00	\$16,435.00			\$845,965.00
2012	\$409,436.00	\$88,681.00	\$75,208.00	\$69,123.00	\$61,255.00	\$23,622.00	\$22,076.00	\$31,618.00	\$15,602.00			\$796,621.00
2013	\$384,745.00	\$91,428.00	\$72,231.00	\$58,969.00	\$59,531.00	\$21,880.00	\$15,642.00	\$31,733.00	\$15,062.00			\$751,221.00
2014	\$95,193.00	\$29,432.00	\$21,429.00	\$18,738.00	\$17,126.00	\$1,657.00	\$1,069.00	\$2,536.00	\$1,331.00			\$188,511.00
2015	\$66,269.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$853.00	\$109.00	\$67,231.00
2016	\$268,539.00	\$0.00	\$9,515.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$767.00	\$382.00	\$279,203.00
2017	\$283,768.00	\$6,093.00	\$49,582.00	\$36,041.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$571.00	\$451.00	\$376,506.00
2018	\$293,855.00	\$53,539.00	\$44,778.00	\$30,086.00	\$0.00	\$0.00	\$0.00	\$16,831.00	\$0.00	\$639.00	\$440.00	\$440,168.00
Totals	\$10,490,474.00	\$2,492,233.00	\$1,600,108.00	\$2,110,626.00	\$1,595,857.00	\$673,733.00	\$300,776.00	\$335,133.00	\$178,433.00	\$2,830.00	\$1,382.00	\$19,781,585.00