



## Thoroughbred Racing Association of Oklahoma

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### **OKLAHOMA BREEDER AWARD FUNDING**

Recently, erroneous statements have been circulating regarding the amount of revenue that will be contributed to the Oklahoma Bred program in 2008. In turn, this has caused some horsemen to question what to expect in the year ahead.

First of all, the amount of revenue going to the Oklahoma Bred program from gaming machines in 2008 is expected to be the same or better than in 2007 (which was a 60% increase from the previous year). The following information will attempt to explain the process used to fund the state breeder's awards.

In 2006, the OHBPA/TRAO purse committee set the initial percent of gaming revenue going towards the state breeder fund at 10.5%. This percentage was to be used for all (3) racetracks and the Participating Tribal Funds (PTF) in an effort to fund the total amount of revenue we had hoped our state breeder awards would offer during the 2007 race meets.

However, in July of 2007 the Oklahoma Horse Racing Commission notified horsemen that the Attorney General's office had determined the revenue being earned from the gaming machines located at participating tribal casinos in the Tulsa area (PTF) could not be used to fund breeder awards. Because of the AG's ruling, the OHBPA/TRAO could no longer dedicate revenue to the breeder fund from the PTF account and additional revenue would be needed if we were to reach the level of breeder awards we had hoped to see in 2007. *The OHBPA/TRAO, OTA and OQHRA have joined forces to pass legislation that will remove this restriction and expect that measure to be approved during the 2008 legislative session.*

This meant the OHBPA/TRAO purse committee had to find a means to offset this reduction in breeder award revenue or risk a "forced" reduction in breeder awards during Remington Park's 2007 race meet. To accomplish this, the OHBPA/TRAO instructed the OHRC to increase the 10.5% initially established to 33% until the end of 2007. When purse monies and breeder awards had actually been distributed to all participating horsemen at RP in 2007, the OHRC indicated a balance of approximately \$340,000 remained available in the state breeder fund at RP. *This amount will be carried over to the 2008 RP race meet.*

In an attempt to sufficiently fund RP's 2008 breeder awards to the same level as 2007, the OHBPA/TRAO conferred with the OTA, RP management and the OHRC staff. After evaluating the information they had obtained, the purse committee felt that 12% would accomplish this goal. This decision was based, in part, on the above mentioned carryover being available and because of the increase in simulcast revenue that Thoroughbred horsemen gained at RP in 2008 (from 80% to 90%). However, if 12% proves to be insufficient, the OHBPA/TRAO intends to adjust this percentage to maintain the same levels awarded during the 2007 race meet.

To maintain the breeder awards at Will Rogers Downs in 2008, similar adjustments were also necessary. Once again, the loss of PTF revenue to fund the breeder awards at WRD played a large role in the decision to adjust the percentage the purse committee had previously chosen. To insure sufficient funding was available, the OHBPA/TRAO notified the OHRC (in the fall of 2007) of its wish to increase the percentage going to the breeder fund at WRD from 10.5% to 20% until further notice. We anticipate this percentage will continue though the end of the 2008 race meet. Once the exact amounts of breeder awards at WRD have been distributed in 2008, the situation there will be re-evaluated and a percentage change may take place for the remainder of the year.

Fair Meadows has no gaming machines on site and must therefore rely on pari-mutuel wagering and/or PTF revenue to support its purse structure. As previously mentioned, state law no longer allows PTF revenue to be used to fund breeder awards. So for now, 100% of PTF revenue must go to the "purse account" at FMT and any breeder awards must be funded solely from pari-mutuel wagering. As at all Oklahoma racetracks, "uncashed tickets" and "breakage on wagers" still goes towards funding the state breeder program. *This was the only means breeder awards were funded prior to the passage of gaming legislation. Fortunately, Thoroughbreds now receive 80% of FMT's simulcast revenue to assist in partially offsetting this deficit for our participating horsemen at FMT.*

Just as Remington Park, the percent of revenue now being dedicated to the limited number of races offered to Thoroughbred horsemen at Blue Ribbon Downs remains at 12% for 2008. We will continue to monitor BRD's breeder account and make any necessary adjustments to ensure the breeder awards seen there in 2007 are realized again in 2008.

There are several unknown quantities used to establish the amount of revenue needed to fund the states breeder program and this process is obviously not an exact science. In addition to changing laws and fluctuating gaming revenues, the OHRC is assigned the task of estimating the number of Oklahoma bred who might run 1st, 2nd and 3rd in "open races" and at what "level of competition" they will do so. This process takes place a year in advance and has proven to be most difficult to establish for many years now.

As such, until the available revenue streams become more predictable, we anticipate the actual "percentage figure" going to the breeder funds may be adjusted from time to time at each track. But again, our goal is for the amount of revenue dedicated to the respective breeder award accounts to remain at the same levels in 2008 as they were in 2007.

The OHBPA/TRAO will continue to do everything in its power to ensure funding for the Oklahoma bred program continues to be competitive with other states in our region and will work closely with the OTA towards achieving this common goal.

Please feel free to contact our office if you have any questions regarding this matter.

Respectfully,



Joe Lucas, President  
OHBPA/TRAO