

## Who Gets What: Where the Wagering Dollar Goes.

The pie charts on following pages illustrate various distributions of wagering handle. For purposes of this exercise, the total distributions for all 2015 California Thoroughbred and Fair race meets were used. The percentages were averaged for ease of understanding and will vary slightly from one race meet to the next – depending on variables such as the mix of conventional and exotic wagers and the fees negotiated on out-of-state races.



**Backstretch / Retirement Fund.** A percentage of ADW handle is dedicated to trainer-administered pension plans for backstretch personnel and a welfare fund established for the benefit of horsemen and backstretch personnel.

**Breeders Incentives.** From essentially every wager placed in California or on one of our races, a portion is earmarked for California Thoroughbred Breeders Association incentive awards and programs, including California Cup Day.

**CHRB.** Pursuant to California Racing Law Section 19616.51, all racing associations and fairs contribute a percentage of their license fee reduction monies to fund the California Horse Racing Board and the equine drug testing program.

**CHRIMS.** An amount not to exceed 0.05% of the total amount handled by each satellite wagering facility goes to support the nonprofit organization designated by the CHRB for purposes of maintaining a database of horse racing information.

**DIR.** From ADW handle, a percentage is distributed to the Department of Industrial Relations to cover costs associated with trainer audits conducted pursuant to Section 19526. In addition, any amounts exceeding DIR costs are forwarded to an organization designated by the racing association or racing fair for the purpose of augmenting a compulsive gambling prevention program.

**Equine.** This deduction benefits such agencies as the Center for Equine Health, the California Animal Health and Food Safety Laboratory, and the School of Veterinary Medicine, UC Davis.

**Expense Fund.** By California statute, a portion of handle is set aside to cover the costs of wagering operations at, as well as delivering the signal to, California satellite facilities.

**F & E Fund.** Monies deposited into the Fair and Exposition Fund for fair projects including those involving public health and safety, maintenance, protection of fair property, and enhancement of fair operations.

**Hub Fee.** For ADW handle only, a portion is retained by the California licensed ADW provider (TVG, TwinSpire, or Xpressbet, for example) as a commission.

**Interstate Hosts.** For wagers made in California on out-of-state tracks, a commission is paid to the out-of-state host. This commission is negotiated by the California track or California ADW licensee with each of the sending tracks.

**License Fees.** On all wagers placed at California tracks and satellite locations, a statutory tax is paid to the State of California, most of which goes to the California Horse Racing Board and the Division of Fairs and Expositions.

**Local Tax.** Tax revenues to local municipal or county governments are also derived from wagering handle. For instance, the city of Arcadia receives one-third of one cent of every dollar bet at Santa Anita.

**Location Fee.** For wagers made at off-track locations and through ADW providers, a percentage is paid to California off-track wagering facilities to cover their operating costs.

**Out-of-State.** From wagers placed out-of-state on California races, the balance of the takeout rate above the fee paid for a race is retained by the locations where the bet was placed. Because out-of-state sites retain these funds, California statutory distributions are deducted only from the simulcast fee received by California racing interests. The simulcast fee is a negotiated fee and varies depending on the location.

**Promotion.** Pursuant to California Racing Law Section 19605.73(c), these funds are distributed to the statewide marketing organization (California Marketing Committee, or "CMC") for the promotion of thoroughbred and fair horse racing and to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers.

**Track / Purses.** After government, breeders, satellite, and all other distributions, the racetrack and the horsemen (for purses) divide the remaining takeout revenue, roughly equally.

**Van/Stabling.** These funds, administered by the Stabling & Vanning Fund, provide reimbursement for offsite stabling at board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls at the racing association or fair, and for the vanning of starters on race days.

**Workers Comp Fund.** With the passage of AB 701 into law in 2004, a 0.5% increase in exotic takeout was earmarked to fund a multi-prong program intended to reduce overall workers' compensation costs at the track, including a starter-fee payment to owners.

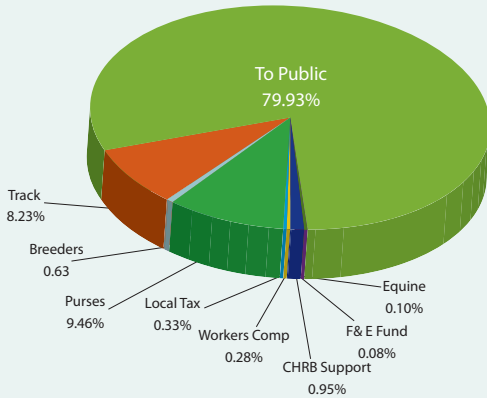
## On Track

Bettors at the track can wager on:

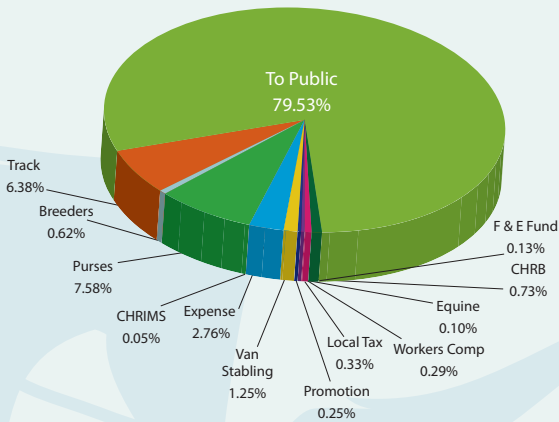
- 1) Live races;
- 2) Out-of-zone races (North – South); and
- 3) Out-of-state races.

The distributions for each of these wagers are as follows:

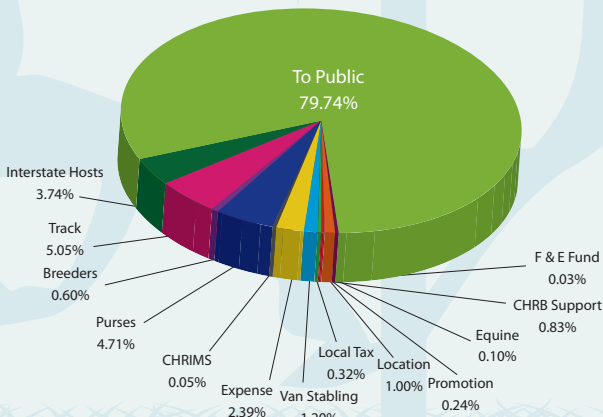
### Live Races Bet On-Track



### Out-of-Zone Races Bet On-Track



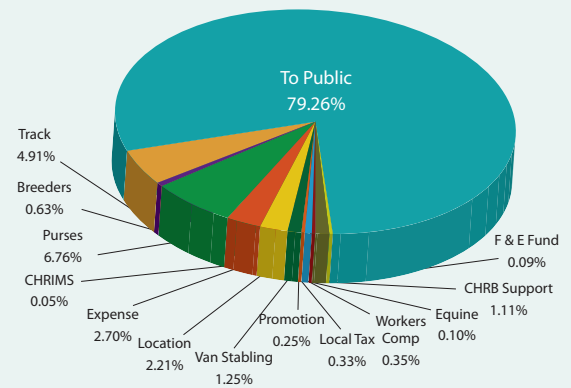
### Out-of-State Races Bet On-Track



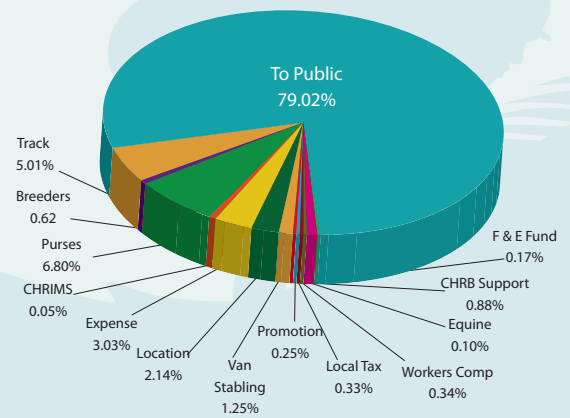
## Off Track

Bettors at off-track locations have the same menu of wagering opportunities as do on-track patrons – live, out-of-zone, and out-of-state. Since there is no actual racing at the off-track wagering facilities, “live” refers only to races conducted at the track within their zone. For instance, for Southern California off-track wagering facilities Santa Anita races are considered “live” races. As such, the distributions are as follows:

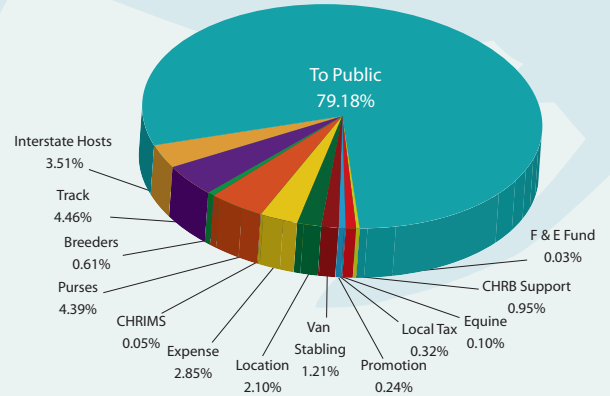
### Live Races Bet Off-Track



### Out-of-Zone Races Bet Off-Track



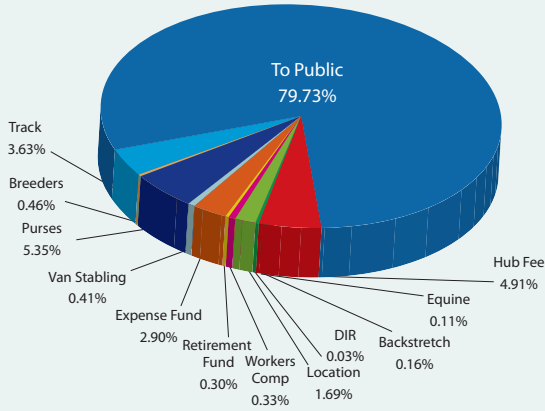
### Out-of-State Races Bet Off-Track



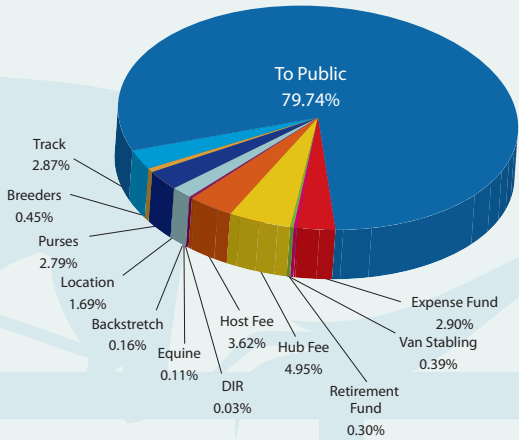
## ADW

California ADW wagers are those placed by California residents on races originating anywhere in the world. For ease of understanding, the distributions for advance deposit wagering (ADW) are illustrated in two categories – wagers made on California races, and those on imported races. One difference is that there is no out-of-state “host fee” involved with bets made on California races.

### ADW on California Races



### ADW on Non-California Races



## Out-of-State

In reality, there are only two factors to consider when looking at out-of-state wagers on California races – the type of bet placed and the simulcast rate paid. Because wagers are being made from a myriad of locations – from other thoroughbred tracks around the country, to storefront off-track betting parlors, to the homes of individuals placing telephone or internet wagers, to sophisticated offshore rebate facilitators – simulcast rates can vary significantly.

It's important to remember that the money returning to California interests from out-of-state wagers is simply the net fee negotiated with each out-of-state location. The distribution is shown below:

### Wagers Made Out-of-State

\*Including ADW

