

Department/Agency Name **Executive Department/Louisiana Racing Commission**

Department/Agency Number **01-254**

Strategic Plan FY 2008 – 2009 through FY – 2013

Department/Agency Description **Act Number 554 of the Louisiana State Legislature, in the year 1968 as amended, created the Louisiana State Racing Commission (LSRC), vested with the power to promulgate rules, regulations and conditions under which all horse racing and related wagering is conducted under the commission’s jurisdiction within the State of Louisiana. The LSRC is an agency within the Executive Department of Louisiana state government and consists of thirteen members appointed by the governor with terms running at the pleasure of the governor.**

Department/Agency Vision **The LSRC will promote and regulate high quality thoroughbred and quarter horse racing in the State of Louisiana with available self-generated revenues in compliance with statutes, by using strong management and regulatory controls and skills in an efficient, fair, and impartial manner.**

Department/Agency Mission Statement **To supervise, regulate, and enforce all statutes concerning horse racing and pari-mutuel wagering for live horse racing on track, off track, and by simulcasts; to collect and record all taxes due to the State of Louisiana; to safeguard the assets of the LSRC; and to perform administrative and regulatory requirements by operating the LSRC activities including payments of expenses, making decisions, and creating regulations with mandatory compliance.**

Department/Agency Philosophy **Horse racing has been a major sport and entertainment industry in Louisiana from the earliest days of our state. Regulations and controls are necessary to approve racing days to maintain fair competition in the state according to high standards of operations. Racing activities must be verified daily to protect the health and safety of the horses, jockeys, and public from unsafe, unsanitary, and/or illegal operations. The LSRC also protects the horse racing industry in Louisiana to maintain proper stability, growth, and employment in a highly competitive gaming environment with rapidly changing technology, statutes, and customs. The LSRC must provide regulatory legal controls to reduce risks to the entire billion-dollar horse racing industry, which has a major impact on the economy.**

Department/Agency Goals The goal of the LSRC Horse Racing Program is to provide efficient, effective leadership, supervision, regulation and administrative management and support necessary to carry out the mission of regulatory and administrative functions of the LSRC concerning horse racing, including payment of breeder awards and supervision of video poker pass through purse funds. The specific goals are:

-- that racing associations conduct live horse race meetings which are approved by the LSRC and which are operated by responsible management approved by the LSRC according to statutes;

-- that every owner and/or trainer seeking to enter a horse in competition is a person of good character and of financial responsibility;

-- that every horse appearing in a race is the animal he is represented to be on the racing program (horses are identified by registration papers and unique tattoo number) and is carrying the correct weight as assigned by the track handicapper;

-- that every horse race run represents a true competitive effort by every participating horse and rider;

-- that no rider during the running of a horse race commits any act that would unfairly tend to make the race anything other than a true competitive test;

-- that every horse is physically fit to race;

-- that no one responsible for the custody of a competing horse has administered any prescribed medication to the competing animal within a specified time prior to the race;

-- that every racing association is doing its utmost to provide the spectator public, the horses and their attendants necessary and adequate facilities to accomplish its mission;

-- that wagering facilities, management and employees of racing associations and the LSRC are of an order to inspire confidence of the patrons in the way this feature of the sport is conducted;

-- that breeder awards are paid timely according to statutes to promote the thoroughbred and quarter horse breeding industry in Louisiana and thus to supply sufficient horses to fill races.

LSRC Executive Administrative Activity Budget amount **\$1,360,000 annually**

Activity authorization **Louisiana Revised Statutes, Chapter 4, Racing Part 1 and 2, Horse Racing, Section 141 et. seq.** Withholds from taxes collected on pari-mutuel wagering, admissions, occupational licenses, fines, forfeited appeal fees, examination fees, etc.

Activity mission statement **The basic mission is outlined above in detail. The mission of the Executive Administrative Division is to operate the LSRC domicile office in New Orleans, LA and to perform all general administrative activities necessary for the LSRC to function daily on a regular basis, including scheduling LSRC public meetings and working with the committees of the LSRC.**

Activity goals **The goal of the Executive Administrative Division is to plan, supervise, budget, pay, file and schedule all racing activities and to effectively and efficiently work with the Racing Associations, and the public through efficient use of self generated funds, cooperation and communications within the normal monthly and annual business cycles; to create a calendar of live race days and to schedule public meetings and committee meetings to review and decide on legal cases before the LSRC and other management issues.**

Description of LSRC Executive Administrative Activity **The Executive Administrative Activity supervises and operates all of the LSRC administrative activities throughout the State of Louisiana including hiring, training, scheduling work assignments, preparing and executing budgets under the supervision of the Fiscal Director and fiscal impact reports, purchasing and paying for supplies, contracting, conducting public meetings, scheduling and collecting fees for tests and/or fines, processing all travel vouchers, maintaining regulations and files, maintaining a complete computer system on a network and Oracle data base, etc.**

The LSRC Executive Administrative Activity publishes a manual of statutes and rules, as well as a racing calendar, and all information on the website, in addition to processing legislative fiscal notes and coordination with the state fiscal and budget offices, legislators, and the public.

Objective of LSRC Executive Administrative Activity The objective is to maintain horse racing activities as a successful going concern in compliance with statutes, operating according to an approved annual budget, and performing its mission through the use of experienced management, trained employees, computer technology and available self generated resources in a changing work environment with heavy competition in the gaming industry and horse racing in other states, technology advances, the economy, and changes in statutes and reporting requirements.

Performance Indicators

Inputs Self generated funds are received daily based on statutes based on budget appropriation.

Outputs Expenses are paid timely and operations are normally based on prior year historical trends.

Outcome Expenses and operations are within 10% of budget.

Quality Work is progressing normally based on historical basis and within budget.

Other Indicators

See attached table.

Horse/Racing, Licensing and regulation activity **\$3,100,000 annually**

Activity authorization Louisiana Revised Statutes, Chapter 4, Racing, Part 1 and 2, Horse Racing, Section 141 et. seq. Withholds from taxes collected on pari-mutuel wagering, admissions, occupational licenses, fines, forfeited appeal fees, examination fees, etc. Funding is self generated.

Statutory dedications of \$700,000 are included in funding effective in FYE 08 for Veterinary Regulations concerning all veterinary medical issues for the Racing Commission. The main concerns are the health and safety of the horses and the integrity of the sport of horse racing.

Activity mission statement The basic mission is outlined above in detail. The Licensing and Regulation Division's mission is to regulate the operations of all

horse racing activities in Louisiana including operation of the LSRC field offices at each track, performing all licensing and regulatory functions for the LSRC which are necessary to successfully control eligibility of people and horses to work and/or compete in horse racing in Louisiana, to promote and maintain safe working conditions for riders and horses, and to collect all State of Louisiana self generated revenue from pari-mutuel wagering, attendance taxes, licenses, fines, and test fees.

The goal of the Licensing and Regulatory Division is to plan, supervise, license, test, provide stewards' rulings, budget and collect revenues, conduct security inspections, maintain official files, and to monitor all racing activities effectively and efficiently while working daily with the racing associations and the public; to provide an on-site office during all live meetings and to testify at scheduled LSRC public meetings before the LSRC.

Description of program activities The LSRC Licensing and Regulatory Division maintains a seasonal on- site office during all live racing seasons at all race tracks in the State of Louisiana to issue licenses, process records and horse papers through an on line computer database daily and to perform human and equine drug tests, and other security details. A state steward is assigned to the field office at each live racetrack during the racing season to validate the results of each race and to issue decisions and rulings for the LSRC. The Assistant Executive Director and the state stewards maintain constant unannounced surveillance of all racing activities for equine or human drug use and/or alcohol, as well as other unlawful activities such as electrical devices, which may be used to influence the outcome of a race.

The LSRC Licensing and Regulatory Division supervises and operates all licensing activities at seasonal field offices throughout the State of Louisiana and at the domicile including hiring, training, scheduling work assignments, preparing purchasing requisitions, maintaining files in Oracle database on line, receiving/recording payments, issuing licenses annually, handling stewards' decisions on all racing related issues, verifying and monitoring worker's compensation insurance for trainers, guarding the winning horses after each race, insuring proper chain of custody for all human and equine samples and performing security services and working with local police to protect the integrity of horse racing.

The Equine Medical Director supervises the State Veterinarians at on-site races at Louisiana racetracks during the racing cycle. The agenda includes daily pre-race examination of all horses scheduled to race, medication rules, racing injury

reporting program, contagious disease preventions, and scratch rules. The Veterinarian Program is funded annually by \$700,000 appropriations from the State Gaming Control Fund.

The on-site auditors collect and audit self generated revenue daily. The Chief Auditor and the auditors also provide input to the Executive Director and Fiscal Director in preparation of the annual budget of the self generated revenues and they audit the annual budget execution for all self generated revenues and video poker pass through funds.

Racing associations submit an annual opinion audit by a CPA and annually apply for race days.

Objective The objective is to maintain a successful, honest, controlled and regulated racing environment with healthy horses through efficient use of resources and the use of technology in a changing work environment caused by heavy competition in the gaming industry in Louisiana, technology advances, and changes in schedules.

Performance Indicators

Inputs Applications from individuals participating in racing are received for licensing daily. Drug tests are conducted. Veterinarian procedures are enforced. Fees and pari-mutuel taxes are received and deposited daily. Security checks are made on employees, horses and grounds unannounced.

Outputs Licenses are processed and issued. Applications are checked out for completeness, accuracy, eligibility, and possible illegal activities. Various reports of fees received for licenses, fines, etc. are prepared and reconciled. Reports and records of horse health and racing injuries are maintained. Licenses are mandatory and all racing participants while on duty must wear badges. Stewards make decisions regarding placing of horses at each race and act on illegal activities noted at race tracks with disciplinary action and/or fines when appropriate.

Outcomes Racing is regulated and conducted successfully on schedule and funds and operations are according to budget and normal work schedules within time deadlines. Safety of human and equine participants is improved. Public support and perception for the sport of horse racing is improved

Efficiency Expenses and operations are within 10% of budget. Any variance, which is considered critical, is reviewed and a decision is made to correct the problem.

Quality Work is progressing normally based on historical basis and within budget. Internal controls are strong. National best practices are followed whenever possible.

Other Indicators

See attached table

Horse Racing/Breeder Activity Annual budget \$11,289,368 of which \$3,526,575 is statutory video poker device purse supplements pass through funds.

Activity authorization Louisiana Revised Statutes, Chapter 4, Racing Part 1 and 2, Horse Racing, Section 141 et. seq. Withholds from taxes collected on pari-mutuel wagering, admissions, occupational licenses, fines, forfeited appeal fees, examination fees, etc. for breeder awards.

Video Poker Pass Through Funds- Authorized by R.S. 33:4862.11, Para 4852.11 (1994).

Activity mission statement The basic mission is outlined above in detail. The mission of the Breeder Activity is to pay breeder awards accurately and timely and to process the pass through video poker appropriated funds.

Activity goals The goal of the Breeder Awards Activity is to plan, supervise, budget, pay, file, and schedule all breeder awards and to effectively and efficiently work with the Louisiana Thoroughbred Breeders Association (LTBA) and the Louisiana Quarter Horse Breeders Association (LQHBA) and the public. Breeder awards are paid to individuals through the LSRC Oracle database and IRS Form 1099's are mailed out annually.

The goal of the Video Poker Pass Through Funds Activity is to effectively schedule out and plan the budget and disbursements of these funds and to process withdrawals of funds as authorized and to complete audits. Funds are requested by the Breeder Organizations according to regulations and approved for disbursement by the Executive Director. The thoroughbred funds are disbursed to the racetracks based on the number of live race days in the preceding calendar

year. The quarter horse funds are disbursed directly to the Louisiana Quarter Horse Breeder Association for quarter horse purses at the racetracks.

Description summary of breeder awards activity The Breeders Award Activity is based on earnings of LSRC self generated revenues. Thoroughbred breeder awards are paid to breeders of winning horses (first, second, and third) and thoroughbred breeder awards are earned at the rate of 3/10 of 1% of total wagers (approximately \$1,000,000). Quarter horse breeder awards are set by statute at \$800,000 annually and they are paid to breeders of winning horses (first, second and third). Off track wagering breeder awards (approximately \$300,000) are paid to the breeder organizations at the rate of 14% of total LSRC pari-mutuel revenue on off track wagers. Payment of breeder awards are set by formulas established by the breeder organizations by statute. The LSRC Breeders Awards Clerk processes all breeder awards paid by the LSRC. The Chief Auditor supervises the Breeder Award Activity.

Objective The objective is to correctly record and deposit all funds earned for payment of breeder awards, to receive a spending plan from the breeder organizations, and to make payments of breeder awards and stallion awards to breeders correctly and timely through the LSRC Oracle database system with adequate files and reports, including IRS 1099 income tax reports.

Performance Indicators

Inputs Self-generated funds are received based on receipts of pari-mutuel taxes and other LSRC revenue earned during budget execution. Race programs are submitted with winning horses and payment formula is provided by the approved horse breeder organizations according to statutes.

Outputs The LSRC Breeder Awards Clerk pays breeder awards timely and correctly through the Oracle database. Breeder award operations are based on prior year historical trends and in line with the annual budget and available funds.

Outcomes The horse breeding industry in Louisiana is promoted and more and/or better quality horses will be available to race in a safer environment in

Louisiana. This will result in employment opportunities and a successful and growing breeding and racing industry.

Efficiency Income and payments are normally within 10% of budget.

Quality There are fewer than 10 complaints a month and fewer than 5 clerical problems a month because of strong internal controls in the Oracle database and training and experience in processing the breeder awards daily.

References and other indicators: Internet at www.louisiana.gov , LAPAS, Fiscal Year, Executive Dept., Agency 254, Louisiana Racing Commission.

**Contact Person Sidney E. Schmitt, CPA, MBA
LSRC Chief Auditor
Phone (504) 483-3350 Ex 3372
Fax (504) 483-4898
E-mail sschmitt@lrc.state.la.us**