NEW JERSEY
COMMISSION ON STATE
ADMINISTRATIVE REORGANIZATION

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STATE HOUSE, TRENTON 8, N. J.

March 18, 1947

Honorable Alfred E. Driscoll
Governor
State House
Trenton, New Jersey

Dear Governor Driscoll:

We herewith submit our report covering the financial aspects of horse racing and state revenues from the operation of the pari-mutuel system in New Jersey.

The recommendations made herein are based upon the premise that the racing industry should not be destroyed by indirection but rather that present controls should be improved and State revenues carefully guarded.

The graduated scale formulae recommended herein with respect to the division of breakage and the pari-mutuel "take-out" are made on the basis of the track licensees' "ability to pay". These flexible formulae will permit the tracks to realize a return on invested capital, to amortize their debts, and permit the State to derive increased revenues from this industry.

Respectfully submitted,

CHARLES R. ERDMAN, JR., CHAIRMAN

C. WESLEY ARMSTRONG, JR.

CHARLES A. EATON, JR.

ROBERT C. HENDRICKSON

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In 1946 this Commission submitted its Special Report on Horse Racing and the Pari-Mutuel System in New Jersey. That survey, among other things, contained this Commission's report and recommendations on the subject of State revenues derived from the operation of the pari-mutuel system in our State. The scope of the present report is limited solely to the subject of State revenues derived from such system.

In formulating the recommendations made herein, this Commission was guided by the principle which each of its members has adopted since the legalizing of pari-mutuel betting in our State; namely that the decision of the people of our State in adopting the 1939 amendment to our constitution legalizing such betting, necessarily carries with it the policy that the racing industry should not be destroyed by indirection but rather that present controls should be improved and State revenues carefully protected.

I

STATE REVENUES DERIVED FROM BREAKAGE

Breakage represents the odd cents in excess of any multiple of five when computations are made on winning pools in order to determine the price of a winning ticket. Since it has been impractical to allocate the breakage to its rightful owners, the public, the method of its distribution varies among the several states in which pari-mutuel betting is in operation. By referring to Table I, it will be noted that in two states full breakage is paid to the state, and in six additional states, exclusive of New Jersey, at least half of the breakage is paid to the state.

In the report of last year, this Commission recommended a graduated scale formula for the division of the breakage between the State and the

track assocations. Tested against the 1946 financial statements submitted by the three tracks issued licenses to operate running race tracks in this State, that flexible formula has been found to be equitable and sound. It is again submitted as the recommendation of this Commission. That formula is as follows:

If the Average Daily Pari-Mutuel Sales at the Track During Its Entire Racing Season in Any One Calendar Year Is in Any Amount:	The Percentage of the Total Breakage, Realized at the Track During the Season, to Be Paid to the State Shall be:
Over $ 949,999.99 but not over $ 999,999.99	20 Per Cent
Over $ 999,999.99 but not over $1,049,999.99	40 Per Cent
Over $1,049,999.99 but not over $1,074,999.99	60 Per Cent
Over $1,074,999.99	100 Per Cent

II

STATE REVENUES DERIVED FROM THE PARI-MUTUEL TAKE-OUT

At the time that this Commission submitted its first report on the subject, only one track, Garden State Park, had theretofore been in operation. Since that time two new tracks, Monmouth Park and Atlantic City, have held racing meets under licenses issued by the State; Monmouth Park for a 28-day season and Atlantic City for a 42-day season.

Under present law ten per cent of the total amount wagered at these tracks is withdrawn, and is divided, 6 per cent to the track and 4 per cent to the State. These withdrawals are known as the "take" or "take-out". During 1946 the State realized, exclusive of $627,428.48 in breakage, a total of $5,971,846.40 from this source of revenue from the operation of these tracks. The tracks, during the same year, received,

exclusive of $516,959.19 in breakage, a total of $8,957,512.18 from these withdrawals from pari-mutuel pools.

Owing to the lack of operating experience by the two new tracks, the lack of factual financial data with respect to anticipated revenues, as the result of the reduction in the days allotted to any one track, and the allocation of 'split' racing meets, this Commission recommended in its first report on this subject, that, until the factors mentioned could be determined by experience, no change in the State share of the "take" could be recommended. These factors have now been determined from the experience of all three tracks during the 1946 season, and conclusively indicate that a flexible formula with respect to this "take" can now be recommended.

After careful study of the financial operations of the three tracks during the 1946 season, it is the opinion of this Commission that the ten per cent "take-out" of the total contributions to the pari-mutuel pools at each of the tracks be divided between the State and the respective track associations in accordance with the following formula:

If the Average Daily Pari-Mutuel Sales at the Track During Its Entire Racing Season in Any One Calendar Year Is:	The State's Share of the Total Pari-Mutuel Turnover at the Track During the Season Shall Be:
Not in excess of $1,249,999.99.....	4 Per Cent
Over $1,249,999.99 but not over $1,324,999.99....	4 1/4 Per Cent
Over $1,324,999.99 but not over $1,399,999.99....	4 1/2 Per Cent
Over $1,399,999.99 but not over $1,474,999.99....	4 3/4 Per Cent
Over $1,474,999.99 but not over $1,549,999.99....	5 Per Cent
Over $1,549,999.99 but not over $1,599,999.99....	5 1/4 Per Cent
Over $1,599,999.99 but not over $1,649,999.99....	5 1/2 Per Cent
Over $1,649,999.99 but not over $1,699,999.99....	5 3/4 Per Cent
Over $1,699,999.99	6 Per Cent

The formulae recommended for the division of breakage and the "take-out" outlined above, will place our tracks on a highly favorable competitive basis with those of neighboring states for the best horses. As will be noted from an examination of the financial data shown in the Appendix, these flexible formulae are predicated upon the basis of "ability to pay". The estimates of projected income, expense and revenue, shown in the Appendix, are most liberal from the viewpoint of the track permit holders. Proper provision has been made in these statements for the reduction of the indebtedness of the two new tracks and for a reasonable return upon the investments in all three tracks.

III

STATE AUDIT OF FINANCIAL RECORD OF TRACKS

In our first report on the subject of horse racing and the pari-mutuel system we submitted recommendations with respect to the adoption by the State of a uniform system to be adhered to by all tracks in the keeping of complete track accounts. We also recommended that the State make complete annual audits of the books and records of each track permit holder and submit the same to the State Racing Commission. We again submit these recommendations since we feel that, from the viewpoint of supervision, control and sharing in the breakage and "take-out", the State is a partner of the licensees of these tracks and should be afforded adequate information concerning their financial operations and records.

We therefore recommend that legislation be enacted authorizing the Department of Taxation and Finance:

(1) To prescribe a uniform method by which tracks will be required to keep complete financial accounts of

their operations; and

(2) To make complete annual audits of the books and records of each track permit holder and to submit the same to the Racing Commission.

TABLES

AND

CHARTS

TABLE I.
(See Chart 1)
STATE REVENUE FROM PARI-MUTUEL TURNOVER: BY STATES - 1940 and 1946
- THOROUGHBRED HORSE RACING -

State	TAKE-OUT: Total Take-Out Permitted 1946	TAKE-OUT: Total Take-Out Permitted 1940	TAKE-OUT: State's Share 1946	TAKE-OUT: State's Share 1940	BREAKAGE: Amount-(To) 1946	BREAKAGE: Amount-(To) 1940	BREAKAGE: State's Share 1946	BREAKAGE: State's Share 1940
Arkansas**	15%	15%	5%	5%	5¢	5¢	50%	No Provision
California** *	13%	12%	4% on first $10,000,000; 5% next $10,000,000; 6% all over $20,000,000.	4%	5¢	10¢	50%	No Provision
Delaware*	10%	6% / 1½% 1/	3½%	3%	5¢	5¢	No Provision	No Provision
Florida** *	15%	10%	8%	3%	5¢	5¢	100%	No Provision
Illinois *	10% 11% Fairmount	7½% 2/	2%	No Provision	10¢	10¢	No Provision	No Provision
Kentucky	10%	No Provision	No Provision	No Provision	10¢	No Provision	No Provision	No Provision
Louisiana *	13%	13%	2% on first $100,000; 5% next $ 50,000; 6% next $ 50,000; 7% all over $200,000.	3 to 7% 3/	10¢	10¢	No Provision	No Provision
Maryland**	10%	10%	2%	2% 4/	5¢	5¢	100%	No Provision

TABLE I (Continued)

State	TAKE-OUT: Total Take-Out Permitted 1946	TAKE-OUT: Total Take-Out Permitted 1940	TAKE-OUT: State's Share 1946	TAKE-OUT: State's Share 1940	BREAKAGE: Amount-(To) 1946	BREAKAGE: Amount-(To) 1940	BREAKAGE: State's Share 1946	BREAKAGE: State's Share 1940
Massachusetts *	11%	10% 15% at fairs	4½% on first $700,000; 5% between $700,000 and $800,000 5½% " $800,000 and $900,000 6% all over $900,000	3½%	10¢	10¢	50%	50%
Michigan *	10%	6 to 7½% 10% at fairs or agricultural meets	2% on first $2,000,000 6% on second $2,000,000 8% all over $4,000,000	No Provision	5¢	Determined by Racing Commission	No Provision	No Provision
Nebraska 5/	10%	10%	No Provision	No Provision	10¢	10¢	No Provision	No Provision
New Hampshire *	11½%	11%	5%	4½%	10¢	10¢	50%	50%
New Jersey**	10%	10%	4%	4%	5¢	5¢	Sliding Scale 6/	No Provision
New York** *	15%	10%	6% 7/	5%	5¢	5¢	60% 7/	50%
Ohio	10%	10%	10% on first $1,000; 15% on next $4,000; 20% on next $5,000; 22½% on next $5,000; 25% on next $5,000; 30% all over $20,000. (Computed on "take-out")	Same as 1946	10¢	10¢	No Provision	No Provision

TABLE I (Continued)

State	TAKE-OUT: Total Take-Out Permitted 1946	TAKE-OUT: Total Take-Out Permitted 1940	TAKE-OUT: State's Share 1946	TAKE-OUT: State's Share 1940	BREAKAGE: Amount-(To) 1946	BREAKAGE: Amount-(To) 1940	BREAKAGE: State's Share 1946	BREAKAGE: State's Share 1940
Oregon	12½%	12½%	3%	3%	5¢	5¢	No Provision	No Provision
Rhode Island***	10%	10%	4%	3½%	10¢	5¢	50%	No Provision
Washington	15%	15%	5%	5%	5¢	5¢	No Provision	No Provision
West Virginia	10%	10%	1%	1%	10¢	10¢	No Provision	No Provision

*Indicates change in state's share of total pari-mutuel take-out.
** Indicates change in state's share of breakage.

1/ The licensee's share of the pari-mutuel take-out is 3% plus 1½%. The latter 1½% to be applied on any debt or improvement to track, breeders' rewards or stakes.

2/ But 8% is allowed if track is located in a county of less than 250,000 population and more than 100 miles from a city of 1,000,000.

3/ 3% on pools of from 1¢ to $50,000; 4% on pools of from $50,000.01 to $100,000; 5% on pools of from $100,000.01 to $150,000; 6% on pools of from $150,000.01 to $200,000; and 7% on pools of from $200,000.01 and over. Plus 15% of net revenue at mile tracks.

4/ Agricultural and County Fair Associations to pay 1% on all money wagered above the sum of $500,000 and an additional license fee or tax of 5% of the net revenue.

5/ Unofficial.

TABLE I (Continued)

6/

Range of daily average pari-mutuel contributions			State's Share of Breaks:
Between $ 950,000.	and	$1,000,000.	15%
" 1,000,000.	"	1,050.000.	30%
" 1,050,000.	"	1,100,000.	45%
" 1,100,000.	"	1,150,000.	60%
" 1,150,000.	"	1,200,000.	75%
" 1,200,000.	"	1,250,000.	90%
On any amount over $1,250,000.			100%

Above does not apply to new tracks during first two years of operation. During these two years if average daily contributions are less than $1,000,000 state does not share in Breaks; if over $1,000,000, state's share is 100% of Breaks on amounts in excess of $1,000,000. daily average for year.

7/ Saratoga Second Zone: 5% pools to state and 50% breakage.

SOURCES: Legislative Document (1941) No. 69, New York - Report of Joint Legislative Committee for Study of Pari-Mutuel System.

The National Association of State Racing Commissioners - Pari-Mutuel Turnover and Revenues by States for 1940-1946 Thoroughbred Horse Racing.

7th Annual Report of N.J. Racing Commission - 1946.

TABLE I

SUPPLEMENT

STATE REVENUE FROM PARI-MUTUEL TURNOVER

- THOROUGHBRED HORSE RACING -

State	TAKE-OUT Total Take-Out Permitted	TAKE-OUT State's Share	BREAKAGE Amount-(To)	BREAKAGE State's Share
Arizona*	13%	4%	No Provision	No Provision
Maine*	10%	3½%	5¢	No Provision
Nevada*	12%	1/6 or 2%	No Provision	No Provision
New Mexico**	15%	5%1/	5¢	No Provision
South Dakota**	12%	3%	10¢	No Provision

SOURCES:

* (1940): Legislative Document (1941) No. 69, New York - Report of Joint Legislative Committee for Study of Pari-Mutuel System.

** (1946): The National Association of State Racing Commissioners - Pari-Mutuel Turnover and Revenues by States for 1946 Thoroughbred Horse Racing.

1/ 5% of retained pari-mutuel commission.

TABLE I A

CHANGES IN DEDUCTIONS FROM PARI-MUTUEL TURNOVER - BY STATES
1940 - 1946
THOROUGHBRED HORSE RACING

- TAKE-OUT -

State	CHANGES IN TAKE-OUT AND DIVISION THEREOF					
	Total Take Permitted			State's Share		
	Year of Change	Change From	Change To	Year of Change	Change From	Change To
California	1942	12%	13%	1942	4%	4% on 1st $10,000,000 5% next 10,000,000 6% all over 20,000,000
Delaware	1941	6 1/2 - 7 1/2%	10%	1941	3%	3 1/2%
Florida	1941	10%	15%	1941	3%	8%
Illinois	1941	7 1/2%	10% 11%Fair-mount	1941	0	2%
Louisiana				1942	3-7% on amounts from $50,000 to $200,000 and over	2-7% on amounts from $100,000 and over

TABLE I A (Continued)

CHANGES IN TAKE-OUT AND DIVISION THEREOF

State	Total Take Permitted Year of Change	Change From	Change To	State's Share Year of Change	Change From	Change To
Massachusetts	1946	10%; 15% at Fairs	11%	1946	3 1/2%	4 1/2% on first $700,000 5% between $700,000 and $800,000 5 1/2% between $800,000 and $900,000 6% of all sums over $900,000
Michigan	1944	7 1/2%	10%	1946	0	2% on first $2,000,000 6% on 2nd $2,000,000 8% all over $4,000,000
New Hampshire	1945	11%	11 1/2%	1945	4 1/2%	5%
New York	1946	10%	15% *	1943	5%	6%
Rhode Island				1944	3 1/2%	4%

* 5% pools to Municipalities.

SOURCE: The National Association of State Racing Commissioners - Pari-Mutuel Turnover and Revenues by States for 1940-1946 Thoroughbred Horse Racing.

TABLE I B

CHANGES IN DEDUCTIONS FROM PARI-MUTUEL TURNOVER - BY STATES
1940 - 1946
THOROUGHBRED HORSE RACING

- BREAKAGE -

State	CHANGES IN BREAKAGE					
	Breaks - To			State's Share		
	Year of Change	From	To	Year of Change	From	To
Arkansas				1942	0	50%
California	1943	10¢	5¢	1942	0	50%
Florida				1941	0	100%
Maryland				1945	0	100%
Michigan	1944	Determined by Commission	5¢			
New Jersey				1946	0	Sliding Scale See Note 6 - Table I
New York				1943	50%	60%
Rhode Island	1943	5¢	10¢	1946	0	50%

SOURCES: The National Association of State Racing Commissioners - Pari-Mutuel Turnover and Revenues by States for 1940-1946 Thoroughbred Horse Racing.
7th Annual Report of N.J. Racing Commission - 1946.
Legislative Document (1941)No.69, New York-Report of Joint Legislative Committee for Study of/ Pari-Mutuel System.

Chart 1.

STATE AND TRACK REVENUE (BY PERCENTAGES) FROM PARI-MUTUEL TURNOVER - BY STATES - 1946

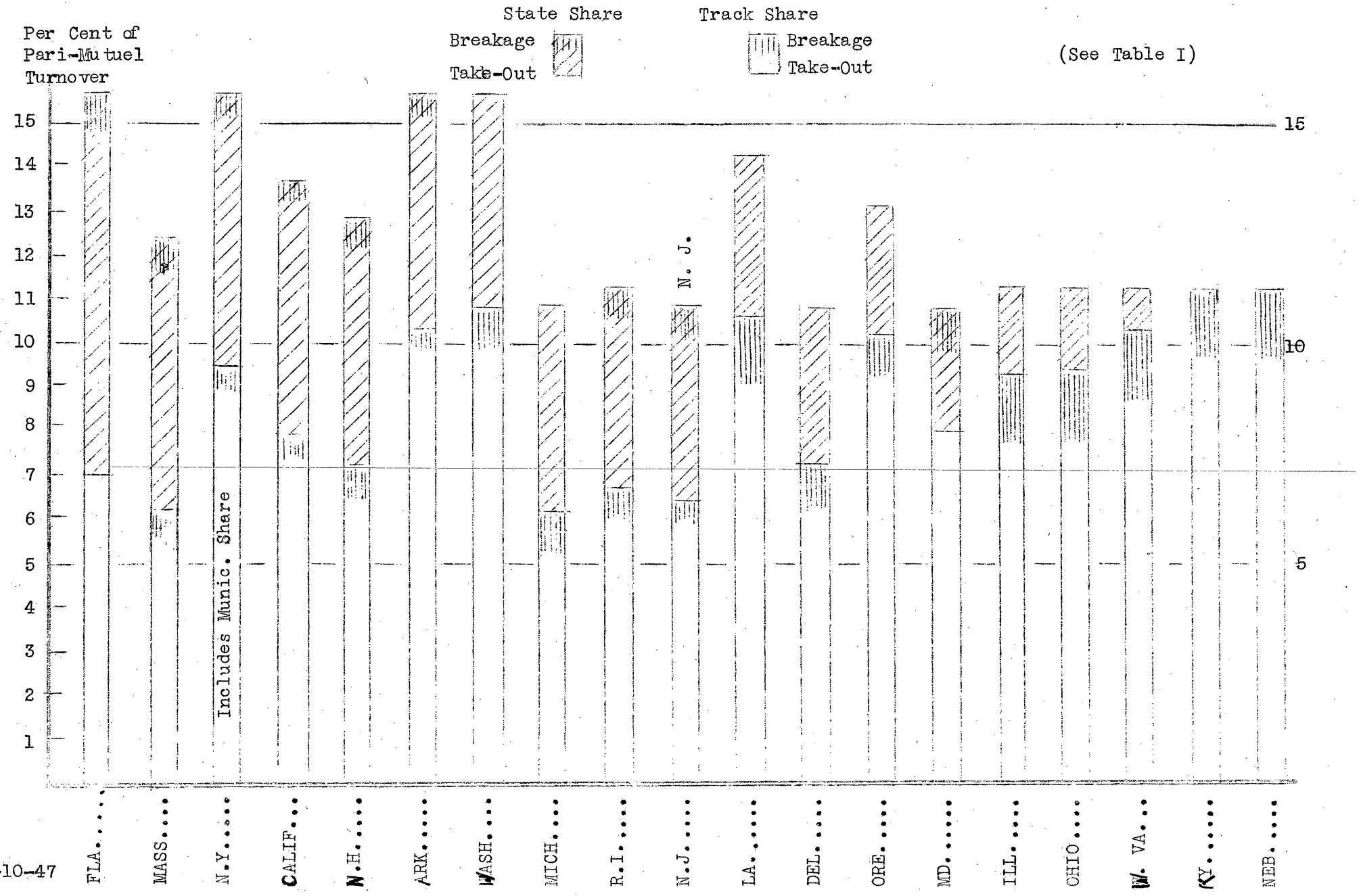

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TABLE II
(See Chart 2)
PARI-MUTUEL TURNOVER AND REVENUE - BY STATES
For 1942 and 1946
THOROUGHBRED HORSE RACING
- TAKE-OUT -

State	Year	(1) Pari-Mutuel Turnover	(2) Total Take-Out Per Cent	(3) Total Take-Out Amount	(4) State Share Per Cent	(5) State Share Amount	(6) Track Association Share (Amount)
Arkansas	1942	$ 4,869,055.	15	$ 730,358.25	5	$ 260,232.23	$ 470,126.02
	1946	10,156,639.	15	1,523,495.85	5	507,831.95	1,015,663.90
California	1942	15,297,301.	13	1,988,649.	4% first $10,000,000 5% next 10,000,000 6% over 20,000,000	659,007.95	1,329,641.05
	1946 1/	379,391,938.	13	49,320,951.94	" "	20,856,525.95	28,464,425.99
Delaware	1942	13,684,975.	10	1,368,497.	3½	478,974.	889,523.
	1946	33,933,656.	10	3,393,365.60	3½	1,187,677.96	2,205,687.64
Florida	1942	38,735,224.	15	5,810,284.	8	3,098,817.92*	2,711,466.08
	1946 2/	108,173,554.	15	16,226,033.10	8	8,653,884.32*	7,572,148.78
Illinois	1942	82,873,489.	10	8,287,349.	2	1,657,469.78	6,629,879.22
	1946	198,042,882.	10 4/	19,804,288.20	2	3,960,857.64	15,843,430.56
Kentucky	1942	14,455,659.	10	1,445,566.	-	--	1,445,566.
	1946	35,512,929.	10	3,551,292.90	-	--	3,551,292.90
Louisiana	1942	11,762,908.	13	1,529,178.	2% first $100,000 5% next 50,000 6% next 50,000 7% over 200,000	350,816.79	1,178,361.21
	1945 3/	13,269,496.	13	1,725,034.48	" "	498,447.36	1,226,587.12

TABLE II (Continued)

- TAKE-OUT -

State	Year	(1) Pari-Mutuel Turnover	(2) Total Take-Out Per Cent	(3) Total Take-Out Amount	(4) State Share Per Cent	(5) State Share Amount	(6) Track Association Share (Amount)
Maryland	1942	$ 51,157.502.	10	$ 5,115,750.	2	$ 973,150.04	$ 4,142,599.96
	1946	118,537,760.	10	11,853,776.	2	2,370,755.20*	9,483,020.80
Massachusetts	1942	28,797,569.	10	2,879,757.	3½	1,230,986.82	1,648,770.18
	1946	73,903,494.	11	8,129,379.94	4½% first $700,000 5% between $700,000 & $800,000 5½% " $800,000 & $900,000 6% all over $900,000	4,084,259.45	4,045,120.49
Michigan	1942	23,020,569.	7½	1,726,543.	-	--	1,726,543.
	1946	42,076,459.	10	4,207,646.	2% first $2,000,000 6% on second $2,000,000 8% all over $4,000,000	1,995,476.52	2,212,169.38
Nebraska 7/	1941	2,250,000.	10	225,000.	-	24,014.10	200,985.90
	1946	3,500,000.	10	350,000.	-	--	350,000.
New Hampshire	1942	17,344,931.	11	1,907,942.	4½	911,613.11	996,328.89
	1946	56,226,959.	11½	6,466,100.29	5	3,193,931.37	3,272,168.92
New Jersey	1942	25,882,646.	10	2,588,265.	4	1,035,305.84	1,552,959.16
	1946	149,296,160.	10	14,929,616.	4	5,971,846.40	8,957,769.60
New York	1942	175,158,374.	10	17,515,837.	5	8,757,918.70	8,757,918.30
	1946	407,105,748.	15	61,067,862.20	6	26,090,722.07	34,977,140.13 5/
Ohio	1942	10,407,097.	10	1,040,710.	6/	165,394.02	875,315.98
	1946	32,517,813.	10	3,251,781.30	6/	630,340.89	2,621,440.41

TABLE II (Continued)

- TAKE-OUT -

State	Year	(1) Pari-Mutuel Turnover	(2) Total Take-Out Per Cent	(3) Total Take-Out Amount	(4) State Share Per Cent	(5) State Share Amount	(6) Track Association Share (Amount)
Oregon	1942	$ 209,026.	12½	$ 26,128.	3	$ 5,703.23	$ 20,424.77
	1946	4,983,587.	12½	672,784.25	3	146,133.27	526,650.98
Rhode Island	1942	33,062,745.	10	3,306,274.	3½	1,318,892.	1,987,382.
	1946	86,077,896.	10	8,607,790.	4	4,029,507.26	4,578,282.74
Washington	1942	4,577,888.	15	686,683.	5	227,894.40	458,788.60
	1946	14,612,449.	15	2,191,867.35	5	730,622.45	1,461,244.90
West Virginia	1942	9,706,742.	10	970,674.	1	97,067.42	873,606.58
	1946	20,988,788.	10	2,098,878.80	1	209,887.88	1,888,990.92

* Computed - State percentage share of pari-mutuel turnover.

1/ Calendar year 1946.

2/ Fiscal year.

3/ 1945-46 season.

4/ 11% Fairmount.

5/ Includes 5% pools to Municipalities

6/ 10% first $1,000; 15% next $4,000; 20% next $5,000; 22½% next $5,000; 25% next $5,000; 30% all over $20,000. (Computed on "take-out")

7/ Unofficial.

SOURCES: (Unless otherwise indicated) Columns 1, 2, 4 and 5 -- The National Association of State Racing Commissioners, Annual Reports on Pari-Mutuel Turnover and Revenues by States - Thoroughbred Horse Racing.

Column 3 - Computed: Column 2 per cent of Column 1.

Column 6 - Computed: Column 3 minus Column 5.

TABLE II A
(See Chart 2)
PARI-MUTUEL TURNOVER AND REVENUE - BY STATES
FOR 1942 and 1946
THOROUGHBRED HROSE RACING
- BREAKAGE -

State	Year	(7) Breakage To (Cents)	(8) Breakage Amount	(9) State Share Per Cent	(10) State Share Amount	(11) Track Association Share (Amount)
Arkansas	1942	5	$ 36,518.	50	$ 18,259.	$ 18,259.
	1946	5	76,175.	50	38,088.	38,087.
California	1942	10	214,162.	50	107,081.	107,081.
	1946	5	2,845,440.	50	1,422,720.	1,422,720.
Delaware	1942	5	102,637.	-	--	102,637.
	1946	5	254,502.	-	--	254,502.
Florida	1942	5	290,514.	100	290,514.	--
	1946*	5	811,302.	100	811,302.	--
Illinois	1942	10	1,160,229.	-	--	1,160,229.
	1946	10	2,772,600.	-	--	2,772,600.
Kentucky	1942	10	202,379.	-	--	202,379.
	1946	10	497,181.	-	--	497,181.
Louisiana	1942	10	164,681.	-	--	164,681.
	1946**	10	185,773.	-	--	185,773.
Maryland	1942	5	383,681.	-	--	383,681.
	1946	5	889,033.	100	889,033.	--
Massachusetts	1942	10	403,166.	50	201,583.	201,583.
	1946	10	1,034,649.	50	517,325.	517,324.

TABLE II A (Continued)
- BREAKAGE -

State	Year	(7) Breakage To (Cents)	(8) Breakage Amount	(9) State Share Per Cent	(10) State Share Amount	(11) Track Association Share (Amount)
Michigan	1942	10	$ 322,288.	-	--	$ 322,288.
	1946	5	315,573.	-	--	315,573.
Nebraska	1942	-	-	-	--	--
	1946	10	49,000.	-	--	49,000.
New Hampshire	1942	10	242,829.	50	$ 121,415.	121,414.
	1946	10	787,177.43	50	393,588.72	393,588.71
New Jersey	1942	5	217,414.40 1/	-	-- 1/	217,414.40
	1946	5	1,144,551.05 1/	2/	627,428.48	517,122.57
New York	1942	5	1,361,765.90	50 4/	680,882.95 3/	680,882.95
	1946	5	3,053,293.11	60 4/	1,831,975.87 5/	1,221,317.24
Ohio	1942	10	145,699.	-	--	145,699.
	1946	10	455,249.	-	--	455,249.
Oregon	1942	5	1,568.	-	--	1,568.
	1946	5	37,377.	-	--	37,377.
Rhode Island	1942	5	247,970.	-	--	247,970.
	1946	10	1,205,091.	50	602,546.	602,545.
Washington	1942	5	34,334.	-	--	34,334.
	1946	5	109,593.	-	--	109,593.
West Virginia	1942	10	135,894.	-	--	135,894.
	1946	10	293,843.	-	--	293,843.

TABLE II A (Continued)

* Fiscal Year.

** 1945-46 Season.

1/ Annual Reports of N.J. Racing Commission - 1942 and 1946.

2/ See Note Table I.

3/ New York State Racing Commission Annual Report - 1942.

4/ Saratoga - 50%.

5/ Computed at 60%.

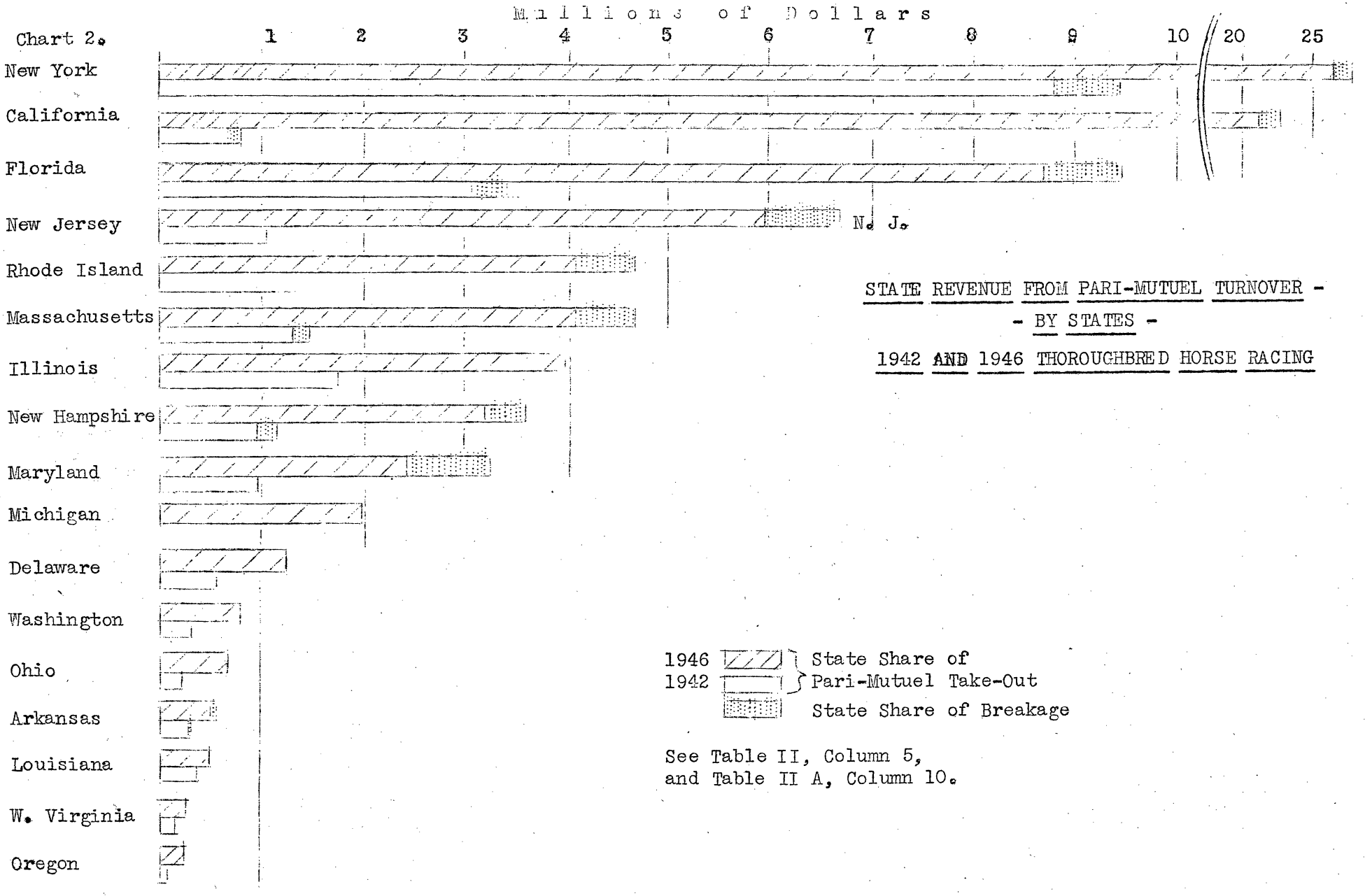
SOURCES: Columns 7 and 9: The National Association of State Racing Commissioners, Annual Reports on Pari-Mutuel Turnover and Revenues by States - Thoroughbred Horse Racing.

Column 8 - Computed: 5¢ breaks computed at .75% of pari-mutuel turnover; 10¢ breaks computed at 1.40% of pari-mutuel turnover.

Column 10 - Computed: Column 9 per cent of Column 8.

Column 11 - Computed: Column 8 minus Column 10.

Chart 2.



STATE REVENUE FROM PARI-MUTUEL TURNOVER -

- BY STATES -

1942 AND 1946 THOROUGHBRED HORSE RACING

See Table II, Column 5,
and Table II A, Column 10.

3-10-47

A P P E N D I X

GARDEN STATE TRACK

- 42 DAY SEASON -

Line No.	ITEMS	1946 INCOME AND EXPENSES * Amount	1946 INCOME AND EXPENSES * Totals & Balances	1947 ESTIMATED INCOME AND EXPENSES -Under Present Law- ** Amount	1947 ESTIMATED INCOME AND EXPENSES -Under Present Law- ** Totals & Balances	1947 ESTIMATED INCOME AND EXPENSES -Under Proposed Law- ** Amount	1947 ESTIMATED INCOME AND EXPENSES -Under Proposed Law- ** Totals & Balances
1	Pari-Mutuel Sales	$74,637,134.00		$74,637,134.00		$74,637,134.00	
2	Am't Redistributed to Public	66,616,073.60[1]		66,616,073.60[1]		66,616,073.60[1]	
3	Balance		$8,021,060.40		$8,021,060.40		$8,021,060.40
4	Less: Commissions to State	2,985,485.44		2,985,485.44		4,478,228.04	
5	Breakage to State	557,600.20		557,600.20		557,600.20	
6	Balance to Association		4,477,974.76		4,477,974.76		2,985,232.16
7	Consists of: Commissions	4,477,974.76		4,477,974.76		2,985,232.16	
8	Breakage	---		---		---	
9	Other Income: Admissions (less Fed. Tax)	1,233,553.49		1,233,553.49		1,233,553.49	
10	Boxes	---		---		---	
11	Programs	72,450.70		72,450.70		72,450.70	
12	Concessions	45,600.00		45,600.00		45,600.00	
13	Parking	---		---		---	
14	Leads to Post	850.00		850.00		850.00	
15	Profits on Sale of Gov't. Bonds	84,325.00		84,325.00		~~84,325.00~~	
16	Interest Received	35,635.72		35,635.72		~~35,635.72~~	
17	Miscellaneous	---		---		---	
18	Total Other Income		1,472,414.91		1,472,414.91		1,472,414.91
19	Total Income		5,950,389.67		5,950,389.67		4,457,647.07
20	Operating Expenses: Salaries & Wages	1,049,924.75		1,049,924.75		1,049,924.75	
21	Purses & Stakes	1,394,304.00		1,394,304.00		~~1,394,304.00~~	1,602,000
22	Other Operating Expenses	1,180,644.12		1,064,561.36		~~1,064,561.36~~	1,181,000
23	Total		3,624,872.87		3,508,790.11		3,508,790.11
24	Net Income from Operations		2,325,516.80		2,441,599.56		948,856.96
25	Other Charges: Contingencies Reserve	450,000.00		---		150,000	
26	Depreciation Reserve	286,080.73		60,000.00		60,000.00	
27	Interest on Bonds	---		---		---	
28	Discount on Bonds	---		---		---	
29	Donations	72,447.00		72,447.00		72,447.00	
30	Total		808,527.73		132,447.00		132,447.00
31	Net Income for the Year		1,516,989.07		2,309,152.56		816,409.96
32	Less: Federal Income Tax (Incl. both Inc. & exc. profits)		848,599.58	(at 38%)	877,477.97	(at 38%)	810,235.78
33	Net Income Transferable to Surplus		$ 668,389.49		$1,431,674.59		$ 506,174.18

42 days
79.26
10.76
.69
.1004
.59
.19
.1677

* *Based on data submitted by Garden State Racing Association.*

** *On basis of 1946 pari-mutuel sales.*

[1] *Includes uncashed tickets.*

ATLANTIC CITY TRACK

- 42 DAY SEASON -

Line No.	ITEMS	1946 INCOME AND EXPENSES * Amount	1946 INCOME AND EXPENSES * Totals & Balances	1947 ESTIMATED INCOME AND EXPENSES -Under Present Law-- ** Amount	1947 ESTIMATED INCOME AND EXPENSES -Under Present Law-- ** Totals & Balances	1947 ESTIMATED INCOME AND EXPENSES -Under Proposed Law- ** Amount	1947 ESTIMATED INCOME AND EXPENSES -Under Proposed Law- ** Totals & Balances
1	Pari-Mutuel Sales	$50,642,114.00		$50,642,114.00		$50,642,114.00	
2	Am't Redistributed to Public	45,168,794.90[1]		45,168,794.90[1]		45,168,794.90[1]	
3	Balance		$5,473,319.10		$5,473,319.10		$5,473,319.10
4	Less: Commissions to State	2,025,684.56		2,025,684.56		2,025,684.56	
5	Breakage to State	69,828.28		69,828.28		409,107.70	
6	Balance to Association		3,377,806.26		3,377,806.26		3,038,526.84
7	Consists of: Commissions	3,038,526.84		3,038,526.84		3,038,526.84	
8	Breakage	339,279.42		339,279.42		---	
9	Other Income: Admissions (less Fed. Tax)	784,853.17		784,853.17		784,853.17	
10	Boxes	---		---		---	
11	Programs	48,585.40		48,585.40		48,585.40	
12	Concessions	57,800.00		57,800.00		57,800.00	
13	Parking	15,096.99		15,096.99		15,096.99	
14	Leads to Post	510.00		510.00		510.00	
15	Profits on Sale of Gov't. Bonds	---		---		---	
16	Interest Received	8,822.35		8,822.35		~~8,822.35~~	
17	Miscellaneous	73.47		73.47		~~73.47~~	
18	Total Other Income		915,741.38		915,741.38		915,741.38
19	Total Income		4,293,547.64		4,293,547.64		3,954,268.22
20	Operating Expenses: Salaries & Wages	697,519.44		697,519.44		697,519.44	
21	Purses & Stakes	1,133,685.00		1,333,685.00		1,333,685.00	
22	1,300,000.00 O.B. Other Operating Expenses	1,294,187.26		1,012,858.87		1,012,858.87	
23	Total		3,125,391.70		3,044,063.31		3,044,063.31
24	Net Income from Operations		1,168,155.94		1,249,484.33		910,204.91
25	Other Charges: Contingencies Reserve	---		---		---	
26	Depreciation Reserve	93,294.10		173,215.51[2]		173,215.51[2]	
27	Interest on Bonds	357,333.35		184,000.00		184,000.00	
28	Discount on Bonds	---		---		---	
29	Donations	23,900.00		23,900.00		23,900.00	
30	Total		474,527.45		381,115.51		381,115.51
31	Net Income for the Year		693,628.49		868,368.82		529,089.40
32	Less: Federal Income Tax	(at 38%)	263,578.83	(at 38%)	329,980.15	(at 38%)	201,053.97
33	Net Income Transferable to Surplus		$ 430,049.66		$ 538,388.67		$ 328,035.43

** Based on data submitted by Atlantic City Racing Association.*

*** On basis of 1946 pari-mutuel sales.*

[1] *Includes uncashed tickets.*

[2] *Full year depreciation.*

MONMOUTH TRACK

Line No.	ITEMS	1946 Income and Expenses* - 28 Day Season - Amount	Totals & Balances	1947 Estimated Income and Expenses -Under Present Law-** -36 Day Season- Amount	Totals & Balances	1947 Estimated Income and Expenses -Under Proposed Law-** -36 day Season- Amount	Totals & Balances	Estimated Income and Expenses -$1,000,000 Daily Average Sales -Under Proposed Law- -36 Day Season- Amount	Totals & Balances
1	Pari-Mutuel Sales	$24,016,910.00		$30,873,884.04		$30,873,884.04		$36,000,000.00	
2	Am't Redistributed to Public	21,437,543.25[1]		27,559,403.97[1]		27,559,403.97[1]		32,130,000.00[1]	
3	Balance		$2,579,366.75		$3,319,480.07		$3,319,480.07		$3,870,000.00
4	Less: Commissions to State	960,676.40		1,235,155.38		1,235,155.38		1,440,000.00	
5	Breakage to State	---		---		---		108,000.00	
6	Balance to Association		1,618,690.35		2,084,324.69		2,084,324.69		2,322,000.00
7	Consists of: Commissions	1,441,010.58		1,852,733.06		1,852,733.06		2,160,000.00	
8	Breakage	177,679.77		231,591.63		231,591.63		162,000.00	
9	Other Income: Admissions (less Fed. Tax)	405,616.65		557,000.00		557,000.00		650,000.00	
10	Boxes	22,083.30		28,392.50		28,392.50		28,392.50	
11	Programs	28,194.40		36,249.54		36,249.54		40,000.00	
12	Concessions	16,500.00		40,500.00		40,500.00		47,300.00	
13	Parking	14,681.00		18,875.36		18,875.36		22,000.00	
14	Leads to Post	200.00		257.14		257.14		257.14	
15	Profits on Sale of Gov't. Bonds	---		---		---		---	
16	Interest Received	---		---		---		---	
17	Miscellaneous	---		---		---		---	
18	Total Other Income		487,275.35		681,274.54		681,274.54		787,949.64
19	Total Income		2,105,965.70		2,765,599.23		2,765,599.23		3,109,949.64
20	Operating Expenses: Salaries & Wages	386,801.72		496,000.00		496,000.00		580,000.00	
21	Purses & Stakes	701,760.00		950,000.00		950,000.00		1,110,000.00	
22	Other Operating Expenses	479,518.75		569,255.75[2]		569,255.75[2]		624,061.39[2]	
23	Total		1,567,580.47		2,015,255.75		2,015,255.75		2,314,061.39
24	Net Income from Operations		538,385.23		750,343.48		750,343.48		795,888.25
25	Other Charges: Contingencies Reserve	---		---		---		---	
26	Depreciation Reserve	150,287.12		304,655.52[3]		304,655.52[3]		304,655.52[3]	
27	Interest on Bonds	114,000.00		120,000.00		120,000.00		120,000.00	
28	Discount on Bonds	14,810.61		14,810.61		14,810.61		14,810.61	
29	Donations	100.00		100.00		100.00		100.00	
30	Total		279,197.73		439,566.13		439,566.13		439,566.13
31	Net Income for the Year		259,187.50		310,777.35		310,777.35		356,322.12
32	Less: Federal Income Tax	(at 38%)	98,491.25	(at 38%)	118,095.39	(at 38%)	118,095.39	(at 38%)	135,402.41
33	Net Income Transferable to Surplus		$ 160,696.25		$ 192,681.96		$ 192,681.96		$ 220,919.71

* *Based on data submitted by Monmouth Park Jockey Club.*

** *On basis of 1946 pari-mutuel sales adjusted to 36 day season.*

[1] *Includes uncashed tickets.*

[2] *Includes estimate of additional expense for operation of new club house.*

[3] *Full year depreciation.*