



# WYOMING GAMING EXPANSION STUDY

Prepared for Wyoming Gaming Commission  
November 15, 2024



---

200 Lakeside Drive, Suite 250  
Horsham, PA 19044 USA  
+1.609.926.5100  
[spectrumgaming.com](http://spectrumgaming.com)

## Executive Summary

The Wyoming Gaming Commission (“Commission” or “WGC”) and Joint Appropriations Committee (“Client”) retained Spectrum Gaming Group (“Spectrum,” “we” or “our”) to conduct a feasibility study of the regulatory system and authorized gaming operations in the state following a recent expansion of gaming attractions. During our evaluation, Spectrum reviewed the applicable gaming statutes and regulations governing authorized gaming operations in Wyoming. This includes the following:

- Pari-mutuel racing
- Historical horse racing (“HHR”)
- Skill-based amusement games
- Online sports wagering
- Charitable gaming

We interviewed Commission staff at the Commission’s offices and via Zoom and performed site visits of various locations offering historical horse racing and skill-based amusement games. In all respects, the operators and Commission staff were cooperative and highly informative.

To understand the live racing and potential for growth in Wyoming, Spectrum interviewed all track operators, horsemen’s groups, the Wyoming Bred Program Administrator, and Commission staff. Spectrum also benchmarked and evaluated the Wyoming racetracks compared to the Mountain West Region racetracks and other comparable tracks as well as examining national trends and the supply and migration of horses.

Looking at the oversight of pari-mutuel live horse racing by the Commission, Spectrum reviewed the existing pari-mutuel rules and compared them to the Association of Racing Commissioners International Model Rules Version 13 and the Horseracing Integrity and Safety Authority rules and guidelines for alignment and gaps. Spectrum also obtained access from the WGC of three safety audits performed on the three racetrack facilities by the Equine Risk Management Group LLC and Associates where similar scrutiny was performed with recommendations for rule and policy updates by the WGC. The WGC and racetrack operators are currently working diligently on many of those recommendations as well as closing the gaps in racing and safety related rules.

Spectrum emphasizes that the paramount policy objective of any effective gaming regulatory system is to maintain and foster public confidence and trust in the regulatory process and the integrity of gaming operations. The public must be assured of the fairness and legitimacy of the games they play, as well as the suitability of the gaming operators, vendors and those persons and entities that control and influence gaming operations. It is axiomatic that an effective regulatory system is the cornerstone of a successful commercial gaming industry. A stringent license system designed to prevent participation in the gaming industry by unsavory and disreputable persons is critical to maintain public confidence and trust.

In this regard, we found that Wyoming has implemented an effective and efficient regulatory structure with comprehensive licensing and operational requirements with respect to online sports

wagering and skill-based amusement games. The state has introduced diverse gaming attractions in recent years, and the Commission has established a regulatory framework to deal with these developments.

Nevertheless, based on our analysis and experience, Spectrum believes certain improvements can be made to bolster the existing regulatory foundation, and we offer various recommendations to accomplish this objective. For example, in our judgment, it would be prudent if similar licensing and operational requirements were adopted for HHR as exist for online sports wagering and skill-based games. HHR should be treated in the same fashion as traditional casino-style slot machines. Thus, there should be strict operational controls imposed regarding the counting and movement of money. We are mindful of the recommended rules and procedures recently espoused by the Association of Racing Commissioners International (“ARCI”) for HHR operations, which are consistent with this approach with respect to license and internal controls requirements. It should be axiomatic that HHR be regulated to the same degree as generally required for any casino gaming operation, and consistent with how online sports wagering and skill-based games are regulated in Wyoming. Although there are procedures currently in place for regulating the proper conduct of HHR, these procedures should be codified with appropriate regulations.

Notably, the Commission staff advised Spectrum that they agree with this fundamental premise and are working diligently to implement appropriate rules and procedures in accordance with the regulations proposed by the ARCI by 2025. This will enable the Commission to enhance its regulatory system for HHR operations to comport with the regulation of skill-based amusement games and online sports wagering.

Moreover, there should be additional requirements for all three of these forms of authorized gaming in terms of affirmative license criteria that are universally found in gaming statutes and regulations worldwide. While there are enumerated disqualification factors set forth in the Commission’s regulations, there is a conspicuous absence of the standard affirmative license criteria. Thus, applicants should be required to demonstrate their good character, honesty and integrity, and their financial stability, integrity, and responsibility. Regulations that codify this significant aspect of gaming regulation should be adopted. Such requirements should also extend to gaming vendors who manufacture, repair, and distribute gaming equipment for HHR, skill-based games and online sports wagering, and all persons with the ability to control or influence these gaming operations. We also recommend requiring due diligence suitability license background investigations for gaming operators, vendors and key employees who control or influence operations, extending beyond criminal record verifications.

We believe the application process can be improved. The license applications utilized by the WGC should require the submission of considerable information about an entity or individual, including such matters as criminal record, litigation history, regulatory compliance history, prior employment, and detailed financial information. The applications are the starting point for collecting relevant information pertaining to suitability.<sup>1</sup> Spectrum notes that it is customary in the gaming industry for individuals subject to the license requirements to complete the Multi-Jurisdictional Personal History Disclosure Form. We

---

<sup>1</sup> Some states utilize the Personal History Disclosure Forms prepared by the International Association of Gaming Regulators (“IGRA”).

recommend utilization of that time-honored application form to facilitate the licensing and investigatory process.

Notably, as gaming operations continue to evolve and expand in their scope and volume, it is imperative that the Commission have the flexibility and latitude to increase staffing levels to accommodate necessary duties and responsibilities. At this juncture, we believe it would be advisable to add in-house legal counsel to the staff.

In addition, Spectrum notes that greater attention should be devoted to the implementation and enforcement of due diligence procedures and processes concerning the detection and prevention of money laundering, especially as it relates to online sports wagering. In addition, the Commission needs to be especially vigilant with respect to online sports wagering in enforcing rules pertaining to know your customer and geolocation.

Additionally, gaps in rules pertaining to the Horseracing Integrity and Safety Authority (“HISA”) are listed with recommendations for additional promulgation and adoption by the WGC. Along with compliance with HISA, the cost of partnering with HISA is discussed noting that much of what has already been started or proposed by the operators and WGC is leading to HISA compliance. There are additional costs to complete the requirements for HISA to be borne by the WGC and track operators. The decision on how to manage the annual assessment by HISA will need to be worked out between the WGC, racetracks, and horsemen.

Additional recommendations are included within this report.

# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>II</b>
<b>INTRODUCTION .....</b>	<b>1</b>
A. SKILL-BASED AMUSEMENT GAMES .....	1
B. HISTORICAL HORSE RACING.....	6
C. MINIMUM AGE REQUIREMENTS FOR GAMBLING IN WYOMING.....	10
D. REGULATION OF HHR IN OTHER STATES.....	11
1. Kentucky.....	11
2. New Hampshire.....	12
3. Virginia .....	15
E. ONLINE SPORTS WAGERING .....	16
F. CHARITABLE GAMING.....	17
G. PARI-MUTUEL HORSE RACING.....	17
<b>I. AUTHORIZED GAMING OPERATIONS IN OTHER REGIONAL STATES .....</b>	<b>18</b>
A. MONTANA .....	18
B. SOUTH DAKOTA .....	18
C. NORTH DAKOTA.....	19
D. COLORADO.....	19
E. NEBRASKA.....	19
<b>II. WYOMING OPERATIONAL AND REGULATORY ANALYSIS.....</b>	<b>20</b>
A. ORGANIZATIONAL STRUCTURE AND PRIMARY RESPONSIBILITIES .....	20
B. LICENSING .....	22
C. CONSERVATORSHIP PROVISION .....	25
D. INSPECTIONS.....	26
E. RESPONSIBLE GAMING .....	27
F. COMMISSION DUTIES INVESTIGATING ILLEGAL GAMBLING.....	28
G. INTELLIGENCE SERVICES .....	29
H. MONEY LAUNDERING.....	29
I. CRIMINAL STATUTES – CHEATING AT LEGALIZED GAMING .....	31
J. SYNOPSIS OF RECOMMENDATIONS .....	31
<b>III. MARKET POTENTIAL FOR HISTORICAL HORSE RACING .....</b>	<b>33</b>
A. COLORADO HHR POTENTIAL AND ADDRESSABLE MARKET.....	39
B. OUT-OF-STATE VISITATION TO WYOMING HHR SITES .....	42
C. WYOMING OTB/HHR MARKET SATURATION AND POTENTIAL .....	43
D. CONCLUSION .....	45
<b>IV. SKILL-BASED AMUSEMENT GAMES .....</b>	<b>46</b>
<b>V. ONLINE WAGERING .....</b>	<b>50</b>
A. ONLINE SPORTS WAGERING .....	50
B. ONLINE CASINO.....	53
<b>VI. WYOMING RACING AND BREEDING.....</b>	<b>59</b>

A.	MIGRATION OF WYOMING HORSEMEN AND COMPARABLE TRACKS TO EVALUATE .....	60
B.	MOUNTAIN WEST REGION AND COMPARABLE TRACKS .....	60
C.	EVALUATION/BENCHMARKING WITH SIMILAR JURISDICTIONS .....	66
D.	NATIONAL BENCHMARKING.....	74
E.	READINESS TO SUPPORT NEW GAMING ESTABLISHMENTS AND/OR EXPANSION OF LIVE RACE DAYS.....	78
F.	EVALUATION OF VARIOUS METHODS OF EXPANDING LIVE RACES/DAYS .....	79
G.	UNCERTAINTIES THAT COULD IMPACT SUPPLY OF HORSES, PURSES AVAILABLE, COMPETITIVE MARKET .....	82
H.	CURRENT RACE DATES AND APPLICANTS .....	82
I.	PURSES .....	84
J.	HHR HANDLE AND MARKET PROJECTIONS.....	84
K.	SUMMARY AND CONCLUSIONS EVALUATING THE EXPANSION OF LIVE RACING .....	86
L.	GAPS IN LIVE RACING RULES.....	89
M.	HISA AND WYOMING HORSE RACING.....	97
N.	COST OF REGULATION – LIVE RACING .....	106
O.	ECONOMIC IMPACT OF THE LIVE RACING AND BREEDING INDUSTRY IN WYOMING.....	107
<b>VII.</b>	<b>CONCLUSION .....</b>	<b>110</b>
	<b>ABOUT THIS REPORT.....</b>	<b>112</b>

## Figures

Figure 1:	Wyoming Gaming Commission table of organization .....	21
Figure 2:	Estimate of national casino GGR as a percentage of adjusted gross income.....	33
Figure 3:	Estimate of GGR using adjusted gross income, adjusted for absence of table games.....	34
Figure 4:	Wyoming HHR GGR as a percentage of AGI, statewide and in authorized counties.....	34
Figure 5:	Map of Wyoming counties with HHR and annualized June 2024 GGR.....	35
Figure 6:	Map of Wyoming HHR 2025 estimated GGR potential by ZIP Code.....	36
Figure 7:	Wyoming HHR GGR and estimated unmet statewide demand .....	37
Figure 8:	HHR GGR, estimated HHR county potential GGR, and HHR county GGR inflow .....	37
Figure 9:	Total available Wyoming HHR GGR market within 90-minute drive catchment area.....	38
Figure 10:	Total available Wyoming HHR GGR market, 90-minute catchment area, 2025 .....	38
Figure 11:	Wyoming HHR 90-minute catchment area and Black Hawk catchment overlap .....	39
Figure 12:	Estimated 2025 Wyoming HHR addressable market from Colorado .....	40
Figure 13:	Map of estimated Wyoming HHR addressable market from Utah.....	41
Figure 14:	Estimated 2025 Wyoming HHR addressable market from Utah .....	42
Figure 15:	Estimated 2025 Wyoming HHR GGR addressable market.....	42
Figure 16:	Estimated Wyoming HHR visitation from out of state .....	43
Figure 17:	Estimated HHR potential and approved units by county, July 1, 2023-June 30, 2024 .....	44
Figure 18:	Comparison of Wyoming HHR density to Louisiana video poker and Montana gaming.....	44
Figure 19:	Current and estimated potential Wyoming HHR GGR and State taxes .....	45
Figure 20:	Comparison of distributed gaming options in selected states .....	46

Figure 21: Wyoming SBAG data by county January 2024-June 2024 .....	47
Figure 22: Map showing locations and number of SBAG units, OTB locations and SBAG plays per adult.	48
Figure 23: Teton County adjusted gross income and statewide AGI.....	48
Figure 24: SBAG revenue as a percentage of AGI statewide and in non-HHR counties .....	49
Figure 25: Wyoming sports wagering GGR and taxes.....	50
Figure 26: Online sports wagering handle as a share of total sports handle across states that report .....	51
Figure 27: Rolling 12-month sports wagering handle per capita with pro teams and without.....	51
Figure 28: Sports wagering handle per capita in states without professional teams.....	53
Figure 29: Benchmark derivation from igaming states.....	54
Figure 30: Igaming state benchmarks applied to Wyoming .....	54
Figure 31: Overview of igaming state tax rates .....	55
Figure 32: Estimated Wyoming 5-year igaming GGR and tax range.....	55
Figure 33: Map of West Virginia counties and video lottery terminal density.....	56
Figure 34: West Virginia rolling 12-month GGR by segment, June 2022-June 2024 .....	57
Figure 35: Track Codes (abbreviations used) and distances between tracks .....	61
Figure 36: Migration Map – Wyoming Quarter Horse trainers, 2021-2023 starts by track .....	62
Figure 37: Migration Map – Wyoming Thoroughbred trainers, 2021-2023 by track .....	62
Figure 38: Top Energy Downs Quarter Horse trainers, 2021-2023 starts by track.....	63
Figure 39: Top Energy Downs Thoroughbred trainers, 2021-2023 starts by track.....	63
Figure 40: Top Sweetwater Fair Quarter Horse trainers, 2021-2023 starts by track .....	64
Figure 41: Top Sweetwater Fair Thoroughbred trainers, 2021-2023 starts by track .....	64
Figure 42: Top Wyoming Downs Quarter Horse trainers, 2021-2023 starts by track .....	65
Figure 43: Top Wyoming Downs Thoroughbred trainers, 2021-2023 starts by track .....	65
Figure 44: Mixed meet mean, median and earnings per start for Wyoming, Mountain West Region and comparable tracks.....	66
Figure 45: Thoroughbred mean, median and earnings per start for Wyoming, Mountain West Region and comparable tracks.....	67
Figure 46: Quarter Horse mean, median, and earnings per start for Wyoming, Mountain West Region and comparable tracks.....	68
Figure 47: Mountain West Region and comparable tracks – race days, races, and average field size .....	69
Figure 48: Mountain West Region and comparable tracks – average field size by breed.....	71
Figure 49: 2023 Quarter Horse average field size.....	72
Figure 50: 2023 Thoroughbred average field size .....	72
Figure 51: Mountain West Region and comparable tracks – races, unique starters, and ratio of the two	73
Figure 52: Quarter Horse and thoroughbred races and starters, 2013-2023.....	75
Figure 53: Six-state comparison of state-bred Quarter Horse foals, 2018-2022.....	76
Figure 54: Percentage of entries in races by age groupings .....	76
Figure 55: Wyoming foal crops and percentage that are Quarter Horses, 2018-2022 .....	77
Figure 56: Weather: Cheyenne, Evanston, Gillette, and Rock Springs, WY.....	81
Figure 57: Wyoming proposed race dates for 2025 .....	83

Figure 58: Cost of overlap for the WGC.....	83
Figure 59: Wyoming purses by track, 2021-2023 .....	84
Figure 60: Wyoming purses statewide, 2021-2023 .....	84
Figure 61: Wyoming HHR data, 2020-2023 .....	85
Figure 62: Wyoming statewide HHR data, fiscal year 2023-24 (July 1, 2023, to June 30, 2024).....	85
Figure 63: Interrelatedness of factors with race days/races in Wyoming .....	86
Figure 64: Thoroughbred fatalities per 1,000 starts .....	100
Figure 65: Wyoming foal crops and percentage that are Quarter Horses .....	101
Figure 66: Estimated HISA assessment .....	102
Figure 67: Handle estimates based on comparable tracks .....	103
Figure 68: Handle estimates for Wyoming tracks.....	103
Figure 69: Potential cost of implementation of HISA .....	104
Figure 70: Current HISA compliance levels in Wyoming.....	104
Figure 71: Wyoming regulatory costs .....	106
Figure 72: Wyoming Breeders Award program data .....	108
Figure 73: Wyoming foal crops .....	109
Figure 74: Economic flows of the racehorse.....	109



## Introduction

The Wyoming Gaming Commission regulates the following authorized gaming operations in the state:

- Pari-mutuel horse racing
- Historical horse racing (“HRR”)
- Skill-based amusement games
- Online sports wagering
- Fantasy sports
- Charitable gaming

The state has no commercial casinos, but it has three Native American casinos that operate independently pursuant to tribal-State compacts that are outside the purview of the Commission. In 2021, Wyoming became the first state to legalize statewide online sports wagering. Historical horse racing was authorized in 2013, and skill-based amusement games were legalized in 2021. With the advent of these new forms of gaming, the Wyoming gaming industry has grown exponentially, into a more than \$1 billion a year industry, as measured by gross gaming revenue (“GGR”).<sup>2</sup>

### A. Skill-Based Amusement Games

Skill-based amusement games are commercial electrical gaming devices in which the skill of the player, rather than any inherent element of chance, is the primary factor in determining the outcome. A recent emerging trend in the United States is to incorporate an element of objective skill into slot machines. Skill-based games are legal in most states, with the exceptions being Arizona, Arkansas, Connecticut, Delaware, Louisiana, Montana, South Carolina, South Dakota, Tennessee, and Virginia.

It is universally accepted that a particular gaming activity will be considered gambling under state law if it involves the three elements of chance, prize and consideration. The elimination of any of these elements will remove the activity from the category of gambling and thus place it outside the purview of gambling prohibitions and restrictions in a given jurisdiction. The inherent difficulty associated with determining whether any activity constitutes gambling usually involves the issue surrounding the distinction between *skill* and *chance* in determining the outcome of the particular game. In order to avoid being labeled as gambling, the outcome of the game must be based on the skill of the player and not by a chance occurrence.

It is noteworthy that the burden of establishing that a particular gaming activity is skill-based rather than gambling falls exclusively upon the applicant. This applies to all states with skill-based games.

---

<sup>2</sup> Gross gaming revenue is the amount retained by gaming operators or devices after all winning wagers have been paid. Conversely, it is the amount of players’ losses.

Determinations are based on the specific and unique facts of a given case. The critical question becomes how much skill is involved in the particular game. As indicated, if it is established that the game is a skill-based game it will not be considered as gambling.

In evaluating whether the degree of skill involved in affecting the outcome of a game is sufficient to place the gaming activity outside the purview of gambling prohibitions, states apply one of the following models:

1. Whether skill or chance is the dominant factor in determining outcome (predominance test);
2. Whether chance is a material element in the outcome (material element test); or
3. Whether any chance at all is involved (any chance test).<sup>3</sup>

Most states use the predominance test to analyze whether a game is one of skill or chance. Pursuant to this analysis, if the element of skill in a particular game predominates over chance, then the game is considered to be skill-based rather than gambling. For a skill-based game, the outcome of the game is dominated or controlled by the relative skill levels of the competitors. Conversely, under this predominance test, an activity will be considered illegal gambling if the activity is predominantly determined by chance, even if the activity requires some skill that can improve the chances of winning. In the evaluation process, regulators and courts will consider whether the game's format enables a skilled player to have a consistent and demonstrable advantage over his non-skilled opponent.

Wyoming utilizes the predominance test and evaluates whether skill predominates over chance before approving a specific game as being skill-based, rather than a traditional slot machine. The benchmark for establishing predominance is 51%, so if skill provides more than 50% of the reason for the game outcome, it is considered to be a skill-based game.<sup>4</sup> In Wyoming, the definition of a skill-based game is "a game played in exchange for consideration of cash, credit or other thing of value on a fixed, commercial electrical gaming device in which the bona fide skill of the player, determined by an individual's level of strategy and skill, rather than any inherent element of chance, is the primary factor in determining the outcome and for which the player may be awarded a prize or other thing of value for a successful outcome." WY Stat § 11-25-102(a)(ix) (2023).

The following factors may assist in making the critical determination as to whether skill or chance was the "predominate factor" in determining a player's success:<sup>5</sup>

---

<sup>3</sup> Erica Okerberg, "What's in a Game? A Test Under Which We May Call a 'VGT' a Gambling Game is Not So Sweet: Why Courts Should Not Apply the Material Element Test to VGTs," *UNLV Gaming Law Journal*, Vol. 5, p. 27 (2014). <https://scholars.law.unlv.edu/glj/vol5/iss1/8/>

<sup>4</sup> *Ibid.*, p. 28.

<sup>5</sup> Duane Morris Gaming Law, "PA Court Rules that Pennsylvania Skill Games are Neither Governed by the Gaming Act nor Regulated by the Pennsylvania Gaming Control Board. So What?" February 26, 2020. [https://blogs.duanemorris.com/gaminglaw/2020/02/26/pa-court-rules-that-pennsylvania-skill-games-are-neither-governed-by-the-gaming-act-nor-regulated-by-the-pennsylvania-gaming-control-board-so-what/?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=Li](https://blogs.duanemorris.com/gaminglaw/2020/02/26/pa-court-rules-that-pennsylvania-skill-games-are-neither-governed-by-the-gaming-act-nor-regulated-by-the-pennsylvania-gaming-control-board-so-what/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=Li)

- Whether the game in question uses a random number generator (unless the random number generator functions only to select the game from a finite pool of games and does not affect the outcome of game play);
- Whether the game, no matter how difficult, is more winnable by a skillful player than a novice;
- Whether the player can win automatically, without any effort; and
- Whether the predominance of skill over chance is obvious and clear and not a close call.

Under the more subjective material element test, gambling exists when chance is considered a material element in determining the outcome of the game. Under this test, if chance plays only an incidental role, the game would not be classified as gambling. The test may be characterized as subjective because there is no uniform definition of what constitutes materiality. In this regard, the focus is on whether chance plays any significant role in determining the outcome of the game. Thus, it will not be relevant whether skill plays a significant or dominant role in determining the winner. Rather, the game will constitute gambling if chance plays a meaningful role in determining the outcome. Using poker as an example, while the individual ability of a given player may influence the outcome, it is the randomness of the cards being dealt that will likely influence the outcome. This test is utilized in Alabama, Alaska, Hawaii, Missouri, New Jersey, New York, Oklahoma, and Oregon.<sup>6</sup>

In Wyoming, skill-based amusement games are permitted in truck stops meeting certain criteria, smoke shops, or retail establishments licensed to serve alcohol, although any devices that were already installed in another location prior to September 14, 2022, were permitted to remain in operation. By limiting the locales for these skill-based games, the clear legislative intent was for these skilled-based games to supplement existing businesses rather than being gaming destinations themselves. They are age restricted, requiring patrons to be at least 21.

The statute, W.S. 11-25-303, provides: Restrictions on operation of skill-based amusement games

- No skill-based amusement game shall allow a game play of more than three dollars (\$3.00) per play.
- No skill-based amusement game shall allow a payout of more than three thousand dollars (\$3,000.00) per play.
- No establishment shall have more than four (4) skill-based amusement games operating for play at any one (1) time.
- Skill-based amusement games shall only be located for play at an establishment, except as provided in subsection (e) of this section. An operator shall not locate a skill-based amusement game in an area of the establishment into which a person under the age of twenty-one (21) years may enter. An operator shall conspicuously mark each area of the establishment containing a skill-based amusement game as an age restricted area. The operator shall not allow a person under the age of twenty-one (21) years to play a skill-based amusement game.

---

<sup>6</sup> Ibid.

- e. Any operator who, before September 14, 2022, had a skill-based amusement game located at a place of business that does not meet the definition of "establishment" in W.S. 11-25-102(a)(xvi) on April 1, 2023 shall be authorized to continue operating skill-based amusement games if the operator otherwise meets the requirements to operate a skill-based amusement game.

All skill-based games must be approved in advance of operation by the Commission. All persons involved in the operation and distribution of skill-based games must be licensed by the Commission. Pursuant to Chapter 5, Section 2(i)(i) of the Administrative Rules for skill-based games, applications for licenses will be denied based on convictions within the past 10 years for the following offenses:

- (A) A crime involving either theft, dishonesty, or fraud;
- (B) Bribery or unlawfully influencing a public official;
- (C) A felony involving physical harm to a person;
- (D) Blackmail;
- (E) Intimidation;
- (F) Computer crimes;
- (G) A crime involving perjury or falsification;
- (H) A crime involving gambling; or
- (I) Any crime substantially similar in nature to those outlined above.

In addition, applications will be denied if:

(ii) the applicant tampered with, submitted documentation, concealed, failed to disclose, or otherwise attempted to mislead the Commission with respect to any material fact contained in the application or contained in any other information required of or submitted by an applicant to the Commission;

(iii) The applicant failed or refused to cooperate in the investigation of a crime related to gambling, corruption of a public official, or any organized criminal activity;

(iv) The applicant has intentionally failed to disclose the existence or identity of other persons who have control of the applicant as required by these rules;

(v) The applicant has had a permit or license revoked by any government authority responsible for the regulation of skill-based amusement games; or

(vi) The applicant has not met the requirements of this section, any other provision of this chapter, Commission rules, or any applicable state or federal laws.

The requirements regarding determining the persons and entities that must demonstrate their suitability in connection with an application for licensure or permit as an operator or vendor are set forth in Section 2(g) of the Commission's rules:

(g) The following persons are considered to have control of a vendor license and/or operator permit:

- (i) Each holding company, parent company, or subsidiary company of the vendor or operator;

(ii) Each person, except for a bank or other licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business, who owns fifteen percent (15%) or more of a corporate vendor or operator and has the ability to:

(A) Control the activities of the corporate vendor or operator; or

(B) Elect a majority of the board of directors of that corporate vendor or operator.

(iii) Each person associated with a noncorporate vendor or operator who directly or indirectly holds a beneficial or proprietary interest in the noncorporate vendor or operator's business operations, or who the Commission otherwise determines has the ability to control the noncorporate vendor or operator; or

(iv) Key personnel of a vendor or operator, including any executive, employee, or agent having the power to exercise ultimate decision-making authority over the operator or vendor's skill-based amusement game operations in the state.

Before a game is approved by the Commission for use as a skill-based amusement game, the game must be tested by an independent laboratory. The laboratory submits a report of its findings, and the Commission then considers whether to issue its approval.

The final determination of whether a submission meets the requirements to qualify as a skill-based amusement game shall be made by the Commission, and not the independent gaming laboratory. W.S. Chapter 5 Section (1) (e).

There are specific requirements in the Commission's regulations relating to determining whether a particular game meets the definition of a skill-based game. Chapter 5 of the Administrative Rules for skill-based games provides as follows:

#### **Section 2. Skill-Based Amusement Game Qualifiers.**

(a) When the Commission is making a determination regarding whether a specific game meets the definition of a skill based amusement game, it will consider the following requirements, as well as the physical operation of the game by a player of reasonable skill. Skill based amusement games are only played on a fixed, commercial electrical gaming device.

(b) A game is not considered a skill based amusement game if one or more of the following apply:

(i) The game does not allow a player to exercise skill or strategy over the game;

(ii) The ability of any player to succeed at the game is impacted by:

(A) The number or ratio of prior wins to prior losses of players playing the game, more commonly referred to as utilizing a compensating algorithm;

(B) The ability of any person to set a specified win-loss ratio for the game or by the game having a predetermined win-loss percentage;

(C) Game features not visible or known to a reasonable player; or

(D) The exercise of a skill that no reasonable player could exercise.

- (iii) Any award is not based solely on the player achieving the object of the game or the player's score;
  - (iv) The ability of any player to succeed at the game requires the exercise of skill that no reasonable player could possess or improve upon;
  - (v) The primary determination of the award amount is the presentation or generation of a particular puzzle or group of symbols dealt to the player and the player does not have control over the puzzle or group of symbols presented; or
  - (vi) The player is able to choose a game mode where the outcome is solely determined by chance.
- (c) When reviewing a game, the following factors are not, by themselves, sufficient indications that the game is a skill based amusement game:
- (i) Whether a comprehensive list of prizes or outcomes is offered to the player or whether all outcomes are drawn from a finite pool of predetermined outcomes or starting positions;
  - (ii) Whether a player can increase his or her chance of winning based on knowledge of probabilities in general or the probabilities of any particular prize or outcome in a game or on a skill based amusement game;
  - (iii) Whether a player can simply choose not to play before committing money or credits; or
  - (iv) A game task consisting solely of moving a symbol up or down, replacing one (1) symbol with another, or any similar action, with or without a timer.

Spectrum recommends adding a provision in the regulations that states unequivocally that skill must be found by the Commission to be the predominant factor in determining winners at a particular game, rather than chance. The burden of establishing that rests with the game operator. Thus, an operator is required to provide sufficient information for the Commission to determine that the game is a skill-based game.

## **B. Historical Horse Racing**

Historical horse racing is an electronic gambling product that allows players to wager on replays of horse races that have already been run, using terminals resembling casino slot machines in their physical appearance. A patron playing on an HHR machine would see no difference from playing a traditional slot machine, and the gaming experience is virtually identical. Commercial casino slot machines use random number generators inside the individual slot cabinet to determine winning outcomes. By contrast, HHR machines are server-based terminals, connected to a central determinate system computer network. They utilize an archived database of previously run and pari-mutuel wagered horse races to determine winning combinations. The HHR results are based on randomly selected historical horse races. They are based on a formula that randomizes results of horse races.

The primary differences between slot machines and HHR devices are in how the machines operate. In addition to technically being based on previously run horse races, HHR machines are linked to form a wagering pool among players, and all prize payouts come from that pool. As a result, Wyoming law

considers HHR wagering to be pari-mutuel, like live horse race wagering. Pari-mutuel wagering is a system in which all bets of a particular type are placed together in a pool, and payoff amounts are calculated by sharing the pool among all winning bets after a percentage is deducted from the pool for commissions. This type of wagering is common in horse racing. Prior to the patron making a wager, the terminal does not make any display that would enable the patron to identify any relevant information concerning the race on which he is wagering, including the dates and locations of the races and the names of the horses and jockeys involved.

Unlike skill-based amusement games, Wyoming law puts no limit on the number of locations or the number of historical horse racing terminals allowed at each location. Maximum wagers and jackpots are also unlimited. State law requires any organization that receives a historical horse racing permit to already have a live horse racing permit as well, and to host 16 live race days each year. The creation of HHR was intended to support the live horse racing industry in Wyoming. Since its inception, HHR has proven to be a successful venture for Wyoming in its expanded gaming operations. As of December 2023, there were 2,486 HHR gaming terminals in operation across 39 locations. A total of 98% of the Commission's share of the gaming revenues since 2013 can be attributed to proceeds of historical horse racing. From 2013-2023, revenue from HHR provided \$69.8 million for local governments and another \$36.3 million to the State government.

Legalized HHR currently operates in only five states: Alabama, Kentucky, New Hampshire, Virginia and Wyoming; Kansas is scheduled to commence HHR as early as 2025. As a result, Wyoming currently enjoys geographic exclusivity for this relatively novel form of gaming activity. Until recently, HHR was also authorized in Louisiana, but on February 29, 2024, a Louisiana judge ruled that HHR was unconstitutional because local referendum approval by the electorate was necessary, ending HHR operations in that state, at least for the moment.<sup>7</sup>

HHR operations are linked to the license requirements for approved horse racing in the state. Thus, in Wyoming, HHR shall be conducted by a Permittee approved by the Commission. Wyoming Administrative Rules Chapter 10, Section 9 (b). Wagering on a historical horse race shall only be permitted in a designated area on the permitted premises of a Permittee licensed to conduct a live horse race meeting, including any satellite facility where live simulcasting is available and approved by the Commission. Administrative Rules Chapter 10, Section 9(c). The authorized age for placing HHR wagers is 18. Administrative Rules Chapter 10, Section 9(c)(i).

Chapter 10, Section 9 of the Administrative Rules also sets forth certain requirements for the conduct of HHR games:

- (f) HHR terminals shall use only cash or cash vouchers.
- (g) All wagering on a historic horse race shall incorporate the following elements:
  - (i) A Permittee shall at all times maintain at least two (2) terminals offering each type of exotic wager on an historic horse race, in each location;

---

<sup>7</sup> Philip Conneller, "Louisiana Historical Horse racing Illegal Unless Local Vote, Judge Says," casino.org, March 4, 2024.

(ii) Once a patron deposits the wagered amount in the terminal offering wagering on a historic horse race, a historic horse race or races shall be chosen at random;

(iii) Prior to the patron making his or her wager selections, the terminal shall not display any information that would allow the patron to identify the historic race on which he or she is wagering, including the location of the race, the date on which the race was run, the names of the horses in the race, or the names of the jockeys that rode the horses in the race;

(iv) The terminal shall make available true and accurate past performance information on the historic horse race to the patron prior to making his or her wager selections. The information shall be current as of the day the historic horse race was run. The information provided to the patron shall be displayed on the terminal in data or graphical form; and

(v) After a patron finalizes his or her wager selections, the terminal shall display a video replay of the race(s), a portion thereof, or an animated depiction of the race's finish, and the official results of the race(s). The identity of the race(s) shall be revealed to the patron after the patron has placed his or her wager;

(vi) Each terminal for wagering shall display odds or pool amounts that the patron will receive for a winning wager on each pari-mutuel pool.

(h) The Commission may require testing of each terminal used for wagering on historic horse races by an independent testing laboratory to ensure its integrity and proper working order.

(i) The independent testing laboratory shall be chosen by the Commission and the expense of the testing shall be paid by the Permittee offering the wagering on historic horse races.

Spectrum examined the requirements for how HHR games are played in New Hampshire, Kentucky and Virginia to determine whether Wyoming's rules cited above are in conformity with other states. We found Wyoming's requirements for the conduct of HHR operations to be consistent with these other states that have authorized HHR.

We also examined the license requirements in other jurisdictions where HHR is authorized, compared to Wyoming's rules. In addition, for comparison purposes, we examined the applicable rules in Wyoming for licensing relating to skill-based games and online sports wagering. In this regard, we found that the license requirements for HHR in Wyoming are consistent with how other gaming jurisdictions regulate HHR, as they are linked to the licensing requirements for live pari-mutuel horse racing, which is the approach followed in Wyoming. The exception is New Hampshire, where the license requirements and standards for HHR operators are linked to the more stringent license requirements to conduct table games in casinos. We note that Wyoming's rules pertaining to HHR are widely disparate from how the Commission regulates skill-based amusement games and online sports wagering. We believe that HHR license requirements should be tailored to correspond with how Wyoming deals with skill-based games and online sports wagering.

Accordingly, in Spectrum's judgment, due to the extremely lucrative nature of HHR, the current regulatory system of the Commission needs to be modified to provide the necessary regulatory oversight



required for a gaming operation, akin to how the Commission regulates skill-based games and online sports wagering and consistent with the recommended rules and procedures recently espoused by the Association of Racing Commissioners International (“ARCI”) for HHR operations. It should be axiomatic that HHR be regulated to the same degree as generally required for any gaming operation. Applicants should be required to affirmatively demonstrate their suitability in terms of good character, honesty and integrity, as well as their financial stability, integrity and responsibility. We note that another gaming jurisdiction with HHR, New Hampshire, adheres to these license principles and standards and Virginia is currently considering modifying its regulatory apparatus to follow their example.

We found that, while the Commission has implemented sufficient policies and procedures for regulating HHR, the agency has not yet promulgated the necessary regulations to codify these practices. It is evident that the current Commission regulations governing regulatory oversight for HHR need to be significantly enhanced with respect to licensing, operations, auditing, and compliance functions. It is imperative that the Commission codify appropriate procedures, rules, and policies to effectively govern HHR operations.

In this regard, we reference the model regulations proposed by the ACRI for HHR operations,<sup>8</sup> which are comparable to those utilized by casino gaming regulatory agencies with respect to the scope of licensing, which identifies the persons and entities required to be subject to a comprehensive background investigation and licensing process.

The ACRI was founded in 1934 and serves as an international association that strives to assist in the standardization of government laws and regulations pertaining to live horse racing and the pari-mutuel wagering that occurs on live horse racing via in person at the track, satellite facilities (“OTBs”), advance deposit wagering (“ADW”), and HHR machines. Model rules published by the ARCI pertaining to live horse racing and all pari-mutuel wagering activity (including HHR) were revised (Version 13.1) and published on August 8, 2024. The ARCI’s model rules are the collective recommendation of experienced regulators and association members as to the best practices for horse racing regulations and the licensing and regulation of HHR operations. These model rules may be adopted in whole by a racing jurisdiction or modified to fit the statutory requirement of an individual jurisdiction.

We recommend the Commission adopt and implement these ARCI rules<sup>9</sup> to enhance the regulation of HHR to the same level of oversight and scrutiny as applied for gaming operations globally. Spectrum discussed this recommendation with Commission staff. They agreed with this principle and indicated that they would be adopting regulations by 2025 that would codify current policies and procedures for HHR that will be consistent with the Commission’s regulations governing skill-based amusement games and online sports wagering.

The overriding regulatory interest that permeates all effective legislative schemes pertaining to gaming is the recognized need to engender public confidence and trust in the integrity of the regulatory

---

<sup>8</sup> Historical Horse Racing Model Regulations (Version 13.1, August 12, 2024).

<sup>9</sup> The Association of Racing Commissioners International’s Model Rules of Racing, August 12, 2024.

[https://www.arci.com/docs/2024-08-16\\_MASTER\\_MODEL\\_RULES\\_VERSION\\_13.1.pdf](https://www.arci.com/docs/2024-08-16_MASTER_MODEL_RULES_VERSION_13.1.pdf)

process and gambling operations. To this end, regulatory agencies are charged with the responsibility of ensuring that unsavory and nefarious influences are prohibited from infiltrating the authorized gambling industry. This mandate is especially important for the gaming industry, which historically has been susceptible to corrupt influences. The linchpin of effective regulation is to have a comprehensive licensing process designed to ferret out unsuitable persons and entities from participating in this highly lucrative industry. In order for the regulatory apparatus to succeed, approval for licensure must be limited to those persons and entities that are able to demonstrate conclusively their good character, honesty and integrity. This is a continuing obligation throughout the license term.

A significant aspect of effective regulation is determining the appropriate scope of licensing for applicants for gaming operator licenses. The overriding concern is to ensure that those persons having the ability to exercise control or influence over the applicant or its holding companies are subject to strict regulatory oversight. Generally, this requirement extends to officers, directors and shareholders holding greater than a specified percent of the equity securities of the casino license applicant or its holding companies.

Spectrum notes that casino gaming licensure is considered universally to be a revocable privilege conditioned upon the proper and continued qualification of the individual licensee. It is axiomatic that there is no property interest or entitlement created in holding a casino license. Regular and continued monitoring and regulatory oversight of the casino licensee is therefore an integral component of an effective regulatory system to ensure compliance with the licensing standards embodied in the legislative framework. There should be a similar approach and commitment for the oversight of HHR.

In addition to codifying specific license requirements, Commission regulations should require the operator to establish internal control systems and procedures for the operations of HHR facilities regarding the movement and collection of money generated from HHR operations to be approved by the Commission, and require the operator to submit an annual independent financial audit. These internal control procedures should govern such critical matters as cage operations and the counting, handling, and movement of money. There should also be procedures in place relating to anti-money-laundering issues including know your customer (“KYC”) requirements. Procedures should be established regarding the conduct of regular inspections of HHR facilities to identify and remedy any areas of noncompliance. In addition, there should be proscriptions and sanctions for unlawful activity such as tampering with HHR machines or tampering with the odds or a particular HHR game.

### **C. Minimum Age Requirements for Gambling in Wyoming**

Spectrum notes that the legal age for gambling on HHR machines in Wyoming is 18, which is consistent with the state’s authorized age for wagering on live pari-mutuel horse racing and with other gaming jurisdictions that have implemented HHR: New Hampshire; Virginia; Alabama; and Kentucky. The legal age for skill-based amusement games in Wyoming is 21 and for online sports wagering is 18.

Spectrum notes that there is a pending bill that would modify the minimum age for authorized gaming in Wyoming to 21.<sup>10</sup>

We recommend raising the legal age for HHR and online sports wagering to 21, consistent with skill-based amusement games requirements, which we believe are more appropriate. As addressed above, HHR machines are tantamount to slot machines commonly found in casinos, where the authorized age for wagering on such devices is universally 21. We see no legitimate reason to allow persons between the ages of 18-21 to gamble at these HHR machines or to engage in online sports wagering. In our judgment, an authorized age of 18 for these gambling operations poses considerable risks relating to problem gambling. The legal age for online sports wagering is generally 21 in the United States. The few exceptions exist in New Hampshire, Oregon, Rhode Island, Washington, DC, and Wyoming, where the minimum age is 18.

Each state decides whether to set the minimum age for gambling at 18 or 21. Some states establish different age requirements based on the types of gambling involved. Most states allow for a minimum age of 18 to play the lottery and bingo, while the minimum age for legal sports wagering, poker and casinos is typically set at 21. Seven states currently offer online casino gambling: Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, Rhode Island and West Virginia. These states have all set 21 as the minimum age for wagering in for online casino gambling.

## **D. Regulation of HHR in Other States**

### **1. Kentucky**

Until recently, Kentucky had a single gaming regulatory agency, the Kentucky Horse Racing Commission. In 2024, the regulatory structure was reconfigured as the Kentucky Racing and Gaming Corporation. The corporation replaced the existing Kentucky Horse Racing Commission and the Department of Charitable Gaming.

Kentucky does not have any commercial casino venues but offers sports wagering through state-licensed racetrack operators and affiliated online sportsbook platforms. A state law passed in 2023 authorized retail sports wagering at racetracks and simulcast facilities that also offer pari-mutuel wagering on horse races. Licensed racetrack operators may also partner with up to three online sports wagering platforms to offer online sports wagering to players across the state.

In addition to offering wagering on sports and horse racing, Kentucky's licensed racing facilities may also offer electronic gaming devices determined by the outcome of historical horse races. In 2023, HHR machines generated total gaming revenue of approximately \$808.7 million, according to statistics gathered by the Kentucky Horse Racing Commission.

In Section 811 KAR 1:125 - Pari-mutuel wagering, the following provisions govern HHR:

(7) All wagering on an historical horse race shall incorporate the following elements:

---

<sup>10</sup> Gaming Amendments Bill #62 25LSO-0062.

- (a) A patron may only wager on an historical horse race on a terminal approved by the commission;
- (b) An association shall at all times maintain at least two (2) terminals offering each type of exotic wager on an historical horse race;
- (c) Once a patron deposits the wagered amount in the terminal offering wagering on an historical horse race, an historical horse race shall be chosen at random;
- (d) Prior to the patron making his or her wager selections, the terminal shall not display any information that would allow the patron to identify the historical race on which he or she is wagering, including the location of the race, the date on which the race was run, the names of the horses in the race, or the names of the jockeys that rode the horses in the race;
- (e) The terminal shall make available true and accurate past performance information on the historical horse race to the patron prior to making his or her wager selections. The information shall be current as of the day the historical horse race was actually run. The information provided to the patron shall be displayed on the terminal in data or graphical form; and
- (f) After a patron finalizes his or her wager selections, the terminal shall display a video replay of the race, or a portion thereof, and the official results of the race. The identity of the race shall be revealed to the patron after the patron has placed his or her wager.

Gov. Andy Beshear of Kentucky signed a bill in March 2023 to outlaw skill-based games – unregulated electronic gaming devices that had proliferated in Kentucky bars and other establishments over recent years. The bill specifically extended the definition of an illegal gambling device under state law to incorporate devices based on any element of chance, regardless of whether the outcome of the game was also partially based on skill. The legislation, which was supported by Kentucky’s racing industry but opposed by providers of the unregulated devices, also established new civil penalties for any person who conducts, manages, or owns a gambling device in violation of state law. A lawsuit was filed to challenge the prohibition on state constitutional grounds. This litigation is still pending before state courts.

## **2. New Hampshire**

In 2006, House Bill 1744 was enacted, allowing casinos in New Hampshire to operate games of chance, which are standard casino-type table games, with the obligation that 35% of their gross gaming revenue be donated to charity and 10% to the New Hampshire Lottery to support public education. Recently, the state authorized expanded gaming to include HHR, in addition to table games.

New Hampshire legalized HHR terminals at charitable gaming facilities in June 2021. In January 2022, the New Hampshire Lottery adopted regulations to govern the operation of electronic gaming devices based on the outcome of historical horse races at licensed charitable gaming locations in the state. New Hampshire’s first historical horse racing operations commenced in May 2022. HHR can only be offered in the state at an establishment that is licensed as a Game Operator Employer for table games. The promising success of HHR has attracted experienced gaming operators eager for the opportunity to gain a foothold in this fledgling industry.

New Hampshire is the only state that regulates HHR through the state lottery. This is because the enabling legislation authorized HHR gaming at charitable gaming locations, which were previously regulated by the New Hampshire Lottery. The Lottery's Investigation and Compliance Division is responsible for regulating HHR and charitable gaming operations. The Lottery is assisted in this endeavor by the State Attorney General and local police. NH RSA 287-D:2. The Lottery has broad rule-making authority to carry out its oversight duties and responsibilities. NH RSA 287-D:3.

It is undeniable that the state's gaming industry escalated rapidly after HHR-based casino gaming was authorized. The enabling legislation placed no restrictions on the number of facilities which created legitimate concern for the possibility of over saturation of the market. In response, the legislature imposed a moratorium to limit the number of licensed HHR operators that was due to expire on July 1, 2024. Legislation enacted shortly before the expiration date extended the moratorium for an additional seven years. Currently, there are 10 casinos operating HHR devices. Under the new legislation, five more properties may enact HHR in their facilities over the next several years.

Chapter 287 of the New Hampshire code regulates games of chance and charitable gaming. The HHR regulations are embodied in NH Administrative Rules Lot 8200. The general requirements for HHR operations are set forth in Lot 8204.01 of the regulations:

- (a) All terminals and related equipment shall be subject to inspection by the commission.
- (b) Each terminal used for wagering on historical horse racing shall:
  - (1) Be tested by an independent testing laboratory to ensure its integrity, proper working order, and compliance with RSA 284 and this chapter. Any material modifications made to the terminal shall require re-testing;
  - (2) Use only race data from a pari-mutuel facility, within the United States or other regulatory jurisdictions recognized by the commission, licensed at the time the race was actually held;
  - (3) Provide race information that is current as of the day the horse race was actually run;
  - (4) Not accept a wager in excess of \$25.00; and
  - (5) Not be in the nature of a slot machine.

The license standards and requirements for New Hampshire are consistent with how other gaming jurisdictions provide regulatory oversight over gaming operations, requiring a demonstration of suitability and financial stability and integrity and responsibility. The individuals who are required to establish their suitability in conjunction with the operator's license application complete a multi-jurisdictional personal history disclosure form, which is the standard practice and procedure utilized on a global basis for casino gaming operations. The office of the Attorney General conducts background investigations for the designated individuals and entities.

Game Operator Employer licenses are issued for three years and then may be renewed annually upon disclosure of any changes to the information contained in the license application. NH RSA 287-D:8VI. The licenses fee for game operator employers is \$750 per year.

In NH RSA 287D:1VIII, a game operator employer is defined as a business entity or individual who employs, supervises, and controls game operators and who is hired by a charitable organization to operate games of chance on its behalf. The owner of 10% or more of the entity, partner, managing member, or chief executive of a business entity who serves as a game operator employer must be listed as a part of the game operator license application. In accordance with Lot 7203.03(d) of the Regulations, a criminal record check shall be required of:

1. Each owner, partner or trustee holding 10% or more ownership interest in the underlying business;
2. In the case of a corporation, each officer, director or shareholder holding more than 10% of the stock; or
3. In the case of a limited liability company, each manager or member

Notably, the 10% threshold for owners and shareholders is significantly higher than the commonplace percentage requirement of 5% for determining the owners needing to be subject to a background investigation. The other states in the region have adopted the 5% threshold for determining qualification status for owners. There is no provision in New Hampshire for the waiver of qualification for institutional investors holding their ownership interest for passive investment purposes only.

The scope of licensing requirements for employees are standard for the casino gaming industry. NH RSA 287-D:9 provides that, “other than members of a charitable organization, any person who is involved in conducting, managing, supervising, directing, or running games of chance shall be licensed under this section; including but not limited to gambling operation managers and assistant managers, managers or supervisors of security employees, pit bosses, shift bosses, credit executives, and cashier operations supervisors.”

However, unlike the common practice applicable for casino gaming regulation, there is no requirement in New Hampshire’s regulatory scheme for licensing the vendors who conduct business with the casinos and supply gaming equipment and other gaming-related services. NH RSA 287-D:14XXI does require operators to maintain a list of manufacturers and distributors detailing the type of gaming equipment purchased from each. The information shall be detailed enough to permit the Lottery Commission to research the origin and any piece of gaming equipment. All devices and equipment used to conduct games of chance shall be subject to inspection by duly authorized law enforcement or lottery commission officials. NH RSA 287-D:17.

The state’s HHR regulations require compliance with anti-money laundering procedures pursuant to NH Administrative Rules Lot 8202(b)(2)m. Pursuant to Lot 8202.(b)(2)i-k, there is a requirement for a security plan, and approved internal control procedures including surveillance. In addition, the state requires the operators to implement and enforce a responsible gaming program. NH Administrative Rules Lot 8202.04. However, unlike the states in the neighboring gaming jurisdictions of Massachusetts, Maine, Connecticut, and Rhode Island, which have implemented a state-wide self-exclusion program, New Hampshire does not have a similar state-wide self-exclusion program.

New Hampshire has imposed certain limitations pertaining to the operation of HHR. For example, pursuant to NH Administrative Rules Lot 8203.01 (m), the portion of the active gaming area allocated for

the operation of HHR shall not exceed 70%, with the remaining 30% allocated to games of chance. To be considered an active gaming area, the games of chance area shall be staffed or capable of being staffed upon demand, and ready for immediate or on-demand play. Moreover, there are prescribed limits on the amount of money that can be wagered for HHR. The maximum wager for HHR shall not exceed \$25. NH Administrative Rules Lot 8203.02(b). The hours of operation are from 8 a.m. to 4 a.m., which represents an increase in the hours of operation from the previous 11 a.m. to 1 a.m. RSA287-D:14VII. By comparison, the hours of operation for the neighboring casino states are 24 hours a day, with no interruption of service.

Legislation adopted in 2023 increased the maximum wager for a table game at a charitable casino from \$10 to \$50. The bill also raised the maximum amount a player may wager during the course of a single game from \$150 to \$2,500. NH RSA 287-D:16. The impetus for the legislation was a desire to increase gaming revenue.

In the vast majority of states, the authorized age for gambling is 21, but in New Hampshire it is 18. RSA 287-D:14VI.

New Hampshire's casinos are strictly prohibited from extending credit for gambling purposes. NH Administrative Rules Lot 7207.04(m) states that “[n]o licensed charitable organization or game operator employer shall extend credit to any patron at any time.”

Pursuant to section 8204.08(g), the Lottery Commission or its authorized representatives may, at any time, conduct an audit or inspection of the financial reports, software, terminals, or other equipment used by an HHR licensee in conducting operations under this chapter. This section affords wide latitude to the agency in conducting audits and on-site inspections. This is an important regulatory function and is standard practice in the casino gaming industry. New Hampshire's requirements and procedures are consistent with the other regional states.

### 3. Virginia

There are three separate agencies that regulate and oversee the various authorized forms of gaming operations in Virginia:

- The Virginia Lottery regulates and operates the state lottery and regulates casino gambling and online sports wagering.
- The Virginia Department of Agriculture and Consumer Services (“VDACS”) regulates all charitable gaming.
- The Virginia Racing Commission (“VRC”) regulates live horse racing and associated wagering and historical horse racing. Each agency operates independently, pursuant to its own regulatory structure, rules, and regulations.

When casino gambling and sports wagering were authorized recently, the decision was made to empower the Lottery to regulate these gaming activities rather than create a new regulatory agency. Similarly, with the advent of HHR, the VRC was put in charge of overseeing that gambling activity. Thus, the state legislature, at least at that point in time, made a discretionary decision to segregate HHR

regulation from casino gaming and sports wagering, and to maintain regulatory oversight of authorized gaming operations by the already established governmental agencies.

In 2018, the state legislature authorized HHR in Virginia under the auspices of the VRC, and empowered the VRC to promulgate regulations to ensure the integrity and proper oversight of the gaming activity. VA. Code § 59.1-365. These regulations are embodied in Title 11, Chapter 47 of the Virginia Code. They provide detailed specifications for the terminals and the conduct of HHR operations, and authorize audits and inspections of the gaming operations at any time. In addition, they establish certain parameters for responsible gaming programs required to be implemented by the operators.

Notably, however, the regulations do not establish definitive and stringent criteria and procedures for the licensing of operators, employees, and vendors. Indeed, there are no regulatory requirements mandating the licensing of gaming vendors who manufacture, distribute, and service the HHR machines. This is contrary to the widespread practice for the licensing of gaming vendors that provide equipment to casino gaming establishments.

Since its inception, HHR has proven to be a successful venture for Virginia in its expanded gaming operations. As of the date of release of the VRC's 2023 annual report, there were approximately 2,800 HHR terminals in the Commonwealth of Virginia. The total wagering on HHR at the Rosie's locations increased from \$4.04 billion in 2022 to \$4.16 billion in 2023.<sup>11</sup> Total HHR gross gaming revenue, calculated as the total amount wagered, including fees on wagers, minus the amount paid as winnings, was \$408.9 million for fiscal year 2024.<sup>12</sup>

## E. Online Sports Wagering

On April 5, 2021, Wyoming Governor Mark Gordon signed into law House Enrolled Act No. 50 (HB-0133), authorizing and regulating online sports wagering. The Commission was entrusted with the responsibility for overseeing this new form of gaming activity. This act made legal two activities that were previously not legal in Wyoming: online sports wagering and participation in fantasy sports contests. The legislation provides the definitions and requirements for standards, procedures and permits for the Commission to promulgate rules to govern the conduct of online sports wagering. The license standards and requirements are identical to those provided for skill-based games. These regulations are addressed later in this report in the section entitled Operational and Regulatory Analysis.

In recognition of the dangers inherent in online sports wagering for problem gamblers, Wyoming has taken the initiative with respect to implementing effective responsible gaming practices, including its statewide voluntary self-exclusion program and use of a national database designed to provide greater communication among the states in this critical matter.

---

<sup>11</sup> 2023 Annual Report of the VRC, dated February 14, 2024.

<sup>12</sup> Joint Workgroup on Historical Horse Racing, <https://sfac.virginia.gov>, September 17, 2024.



## **F. Charitable Gaming**

Charitable gaming in Wyoming consists of bingo, pull-tabs, and raffles. The state mandates that at least 65% of gross sales collected are to be given back to players as winnings each month. Since July 1, 2020, the organizations conducting charitable gaming are licensed by the Wyoming Gaming Commission under W.S. § 11-25-104(n). Charitable gaming may only be conducted lawfully by charitable or non-profit organizations that are recognized as such by Wyoming statutes, have a valid 501(c) exemption from the Internal Revenue Service, and have been in existence for at least three years. The minimum age to place wagers for charitable gaming is 18.

## **G. Pari-Mutuel Horse Racing**

Wyoming has a long history with pari-mutuel horse racing. The legalization of historical horse racing in 2013 sparked a rejuvenation of the industry. Pari-mutuel horse racing takes place at three facilities with a proposed fourth to be built. Racing occurs from May to the end of September for 48-52 racing days. The three tracks offered approximately \$4.7 million in purses in 2023. There are comprehensive rules and regulations governing all aspects of horse racing, including the conduct of races and the testing of horses. Spectrum addresses these rules and regulations later in this report.

## I. Authorized Gaming Operations in Other Regional States

### A. Montana

Montana has no commercial casino venues but offers sports wagering through a network of sports wagering kiosks available at more than 520 host locations across the state. A May 2019 state law authorized the Montana Lottery to operate sports wagering via electronic devices and online applications available on the premises of approved retail locations that are already licensed to host limited-stakes electronic gaming devices, charitable gaming, or bingo. Sports wagering is regulated by the Montana Lottery Commission.

In 2023, total sports betting revenue generated by the Montana Lottery amounted to \$8.5 million, an increase of 17.8% from the previous year. The total amount wagered was \$62.3 million, an increase of 22.3% compared with 2022.<sup>13</sup>

In addition to sports wagering, Montana's gaming market includes 14 Native American casinos and three horse racetracks. Licensed bars and charitable gaming locations also can offer limited card games, bingo, charitable sports pools and up to 20 limited-stakes electronic gaming devices. The Gambling Control Division within the Montana Department of Justice regulates these electronic gaming devices. In 2023, total statewide revenue these electronic gaming devices was \$547.2 million, an increase of 4.8% from 2022.<sup>14</sup> The legal age for gambling in Montana is 18.

### B. South Dakota

South Dakota offers commercial casino gaming at 22 locations exclusively within the city limits of historic Deadwood, located on the edge of the Black Hills National Forest near the Wyoming and Montana borders. The casinos, which can operate electronic gaming devices, table games and sports wagering, are regulated by the South Dakota Commission on Gaming. Commercial casino gaming was first approved by South Dakota voters in a 1988 statewide referendum. Sports wagering received voter approval in 2020 and began in 2021 after the state legislature passed a new law to implement the referendum. However, online sports wagering is not authorized.

In 2023, total statewide commercial casino gaming revenue was a record \$147.6 million, up 3.3% over the previous year. Total revenue from electronic gaming devices at commercial casinos in Deadwood was \$130.6 million, up 3.7%. Table game revenue was \$16.0 million, essentially the same amount as in 2022. Sports wagering revenue amounted to slightly over \$1.0 million, up 15.9% compared to the prior year. In 2023, statewide commercial casino gaming revenue in South Dakota hit a record total of \$147.6 million, an increase of 3.3% from the previous year.

---

<sup>13</sup> American Gaming Association State of the States 2024, page 78.

<sup>14</sup> Ibid. at 79.

## C. North Dakota

North Dakota allows wagering on both horse racing and dog racing events, but restricts the operation of casinos to Native American reservations. North Dakota has 13 Indian gaming locations authorized under the US Indian Gaming Regulatory Act. Each location is owned and operated by one of five North Dakota tribes. There are no commercial casinos in the state. The state allows for skill-based games.

## D. Colorado

Colorado offers commercial casino gaming at 33 facilities in three historic towns – Black Hawk, Central City and Cripple Creek – which were approved for gaming by voters in a 1990 statewide referendum. Each of the casinos is eligible to operate electronic gaming devices, table games and sports wagering. The casinos can also offer online sports wagering as a result of a state law approved by voters in 2019. At the end of 2023, 20 online commercial sports platforms were available, down from 25 at the start of the year. Commercial casino gaming and sports wagering are regulated by the Colorado Division of Gaming, which is supported by the Colorado Limited Gaming Control Commission – a five-member regulatory oversight body appointed by the governor. In 2023, Colorado commercial casinos and their affiliated online sports betting platforms generated approximately \$200.2 million in gaming tax revenue, an increase of 6.7% from 2022.<sup>15</sup>

## E. Nebraska

Nebraska offers commercial casino gaming at three temporary racino facilities that are authorized to offer electronic gaming devices, table games and sports wagering. Sports wagering is also offered at a fourth racetrack location. Casino gaming is regulated by the Nebraska Racing and Gaming Commission. In 2023, total statewide commercial casino gaming revenue totaled \$89.1 million.<sup>16</sup>

It is evident that Wyoming enjoys a more diverse gaming environment than its regional competitors. Wyoming is the sole gaming jurisdiction in the region that authorizes HHR and online sports wagering.

---

<sup>15</sup> American Gaming Association State of the States 2024, page 32.

<sup>16</sup> Id at page 80.

## II. Wyoming Operational and Regulatory Analysis

### A. Organizational Structure and Primary Responsibilities

The Wyoming Gaming Commission is an independent stand-alone State agency, reporting directly to the Governor. The Commission regulates all legalized gaming in Wyoming, other than the Wyoming Lottery Corporation. These authorized forms of gaming include:

- Pari-mutuel wagering (which also encompasses live racing, historical horse racing machines, and simulcasting)
- Online sports wagering
- Skill-based amusement games
- Charitable games, such as raffles, pull-tabs, and bingo

In addition to these duties, the Commission is charged with investigating illegal gambling within the Wyoming. Consistent with best practices, the WGC is empowered with statutory rule-making authority. Its biannual operating budget for 2025 and 2026 is \$11,363,175. WGC leadership advises that the legislature is responsive to the fiscal needs and requests of the Commission.

The WGC was not created in its present form but evolved from 1967, when it began as the Pari-Mutuel Board, changing its name in 1971 to the Pari-Mutuel Commission. In 2020 it transitioned to the Wyoming Gaming Commission. With the introduction of HHRs in 2013, skill-based gaming in 2020, and online sports wagering in 2021, its regulatory responsibilities have grown markedly since its inception.

The Commission body now consists of nine volunteer commissioners, seven from geographical districts throughout the state, one Native American representative, and one law enforcement representative (currently filled by the Chief of the Cheyenne Police Department). These latter two commissioners provide tribal and law enforcement perspective to the Commission, but do not otherwise perform additional functions regarding those particular areas of expertise. In addition, there are three non-voting political liaisons (one each from the Senate, House, and Governor's office) who provide useful conduits between the Commission and those bodies/leadership positions. We were advised that the structural system currently in place is effective in meeting the responsibilities of the Commission, and that the political liaisons serve an important function by keeping decision makers aware of pressing issues.

In the course of this engagement, Spectrum interviewed members of the Wyoming Gaming Commission staff at its office headquarters in Casper. The interviews followed Spectrum's request, receipt, and review of pertinent statutes/rules and various internal WGC documents, and served to provide further insight and clarity on the organizational structure, daily operations, policies, staff duties and priorities, challenges, field experiences, sufficiency of funding and staffing, and other important components of the agency charged with regulating legalized gaming. Our site visit found a cooperative, dedicated and professional staff fully supportive of the Commission's mission.

Commission staff are headquartered in an office building in Casper. They do not have dedicated office space at any licensed gaming facility. There are 15 employees on the Commission staff.

Figure 1: Wyoming Gaming Commission table of organization



Source: WGC Public Information Officer, October 2024

Commission staff includes an Executive Director, a Deputy Director, an Operations Manager, Special Agents (with law enforcement powers), Senior Inspection Specialists, a Pari-Mutuel Coordinator/Wyoming Bred Program Administrator, a Senior Auditor, a Licensing Clerk, a Responsible Gaming Liaison/Public Information Officer, and internal operational staff (such as accountants and support personnel).

Spectrum notes that the Commission staff expands by 10 additional personnel seasonally, with the addition of six racing stewards, two license clerks, and two racing safety inspectors. These seasonal positions are usually filled from mid-May through the end of September. Moreover, when several horse racing venues schedule overlapping races, staffing demands are further exacerbated. It was apparent from our interviews that the presence of numerous forms of legalized gaming throughout the vast land area of the state places significant travel demands on Commission staff; such challenges are not present in gaming jurisdictions with concentrated areas of gaming operations, such as exist in Atlantic City, NJ, or in Las Vegas, NV.

There are no lawyers on the Commission staff. Rather, legal advice is obtained from the Wyoming Attorney General’s Office under two distinct paths: a Senior Assistant Attorney General serves to advise on day-to-day legal and regulatory matters; while another Senior Assistant Attorney General serves to

prosecute administrative matters that come before the Commission. In the event a criminal prosecution is undertaken by Commission law enforcement officers, the local jurisdictional district attorney or county attorney will generally fill the role of prosecutor. Spectrum notes that the absence of any legal staff is highly unusual for a gaming regulatory agency.

## **B. Licensing**

An effective system for processing licensing applications and renewals is in place, with demands on licensing staff skewed considerably toward the pari-mutuel aspect of legalized gaming. Workflow allocation is effective, through intake, suitability evaluation, and conclusion. Spectrum noted that the WGC crafted the application forms it utilizes in all licensing matters. We discussed with WGC leadership the advantages of the Multi-Jurisdictional Personal History Disclosure Form (“MJPHDF”) and the Multi-Jurisdictional Business Entity Disclosure Form (“MJBEDF”), both promulgated by the International Association of Gaming Regulators and in use in many gaming jurisdictions nationally and abroad. The MJPHDF requires disclosure of considerable information regarding an applicant, including criminal record, litigation history, regulatory compliance history, employment history, and comprehensive financial information. In addition, the MJBEDF is similarly completed by any business entities that must qualify for licensure. A key component of the MJBEDF is for the applicant to disclose all beneficial owners of the business entity, so the regulator may ensure, through independent inquiry, no hidden ownership interests exist. Important to the application process is the execution of a release authorization (which accompanies both the MJPHDF and MJBEDF) to allow for the gaming regulator to obtain information not necessarily in the public domain from third parties for verification and investigative purposes. Accordingly, it is our recommendation that the WGC evaluate the use of these multi-jurisdictional forms. Many states that utilize these standard forms also require the completion of an optional supplemental form specific to that jurisdiction, used when the standard form does not provide all information required by the jurisdiction.

The Commission generally relies on entity license applicants to identify on the application (via written instructions) those individuals and other entities who must submit to the licensing process under Wyoming statutes and rules. Such a process may be challenging when an applicant with a complex ownership/operating structure (i.e., a multi-national sports wagering operator) applies, and in those instances the WGC will engage in scope of licensing discussions with the applicant entity. This scope-of-licensing meeting process allows applicants for gaming licenses to have a clear and accurate picture of which entities and individuals connected to the applicant have the ability to control or influence the business operations and decision-making of the gaming licensee and will be required to file disclosure forms and submit to the licensing process, and also provides an opportunity to dialogue as to why certain entities or individuals should/should not be required to file. The Commission may wish to routinely involve its legal counsel in these scope of licensing discussions – especially when the ownership structure includes complex partnerships, trusts, and/or private equity investors.

We reviewed the Wyoming licensing processes and standards, noting that Wyoming follows best practices by placing the burden of proof on applicants to conduct online sports wagering to demonstrate their suitability by clear and convincing evidence. Chapter 2 Section 2(g).

Operators for sports wagering must obtain a permit from the Commission. However, there are no specific criteria for determining suitability. Ordinarily, for sports wagering and other gaming operations, the applicants are required to demonstrate their good character, honesty and integrity and financial stability, integrity and responsibility, or some facsimile of these requirements. We recommend adopting a regulation to specify these affirmative license criteria for determining suitability.

The scope of licensing requirements is extensive and aligned with best practices:

(a) Key personnel of an applicant, license holder or permit holder who may exercise ultimate decision-making authority over online sports wagering operations in Wyoming, and any employee of an applicant, license holder or permit holder who is authorized to change and is capable of changing play or outcome of wagers through the deployment of code to production for any critical component of the mobile application or digital platform in Wyoming shall be licensed by the Wyoming Gaming Commission.

We observed that certain operating provisions discussed below could limit the depth of inquiry into an applicant's suitability for licensure. Consider the following Wyoming Administrative Rules, Online Sports Wagering, Chapter 2, Sections (f),(g),(h):

(f) The following persons are considered to have control of a sports wagering operator permit applicant or permittee:

(i) Each holding company, parent company, or subsidiary company of the applicant or permittee;

(ii) Each person, except for a bank or other licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business, who owns fifteen percent (15%) or more of a corporate applicant or permittee and has the ability to:

(A) Control the activities of the corporate applicant or permittee; or

(B) Elect a majority of the board of directors of that corporate applicant or permittee.

(iii) Each person associated with a noncorporate applicant or permittee who directly or indirectly holds a beneficial or proprietary interest in the noncorporate applicant's or permittee's business operations or who the Commission otherwise determines has the ability to control the noncorporate applicant or permittee; or

(iv) Key personnel of an applicant or permittee, including any executive, employee, or agent having the power to exercise ultimate decision-making authority over the applicant's or permittee's sports wagering operations in this state.

(g) An applicant for a permit must establish their suitability for a permit by clear and convincing evidence.

(h) The Commission shall, not more than ninety (90) days after the date of receipt of an application for a permit or license, or application for renewal of a permit or license under W.S. § 9-24-103, either:

(i) Issue the permit or license; or

(ii) Deny the application based on the grounds that the applicant failed to qualify as provided by subsection (j) of this section.

The Wyoming 15% corporate ownership threshold to trigger licensing found in (f)(ii) above is significantly higher than typically found for sports wagering operators in other US jurisdictions. For example, see the jurisdictions of Massachusetts (Mass. General Laws c.23N § 5), which has a 10% threshold; and New Jersey (N.J.S.A. C.5-12A-12), which has a 5% threshold. Moreover, even at the relaxed 15% threshold, Wyoming requires an additional element of corporate control to be subject to licensure that is not present in other regulatory jurisdictions – see (f)(ii)(a) and (b), above. Accordingly, under a hypothetical ownership situation, a 49% owner of a corporate sports wagering operator who does not meet the statutory control requirements may not have to submit to the licensing process in Wyoming. The aforesaid rule mirrors the statutory language found in *W.S. § 9-24-103(g)* (2023). Similar 15% ownership threshold requirements for licensure and determinations of suitability pertain to operators and vendors of skill-based amusement games.

Regarding exemptions from licensure, while there is a licensing exception for lending institutions holding liens acquired in the ordinary course of business, the Wyoming statutes/rules do not contain a discretionary exemption for bona fide passive institutional investors that certify they have acquired their equity interest for passive investment purposes and do not intend to influence business activities, a useful provision often found in other gaming jurisdictions, including Massachusetts, Mississippi, Nevada, New Jersey and Ohio. This exemption from licensure encourages investment from reputable financial entities. We note that there is a definition included in the regulations for institutional investors, but there is no exemption or waiver provision contained therein.

We also note the limitations imposed by Wyoming Administrative Rules, Online Sports Wagering, Chapter 2, Section (h) (mirroring *W.S. § 9-24-103(h)* (2023)), which requires a licensing decision by the Wyoming Gaming Commission within 90 days of receipt of an application. Our interviews with WGC staff reveal this arbitrary timeframe is occasionally constraining when responses to criminal history record inquiries by state and federal partners are delayed due to volume or other issues.<sup>17</sup> Albeit rarely, this 90-day mandatory period has resulted in the issuance of conditional licenses until the records checks are completed, which is not an advisable process. Further, based on our considerable experience conducting licensing suitability investigations for jurisdictions domestic and international, a proper suitability investigation into multi-national gaming companies with complex ownership and operations accompanied by a long list of qualifiers may likely require additional time beyond 90 days.

Accordingly, it is Spectrum’s recommendation that the present 90-day window be enlarged through an elastic process whereby the Executive Director could authorize a reasonable period of additional time upon a determination of good cause. We also extend this recommendation to the current skill-based game requirements (see *W.S. § 11-25-305(a)* (2023) and its respective Rule section 2(h), which requires a licensing decision within the even more constraining period of 60 days). Notably, pari-mutuel license licensing investigations, which encompass HHRs, do not have such time constraints.

---

<sup>17</sup> For example, licensing and corresponding criminal history record inquiries volume may be especially acute during the approach of the pari-mutuel racing season when the number of applicants generally increases.



Additionally, mirroring W.S. § 9-24-103(m) (2023)), Wyoming Administrative Rules, Online Sports Wagering, Chapter 2, Section (k) contains a requirement automatically granting a license to a sports wagering vendor if it is licensed and operating in three other gaming jurisdictions:

*The Commission shall issue a permit to a sports wagering vendor that is currently operating in good standing in a similar role in at least three (3) jurisdictions in the United States under a state regulatory structure, and that has paid all required fees under subsection (e) of this section.*

With all due deference to the various gaming jurisdictions throughout the United States, the rigors of their respective licensing processes and suitability inquiries vary considerably. Further, possible issues of concern may have arisen after issuances of the licenses, which are often for a term of five years. We do not recommend the WGC continue with such a licensing mandate, but rather urge Wyoming to have each applicant submit to the standard Wyoming Gaming Commission licensing suitability evaluation. Commission staff advised Spectrum that they intend to modify this provision.

### **C. Conservatorship Provision**

During our review and site visit with the WGC regulators we observed that current Wyoming gaming law does not create a path for the appointment of a conservator in the event of an operator's gaming license revocation, or by virtue of a decision by the WGC to not renew an expiring operator's license. Such a conservator provision would avoid a forced shutdown of the gaming facility and resultant unemployment of all employees (and impact upon ancillary service employees) and remove concern of such consequences from regulatory decisions.

We recommend the WGC consider implementing provisions for an orderly transition of control, allowing for the continuation of legalized gaming operations until such time as a new gaming operator can be properly licensed to take control of the property. Functionally, a conservator or trustee would be appointed by the WGC to assume control over gaming operations. The conservator or trustee would have complete authority to own, manage and operate the gaming facility. Prior to appointment, the conservator or trustee must be found suitable by the WGC to own and operate the gaming facility. Upon appointment, the conservator is effectively vested with the title of all the property of the former gaming operator relating to the gaming facility and has a duty to conserve and preserve the assets. The conservator owns, manages and operates the facility until it is sold to a third party. During the period of conservatorship, the former licensee may receive a fair rate of return out of net earnings, if any. Once the facility is sold, the former licensee is also entitled to the net proceeds from the sale, less the conservator's fees and other costs.

The WGC should consider adoption of appropriate legislation governing the appointment of a conservator or trustee. Without such procedures, the legalized gaming facility would be required to cease gaming operations immediately in the event of a license revocation, unless emergency action were to be instituted. By way of example, in New Jersey, the appointment of a conservator in 2007 allowed for the continued gaming operation of the Tropicana Casino resort following a failure to renew an expiring casino license for cause. The conservator assumed control over casino operations until new ownership purchased the casino hotel establishment and was found suitable for a casino gaming license. By contrast, in

Pennsylvania, due to the absence of conservatorship provisions in the legislation, the gaming regulator was forced to initiate emergency powers to preserve and continue gaming operations following the criminal indictment of the facility's owner in 2008. While Wyoming does not permit the operation of plenary casinos, the existence of pari-mutuel event (HHR) licensees with numerous satellite locations would justify such a prophylactic provision in the unlikely event a licensing revocation were to occur.

## D. Inspections

In addition to horse racing track regulatory matters discussed elsewhere in this report, Commission staff perform unscheduled and unannounced inspections of all 40 historical horse racing/pari-mutuel locations and 354 skill-based gaming locations<sup>18</sup> throughout the state. These inspections occur during normal business hours, including late-night operations. WGC staff have warrantless access to premises, books and records as a condition of licensure, which is a standard regulatory best practice. In addition, WGC inspectors are charged with verifying the ongoing Wyoming domicile of horses in the Wyoming Bred program, with approximately 825 domicile inspections annually. These inspections are scattered throughout Wyoming's 97,813 square miles, placing significant logistical demands on inspection staff even in the absence of challenging weather conditions.

There is no limit on the number of HHR machines per approved HHR/pari-mutuel location, while skill-based gaming locations may operate only four machines per licensed establishment, and those machines are constrained to a maximum \$3 wager and maximum \$3,000 jackpot. The number of HHR/pari-mutuel, and skill-based game locations are not capped under Wyoming law.

Duties of Commission staff performing gaming machine inspections include verifying the correct and approved software versions, number of permitted machines, serial number verification, race result database checks, wager and jackpot limits (for skill-based machines), machine operability, current WGC authorization labels, premises location suitability, proper employee licensing and display of credentials, compliance with responsible gaming requirements, and other regulatory standards. There is no detailed anti-money laundering component to these inspections (a topic more fully discussed later in this report), although inspection staff may discuss available anti-money-laundering training and know your customer protocols. Regulatory violations are noted, and a disciplinary process is in place that may lead to Commission-imposed sanctions, up to and including license revocation.

HHR machines are also electronically monitored and auditable by the Wyoming Gaming Commission through approved interfaces. During our interviews Commission auditors expressed satisfaction with the timeliness and comprehensiveness of the data available to ensure accurate monitoring and reporting.

WGC Rules authorize a centralized monitoring or auditing system for skill-based games. Although the WGC reports it is actively working towards implementation of such a system and expects to do so within a year, there is no meaningful "back end" yet in place for the regulatory monitoring of approved skill-based gaming machines. Even physical inspection of each skill-based machine for such information

---

<sup>18</sup> As of November 2024.

during the on-site inspections is not achievable, as Commission agents are not given internal key access to view machine logs in all instances. In addition, these machines may be reset by the operator. This lack of regulatory verification results in placing reliance upon the integrity of the operator/vendor to accurately report machine activity and calculation of taxes owed and payable. This is an inadvisable regulatory practice, although one the WGC recognizes and is moving towards rectifying.

Sports wagering operates only online, with no physical locations permitted. The Operations Manager of the WGC oversees online sports wagering compliance, and maintains virtually daily contact with approved operators. Among the duties of the Operations Manager is oversight of geolocation system effectiveness, tracking GLI testing, monitoring third-party penetration testing (anti-hacking), approval of new wager catalogue offerings, and investigating patron complaints. The Commission has real-time access to geolocation data.

## **E. Responsible Gaming**

Socially responsible gaming is a regulatory best practice, and the Wyoming Gaming Commission has a Responsible Gaming Liaison, who also serves as the Public Information Officer. There are two key components – responsible gaming services offered to help patrons to keep their play as fun and entertainment, linked to programs to assist patrons to connect to help when problem gambling arises. A key working partner of the SGC is the Wyoming Council on Problem Gambling. Further evidencing the commitment to socially responsible gaming is the Wyoming law pertaining to online sports wagering, in which the first \$300,000 in state-collected revenue is dedicated to Problem Gambling resources throughout the state, distributed by the Wyoming Department of Health.

The WGC administers a voluntary self-exclusion program, through which individuals may choose to self-exclude themselves from any or all forms of legalized gaming in Wyoming, either for a set number of years or for their lifetime. Self-exclusion programs are best practices in the gaming industry, having been established as a supportive tool to assist individuals who seek to make a personal commitment to control their gambling problems. They are a critical component of any successful responsible gaming program. Self-exclusion programs are designed specifically for individuals who believe they cannot modulate their gaming behavior without this support. Such programs provide voluntary self-imposed restrictions, and as in Wyoming are not restrictions placed on individuals by a regulatory authority or a gaming facility.

Spectrum observed that Wyoming statutes/rules do not specifically provide for forfeiture of any winnings obtained should a self-excluded person engage in legalized gaming after they place themselves on the Self-exclusion list. Many leading gaming jurisdictions have codified such a forfeiture provision, designed to disincentivize further gambling, and we recommend Wyoming consider such a provision. In addition, self-excluded persons who nonetheless gamble should not be permitted to recover any losses during unauthorized gambling sessions.

Responsible gaming is a component of WGC inspection criteria, with inspectors ensuring signage is present in legalized gaming locations along with Problem Gambling Resource brochures. In addition, skill-based machines must have a sticker with a QR Code linked to the WGC and problem gambling resources. In addition, through online sports wagering portals Wyoming players may set wager amount

and time limits.<sup>19</sup> While such time and loss tools are not mandated in Wyoming for licensed HHR and skill-based games, there is developing precedent in other jurisdictions for such “pre-commitment technology,” in which a player sets time and loss limits at a particular electronic gaming machine. For example, the jurisdiction of Victoria, Australia, has recently mandated pre-commitment technology for electronic gaming machines as an enhanced measure of responsible gaming to permit players to set loss limits as well as track their player history, including win/loss amounts, directly from the machine. The Gaming Regulatory Authority of Singapore similarly utilizes pre-commitment technology. Further, technological advances such as optional facial recognition built into gaming machines may also be used to assist operators in identifying self-excluded players. Absent supporting data, implementation of such sophisticated technology may be disproportionate to the socially responsible gaming challenges in Wyoming. Nonetheless, periodic assessments should be undertaken to evaluate whether additional tools such as pre-commitment technology are necessary to protect the public.

## **F. Commission Duties Investigating Illegal Gambling**

In addition to its regulatory duties, the Commission is charged with investigating illegal gambling that occurs in the State of Wyoming. During our meetings with Commission law enforcement officers, we discussed the challenges posed by the Wyoming criminal statutes that define (illegal) professional gambling (see W.S. § 6-7-101 (2023), et seq.). Several experienced investigators advised that the lack of a statutory definition of the “bona fide social relationship” exemption found in W.S. § 6-7-101(E) poses challenges to investigators and prosecutors. Likewise, there is linguistic ambiguity in the statutory definition of the necessary element of “profit” found in W.S. § 6-7-101(ix). While further analysis of the Wyoming illegal gambling statute is beyond the purpose of our engagement, we recommend commencing a dialogue among police, prosecutors, and legislators regarding the adequacy and effectiveness of the existing statutory language relating to illegal gambling offenses.

Spectrum also recommends the WGC continue its conscious awareness of the delineation between the Commission’s law enforcement powers and regulatory roles. Commission law enforcement personnel must be particularly aware when interviewing criminal suspects holding legalized gaming licenses, as those license holders have a duty to cooperate with regulators under threat of license revocation. We recommend Commission staff continue to seek guidance from their assigned state legal counsel to ensure any statement or other evidence obtained from such encounters will be admissible in a criminal proceeding if necessary.

The conduct of illegal gambling has evolved over the years to now routinely include the use of electronic means of communication and facilitation. To provide Commission law enforcement officers with all necessary tools to investigate illegal gambling, consideration may be given to expanding the list of offenses for which the interception of wire, oral, or electronic communications may be authorized (see

---

<sup>19</sup> Some jurisdictions, such as New Jersey, have additional requirements mandating all operators to have a responsible gambling lead person who is dedicated to efforts related to safer gambling. New Jersey sports wagering operator licensees are also required to implement automated triggers based on the patron’s account activity as well as play behavior.

W.S. § 7-3-705 (2023)) to include professional (felony level) illegal gambling. For example, New Jersey includes the crime of illegal gambling, as well as certain casino cheating offenses, in its Wiretapping and Electronic Surveillance Control Act (N.J.S.A. 2A:156A-8).

## **G. Intelligence Services**

There are no Wyoming Gaming Commission law enforcement staff formally assigned to gathering of intelligence on criminal activities occurring in or relating to Wyoming legalized gaming facilities. Rather, gaming-related intelligence is developed by WGC law enforcement staff in the normal course of their duties or passed on from sister agencies such as the Wyoming Division of Criminal Investigation when it is developed. While this system may prove workable, the preferred model in gaming jurisdictions is for a focused monitoring of operators, vendors (gaming and non-gaming) and their key employees to ensure that traditional as well as non-traditional organized criminal groups do not obtain a presence, however attenuated, in the gaming industry. Source development should also be a priority. In many gaming jurisdictions – including Mississippi, Nevada and New Jersey – experience has shown that one key area of risk of potential organized crime infiltration is the ancillary businesses servicing the legalized gaming industry.

Additionally, with the dual goals of promoting public safety and the integrity of the state gaming industry, consideration may be given to annually undertaking a comprehensive strategic and targeted assessment prepared by the Wyoming Gaming Commission law enforcement staff addressing the various types of generic and organized criminal activity, including statistical information, taking place within the industry. The assessment should be both strategic and tactical and discuss operational methods to combat patterns of criminal activity of concern. Consistent with procedures followed in other gaming jurisdictions, this report should be provided to the Wyoming Attorney General upon the approval of the Commission body.

WGC law enforcement personnel should likewise continue to actively develop professional cooperative relationships with law enforcement agencies whose jurisdictional scope includes legalized gaming. Such contacts may be made through investigations of mutual interest, international law enforcement intelligence organizations such as Law Enforcement Intelligence Unites (“LIEU”), which has a National Gambling Intelligence Sharing Group, and/or through attendance at training conferences such as those offered by the University of Nevada Las Vegas International Gaming Institute, and educational opportunities at the annual Global Gaming Expo in Las Vegas. It is also recommended that a specific intelligence liaison be designated as the point of contact for receipt and dissemination of inter-jurisdictional information.

## **H. Money Laundering**

The vulnerability of casinos and other gaming entities to exploitation for money laundering, terrorist financing and other criminal financial activities has long been recognized by law enforcement agencies and financial regulators throughout the world. Numerous countries and international organizations including the United Nations (“UN”), the United States, the European Union (“EU”), the Financial Action Task Force (“FATF”), the Asia Pacific Group on Money Laundering (“APG”) and others have

enacted laws and issued regulations and guidance regarding these high risk vulnerabilities and how to minimize and mitigate the money laundering and terrorist financing risks associated with them. See, for example, the Financial Action Task Force Report on the Vulnerabilities of Casinos and Gaming Sector (March 2009);<sup>20</sup> and the United States Department of Treasury 2024 National Money Laundering Risk Assessment.<sup>21</sup> Gaming operations conducted through the internet, such as what occurs in online sports wagering, are particularly vulnerable to money laundering activities.

Wyoming is not immune to such risks, even though its legalized gaming landscape does not contain plenary casinos. Informative are the international standards and best practices that have been developed over time for creating structures and systems to regulate and enforce Anti-Money-Laundering/Combating the Financing of Terrorism (“AML/CFT”) regimes at casinos while minimizing potential negative impact on their ability to legally function and operate profitably. The chief tool for federal law enforcement is the federal Currency and Foreign Transactions Reporting Act, commonly known as the Bank Secrecy Act (“BSA”), which applies to “financial institutions.” A licensed legalized gaming facility may meet the definition of a “financial institution” subject to the BSA in certain instances. In order to be subject to the casino requirements of the federal Bank Secrecy Act (31 U.S.C. 5311, et seq.), the gaming facility must (a) be licensed to do business specifically as a “casino or card club” pursuant to state and/or tribal laws and regulations and (b) have gross annual gaming revenue of more than \$1,000,000. If its license is not a “casino” or “card club” license (e.g. bar, restaurant, nightclub, etc.), then it is not subject to the BSA’s casino regulations. Should the gaming facility satisfy the definitional elements, it will be subject to a host of requirements, including mandatory risk assessments, know your customer protocols, designation of compliance officers, the filing of Currency Transaction Reports (“CTRs”) for cash transactions over \$10,000, and Suspicious Activity Reports (“SARs”). The Financial Crimes Enforcement Network (“FinCEN”) enforces compliance with the BSA.

Wyoming does not define any of its legalized gaming facilities as a “casino or card club.” Online sports wagering operators may be subject to the BSA when operating pursuant to casino licenses. The WGC should consult with its legal counsel regarding the intricacies and applicability of the BSA to Wyoming legalized gaming.

We observe that the Wyoming Online Sports Wagering Rule, Section 10, titled “Bank Secrecy Act Compliance” properly requires an operator to comply with all applicable BSA provisions as a regulatory requirement. Subsection 10(b) requires the operator to maintain compliance records for five years and to provide records such as CTRs and SARs to the WGC upon request. We suggest consideration of a rule amendment requiring simultaneous filing with the WGC when an operator files a Wyoming-derived CTR

---

<sup>20</sup> See <https://www.fatf-gafi.org/en/publications/Methodsandrends/Vulnerabilitiesofcasinosandgamingsector.html>.

<sup>21</sup> In addition to discussing the vulnerabilities of online sports wagering, page 56 the United States Department of Treasury’s 2024 National Money Laundering Risk Assessment describes Wyoming as one of five “notorious privacy states” in regard to trust privacy provisions and associated risks of money laundering utilizing those opaque trusts. See <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

or SAR with FinCEN. This would permit the WGC to review the information in a timely manner and respond appropriately.

Notably during our review, we observed that Wyoming does not have a state criminal statute addressing money laundering/terrorist financing. Considering the legalized gaming landscape currently existing in Wyoming, Commission law enforcement officers require this in their toolbox to ensure that money-laundering offenses that occur in or related to legalized gaming are prosecutable if federal prosecuting authorities are unable or unwilling to move forward. Further, beyond applicability to the legalized gaming sphere, money laundering statutes are useful for other crimes such as the prosecution of large-scale drug organizations, certain white collar crimes, and illegal gambling organizations. Enactment of a state money laundering statute with meaningful penalties for violations, including for evasion of filing requirements (such as structuring), should be a high priority.

Finally, for internal evaluation and planning purposes, we recommend that the WGC conduct a risk assessment of all currently legalized gaming throughout the state regarding exposure to money laundering and terrorism financing.

## **I. Criminal Statutes – Cheating at Legalized Gaming**

Spectrum observed that while Wyoming has a Sports Bribery provision in its criminal code (W.S. § 6-3-609 (2023)), there are no specific statutes that deal with cheating at legalized gaming. Unlike many gaming jurisdictions with statutory framework addressing cheating at legalized gaming, Wyoming does not have plenary casinos. Thus, the full statutory prohibitions addressing cheating found in jurisdictions such as Ohio, New Jersey, Nevada, Mississippi, Illinois, and Missouri, for example, are disproportionate to legalized gaming in Wyoming. Nonetheless, Wyoming still has exposure through HHR machines, skill-based machines, and online sports wagering.

While some prosecutors may point to Wyoming's current theft statute (WY Stat § 6-3-402 (2023)) as sufficiently elastic to encompass cheating at legalized gaming, experience in other gaming jurisdictions has shown the need for legislation specifically dealing with cheating and tampering at gaming and related offenses. Statutes specifically tailored to gaming crimes clearly delineate prohibited conduct to law enforcement officers as well as the public. An ancillary benefit is that by repetition of the gaming-specific statutory elements in charging documents and jury instructions, the statutes serve as a guide in explaining to juries (and the Court) exactly why certain conduct unique to the gaming environment is criminal in nature. The advisability of adding specific statutory provisions to Wyoming's criminal code should be discussed between WGC law enforcement agents and its legal counsel.

## **J. Synopsis of Recommendations**

1. Evaluate the use of Multi-Jurisdictional Personal History Disclosure Form and the Multi-Jurisdictional Business Entity Disclosure Form, both promulgated by the International Association of Gaming Regulators and in use in many gaming jurisdictions nationally and abroad.
2. Expand the staff to include in-house legal counsel.

3. Reconsider the Wyoming 15% corporate ownership threshold to trigger licensing for sports wagering operator applicants, and remove the corporate/board of directors control requirement.
4. Consider a discretionary exemption for bona fide passive institutional investors that do not intend to influence business activities of the applicant corporation.
5. Through statutory amendments implement an elastic process where the Executive Director could authorize the enlargement of a mandatory licensing timeframe upon a determination of good cause.
6. Remove the statutory provision which automatically grant a license to a sports wagering vendor if it is licensed and operating in three other gaming jurisdictions and rather have each applicant submit to the standard Wyoming Gaming Commission licensing suitability evaluation.
7. Implement a centralized monitoring or auditing system for the regulatory monitoring of approved skill-based gaming machines.
8. Enact a rule that any and all winnings by a player who has self-excluded are forfeitable to the State and also prohibit the recovery of any gambling losses.
9. Designate a WGC law enforcement officer as an intelligence liaison with a focus on developing intelligence regarding the legalized gaming industry in Wyoming.
10. Create authority for appointment of a conservator in the event of an operator's gaming license revocation or by virtue of a decision by the WGC to not renew an expiring operator's license.
11. Consider a rule requiring simultaneous filing with the WGC when a licensee voluntarily files a Wyoming-derived Currency Transaction Report or Suspicious Activity Report with FinCEN.
12. Conduct a regulatory risk assessment of all currently legalized gaming throughout the state regarding exposure to money laundering and terrorism financing.
13. Enact a state statutory provision criminalizing money laundering.
14. Adopt in whole or in part, as applicable, the model regulations of the ARCI for HHR.



### III. Market Potential for Historical Horse Racing

To develop the estimate of gross gaming revenue (“GGR”) potential for GGR, we relied on publicly available data from the American Gaming Association on commercial and tribal casino GGR in 2019<sup>22</sup> (the last year of available data not impacted by the Covid-19 pandemic). The Internal Revenue Service reports on the annual nationwide adjusted gross income (“AGI”) from all tax returns filed.

**Figure 2: Estimate of national casino GGR as a percentage of adjusted gross income**

	2019	% of AGI
National Adjusted Gross Income	\$11,882,850M	
Tribal Casino GGR	\$33,370M	0.28%
Commercial Casino GGR	\$43,610M	0.37%
Nationwide Casino GGR	\$76,980M	0.65%

Sources: The Tax Foundation, American Gaming Association

The Internal Revenue Service publishes data on adjusted gross income by ZIP Code. Using data on the total AGI by ZIP Code and the national percentage of AGI spent on casino gaming, Spectrum developed an estimate of the casino GGR potential of each ZIP Code across the country. Nationwide, the percentage of AGI spent on casino gaming was 0.65%. This methodology has the benefit of focusing on available income, not population. ZIP Codes are weighted by AGI. A ZIP Code with 500 taxpayers with AGI of \$100,000, has the same casino spending potential as a ZIP Code with 1,000 taxpayers with AGI of \$50,000.

The Tax Foundation has compiled this data for tax year 2019 (paid in 2020).<sup>23</sup> By combining these two data points we can develop a nationwide estimate of casino spending as a percentage of AGI. The year 2019 was used to establish the benchmark because it was the most recent year for which AGI data were available and casino GGR data was not impacted by the Covid-19 pandemic.

This nationwide figure includes states that did not have casinos in 2019. The number is an estimate of all casino gaming, including table games, and can serve as a benchmark for potential casino GGR. Wyoming does not permit table games outside tribal casinos. Across the casino industry, table games account for approximately 21.5% of casino GGR. We adjusted the estimated potential in Wyoming by removing table games GGR from the nationwide estimate to provide a machine-only estimate of potential.

---

<sup>22</sup> American Gaming Association, “State of the States 2020,” p. 6. [https://www.americangaming.org/wp-content/uploads/2020/06/AGA-2020-State\\_of\\_the\\_States.pdf](https://www.americangaming.org/wp-content/uploads/2020/06/AGA-2020-State_of_the_States.pdf)

<sup>23</sup> Erica York, “Summary of the latest Federal Income Tax Data,” 2022 Update, The Tax Foundation. <https://taxfoundation.org/publications/latest-federal-income-tax-data/>

**Figure 3: Estimate of GGR using adjusted gross income, adjusted for absence of table games**

	2019	% of AGI	Adjustment for Absence of Table Games
National Adjusted Gross Income	\$11,882,850M		-21.5%
Tribal Casino GGR	\$33,370M	0.28%	0.22%
Commercial Casino GGR	\$43,610M	0.37%	0.29%
Nationwide Casino GGR	\$76,980M	0.65%	0.51%

Sources: The Tax Foundation, American Gaming Association, Spectrum Gaming Group

Using this method of adjusting for table play, it appears that the statewide AGI spent on HHR machines should amount to 0.51% of statewide AGI. Actual data using the 2021 AGI and inflating at 3% annually results in a ratio of 0.52% for Wyoming statewide in the 12 months ended June 2024, as seen in Figure 4.

To arrive at our GGR figure for June 2024, we annualized the performance of the Buffalo and Torrington HHR facilities based on the full operating months for each, as neither was open for the full 12 months. The balance of the numbers are for the full twelve month period. Our primary interest is to establish a normalized performance metric for a 12-month period rather than a specific fiscal year.

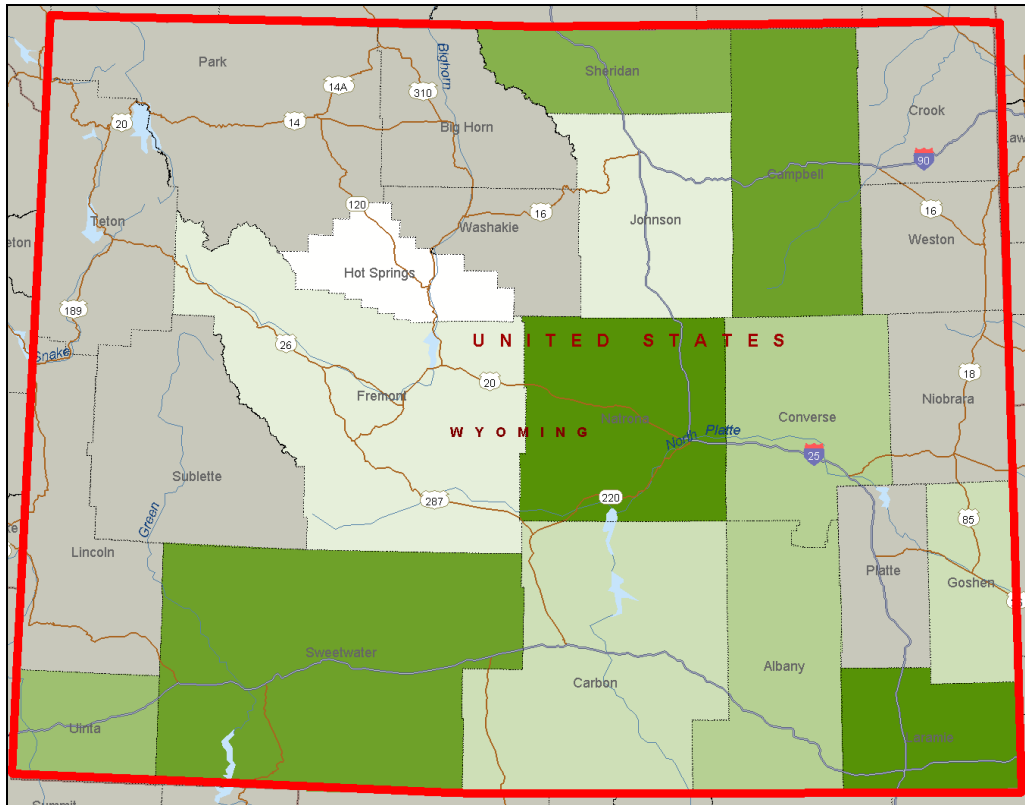
**Figure 4: Wyoming HHR GGR as a percentage of AGI, statewide and in authorized counties**

12 Months Ending 6/30/24	Adjusted Gross Income (AGI) 2021	AGI Inflated to 2024 @ 3%	LTM HHR GGR 6/30/2024	HHR as % of AGI
Wyoming Statewide	\$31,737,200,000	\$34,680,100,000	\$181,300,000	0.52%
Wyoming HHR Counties	\$17,213,800,000	\$18,810,000,000	\$181,300,000	0.96%

Sources: Wyoming Gaming Commission, Spectrum Gaming Group

Using data from just the counties where pari-mutuel wagering and HHR are approved, the percentage of income captured by HHR increases to 0.96%. This is to be expected, because in the ineligible HHR counties, HHR GGR is zero. It is likely that some residents in counties without HHR travel to counties with OTB and HHR to play. In Figure 5, the counties in gray do not host HHR machines. The deeper green shades indicate higher HHR GGR. The map shows that Platte County does not have an HHR location. Three counties neighboring Platte do. Platte citizens wishing to play HHR devices can easily visit HHR locations in other counties.

**Figure 5: Map of Wyoming counties with HHR and annualized June 2024 GGR**



Source: Wyoming Gaming Commission, Spectrum Gaming Group

In Wyoming there are three tribal casinos. All three of the tribal casinos – Wind River with 783 slots and eight house-banked table games, Shoshone Rose with 320 slots, and Little River with 168 slots – are in Fremont County.<sup>24</sup> All of the tribal casinos offer what are referred to by the National Indian Gaming Commission as Class III slot machines, or random number generator machines (“RNGs”). These are the same type of machines found in Las Vegas and other commercial casinos. Of the three, only Wind River in Riverton offers house-banked table games, including roulette and blackjack. The eight house-banked table games are only open for eight hours a day, three days a week: Friday and Saturday from 4 p.m. to midnight and Sunday from 2 p.m. to 10 p.m.<sup>25</sup>

Given the limited availability of table games, their relatively inconvenient location for the bulk of the state’s population, and the restricted hours of table play, we believe that all the potential casino GGR in Wyoming is available to the HHRs located at the off-track betting sites. For our estimate of HHR GGR potential we used the national average of 0.65% of adjusted gross income. Without in-state competition from traditional casinos offering slot machines and house-banked table games (other than the three tribal

<sup>24</sup> CasinoCity.com. <https://www.casinocity.com/wyoming/> (accessed September 20, 2024)

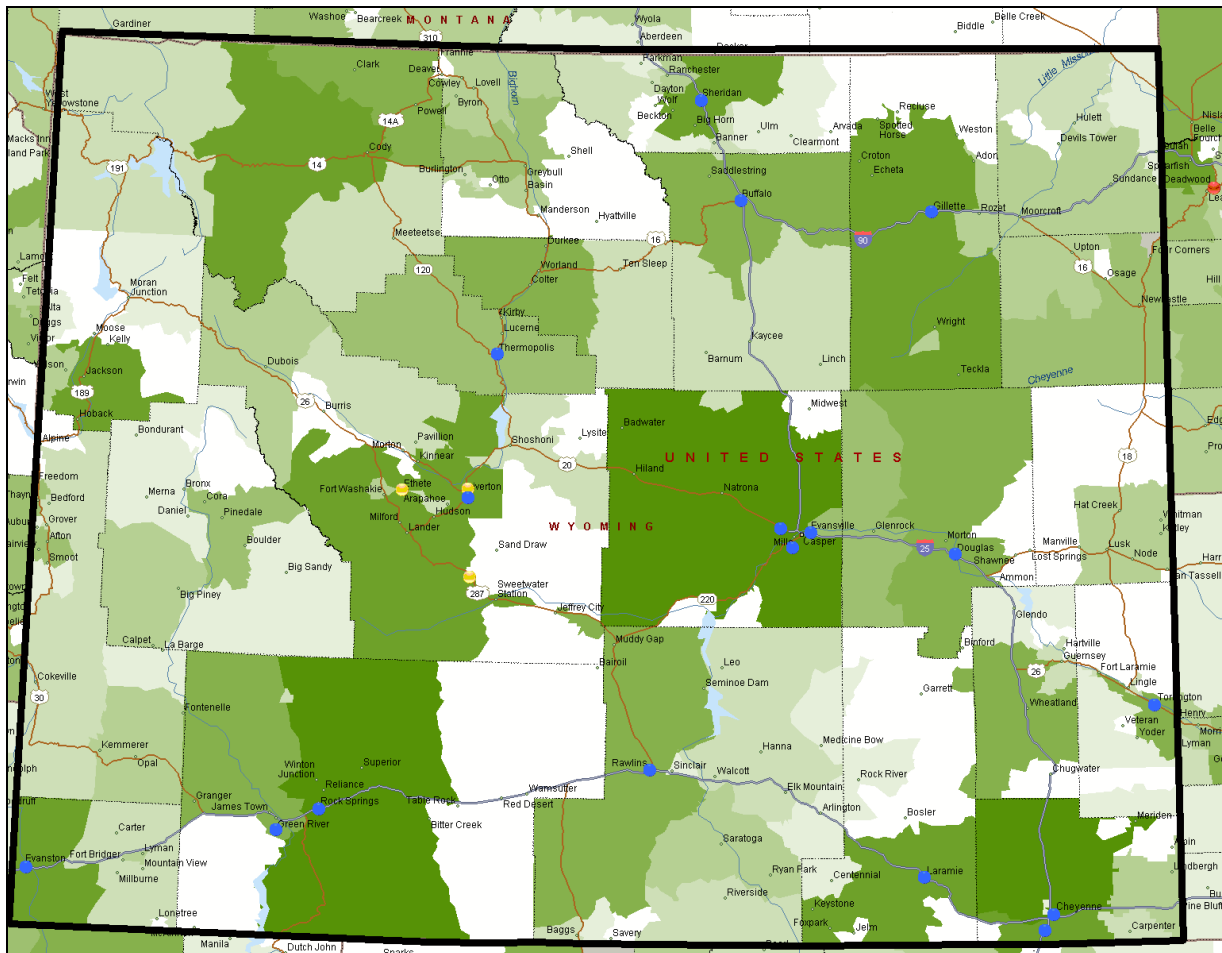
<sup>25</sup> Wind River Hotel Casino website. <https://www.windriverhotelcasino.com/casino/table-games-promotions/> (accessed October 16, 2024).

casinos), we believe the entire potential casino GGR of 0.65% of adjusted gross income is available for the HHR operators to capture.

To estimate the total potential of HHR gaming in the relevant market area, Spectrum used the 2021 AGI data by ZIP Code and adjusted for 3% annual inflation to arrive at an estimate of the potential for 2025. We then mapped the 2025 potential by ZIP Code.

The map below in Figure 6 shows the estimated HHR GGR potential. Deeper-shaded areas equate to higher potential GGR. Additionally, towns where OTBs are located are denoted with blue dots. Tribal casinos are yellow dots, and out-of-state gaming sites are red dots.

**Figure 6: Map of Wyoming HHR 2025 estimated GGR potential by ZIP Code**



Sources: Internal Revenue Service, Wyoming Gaming Commission, Spectrum Gaming Group

Using the entire state AGI and the national average of casino GGR to AGI, it appears there is approximately \$44 million in unmet HHR demand in the state, as seen in Figure 7 below.

**Figure 7: Wyoming HHR GGR and estimated unmet statewide demand**

12 Months Ending 6/30/24	Adjusted Gross Income (AGI) 2021	AGI Inflated to 2024 @ 3%	HHR GGR	HHR as % of AGI
Statewide Potential	\$31,737,200,000	\$34,680,100,000	\$225,400,000	0.65%
Statewide Actual	\$31,737,200,000	\$34,680,100,000	\$181,300,000	0.52%
Statewide Unmet Demand			\$44,100,000	

Sources: Internal Revenue Service (IRS), Spectrum Gaming Group

Given the locations of the OTBs and the population and income of the counties where pari-mutuel wagering is not authorized or implemented, capturing the \$44 million of estimated unmet in state demand may not be possible.

**Figure 8: HHR GGR, estimated HHR county potential GGR, and HHR county GGR inflow**

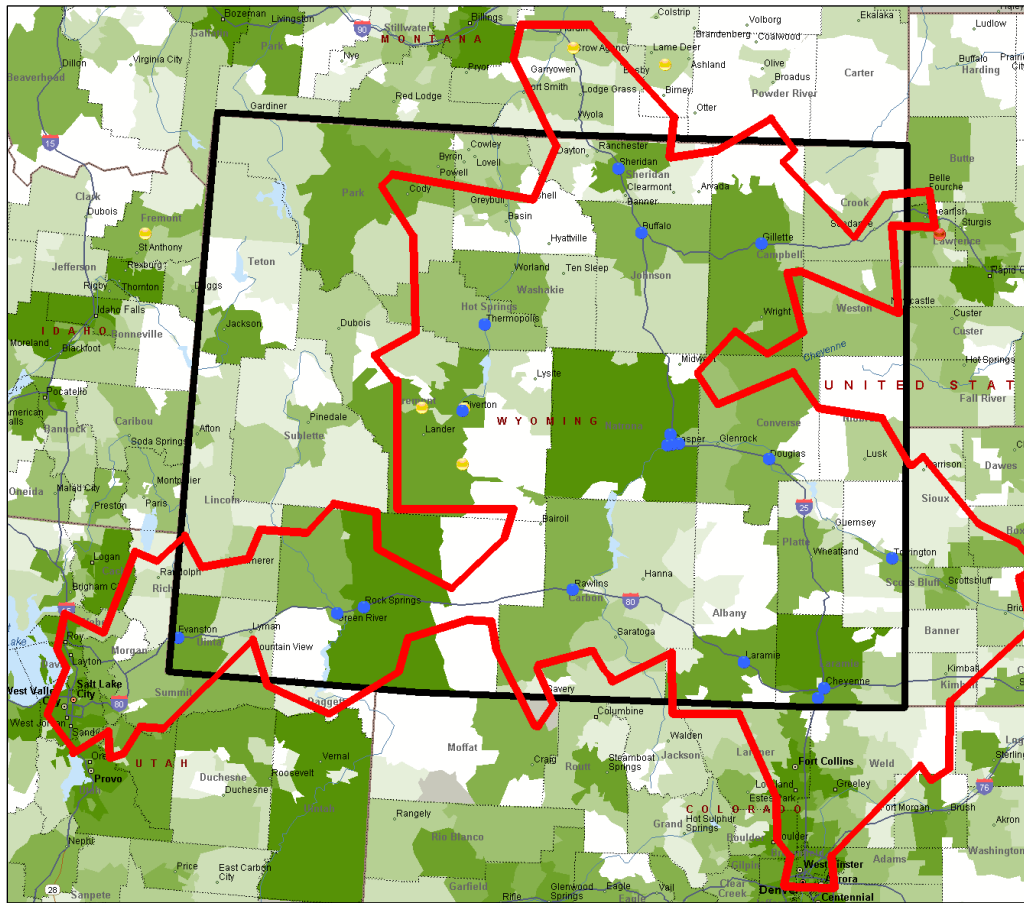
12 Months Ending 6/30/2024	Adjusted Gross Income (AGI) 2021	AGI Inflated to 2024 @ 3%	HHR GGR	HHR as % of AGI
Actual HHR Statewide Win	\$31,737,191,000	\$34,680,100,000	\$181,300,000	0.52%
HHR Counties Potential	\$17,213,800,000	\$18,810,000,000	\$122,300,000	0.65%
Est. HHR County Inflow			\$59,000,000	

Sources: Internal Revenue Service (IRS), Wyoming Gaming Commission, Spectrum Gaming Group

Given the locations of OTBs offering HHR games near state lines, some GGR is likely derived from out-of-state patrons. Some of the GGR, as noted earlier, is derived from residents of non-HHR counties visiting to play.

Based on our experience in other gaming markets, we estimate the relevant catchment area for a Wyoming OTB location with HHR machines and limited other gaming options to be a 90-minute drive. The approximate reach of 90-minute drives from each of the OTB sites is represented in Figure 9 below by the red line. While the estimated catchment area extends into Montana and South Dakota as well, the presence of more convenient tribal casinos and distributed games in Montana make trips to Sheridan from Montana to play HHR machines unlikely. Similarly, in South Dakota the Deadwood casinos are more convenient to residents of that state. The relevant catchment area includes portions of Utah, Colorado and Nebraska.

**Figure 9: Total available Wyoming HHR GGR market within approximate 90-minute drive catchment area**



Sources: US Census Bureau, IRS, Microsoft MapPoint, Spectrum Gaming Group

Within the 90-minute catchment area of the existing OTB locations we believe there is a total available market of \$1.2 billion of HHR gross gaming revenue. The following table provides the source of this estimated GGR by state. Note that most of the available market lives in Colorado and Utah.

**Figure 10: Total available Wyoming HHR GGR market, 90-minute catchment area, 2025**

Market within 90 Minutes	Population	HHR GGR Market Potential 2025
Wyoming	478,721	\$122,300,000
Utah	1,585,758	\$488,800,000
South Dakota	16,533	\$5,200,000
Nebraska	42,700	\$7,800,000
Montana	2,857	\$300,000
Colorado	1,895,548	\$584,200,000
<b>Total</b>	<b>4,022,117</b>	<b>\$1,208,600,000</b>

Source: US Census Bureau, IRS, Spectrum Gaming Group

After estimating the total *available* market, we then estimate the *addressable* market – or how much GGR Wyoming’s HHR facilities can reasonably capture after accounting for competition.

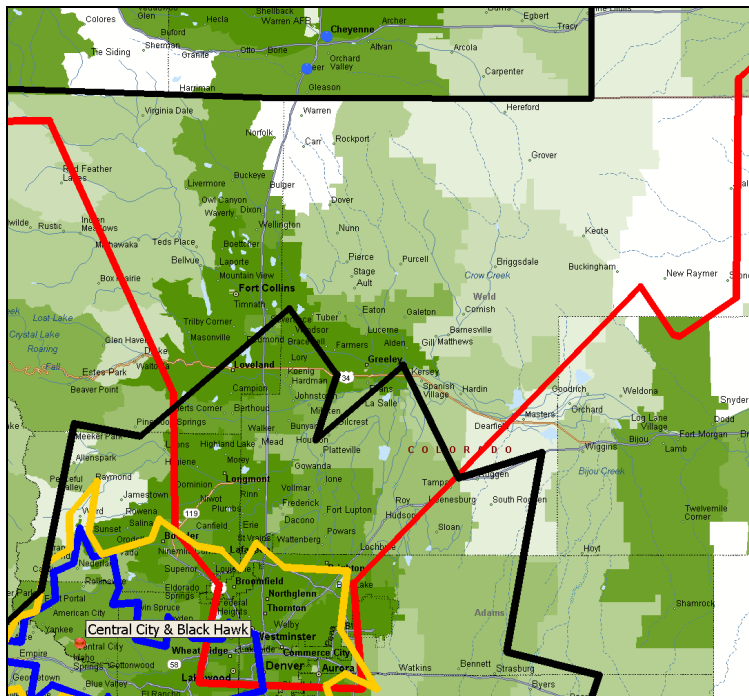
## A. Colorado HHR Potential and Addressable Market

We examined Colorado’s gaming industry due to its proximity to Wyoming. Colorado hosts casinos in three historic mining towns, Black Hawk, Central City and Cripple Creek. The casinos of Black Hawk and Central City are in close proximity and essentially are one market. These casinos primarily serve the Denver market. Cripple Creek targets Colorado Springs to the south.

The map below in Figure 11, presents the 90-minute Wyoming HHR catchment area in red, as above, but superimposes the drive times from Black Hawk to show the competing market overlap. (Blue = 45 minutes from Black Hawk, Gold = 60 Minutes, Black = 90 Minutes)

As can be seen, the casinos in Black Hawk are a shorter drive from the entirety of the Denver market. The northern suburban areas are equidistant between the two, while a large portion of the Wyoming 90-minute catchment area in Colorado – including Greeley and Fort Collins – has better access to Wyoming HHR locations than to the Black Hawk casinos.

**Figure 11: Wyoming HHR 90-minute catchment area and Black Hawk catchment overlap**



Sources: US Census Bureau, IRS, Microsoft MapPoint, Spectrum Gaming Group

Travel time is not the only determinant of casino choice, but it is significant. Other factors – including dining and entertainment amenities, casino size and the variety of games including table games, and the ease of the drive rather than simply the time – enter the mind of players when choosing a location. Finally, there is familiarity. People enjoy being in familiar surroundings. There is a comfort that comes from knowing the layout of a building, where the restaurants are, layout of parking and other reassuring familiar features. The table below in Figure 12 presents our estimate of the addressable market from Colorado that can be captured by Wyoming HHR operators.

**Figure 12: Estimated 2025 Wyoming HHR addressable market from Colorado**

Market Segment	Est. 2025 Casino Potential	% of Potential to Wyoming HHR	Est. GGR To Wyoming HHR
90 min to WY/45 min to Black Hawk	\$121,300,000	5%	\$6,065,000
90 min to WY/60 min to Black Hawk	\$222,800,000	20%	\$44,560,000
90 min to WY/90 min to Black Hawk	\$135,700,000	45%	\$61,065,000
90 min to WY/90 + min to Black Hawk	\$104,400,000	65%	\$67,860,000
<b>Potential GGR</b>	<b>\$584,200,000</b>	<b>31%</b>	<b>\$179,500,000</b>

Sources: IRS, Microsoft MapPoint, Spectrum Gaming Group

There is a similar issue of addressable market when developing estimates of the GGR potential from Utah. While Salt Lake City and the suburban areas are within 90 minutes of the HHR locations in Evanston, WY, the concern in this market segment is not competition from other casinos, but religious beliefs and legal prohibitions against gambling.

Utah has a complete ban on all forms of gambling. The ban dates from the founding of the state by members of the Church of Jesus Christ of Latter-day Saints (“LDS”), or Mormons. While there is a sizable Utah population within a 90-minute drive of Evanston, gaming is not a familiar form of entertainment for this population.

In 2024, the American Gaming Association reported that nationwide 55% of American adults reported participating in some form of gaming, be it lottery, video gaming, sports wagering, casino gaming, or pari-mutuel.<sup>26</sup> The same study reported that 28% of Americans had gambled at a casino in the past year.

In the case of Utah, the gaming options for Utah are less accessible than in much of the country. This makes gaming a less familiar and less attractive entertainment alternative, leading to lower participation rates. Gaming participation is higher in areas with more accessible gaming options. As Spectrum has seen across the hundreds of operations with which Spectrum’s team has worked. As people become more familiar with gaming, participation rises. This in turn increases the market potential.

Another important factor is the average number of annual visits an adult will make to a casino. Like participation, frequency is influenced by the number and accessibility of facilities available to the particular market area. The more distant a facility, the fewer trips a player makes.

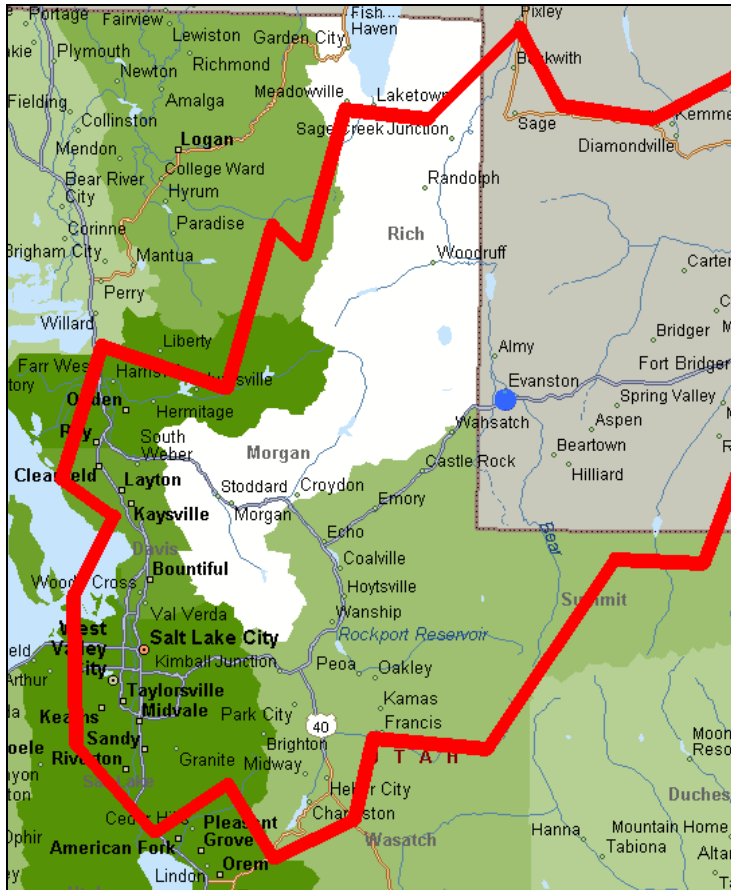
Spend per visit is the amount spent by a player in a casino visit. A player’s spend at the casino is the casino’s “win.” Spend tends to increase with distance and decrease with frequency. People who live closer to a casino visit more often but spend less on each visit. Relative to the rest of the country, gaming options for Utah residents are remote and unfamiliar. We believe participation, average visitation and average spend per visit will be lower than in other areas where gaming has been longer established and is more convenient.

<sup>26</sup> “American Attitudes Toward Gaming 2024,” American Gaming Association, August 28, 2024. <https://www.americangaming.org/wp-content/uploads/2024/08/American-Attitudes-2024-Summary.pdf>



Most of the GGR estimates in this report are based on ZIP Code-level estimates of population and income. Data on religious affiliation is not available on a ZIP Code level. The 2020 US Religion Census, offers tabulated data by county on religious beliefs.<sup>27</sup> Spectrum mapped this data and used the same 90-minute catchment area for Wyoming HHR sites to establish a market area. The map in Figure 13 presents the 90-minute catchment area and Spectrum’s estimate of the addressable market by county, with deeper green indicating a more HHR GGR.

**Figure 13: Map of estimated Wyoming HHR addressable market from Utah**



Sources: US Religion Census, 2020, US Census Bureau, Microsoft MapPoint, Spectrum Gaming Group

Using this data and assumptions on gaming participation Spectrum developed an estimate of the likely Utah addressable market.

<sup>27</sup> US Religion Census 2020. <https://www.usreligioncensus.org/>.

**Figure 14: Estimated 2025 Wyoming HHR addressable market from Utah**

County	Est. Pop 2025	% LDS	Non-LDS	Players 20%	Trips	Spend	Est. HHR Win
Salt Lake	1,249,403	51.4%	640,032	128,006	6	\$100	\$76,800,000
Weber	278,304	49.0%	150,796	30,159	6	\$100	\$18,100,000
Morgan	13,697	86.5%	2,037	407	6	\$100	\$200,000
Rich	2,663	110.1%	(269)	(54)	6	\$100	\$0
Summit	44,556	27.4%	34,192	6,838	6	\$100	\$4,100,000
<b>Total</b>	<b>1,588,623</b>	<b>52.0%</b>	<b>826,789</b>	<b>165,358</b>			<b>\$99,200,000</b>

Sources: US Religion Census 2020, US Census Bureau, Microsoft MapPoint, Spectrum Gaming Group

The US Religion Census shows more LDS people in Rich County than there are people. This may be due to parishioners who attend church in the county but do not live there. The 2010 US Religion Census had the LDS percentage of population at 88%.

With the geographic and religious constraints considered, we believe the addressable market for Wyoming HHR machines exceeds \$400 million. This is a significant increase from current level of \$181 million with most of the anticipated potential GGR being derived from Colorado and Wyoming, but nearly 25% of the potential addressable market is in Utah, as shown in Figure 15 below.

**Figure 15: Estimated 2025 Wyoming HHR GGR addressable market**

Market within 90 Minutes	Population	HHR GGR Market Potential 2025	Addressable Market
Wyoming	478,721	\$122,300,000	\$122,300,000
Utah	1,585,758	\$488,800,000	\$99,200,000
South Dakota	16,533	\$5,200,000	\$0
Nebraska	42,700	\$7,800,000	\$7,800,000
Montana	2,857	\$300,000	\$0
Colorado	1,895,548	\$584,200,000	\$179,500,000
<b>Total</b>	<b>4,022,117</b>	<b>\$1,208,600,000</b>	<b>\$408,800,000</b>

Sources: IRS, Microsoft MapPoint, Spectrum Gaming Group

It is important to note that while the potential market is \$408.8 million, there will need to be investment and development of HHR facilities proximate to Colorado and Utah to achieve the potential. Site approval, capital investment, property development and customer acquisition will take time.

In our tour of HHR facilities in the state, there was a great variety in sites. The sites visited ranged from converted fast-food restaurants and retail outlets to a re-imagined department store to purpose-built gaming operations easily accessible to highways and commercial activity. Attracting play from more distant areas will require investment in facilities that make the trip worthwhile.

## B. Out-of-State Visitation to Wyoming HHR Sites

The spread of casino gaming across America has led to it becoming a commodity in many jurisdictions. Expansion of casino gaming across the country has greatly reduced the market-catchment areas of existing casinos. Where once consumers would have had to fly to Las Vegas for a legal casino

gambling experience, today there are more than 1,000 casinos of some type<sup>28</sup> in 44 states providing easy access for the majority of the population. Absent a compelling reason to drive past a more convenient casino, a patron is likely to play at the closest gaming facility.

Using the estimate of the addressable market in Figure 15 and making an assumption about the average spend per visit from Colorado, Nebraska and Utah, we can develop estimates for out-of-state visitation potential.

**Figure 16: Estimated Wyoming HHR visitation from out of state**

State	Est, HHR GGR	Spend per Trip	Visits
Utah	\$99,200,000	\$100	992,000
Colorado	\$179,500,000	\$100	1,795,000
Nebraska	\$7,800,000	\$100	78,000
<b>Total</b>	<b>\$286,500,000</b>	<b>\$100</b>	<b>2,865,000</b>

Source: Spectrum Gaming Group

The estimated visits to HHR facilities do not include any visitation that is non-HHR driven. If half of these HHR visitors were to purchase \$10 in food or beverage while at the OTB, food and beverage revenue would amount to \$14.3 million annually.

Generating this level of visitation from out of state will require investment in enhanced OTB operations which may include adding restaurants, hotel rooms and other amenities.

Wyoming Horse Racing has plans to develop a \$19.2 million OTB facility in Evanston to attract Utah residents.<sup>29</sup>

### C. Wyoming OTB/HHR Market Saturation and Potential

Another concern about the HHR market is the level of penetration, or saturation of machines in the state. Other states with similar operating models – including segments of the Montana distributed gaming, or route industry, and portions of the Louisiana video poker industry – can provide insight. Montana makes a distinction between locations with fewer than 20 games and locations with 20 games. The locations with 20 games are in some ways similar to the Wyoming OTBs with HHR.

In Louisiana, qualified truckstops can operate up to 50 video poker games. In Louisiana, an off-track betting parlor can offer an unlimited number of video poker games.<sup>30</sup> In Louisiana, video poker is approved on a local basis. Not all parishes (what other states call counties), have approved video poker. This is similar to Wyoming requiring pari-mutuel wagering to be approved on the county level.

<sup>28</sup> Including traditional casinos, racetrack casinos, floating casinos, HHR gaming facilities.

<sup>29</sup> Renee Jean, “Huge \$25M, 30,000-Square-Foot Wyoming Horse Palace Targets Colorado Players,” Cowboy State Daily.com, June 2, 2024. <https://cowboystatedaily.com/2024/06/02/huge-25m-30-000-square-foot-wyoming-horse-palace-targets-colorado-players/>

<sup>30</sup> Louisiana Video Draw Poker Devices Control Law, Revised Statute 27:401, Part III. <https://legis.la.gov/Legis/Law.aspx?d=815291>

These industry segments from two states offer insight to the relative intensity of gaming. Intensity of gaming refers to the number of devices per site, the ratio of games to population, the win per unit (“WPU”), and the win per capita. For this benchmark, Spectrum used the HHR machines approved rather than installed, as the number of machines installed can vary due to expansions, closures, or changes to operating plans.

The table below presents the approved units by county. One of the important metrics in the table is the population per approved unit. Uinta County, borders Utah. The county is approved for 427 units, which equates to one unit for every 18 people in the county. Clearly the three HHR operators intend to target Utah with enhanced facilities in Uinta County.

**Figure 17: Estimated HHR potential and approved units by county, July 1, 2023-June 30, 2024**

County	Est 2024 Adjusted Gross Income	LTM HHR GGR 6/30/24	Population	HHR as % of AGI	Est 12 Mo SBAG Win 2024	Est HHR Potential	Approved HHR Units	Population per Unit
Laramie	\$ 4,436,208,273	\$45,266,758	100,723	1.02%	\$3,847,988	\$ 28,800,000	1,333	76
Natrona	\$ 3,648,149,951	\$45,261,629	79,601	1.24%	\$2,837,166	\$ 23,700,000	848	94
Sweetwater	\$ 1,559,778,189	\$26,041,545	41,345	1.67%	\$2,584,830	\$ 10,100,000	667	62
Campbell	\$ 1,937,518,615	\$24,873,861	47,058	1.28%	\$2,642,577	\$ 12,600,000	372	127
Sheridan	\$ 1,696,785,393	\$11,955,693	32,096	0.70%	\$1,298,851	\$ 11,000,000	200	160
Uinta	\$ 736,159,253	\$9,903,679	7,719	1.35%	\$995,012	\$ 4,800,000	427	18
Converse	\$ 578,203,379	\$3,932,348	13,786	0.68%	\$1,641,583	\$ 3,800,000	100	138
Albany	\$ 1,348,180,347	\$3,760,990	38,031	0.28%	\$1,023,122	\$ 8,800,000	151	252
Carbon	\$ 614,042,639	\$3,405,364	14,542	0.55%	\$1,170,569	\$ 4,000,000	89	163
Goshen	\$ 392,045,315	\$3,314,037	12,562	0.85%	\$722,484	\$ 2,500,000	70	179
Fremont	\$ 1,312,475,492	\$1,647,214	39,472	0.13%	\$917,961	\$ 8,500,000	58	681
Johnson	\$ 409,351,925	\$1,327,785	8,730	0.32%	\$528,257	\$ 2,700,000	50	175
Hot Springs	\$ 141,081,983	\$590,240	4,588	0.42%	\$284,112	\$ 900,000	16	287
Big Horn	\$ 356,745,862		11,855		\$1,869,346	\$ 2,300,000		
Crook	\$ 308,141,365		7,448		\$1,001,315	\$ 2,000,000		
Lincoln	\$ 1,471,179,884		20,660		\$816,644	\$ 9,600,000		
Niobrara	\$ 68,951,074		2,380		\$398,928	\$ 400,000		
Park	\$ 1,934,639,279		30,518		\$2,131,144	\$ 12,600,000		
Platte	\$ 314,361,167		8,645		\$1,400,129	\$ 2,000,000		
Sublette	\$ 444,486,376		8,763		\$466,503	\$ 2,900,000		
Teton	\$ 10,448,232,689		23,287		\$213,770	\$ 67,900,000		
Washakie	\$ 287,534,719		20,712		\$769,728	\$ 1,900,000		
Weston	\$ 235,832,341		6,860		\$1,423,141	\$ 1,500,000		
<b>Statewide</b>	<b>\$ 34,680,085,510</b>	<b>\$181,281,144</b>	<b>581,381</b>	<b>0.52%</b>	<b>\$30,985,159</b>	<b>\$ 225,400,000</b>	<b>4,381</b>	<b>133</b>

Sources: IRS, Wyoming Gaming Commission, Spectrum Gaming Group

Looking at the approved units for the entire state, there are only 133 people per approved unit.

**Figure 18: Comparison of Wyoming HHR density to Louisiana video poker and Montana gaming**

Jurisdiction	Sites	Units	Win (7/1/23-6/30/24)	WPU	Units/Site	Population	Pop/Unit	Per Capita Win
Montana with More Than 20 Slots	410	6,790	\$337,614,064	\$136	17	1,132,812	167	\$298
LA Parishes OTB & Truckstop	207	8,456	\$603,580,304	\$195	41	2,356,780	279	\$256
WY HHR Counties (Approved)	40	4,381	\$181,281,144	\$113	110	453,246	103	\$400
WY Whole State (Approved)	40	4,381	\$181,281,144	\$113	110	581,381	133	\$312

Sources: US Census Bureau, State Gaming Agencies

From Figure 18 above, it can be seen that Wyoming has fewer people per approved machine than either Montana or Louisiana, although Louisiana also has full casinos. Additionally, while the WPU in Wyoming is below the WPU in the other states, the win per capita in Wyoming is higher, despite having fewer people per approved machine.

These metrics seem to indicate that currently Wyoming has sufficient HHR machines approved to meet demand. Going forward, as HHR locations near the borders of Nebraska, Utah and Colorado expand, machines could be shifted by operators to more advantageous locations, or the Commission could approve more machines.

Spectrum notes that the state may have reached saturation for HHR. The Commission approved 4,318 HHR machines to be located across the state. Some counties have not approved pari-mutuel wagering (HHR). Players in the non-HHR counties travel to HHR counties to play. Statewide, the population-to-machine count and win per approved unit is low relative to other states as can be seen in Figure 18. This may indicate statewide saturation.

However, the Commission is aware of business needs. The Commission approved 427 machines, nearly 10% of capacity, for Uinta County, which has a population of 7,719. Uinta County borders Utah. The allocation of machines reflects the interest in attracting HHR GGR from Utah residents, not from county residents.

## D. Conclusion

As seen in Figure 19 below, Spectrum believes the total addressable market for Wyoming HHR games, as measured by gross gaming revenue, is \$408.8 million. A large percentage of this potential market is derived from out-of-state residents, primarily from Colorado and Utah. This represents more than double the current estimated annualized market that the HHR machines earned in 2024. Capturing this potential will require operators to invest in and develop attractive gaming properties close to the borders with Colorado, Utah and Nebraska.

**Figure 19: Current and estimated potential Wyoming HHR GGR and State taxes**

	2024	HHR GGR Potential	Change
Est. Annual HHR GGR	\$181,281,144	\$408,800,000	\$227,518,856
HHR Tax Rate	20%	20%	
<b>Est. Annual State Tax Receipts</b>	<b>\$36,256,229</b>	<b>\$81,760,000</b>	<b>\$45,503,771</b>

Source: Spectrum Gaming Group

Spectrum does not believe further expansion of HHR in Wyoming would negatively impact the state's three Native American casinos because (a) the two forms of gaming have coexisted – and grown – since 2013 and (b) the expansion of HHR is likely to take place in locations distant from tribal casinos and closer to out-of-state population centers.

## IV. Skill-Based Amusement Games

Many states offer forms of distributed gaming, which is the operation of a limited number (typically 5 to 10) of electronic gaming devices in a non-casino setting such as a bar, restaurant, café, truckstop or gas station. Georgia’s coin-operated amusement machines (“COAMs”) most closely resemble the skill-based amusement games (“SBAGs”) in Wyoming in terms of the mathematics behind the outcomes. Georgia has a limit of five games per location and a limit on the maximum bet and payout per game. Illinois and Montana offer slot machines at a variety of locations. West Virginia offers Video Lottery Terminals (“VLTs”) at locations in 53 of its 55 counties. Louisiana offers video poker in several parishes. As discussed above, Montana and Louisiana have various levels of licenses.

We used the Montana data from the “less than 20 unit” sites as a reasonable proxy for Wyoming given the four-unit per site restriction in Wyoming. In a similar fashion for comparison to SBAGs, we excluded Louisiana truckstop and OTB video lottery locations, which are approved for many more games as noted above. In Louisiana, locations licensed to sell alcohol can host up to three video poker games. Below is a comparison of these states using standard industry metrics including per capita games, games per site, win per unit, and win per capita.

We annualized the six-month 2024 Wyoming SBAG data from January to June to show equivalency with the data from the other states. Annualizing the six-month data also enabled Spectrum to evaluate SBAG play as a percentage of income and on a per capita basis. From the data in Figure 19, Wyoming has more people per distributed gaming machine than Montana, Illinois, and Georgia. This may be due to the low number of machines on average at each site in Wyoming. SBAG licensees can host up to four machines. Statewide the average installed per site is three. Host businesses and the SBAG operators must believe there is not enough demand to justify additional machines.

**Figure 20: Comparison of distributed gaming options in selected states**

12 Months Ending June 2024	Est. Population 2023	Sites	Units	Avg. Units per Site	GGR (\$M)	Per Capita Win	Pop. per Unit	Win per Unit
Montana under 20 Units	1,132,812	1,100	7,936	7	\$180	\$159	143	\$62
Wyoming Skill Games	581,381	377	1,303	3	\$31	\$72	446	\$65
Georgia COAM	11,029,227	6,980	37,843	5	\$1,405	\$175	291	\$101
Louisiana Bars Restaurants Hotels	2,356,780	1,179	3,465	3	\$146	\$85	680	\$115
West Virginia VLTs	1,770,071	1,166	8,279	7	\$488	\$276	214	\$161
Illinois VGTs	9,885,237	8,475	47,106	6	\$2,932	\$409	210	\$170

Sources: State gaming agencies, US Census Bureau

To evaluate the popularity of SBAG play in Wyoming Spectrum analyzed the data provided on the number of plays in each county from January to June 2024. We then divided this play number by the population to establish a consistent metric for SBAG popularity. From this data we also calculated the average bet. The data in Figure 20 below show that the counties without OTBs hosting HHR games generally see more play per adult at the SBAGs than do the counties hosting HHR games. Johnson County is a significant and interesting exception that may be explained by the hold percentage on the SBAGs in the county.

SBAGs have the possibility for the player to win every game. It is possible that one or several players in Johnson County play the games with this in mind and regularly “beat” the machine. The average bet is low relative to the rest of the state, but the volume of games played per adult is extreme, and the return to the operator “hold” at less than 1% of the dollars bet incredibly low.

**Figure 21: Wyoming SBAG data by county January 2024-June 2024**

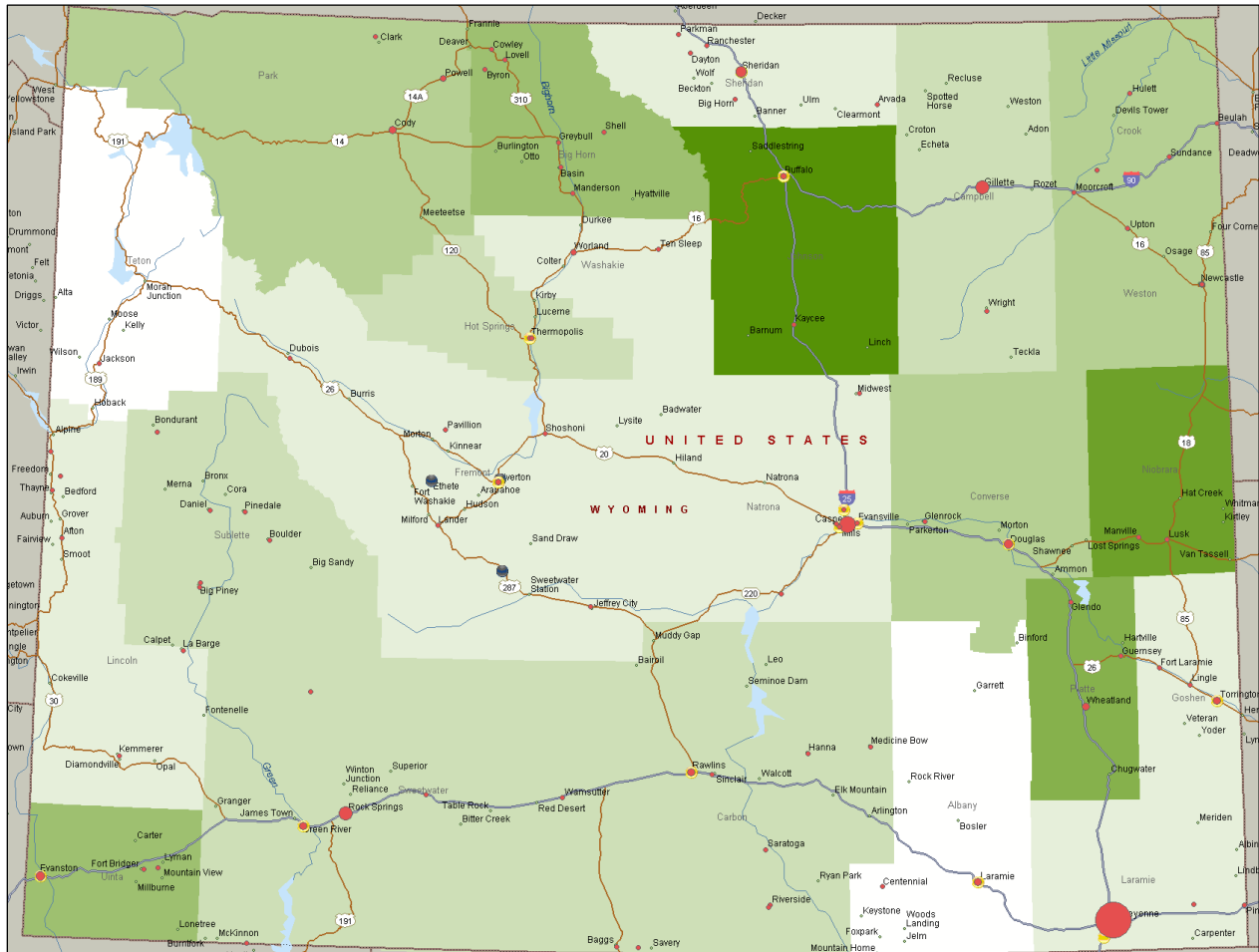
Wyoming Skill Based Amusement Game play win and per Capita play January - June 2024								
County	Game Plays	Coin In	To Operator	Hold %	Avg Bet	Est Adults 21+	Plays per Adult	HHR
Niobrara	2,273,061	\$3,551,077	\$199,464	5.6%	\$1.56	1,887	1,204	N
Platte	7,266,120	\$9,258,088	\$700,064	7.6%	\$1.27	6,640	1,094	N
Big Horn	8,930,905	\$14,186,235	\$934,673	6.6%	\$1.59	8,635	1,034	N
Washakie	5,127,058	\$6,367,478	\$384,864	6.0%	\$1.24	5,868	874	N
Weston	4,658,683	\$6,927,889	\$711,571	10.3%	\$1.49	5,336	873	N
Crook	4,710,147	\$7,612,796	\$500,657	6.6%	\$1.62	5,419	869	N
Park	10,719,426	\$12,939,059	\$1,065,572	8.2%	\$1.21	23,221	462	N
Sublette	2,229,031	\$3,294,730	\$233,251	7.1%	\$1.48	6,669	334	N
Lincoln	4,045,211	\$5,517,861	\$408,322	7.4%	\$1.36	14,799	273	N
Teton	887,730	\$1,637,473	\$106,885	6.5%	\$1.84	18,698	47	N
<b>No HHR</b>	<b>50,847,372</b>	<b>\$71,292,686</b>	<b>5,245,323</b>	<b>10.3%</b>	<b>\$1.40</b>	<b>97,173</b>	<b>523</b>	<b>N</b>
Johnson	23,940,160	\$27,913,946	\$264,128	0.9%	\$1.17	6,695	3,576	Y
Converse	6,415,234	\$10,373,722	\$820,792	7.9%	\$1.62	10,067	637	Y
Sweetwater	13,451,769	\$17,501,361	\$1,292,415	7.4%	\$1.30	29,562	455	Y
Uinta	6,153,017	\$7,092,003	\$497,506	7.0%	\$1.15	14,398	427	Y
Campbell	13,299,914	\$18,671,975	\$1,321,288	7.1%	\$1.40	33,003	403	Y
Hot Springs	1,288,464	\$2,449,778	\$142,056	5.8%	\$1.90	3,520	366	Y
Carbon	3,811,623	\$4,288,823	\$585,284	13.6%	\$1.13	10,859	351	Y
Natrona	16,441,282	\$20,649,640	\$1,418,583	6.9%	\$1.26	58,173	283	Y
Sheridan	5,987,251	\$8,217,237	\$649,426	7.9%	\$1.37	24,422	245	Y
Goshen	2,338,323	\$3,531,838	\$361,242	10.2%	\$1.51	9,574	244	Y
Laramie	18,246,201	\$20,983,178	\$1,923,994	9.2%	\$1.15	74,762	244	Y
Fremont	4,683,148	\$6,837,255	\$458,981	6.7%	\$1.46	28,313	165	Y
Albany	3,339,442	\$3,636,849	\$511,561	14.1%	\$1.09	27,904	120	Y
<b>HHR ex Johnson</b>	<b>95,455,668</b>	<b>\$124,233,658</b>	<b>9,983,128</b>	<b>8.0%</b>	<b>\$1.30</b>	<b>324,559</b>	<b>294</b>	<b>Y</b>
<b>Statewide</b>	<b>170,243,200</b>	<b>\$223,440,290</b>	<b>\$15,492,580</b>	<b>6.9%</b>	<b>\$1.31</b>	<b>428,427</b>	<b>397</b>	

Sources: Wyoming Gaming Commission, US Census Bureau

Based on the number of plays per adult, it appears SBAGs are more popular in counties without HHR locations.

The map in Figure 21 below illustrates the SBAG market and locations. In the map, counties with higher games played per adult are presented in a deeper green. The number of SBAG machines in each town are presented with a red dot. Larger dots indicate more machines in the community. We chose to map the plays per adult by county as a metric rather than the total SBAG win because the total win in a county will be influenced by population income and the number of SBAG outlets.

**Figure 22: Map showing locations and number of SBAG units, OTB locations and SBAG plays per adult**



Sources: US Census Bureau, Wyoming Gaming Commission, Microsoft MapPoint, Spectrum Gaming Group

Teton County stands out as an anomaly. Teton county is the wealthiest county in the state. The county has approved OTB, but there is not an OTB in the county. Data provided show only four SBAG machines in the county. Teton County accounts for nearly 30% of total income in the state, but only 4% of the population.

**Figure 23: Teton County adjusted gross income and statewide AGI**

Location	AGI 2021	Est. Population 2023	Per Capita AGI
Teton County	\$9,561,613,000	23,287	\$410,599
Statewide	\$31,737,191,000	581,381	\$54,589

Sources: US Census Bureau, IRS

To better evaluate the SBAG business, we reviewed the statewide performance of SBAGs with and without Teton County. In counties without OTBs and HHR SBAG play accounts for more than double the statewide average as can be seen in Figure 23 below.



**Figure 24: SBAG revenue as a percentage of AGI statewide and in non-HHR counties**

12 Months Ending 6/30/24	Adjusted Gross Income (AGI) 2021	AGI Inflated to 2024 @ 3%	Est 12 Mo SBAG Win 6/30/24	SBAG as % of AGI
Statewide	\$31,737,200,000	\$34,680,100,000	\$31,000,000	0.09%
Non-HHR Counties	\$14,523,400,000	\$15,870,100,000	\$10,500,000	0.07%
Non-HHR ex Teton	\$4,961,800,000	\$5,421,900,000	\$10,300,000	0.19%

Sources: Wyoming Gaming Commission, Internal Revenue Service, Spectrum Gaming Group

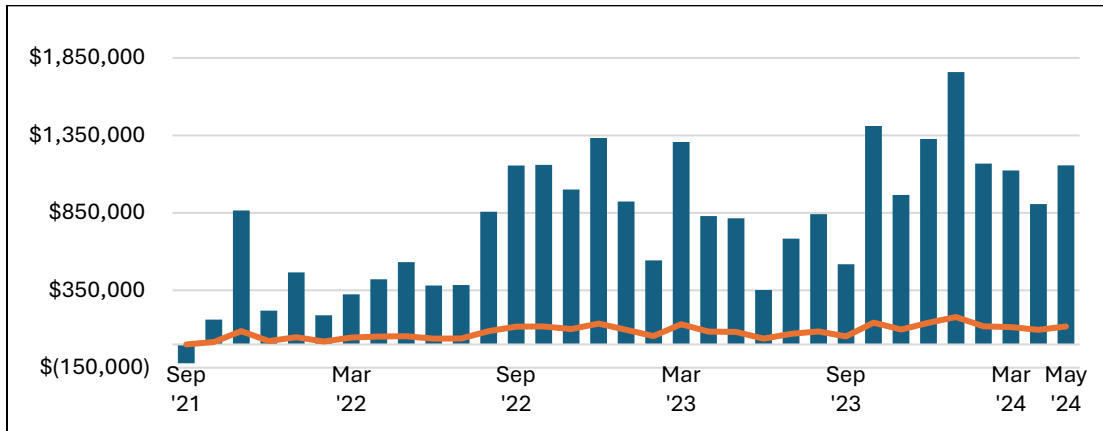
Where HHR games are not available, people looking for gaming entertainment turn to SBAGs. In counties with HHR, SBAG games and HHR are complementary forms of gaming entertainment, not competitors.

## V. Online Wagering

### A. Online Sports Wagering

Wyoming opened for online sports wagering in September 2021, becoming the second state after Tennessee to launch sports wagering as online-only; i.e., without any retail sportsbooks. Other states have followed the online-only model, including North Carolina and Vermont.

**Figure 25: Wyoming sports wagering GGR and taxes**

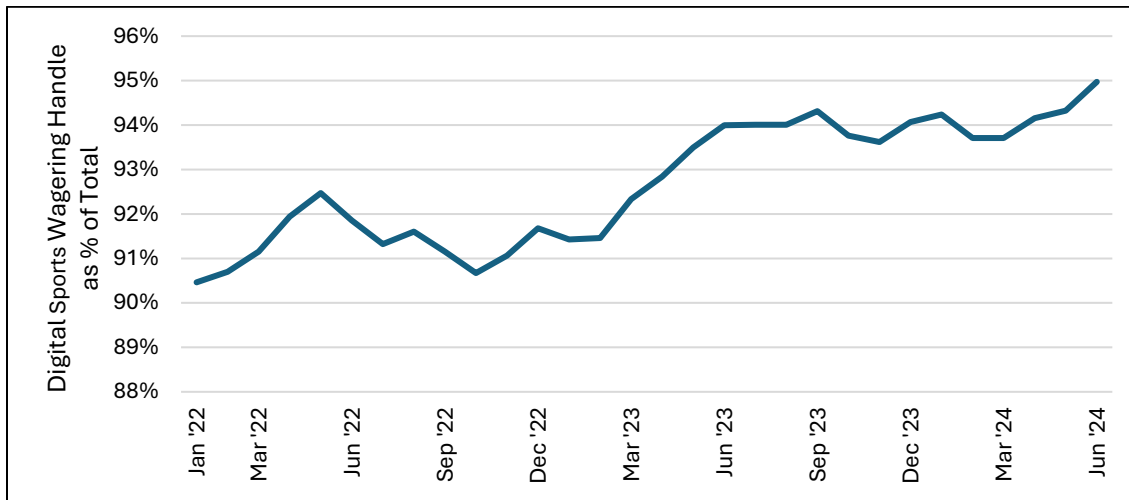


Source: Wyoming Gaming Commission

Wyoming has five approved online sports wagering (“OSW”) operators. The operators are not affiliated with any of the racetracks, but are independent.

Analyzing sports wagering GGR from both retail (in person) and online, it is clear that sports bettors prefer to place bets online. Thirty-eight states offer some form of sports wagering. Mississippi, Montana, and South Dakota do not permit online sports wagering, only retail (in person) sports wagering. Across the range of states, online sports wagering accounts for more than 90% of the total handle (money wagered). Some sports bar operators that do not host sportsbooks report that patrons come to the sports bar, watch sporting events and bet on their phones while at the bar, essentially turning the sports bar into a retail sportsbook.

**Figure 26: Online sports wagering handle as a share of total sports handle across states that report**



Source: Spectrumetrix

Another factor in the success of sports wagering is the presence of professional teams in the marketplace. Wyoming does not host a team from any of the four major sports leagues. Overall, states without sports teams see lower sports wagering handle per capita, which is not a surprise. Not all state gaming agencies report data on handle; some states only report the GGR from sports wagering.

**Figure 27: Rolling 12-month sports wagering handle per capita with pro teams and without**

	States with One or More Pro Teams	States without A Pro Team
Dec	\$408	\$325
Jan 2023	\$421	\$329
Feb	\$430	\$335
Mar	\$445	\$343
Apr	\$459	\$347
May	\$469	\$349
Jun	\$478	\$350
Jul	\$488	\$352
Aug	\$498	\$355
Sep	\$520	\$330
Oct	\$538	\$336
Nov	\$562	\$319
Dec	\$583	\$327
Jan 2024	\$594	\$335
Feb	\$605	\$341
Mar	\$613	\$328
Apr	\$624	\$339
May	\$642	\$350
Jun	\$658	\$359

Source: Spectrumetrix, Spectrum Gaming Group

There are seasonal spikes in sports wagering during the NFL playoffs and the NCAA basketball tournaments in March. The data also show that sports wagering is becoming more popular across all states. The handle per capita has risen consistently.

Reviewing the states with sports wagering, but no professional teams, reveals some interesting data. States with sports wagering that border states that do not offer it have higher levels of per capita

sports wagering handle. Iowa does not host any professional teams. Missouri and Minnesota do not offer sports wagering. Iowa borders Minnesota and Missouri. Between the two states, Minnesota and Missouri host three baseball teams, two football teams, two hockey teams and a basketball team. The \$819 sports wagering handle for the 12 months ended June 2024 per capita in Iowa likely includes some out-of-state residents crossing into Iowa to place sports bets.

It is notable that in Wyoming the per capita handle is \$325, whereas in neighboring Montana handle is \$57 and in South Dakota handle per capita is \$10. Neither South Dakota nor Montana offers online sports wagering. In Montana, sports wagering is operated through the lottery. Lottery retailers can offer sports wagering through kiosks. South Dakota restricts sports wagering to the casinos in Deadwood, and prohibits bets on in-state college games. Colorado offers online sports wagering, so there is no need for Colorado residents to travel to Wyoming to bet.

**Figure 28: Sports wagering handle per capita in states without professional teams**

	DE	IA	KY	KS	ME	MS	MT	NH	RI	SD	VT	VA	WV	WY	No Team
Dec	\$57	\$742	\$247			\$179	\$47	\$653	\$504	\$8		\$572	\$319	\$248	\$325
Jan '23	\$54	\$720	\$317			\$176	\$49	\$651	\$507	\$8		\$575	\$311	\$249	\$329
Feb	\$52	\$713	\$384			\$176	\$50	\$663	\$508	\$8		\$579	\$306	\$251	\$335
Mar	\$51	\$713	\$455			\$175	\$51	\$681	\$504	\$8		\$584	\$300	\$255	\$343
Apr	\$50	\$711	\$500			\$174	\$53	\$675	\$502	\$8		\$587	\$301	\$259	\$347
May	\$47	\$711	\$542			\$173	\$54	\$657	\$492	\$9		\$593	\$298	\$265	\$349
Jun	\$46	\$709	\$575			\$172	\$55	\$647	\$482	\$9		\$597	\$295	\$269	\$350
Jul	\$45	\$710	\$603			\$172	\$55	\$643	\$477	\$9		\$600	\$293	\$270	\$352
Aug	\$44	\$715	\$635			\$172	\$55	\$639	\$472	\$9		\$604	\$296	\$269	\$355
Sep	\$43	\$730	\$655	\$10		\$174	\$56	\$631	\$468	\$9		\$617	\$287	\$279	\$330
Oct	\$41	\$734	\$675	\$76		\$172	\$57	\$620	\$458	\$10		\$621	\$282	\$286	\$336
Nov	\$39	\$746	\$700	\$138	\$27	\$169	\$58	\$608	\$444	\$10		\$634	\$280	\$289	\$319
Dec	\$39	\$762	\$726	\$197	\$59	\$160	\$57	\$598	\$432	\$10		\$648	\$270	\$296	\$327
Jan '24	\$48	\$769	\$737	\$254	\$87	\$156	\$56	\$579	\$414	\$10		\$664	\$271	\$306	\$335
Feb	\$57	\$777	\$739	\$300	\$111	\$153	\$56	\$560	\$409	\$10		\$676	\$276	\$313	\$341
Mar	\$71	\$789	\$755	\$357	\$145	\$153	\$56	\$537	\$410	\$10	\$31	\$690	\$271	\$318	\$328
Apr	\$82	\$799	\$774	\$398	\$173	\$154	\$56	\$532	\$409	\$10	\$58	\$705	\$269	\$323	\$339
May	\$94	\$810	\$792	\$438	\$202	\$154	\$56	\$535	\$414	\$10	\$77	\$716	\$272	\$322	\$350
Jun	\$103	\$819	\$806	\$472	\$230	\$154	\$57	\$542	\$422	\$10	\$93	\$726	\$271	\$325	\$359

Source: Spectrumetrix, Spectrum Gaming Group

New Hampshire and Rhode Island are not hosts to teams, but the four Boston-area pro teams are close to their borders. Virginia does not have any teams, but Virginia has many fans who root for the four Washington, DC, teams. The relatively high handle per capita in Wyoming shows the popularity of online sports wagering as opposed to retail wagering only in Montana and South Dakota. It may also be the case that some Utah, Montana, and South Dakota residents drive into Wyoming for the purpose of placing an online sportsbook wager.

## B. Online Casino

The performance of online casino gaming, commonly called “igaming,” in other states is helpful in understanding the potential of this form of gambling in Wyoming. Eight states have legalized some form of igaming: Delaware, Nevada, New Jersey, Pennsylvania, West Virginia, Michigan, Connecticut and Rhode Island. However, true igaming is offered in only seven states; Nevada has legalized internet poker but no other casino games. Delaware, Nevada and New Jersey were early adopters of online gambling, launching their first sites in November 2013. It was not until July 2019 that Pennsylvania became the next state to launch legal online gambling sites. Michigan, West Virginia and Connecticut legislators approved online gaming in December 2019, July 2020, and May 2021, respectively. Rhode Island approved online gaming in June 2023 and began operations in 2024.

All of these states offer traditional casino gaming in addition to igaming. The performance of igaming in these states can provide an indicator of the potential for Wyoming igaming. We derived several

performance benchmarks from the existing states based on population, state productivity, and personal income.

**Figure 29: Benchmark derivation from igaming states**

	Igaming States	CT	DE	MI	NJ	PA	WV	RI*
Total households	15,588,208	1,409,807	389,000	4,009,253	3,438,162	5,193,727	716,040	432,219
Average household size	2.48	2.48	2.5	2.45	2.64	2.42	2.43	2.43
Smartphone %	95.8%	97.3%	96.3%	96.1%	95.6%	94.4%	94.5%	96.6%
Internet access %	95.8%	97.6%	95.2%	95.2%	95.7%	94.6%	93.9%	98.2%
Annual GDP (\$M) Q2 2024	3,217,031	363,417	102,401	703,277	841,417	1,017,257	107,351	81,911
Annual disposable personal income (\$M) Q2 2024	2,366,205	342,113	72,384	64,611	800,485	929,993	78,602	78,017
Total population	39,804,884	3,617,176	1,031,890	10,037,261	9,290,841	12,961,683	1,770,071	1,095,962
% of Gaming Age	29,904,991	2,589,898	779,077	7,527,946	6,968,131	9,799,032	1,348,794	892,113
% of Gaming Age	75.1%	71.6%	75.5%	75.0%	75.0%	75.6%	76.2%	81.4%
LTM igaming GGR (Jun 2024)	\$6,518,211,116	\$398,609,637	\$32,335,291	\$1,797,532,395	\$2,120,539,159	\$1,949,017,248	\$190,804,357	\$29,373,029
Igaming GGR as % of GSP	0.20%	0.11%	0.03%	0.26%	0.25%	0.19%	0.18%	0.04%
Igaming GGR as % of DPI	0.28%	0.12%	0.04%	2.78%	0.26%	0.21%	0.24%	0.04%
Igaming GGR per Adult	\$217.96	\$153.91	\$41.50	\$238.78	\$304.32	\$198.90	\$141.46	\$32.93

Sources: US Census Bureau, St. Louis Federal Reserve, State Gaming Agencies

Applying these benchmarks on win per adult, win as a percentage of gross state product (“GSP”) and win as a percentage of disposable personal income to Wyoming provides guidance on the potential of igaming in the state.

**Figure 30: Igaming state benchmarks applied to Wyoming**

	All Igaming States	Wyoming at All States
Total Population (July 2023)	39,804,884	581,381
Gaming Age Population	29,904,991	428,427
% of Gaming Age	75.1%	73.7%
Smartphone %	95.7%	90.7%
High Speed Internet Access %	95.4%	87.3%
Annual GDP (\$M) Q2 2024	\$3,217,031	\$52,980
Annual Disposable Personal Income (“DPI”) (\$M) Q2 2024	\$2,366,205	\$50,240
LTM igaming (June 2024)	\$6,518,211,116	Metric Applied to WY Yields:
Igaming GGR as % of GSP	0.20%	\$107,350,000
Igaming GGR as % of DPI	0.28%	\$138,400,000
Igaming GGR per over 21	\$218	\$93,400,000

Sources: US Census Bureau, St. Louis Federal Reserve, State Gaming Agencies

From these benchmarks, it appears that Wyoming igaming could produce GGR of between \$93.4 million and \$138.4 million if legal in 2024. Wyoming imposes a 20% tax on GGR on both SBAG and HHR. Tax rates on igaming in other jurisdictions range from 15% in West Virginia to 54% in Pennsylvania.

**Figure 31: Overview of igaming state tax rates**

State	Start Date	Est. Pop. Age 21+ (2022, in M)	Median Household Income	Gaming Tax Rate (Slots/Tables)	Igaming Games Allowed
NV	April 2013	2.4	\$65,686	6.75%	Poker only
DE	Nov. 2013	0.8	\$72,724	43.5%/34% <sup>1</sup>	Slots, tables, poker
NJ	Nov. 2013	7.0	\$89,703	17.5%	Slots, tables, poker
PA	July 2019	9.8	\$67,587	16%/54%	Slots, tables, poker
MI	Jan. 2021	7.5	\$63,202	20%-28% <sup>2</sup>	Slots, tables, poker
WV	July 2020	1.4	\$50,884	15.0%	Slots, tables, poker
CT	Oct. 2021	2.7	\$83,572	18.0%	Slots, tables, poker
RI	Early 2024	0.8	\$74,489	50%/18%	Slots, tables, poker

Sources: State regulatory agencies, US Census, Catena Media, Action Network. <sup>1</sup> The State of Delaware collects the first \$3.75 million in GGR, then taxes GGR above that amount. <sup>2</sup> Tiered tax of 20% up to \$4 million of GGR, increasing to 28% for over \$12 million in GGR. <sup>3</sup> For 12 months ending September 2023; not all igaming states break out results by game type.

State tax policies are shaped by local considerations. Among the biggest concerns is the existing retail casinos and the jobs those casinos generate. Pennsylvania and Rhode Island set the igaming tax rates at the same level as the retail casino tax rates. Michigan uses a hybrid rate, but collects from tribal and commercial igaming operations on the same scale. By setting the igaming tax rate at the same 20% rate that is paid by HHR and SBAG, Wyoming would be following other state precedents. The table below in Figure 31 presents the high and low estimate for five years of igaming at a 20% tax rate.

**Figure 32: Estimated Wyoming 5-year igaming GGR and tax range**

	Wyoming	Igaming States				
Total Population 2023	581,381	39,804,884				
Gaming Age Adults	428,427	29,904,991				
% Of Gaming Age	73.7%	75.1%				
Smartphone %	90.7%	95.7%				
Internet Access %	87.3%	95.4%				
Annual GSP (\$M) Q2 2024	\$52,980	\$3,217,031				
Annual Disposable Personal Income (\$M) Q2 2024	\$50,240	\$2,366,205				
Estimated Igaming Win (M)	2025	2026	2027	2028	2029	5-Year Total
Low Igaming Estimate	\$ 96	\$139	\$151	\$ 156	\$ 162	<b>\$ 704</b>
Low Estimated Taxes	\$ 19	\$28	\$30	\$31	\$32	<b>\$ 141</b>
High Igaming Estimate	\$ 142	\$170	\$184	\$ 192	\$ 199	<b>\$ 887</b>
High Estimated Taxes	\$ 28	\$34	\$37	\$38	\$40	<b>\$ 177</b>

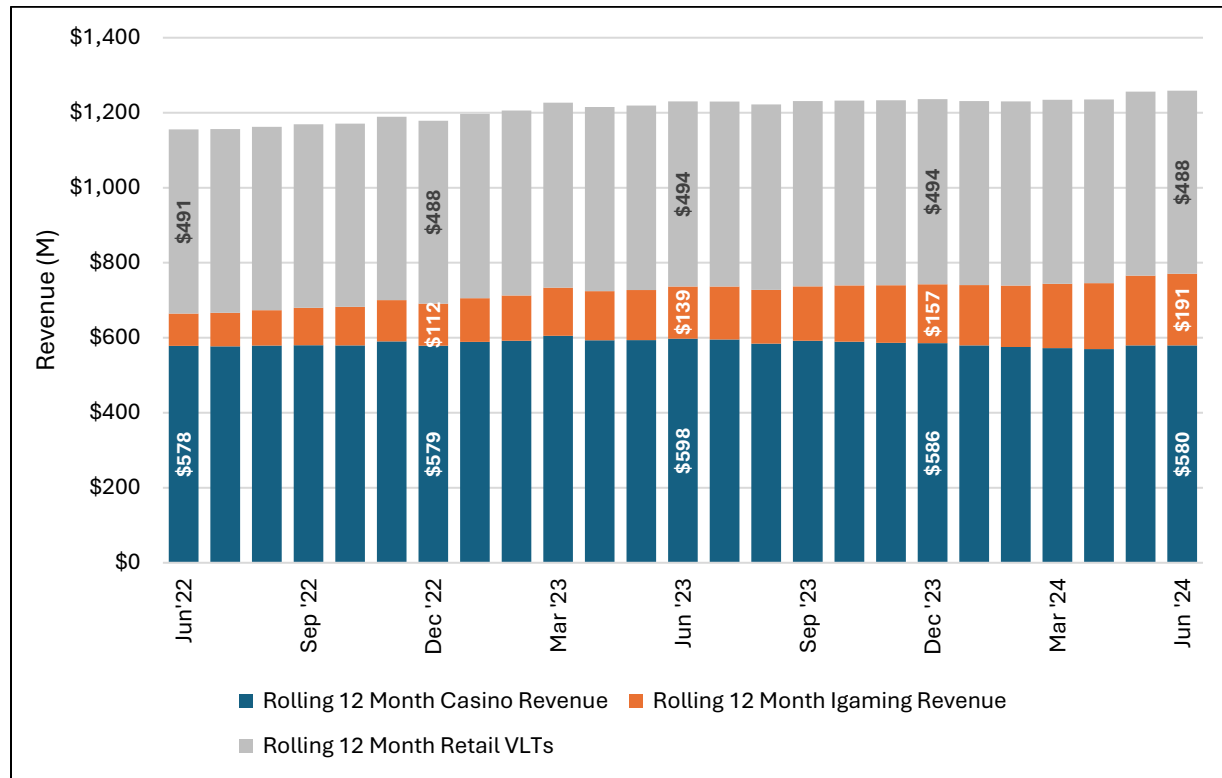
Sources: US Census Bureau, St. Louis Federal Reserve, State Gaming Agencies

Another issue when considering introduction of a new form of gaming is the potential impact it may have on established gaming operations. All the current igaming states have established casinos. Wyoming has established gaming, at OTB and via the SBAGs, but no true casinos. Of the seven states offering igaming, only West Virginia has an extensive distributed gaming industry. The experience of West Virginia and online gaming can be instructive when looking at Wyoming and the potential impacts of igaming on SBAGs and HHR gaming. West Virginia offers physical brick-and-mortar casinos, video lottery





**Figure 34: West Virginia rolling 12-month GGR by segment, June 2022-June 2024**



Source: West Virginia Lottery

It could be argued that the growth in the gaming market is being absorbed by the igaming sector. Igaming has grown, but not at the expense of casino gaming or the VLT operations.

Wyoming has considered expanding gaming operations to authorize internet gaming of casino-style games. A bill was introduced in 2024 for this purpose (House Bill No. HB0120) but to date, it has not been enacted. Under the proposed legislation, online gaming, including poker, blackjack, and other card and slot games typically offered in casinos, would be regulated by the commission. The bill allows for up to five operators who would pay an initial licensing fee of \$100,000, renewable every five years for \$50,000. Vendor permits would cost \$10,000 and be renewable every five years for \$5,000. Advocates for adding internet gaming assert that this framework aims to create a fair and competitive market for online gaming operators in Wyoming. The legislation sets the legal age for participating in internet gaming at 18 years old. This minimum age requirement is consistent with the age restrictions for most forms of gambling in Wyoming, such as HHR, tribal casinos, horse racing, online sports wagering, and charitable gaming. Skill-based amusement games are the singular exception in Wyoming, with a minimum age requirement of 21.

Wyoming is not alone in considering the merits of authorizing internet gaming. Several states – including New York, Illinois, Maryland and Hawaii – have introduced similar legislation. This trend reflects the growing recognition of internet gaming as a legitimate and lucrative industry, with tangible benefits of increased tax revenue, job creation, and economic growth.

Because Wyoming does not have commercial casinos,<sup>31</sup> the dangers of cannibalization of casino gambling facilities that may concern other states are not relevant here. Notably, in New Jersey and Pennsylvania, such concerns have proven to be unwarranted. Moreover, in our experience, there is a synergy between online sports wagering and internet gaming, allowing for the introduction of internet gaming without adversely impacting online sports wagering. As a result, Wyoming appears to be in an enviable position to expand its gaming operations to include internet gaming should it decide to proceed with this endeavor. We caution however, that our examination of Wyoming’s gaming landscape did not extend to an economic impact study of internet gaming, which was beyond the scope of our engagement with the Commission.

Based on the results in the seven igaming states, and most notably in West Virginia – which we believe is most similar with Wyoming in both its gaming landscape and its population distribution – Spectrum expects that igaming in Wyoming would not cause an erosion of either HHR GGR or Native American casino GGR, but we believe it could restrict the ordinary growth of gaming revenues in those sectors.

---

<sup>31</sup> As noted, Wyoming has three tribal casinos.

## VI. Wyoming Racing and Breeding

Over the past decade, the Wyoming horse racing industry has transformed from an industry closing its doors to a racing and breeding industry that currently has three racetracks offering approximately \$4.7 million in purses and a breeder’s fund awarding over \$6.8 million in awards in 2023.<sup>32</sup> The spark for the rejuvenation of the industry was the law passed in 2013 that permitted the operation of historical horse racing in Wyoming for any racetrack licensee.

Spectrum utilized the following primary methods to understand and analyze the live racing and breeding industry and look at its potential growth, participant safety, and regulatory structure.

- The Wyoming Gaming Commission provided ample data regarding all aspects of racing and breeding development. Reports included: WGC Annual Reports, simulcast, HHR, live racing handle and distribution reports, all current statutes and rules as well as the new rules adopted in 2024. The WGC also provided safety inspection reports for all three racetracks conducted in 2024, current license application information regarding a potential new racetrack, as well as a number of documents related to the Comprehensive Review of Gaming in Wyoming.
- Spectrum purchased three years of Daily Racing Form data (2021-2023) to determine where Wyoming horsemen participated throughout the year. The data helped identify where horsemen migrated that raced in Wyoming. We identified which tracks in the Mountain West and elsewhere were useful for benchmarking and understanding the potential supply of horses and the competitive market.
- Stakeholders were interviewed via online video conferencing and telephone at the outset of the study to gather data and a more detailed understanding of the Wyoming horse racing industry. Interviews included the WGC, the Wyoming Bred Program Administrator, all three racetrack operators and the two horsemen’s groups representing the horsemen who race at the Wyoming tracks.
- The best practices and industry standards for safety and welfare in horse racing were reviewed as well as the Association of Racing Commissioners International (“ARCI”) Model Rules. The code of standards 2012 of the National Thoroughbred Racing Association Safety and Integrity Alliance were reviewed as well as the Rules and Regulations of the Horseracing Integrity and Safety Authority (“HISA”) and examined practices of The Horseracing Integrity & Welfare Unit (“HIWU”).
- Spectrum team members also collaborated to gain insight into the overall HHR market capacity and potential for growth as that has had a major impact on the ability of the Wyoming live racing and breeding industry to grow.

In the ensuing pages, Spectrum discusses data focusing on the current snapshot of Wyoming racing and breeding, implications of the Horseracing Integrity and Safety Authority, safety for equine and human athletes, and horse supply to conduct racing within the state as well as the economic impact of racing and breeding.

---

<sup>32</sup> Annual Report 2023, Wyoming Gaming Commission

## **A. Migration of Wyoming Horsemen and Comparable Tracks to Evaluate**

Three years (2021-2023) of *Daily Racing Form* charts were used to compare Wyoming horse racing and the three existing tracks in Wyoming to other comparable tracks and jurisdictions. Two methods were used to determine tracks to use in the benchmarking and evaluation of Wyoming racing.

One method was using the *Daily Racing Form* data for 2021-2023 and analyzing where the top trainers or jockeys raced throughout a given year or all three years. The top trainers or jockeys for each group was defined as the smallest group to generate 80% of all the starts for that year(s) and track(s). The reason we did not look at 100% of all trainers or jockeys is that some participants may only ship-in or ride a few races and not fully participate in Wyoming on a regular basis. Including those trainers or jockeys who only ship-in for a few starts in Wyoming would skew our selection of tracks that comprise most horsemen that participate in Wyoming. We generated a total of 13 migration maps for trainers and 13 for jockeys, using varying minimum number of starts (ranging from 50-300) to get a complete picture of potential tracks to select in our comparisons.

For the individual three tracks in Wyoming, we generated three maps for each track by breed, Quarter Horse and Thoroughbred) and used a minimum number of starts in one year varying from 50 to 75. For all three years combined we used a minimum number of starts varying from 100-150.

For the migration maps of the entire state of Wyoming we generated four maps (as well as by breed, Quarter Horse and Thoroughbred) and used a minimum number of starts for one year varying from 75 to 100. For all three years combined we used a minimum number of starts varying from 150 to 300.

The reason for using various start numbers was given the fact that many tracks in the Mountain West region had short race meets and we did not want to overlook any track in our comparisons and evaluation that may need to be considered in the analysis. This allows us to have a better understanding of the competitive environment for live racing. We reviewed all migration maps, but for this report did not include the maps for each year but only illustrate the maps for the combined three years, 2021-2023. We also did not include the migration maps for jockeys however they were reviewed to completely understand the Wyoming racing market.

In addition to the migration maps to select comparable tracks, the Spectrum pari-mutuel associates used their knowledge of the Wyoming and national horse racing market to include any additional tracks they felt provided insight.

## **B. Mountain West Region and Comparable Tracks**

Based on the review of all the migration maps and opinion of Spectrum Gaming Group's pari-mutuel associates the tracks below in Arizona, Colorado, Idaho, Iowa, Louisiana, Minnesota, Montana, Nebraska, New Mexico, Nevada and Utah were used for analysis and comparison to the Wyoming tracks. Those tracks will be referred to as the Mountain West Region and Comparable Tracks.

Figure 34 below shows each track’s distance from the three Wyoming tracks – Energy Downs 307 Racing (“EDR”) in Gillette, Sweetwater Fair (“SWF”) in Rock Springs, and Wyoming Downs (“WYO”) in Evanston.

**Figure 35: Track Codes (abbreviations used) and distances between tracks**

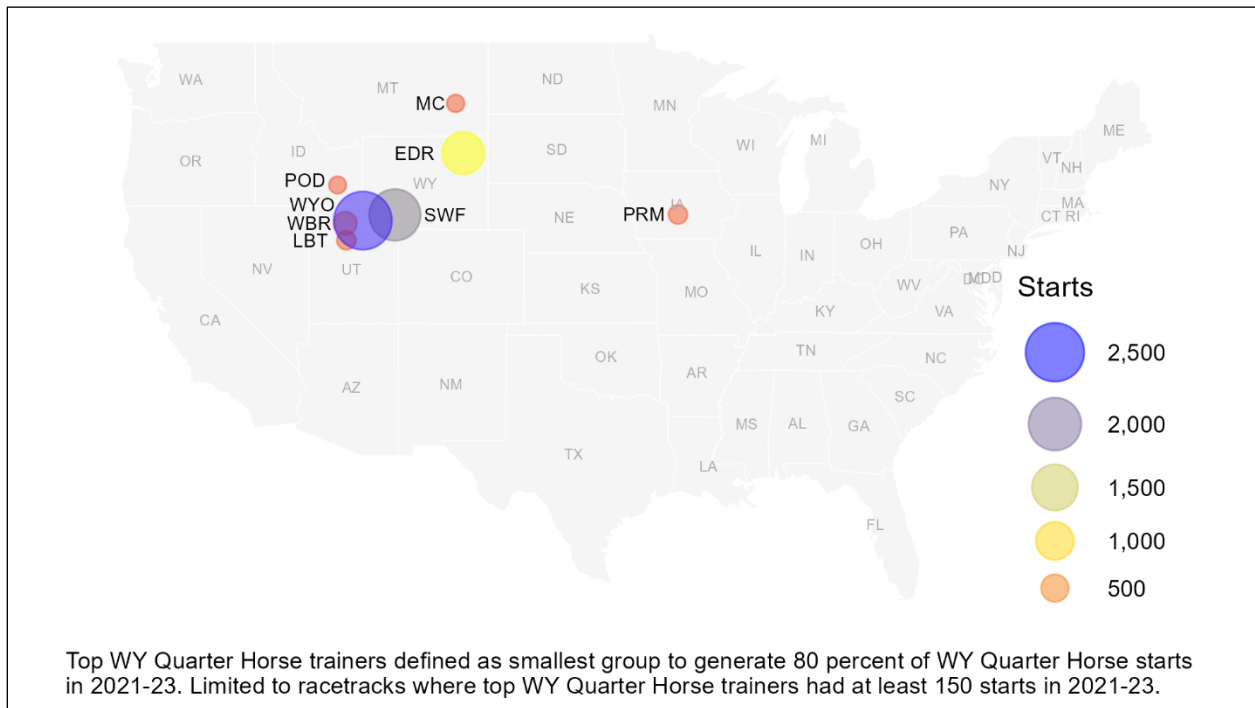
Track Name	Track Code	State	Distance in Miles from EDR	Time in Hours from EDR	Distance in Miles from SWF	Time in Hours from SWF	Distance in Miles from WYO	Time in Hours from WYO
Albuquerque	ALB	NM	792	11:17	660	11:19	667	11:05
Arapahoe Park	ARP	CO	362	5:15	357	5:21	465	6:57
Canterbury Park	CBY	MN	688	9:52	1,042	15:06	1,149	16:42
Columbus	CLS	NE	577	8:42	685	10:04	793	11:40
Delta Downs	DED	LA	1,453	21:42	1,448	21:48	1,555	23:24
Energy Downs 307 Racing	EDR	WY	-	-	354	5:22	461	6:58
Elko	ELK	NV	761	11:02	413	5:54	321	4:40
Ely (White Pine Racing)	ELY	NV	771	11:19	423	6:10	331	4:57
Fonner Park	FON	NE	523	8:33	619	8:56	727	10:32
Great Falls	GF	MT	453	6:44	535	8:53	584	8:42
Laurel Brown	LBT	UT	543	8:06	196	2:59	103	1:44
Miles City	MC	MT	174	2:43	524	7:56	631	9:32
Pocatello	POD	ID	540	8:51	250	3:56	180	2:59
Prairie Meadows	PRM	IA	771	10:48	896	12:49	1,004	14:25
SunRay Park	SRP	NM	715	11:34	520	9:04	509	8:24
Sweetwater Fair	SWF	WY	354	5:20	-	-	112	1:46
Turf Paradise	TUP	AZ	1,077	16:36	826	12:30	734	11:16
Weber Downs	WBR	UT	533	7:52	184	2:44	92	1:30
Wyoming Downs	WYO	WY	461	6:53	113	1:45	-	0:00

Sources: Daily Racing Form and Spectrum Gaming Group

For illustration we have included a few of the trainer migration maps that encapsulate where stables migrate to and from Wyoming to race. Below are two statewide maps for all three years. One is for Quarter Horse trainers and the other is Thoroughbred trainers with at least 150 starts in 2021-2023.

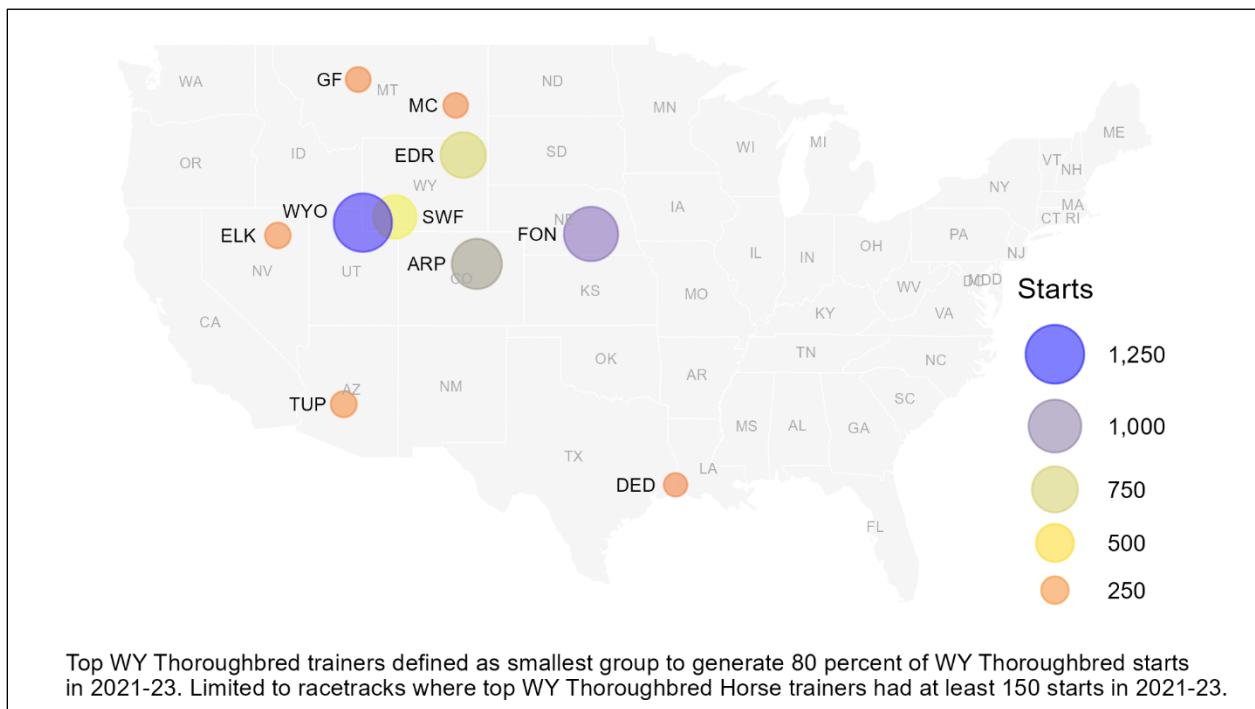
The dots on the maps indicate tracks and are sized by the number of starts of top Wyoming trainers (that participated at the specific Wyoming track indicated or some maps look at combined starts made at all three Wyoming tracks) made in that year or years.

**Figure 36: Migration Map – Wyoming Quarter Horse trainers, 2021-2023 starts by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

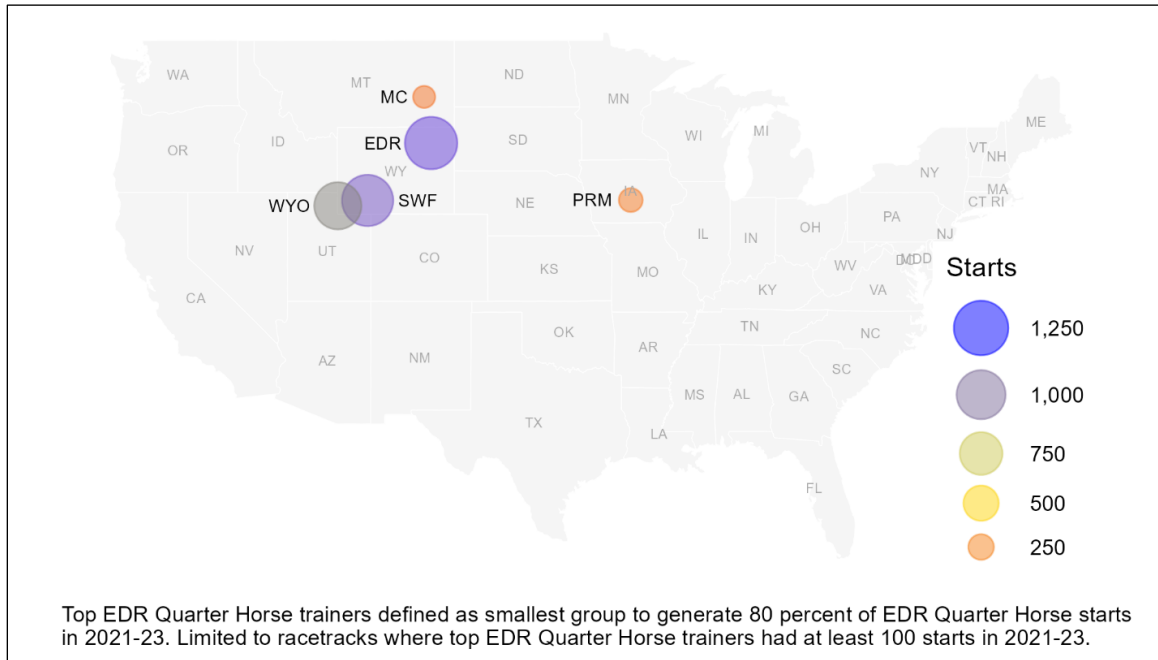
**Figure 37: Migration Map – Wyoming Thoroughbred trainers, 2021-2023 by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

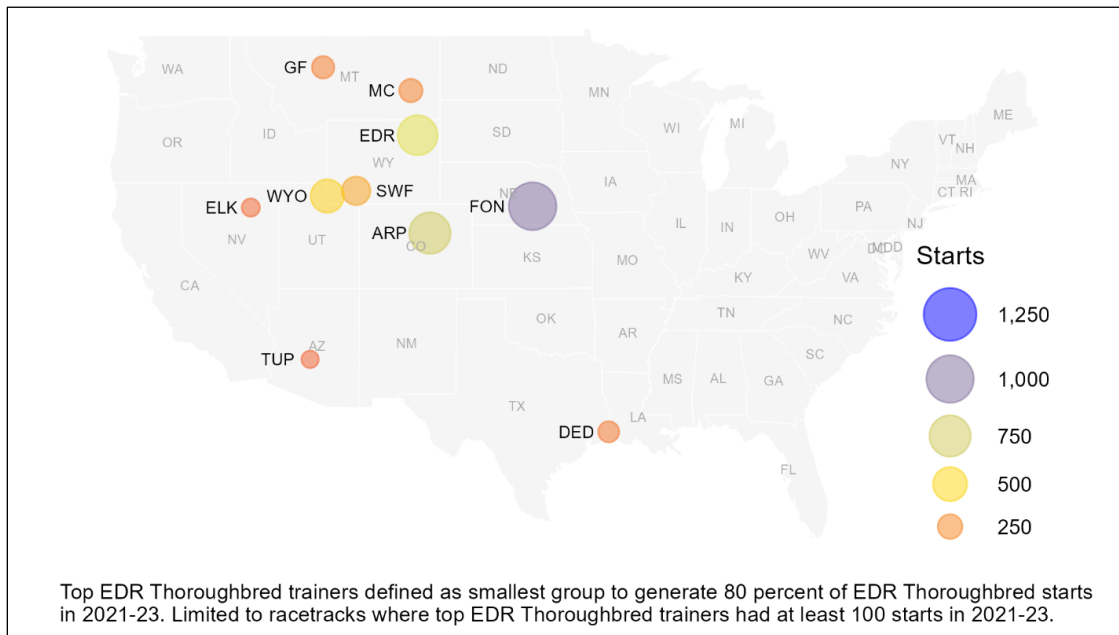
For illustration we also included Quarter Horse and Thoroughbred migration maps for each of the three specific Wyoming tracks (Energy Downs, Sweetwater Fair, and Wyoming Downs) with at least 100 starts in 2021-2023.

**Figure 38: Top Energy Downs Quarter Horse trainers, 2021-2023 starts by track**



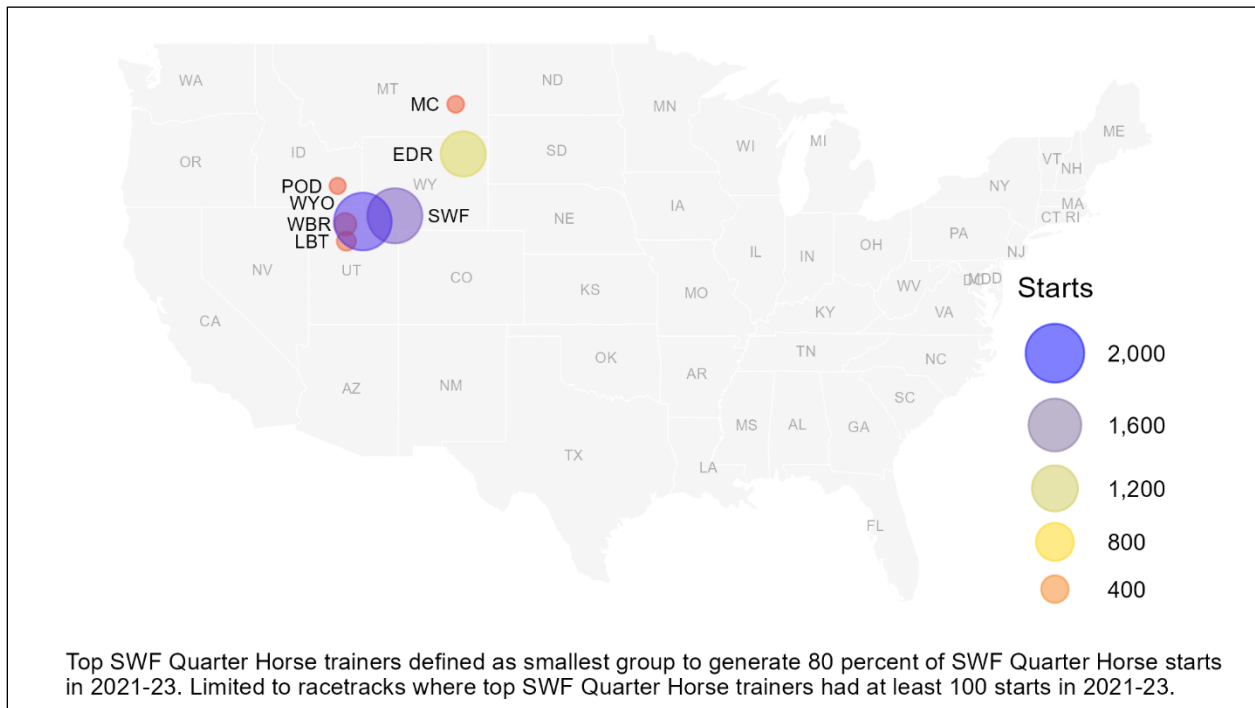
Source: Daily Racing Form charts, Spectrum Gaming Group

**Figure 39: Top Energy Downs Thoroughbred trainers, 2021-2023 starts by track**



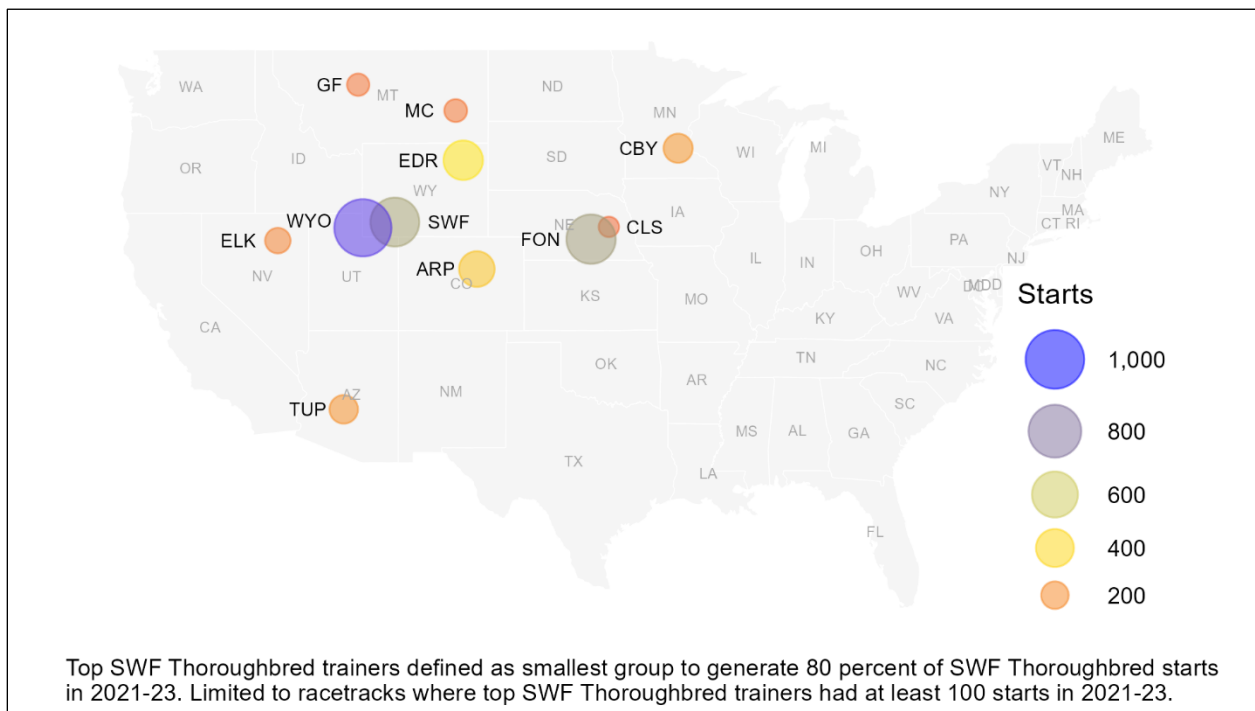
Source: Daily Racing Form charts, Spectrum Gaming Group

**Figure 40: Top Sweetwater Fair Quarter Horse trainers, 2021-2023 starts by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

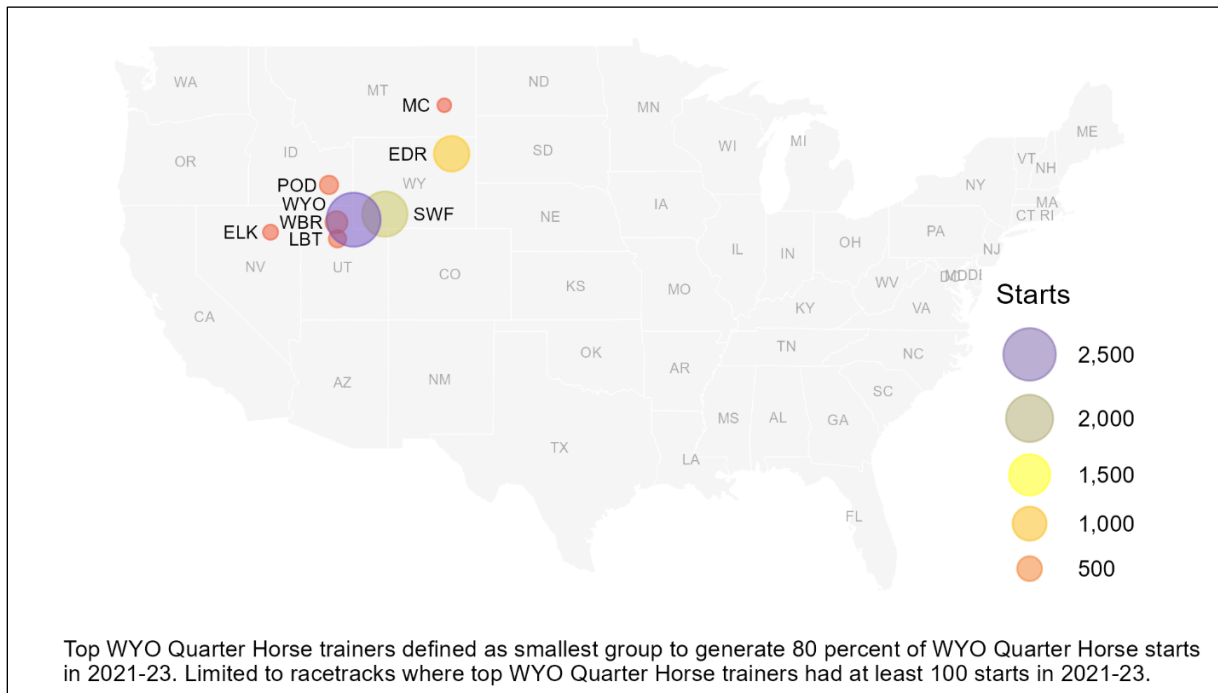
**Figure 41: Top Sweetwater Fair Thoroughbred trainers, 2021-2023 starts by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

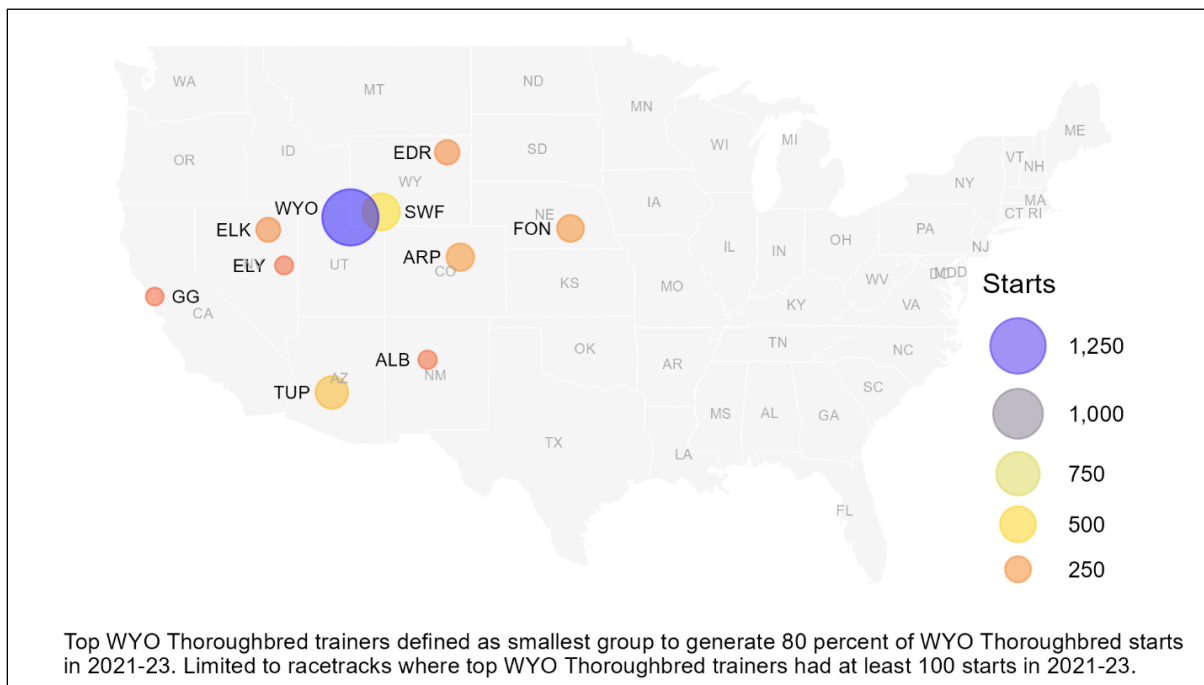


**Figure 42: Top Wyoming Downs Quarter Horse trainers, 2021-2023 starts by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

**Figure 43: Top Wyoming Downs Thoroughbred trainers, 2021-2023 starts by track**



Source: Daily Racing Form charts, Spectrum Gaming Group

## C. Evaluation/Benchmarking with Similar Jurisdictions

To evaluate Wyoming horse racing and analyze the potential for growth, benchmarking how Wyoming compares to other similar racing jurisdictions provides an important perspective regarding its competitive potential.

One of the important factors to evaluate when looking at a track's ability to attract horse owners and trainers and understanding where the track can attract stables from is the amount of purse money offered. The *Daily Racing Form* earnings reported in the chart data is a very good approximation for the purses offered by a track. The main difference is that earnings will include added money from other sources than the purse account. For most races this will not be too significant and only Quarter Horse derbies and futurities may have a significant amount of added money from owners' nomination and entry fees. Including that in the analysis does not hurt the analysis when comparing earnings as those types of races represent an important segment of races for the Quarter Horse owners and provide important consideration when selecting where to run.

To get the full picture of how Wyoming and the three Wyoming tracks benchmark regarding competitiveness of earnings we first looked at the total combined earnings offered for the mixed meets. Additionally, we looked at earnings segmented for the Thoroughbred races and the Quarter Horse races to evaluate competitiveness by breed when attracting horses to Wyoming.

**Figure 44: Mixed meet mean, median and earnings per start for Wyoming, Mountain West Region and comparable tracks**

Track	State	Mean Earnings per Race			Median Earnings per Race			Earnings per Start		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
EDR	WY	\$6,820	\$8,195	\$9,387	\$5,250	\$5,800	\$5,600	\$1,064	\$1,401	\$1,294
SWF	WY	\$8,488	\$9,754	\$10,564	\$5,800	\$7,300	\$7,500	\$1,211	\$1,282	\$1,353
WYO	WY	\$7,299	\$8,021	\$10,271	\$5,500	\$6,000	\$7,000	\$880	\$1,005	\$1,258
All of WY	WY	\$7,479	\$8,602	\$10,142	\$5,500	\$6,100	\$6,100	\$1,009	\$1,176	\$1,296
ALB	NM	\$36,019	\$31,286	\$35,394	\$27,074	\$25,800	\$25,300	\$4,433	\$3,675	\$3,975
ARP	CO	\$13,188	\$12,453	\$10,499	\$11,000	\$10,000	\$7,000	\$1,984	\$1,873	\$1,594
CBY	MN	\$24,669	\$25,270	\$23,595	\$18,060	\$19,500	\$18,000	\$3,391	\$3,475	\$3,618
DED	LA	\$23,964	\$24,717	\$25,287	\$18,030	\$18,040	\$19,000	\$2,856	\$3,024	\$3,035
ELK	NV	\$5,520	\$6,642	\$7,296	\$5,000	\$6,000	\$6,463	\$1,022	\$1,221	\$1,162
ELY	NV	\$6,256	\$6,450	\$6,878	\$5,500	\$5,750	\$5,750	\$1,154	\$1,448	\$1,096
GF	MT	\$3,900	\$4,043	\$5,467	\$3,608	\$3,700	\$5,000	\$720	\$766	\$908
MC	MT	\$3,839	\$4,443	\$5,584	\$3,000	\$3,500	\$5,500	\$659	\$861	\$1,107
POD	ID	\$8,113	\$9,458	\$7,604	\$2,550	\$3,200	\$2,988	\$1,352	\$1,417	\$1,166
PRM	IA	\$24,008	\$26,543	\$27,569	\$15,549	\$18,032	\$18,900	\$3,641	\$4,038	\$4,230
SRP	NM	\$24,196	\$32,229	\$24,996	\$20,520	\$26,666	\$20,855	\$3,121	\$3,657	\$2,919
TUP	AZ	\$14,281	\$19,004	\$17,007	\$11,000	\$15,120	\$12,600	\$1,841	\$2,461	\$2,370

Sources: Daily Racing Form Charts, Spectrum Gaming Group, Race Breed

Looking at earnings of horses at the mixed meets in the Mountain West Region and other comparable tracks where horses migrate to Wyoming, the Wyoming tracks' purses are very competitive

or exceed the tracks in Colorado, Montana, and Nevada. While the Wyoming purses are not as competitive with the mixed meets in Arizona, Iowa, Louisiana, Minnesota and New Mexico, this does not mean horses from those jurisdictions cannot be attracted to Wyoming from those jurisdictions. Because our migration maps show a reasonable amount of migration from those jurisdictions, most likely the owners and trainers of the middle-tier and lower-tier horses from those states find the purses and ability of their horses to compete attractive. If purses continue to grow in Wyoming this would only make Wyoming more competitive when attracting more horses. This is a vital factor if Wyoming wants to grow the amount of live racing since the state is limited in the number of months which it can conduct live racing. This makes having two concurrent race meets or running more days per week seem the likely way to support more race days. There is potentially a possibility to stretch the calendar two weeks in each direction (May or October) but according to stakeholders, the likelihood of weather cancellations increases. Having two race meets compete at the same time of year or running more days/races per week emphasizes the need for active horses to provide a racing product that is attractive to the public.

**Figure 45: Thoroughbred mean, median and earnings per start for Wyoming, Mountain West Region and comparable tracks**

Track	State	Mean Earnings per Race			Median Earnings per Race			Earnings per Start		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
EDR	WY	\$6,723	\$7,226	\$7,960	\$5,500	\$5,900	\$5,750	\$1,142	\$1,372	\$1,225
SWF	WY	\$7,800	\$8,784	\$8,674	\$5,900	\$7,900	\$8,000	\$1,382	\$1,314	\$1,236
WYO	WY	\$7,007	\$7,485	\$9,069	\$6,000	\$7,000	\$8,000	\$983	\$1,076	\$1,234
All of WY	WY	\$7,076	\$7,721	\$8,648	\$5,800	\$7,000	\$7,800	\$1,103	\$1,215	\$1,232
ALB	NM	\$30,323	\$27,707	\$29,098	\$20,398	\$17,521	\$19,010	\$3,896	\$3,371	\$3,321
ARP	CO	\$12,805	\$11,815	\$9,799	\$11,000	\$10,000	\$7,000	\$1,939	\$1,879	\$1,533
CBY	MN	\$24,964	\$25,588	\$23,717	\$18,000	\$20,000	\$20,450	\$3,427	\$3,500	\$3,662
CLS	NE	\$6,422	\$6,292	\$6,271	\$5,600	\$5,300	\$5,400	\$1,076	\$1,100	\$848
DED	LA	\$24,639	\$25,964	\$26,737	\$19,000	\$19,480	\$20,150	\$2,958	\$3,228	\$3,267
ELK	NV	\$5,191	\$6,211	\$7,071	\$5,000	\$6,000	\$7,000	\$1,026	\$1,283	\$1,199
ELY	NV	\$6,422	\$6,383	\$6,600	\$5,500	\$6,000	\$6,000	\$1,329	\$1,502	\$1,119
FON	NE	\$7,009	\$7,219	\$8,070	\$5,300	\$6,000	\$7,336	\$888	\$966	\$1,200
GF	MT	\$3,916	\$4,010	\$5,401	\$3,700	\$3,700	\$5,000	\$705	\$750	\$872
MC	MT	\$3,745	\$4,050	\$5,497	\$3,000	\$3,500	\$5,500	\$611	\$804	\$1,069
POD	ID	\$9,094	\$9,100	\$5,522	\$6,700	\$9,100	\$5,522	\$1,895	\$1,138	\$1,381
PRM	IA	\$25,996	\$28,795	\$30,395	\$18,190	\$20,000	\$22,670	\$4,025	\$4,386	\$4,802
SRP	NM	\$24,289	\$32,345	\$22,960	\$20,310	\$26,481	\$19,496	\$3,239	\$3,752	\$2,806
TUP	AZ	\$14,373	\$18,837	\$17,529	\$11,000	\$15,120	\$13,400	\$1,877	\$2,487	\$2,500

Sources: Daily Racing Form Charts and Spectrum Gaming Group Statistics by Race Breed

Evaluating the Thoroughbred purses, there are two tracks in Nebraska that have Thoroughbred-only race meets, but the current race days of those meets fit well with the Wyoming race dates so horses from those tracks can migrate back and forth. Currently the Wyoming purses are equal or exceed the purses of Columbus and Fonner Park in Nebraska. However, the casinos have just recently opened in Nebraska, and the purses in future years will be higher than those reflected in the data from 2021-2023

making it difficult to know how attractive that migratory circuit will remain at attracting horses between the two jurisdictions.

Examining the remaining tracks' Thoroughbred earnings, it is very similar to the combined data for mixed race meets in comparison to Wyoming. While the mean earnings per race for Thoroughbreds are somewhat lower than the combined mixed meet data, Wyoming is very competitive with tracks in Colorado, Montana, and Nevada. And like the mixed meet the Wyoming earnings for Thoroughbreds is below those in Arizona, Iowa, Louisiana, Minnesota and New Mexico, but horses still migrate from those states which means some levels of horses at the tracks in those states are competitive with the racing in Wyoming which is attractive for their stables.

**Figure 46: Quarter Horse mean, median, and earnings per start for Wyoming, Mountain West Region and comparable tracks**

Track	State	Mean Earnings per Race			Median Earnings per Race			Earnings per Start		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
EDR	WY	\$6,874	\$8,865	\$10,380	\$5,000	\$5,500	\$4,000	\$1,025	\$1,418	\$1,334
SWF	WY	\$8,704	\$10,106	\$11,661	\$5,700	\$6,100	\$6,100	\$1,170	\$1,272	\$1,410
WYO	WY	\$7,442	\$8,298	\$10,975	\$4,000	\$5,000	\$6,000	\$840	\$975	\$1,270
All of WY	WY	\$7,662	\$9,045	\$11,053	\$5,000	\$6,000	\$6,000	\$975	\$1,160	\$1,329
ALB	NM	\$41,762	\$35,215	\$41,099	\$30,100	\$29,499	\$30,000	\$4,932	\$3,987	\$4,550
ARP	CO	\$14,845	\$14,934	\$12,212	\$11,000	\$8,800	\$6,300	\$2,100	\$1,870	\$1,711
CBY	MN	\$22,574	\$22,960	\$22,361	\$18,090	\$19,000	\$16,000	\$3,131	\$3,280	\$3,206
DED	LA	\$22,465	\$22,751	\$23,303	\$14,000	\$17,000	\$17,000	\$2,634	\$2,716	\$2,731
ELK	NV	\$5,559	\$6,906	\$7,425	\$5,000	\$6,000	\$6,000	\$994	\$1,189	\$1,121
ELY	NV	\$5,971	\$6,530	\$7,225	\$5,000	\$5,000	\$5,000	\$929	\$1,389	\$1,070
GF	MT	\$3,780	\$4,222	\$5,767	\$3,600	\$3,600	\$5,100	\$859	\$864	\$1,104
LBT	UT	\$7,885	\$1,500	n/a	\$1,500	\$1,500	n/a	\$1,102	\$240	n/a
MC	MT	\$3,917	\$4,967	\$5,711	\$3,000	\$3,500	\$5,000	\$702	\$931	\$1,167
POD	ID	\$8,141	\$9,616	\$7,728	\$2,400	\$3,000	\$2,875	\$1,332	\$1,429	\$1,187
PRM	IA	\$17,805	\$19,926	\$20,157	\$11,000	\$13,675	\$14,500	\$2,536	\$3,021	\$2,876
SRP	NM	\$24,094	\$32,077	\$26,974	\$20,960	\$27,000	\$23,040	\$3,003	\$3,539	\$3,019
TUP	AZ	\$13,447	\$20,256	\$12,607	\$6,800	\$18,000	\$8,400	\$1,556	\$2,295	\$1,471
WBR	UT	\$7,791	\$8,299	\$9,414	\$1,750	\$2,000	\$3,000	\$1,076	\$1,239	\$1,399

Sources: Daily Racing Form Charts and Spectrum Gaming Group Statistics by Race Breed

Two tracks in Utah had Quarter Horse-only race meets. Laurel Brown, while competitive with Wyoming purses in 2021, had a serious drop in purses in 2022 and did not race in 2023, thus making any comparisons not relevant given the closure of that track. Weber Downs in Utah earnings are competitive with the Quarter Horse racing in Wyoming and thus due to the proximity and relative purses has provided some horses for the Wyoming racetracks.

Once again, the Quarter Horse-only data is like the mixed-meet comparison of earnings with one notable difference. The Quarter Horse earnings (purse) at Turf Paradise in Arizona is much lower than the Thoroughbred purses there but much more competitive with the Wyoming tracks. While there are many

more Thoroughbreds racing at Turf Paradise, which is why in some of the migration maps we observed the migration between Arizona and Wyoming, there may be an opportunity for Wyoming to attract more Quarter Horses out of Arizona given the purse structures and the decline in race days in Arizona.

In addition to the earnings/purses we benchmarked Wyoming regarding the number or race days, number of races, average field size, and unique starters that participate at a given meet.

**Figure 47: Mountain West Region and comparable tracks – race days, races, and average field size**

Track	State	Number of Race Days			Number of Races			Avg. Field Size		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
EDR	WY	16	15	13	126	120	117	6.4	5.9	7.3
SWF	WY	14	15	16	117	143	147	7.0	7.6	7.8
WYO	WY	20	20	20	195	200	203	8.3	8.0	8.2
All of WY	WY	50	50	49	438	463	467	7.4	7.3	7.8
ALB	NM	27	38	36	249	365	345	8.1	8.5	8.9
ARP	CO	30	42	39	215	355	314	6.6	6.6	6.6
CBY	MN	65	64	53	615	602	435	7.3	7.3	6.5
CLS (TB)	NE	9	11	9	65	57	74	6.0	5.7	7.4
DED	LA	148	149	142	1,382	1,309	1,258	8.4	8.2	8.3
ELK	NV	6	6	6	45	50	50	5.4	5.4	6.3
ELY	NV	3	3	3	19	22	18	5.4	4.5	6.3
FON (TB)	NE	30	37	42	268	313	320	7.9	7.5	6.7
GF	MT	5	7	6	43	58	50	5.4	5.3	6.0
LBT (QH)	UT	3	2	n/a	32	21	n/a	7.2	6.2	n/a
MC	MT	4	7	6	35	49	47	5.8	5.2	5.0
POD	ID	12	10	7	98	80	54	6.0	6.7	6.5
PRM	IA	84	84	80	787	768	768	6.6	6.6	6.5
SRP	NM	18	18	21	177	182	211	7.8	8.8	8.6
TUP	AZ	117	117	82	1,037	938	678	7.8	7.7	7.2
WBR (QH)	UT	3	3	5	33	20	41	7.2	6.7	6.7

Sources: Daily Racing Form Charts and Spectrum Gaming Group - Statistics by Race Breed

Note: Tracks indicated with (QH) or (TB) were Quarter Horse-only or Thoroughbred-only race meets and not mixed meets.

The tracks that have a good supply of active horses to fill races most likely are those with the average field size at or above the normal trends. Of course, other factors besides the number of active horses that contribute to field size is how many races are carded over what period of calendar days. If you run more races over the same period, it would require more active horses because they can only run periodically, needing time off between races. Based on racing data it is also noteworthy that Quarter Horses tend to run more often than Thoroughbreds, which is important to note when setting expectations as to the amount of racing expansion reasonable for race meets and the state of Wyoming.

When looking at average field size as a benchmark for the Wyoming tracks only two jurisdictions in the comparison group have a much better average field size. Those jurisdictions are the two New Mexico tracks (the Downs at Albuquerque and SunRay Park) and Louisiana’s Delta Downs. All three of those tracks have advantages that currently Wyoming does not have when it comes to attracting active horses to participate in the live race meets.

New Mexico has a circuit of live racing with five tracks that create 12 months of live racing where stables can stay in state and race all year. In addition, New Mexico offers an attractive number of New Mexico-bred races, which keeps most of those horses in state. Perhaps the only drawback to that circuit is it is difficult to attract horses that are not New Mexico-breds from out of state because so many races are New Mexico-bred races, making filling open races more challenging.

Delta Downs has two advantages that currently Wyoming does not. One is Louisiana's 2022 Thoroughbred foal crop was the fifth-largest state foal crop in the United States (according to the *Jockey Club 2024 Fact Book*.) There are also a significant number of Louisiana-bred Quarter Horses that support Delta Downs. In 2023 over 55% of all Quarter Horse races at Delta Downs were run for Louisiana-breds.<sup>33</sup> In addition to having a great supply of local state-bred horses, Louisiana also offers a year-round racing circuit in the state, making it attractive to stay in state and providing many opportunities to race.

Despite Wyoming not having those advantages, when comparing Wyoming to the other tracks in the comparative group, two of the three Wyoming tracks have grown field size over the past three years while the other track has maintained good field size when compared to National trends. With an average field size of 7.8 for the entire state of Wyoming it clearly has surpassed all other comparable tracks besides the ones mentioned in New Mexico and Louisiana. This is a good indication that currently they have a good supply of active horses filling races under the current allotment of race dates and racing calendar.

---

<sup>33</sup> "Horse Racing Study," Prepared for the Iowa Racing and Gaming Commission, RGE LLC, page 135, August 12, 2024. <https://irgc.iowa.gov/media/339/download?inline=>

**Figure 48: Mountain West Region and comparable tracks – average field size by breed**

Track	State	TB Avg. Field Size			QH Avg. Field Size		
		2021	2022	2023	2021	2022	2023
EDR	WY	5.9	5.3	6.5	6.7	6.3	7.8
SWF	WY	5.6	6.7	7.0	7.4	7.9	8.3
WYO	WY	7.1	7.0	7.3	8.9	8.5	8.6
All of WY	WY	6.4	6.4	7.0	7.9	7.8	8.3
ALB	NM	7.8	8.2	8.8	8.5	8.8	9.0
ARP	CO	6.6	6.3	6.4	7.1	8.0	7.1
CBY	MN	7.3	7.3	6.5	7.2	7.0	7.0
CLS	NE	6.0	5.7	7.4	n/a	n/a	n/a
DED	LA	8.3	8.0	8.2	8.5	8.4	8.5
ELK	NV	5.1	4.8	5.9	5.6	5.8	6.6
ELY	NV	4.8	4.3	5.9	6.4	4.7	6.8
FON	NE	7.9	7.5	6.7	n/a	n/a	n/a
GF	MT	5.6	5.3	6.2	4.4	4.9	5.2
LBT	UT	n/a	n/a	n/a	7.2	6.2	n/a
MC	MT	6.1	5.0	5.1	5.6	5.3	4.9
POD	ID	4.8	8.0	4.0	6.1	6.7	6.5
PRM	IA	6.5	6.6	6.3	7.0	6.6	7.0
SRP	NM	7.5	8.6	8.2	8	9.1	8.9
TUP	AZ	7.7	7.6	7.0	8.6	8.8	8.6
WBR	UT	n/a	n/a	n/a	7.2	6.7	6.7
<b>Nationwide</b>	<b>USA</b>	<b>7.3</b>	<b>7.3</b>	<b>7.4</b>	<b>7.9</b>	<b>7.9</b>	<b>8.0</b>

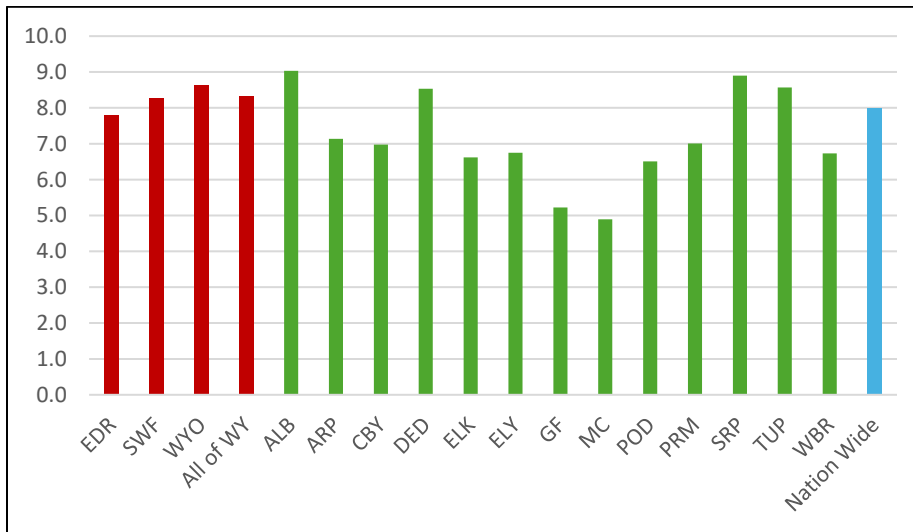
Sources: Daily Racing Form Charts and Spectrum Gaming Group Statistics by Race Breed

To fully examine the impact of field size when trying to access the supply of available active horses we also looked at the data separately by breed, Thoroughbred and Quarter Horse. We also included the national field size average for both breeds for the three years for reference.

The Quarter Horse comparison was similar to the overall data but like New Mexico and Louisiana, Arizona also had very good field size comparable to Wyoming. This may be because the Southwest is known for Quarter Horse racing and the fact that Turf Paradise only offered 72 Quarter Horse races in 2023,<sup>34</sup> which is a very limited number of opportunities but there are many tracks in the region offering Quarter Horse racing so the supply of Quarter Horses in the Southwest is strong.

<sup>34</sup> Ibid, p. 228

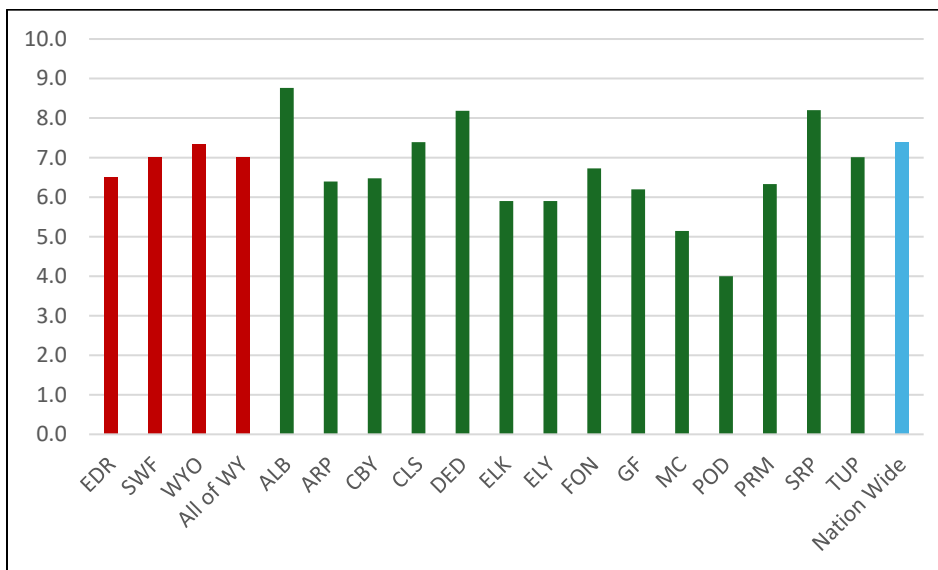
**Figure 49: 2023 Quarter Horse average field size**



Sources: Daily Racing Form Charts, AQHA, and Spectrum Gaming Group

The Thoroughbred field size in Wyoming is significantly lower than the Quarter Horse races. The comparison to other tracks is similar in trend to the overall field size trend discussed. The New Mexico tracks and Delta Downs in the comparison table outperform Wyoming but otherwise Wyoming compares equal or better than the other tracks in the group. What this does demonstrate in our opinion is that if there is an expansion of live racing in Wyoming and a probable need to rely on expanding both Quarter Horse and Thoroughbred opportunities, there most likely will be a strain on the supply of Thoroughbred horses for the expansion unless this is addressed with ways to attract more Thoroughbreds to the Wyoming racetracks.

**Figure 50: 2023 Thoroughbred average field size**



Sources: Daily Racing Form Charts, The Jockey Club and Spectrum Gaming Group

Another benchmark worth comparing is the number of unique starters that participated at the race meet. This gives some indication as to the number of active horses attracted to the meet. Having



more active horses is a good indicator that the race meet may be able to sustain some limited growth in the number of races. If too few horses are at a meet, the only way to fill more races is to have that same limited supply of horses run more often. That can put a strain on the ability to fill more races unless the race meet is extended over a much longer number of calendar days. The number of unique starters cannot be measured in isolation as it is also a factor in how many races need to be run and the number of calendar days which those races are spread over.

**Figure 51: Mountain West Region and comparable tracks – races, unique starters, and ratio of the two**

		Number of Races			Unique Starters			Unique Starters/Races			Meet Calendar Days
Track	State	2021	2022	2023	2021	2022	2023	2021	2022	2023	2023
EDR	WY	126	120	117	403	322	440	3.20	2.68	3.76	37
SWF	WY	117	143	147	393	472	623	3.36	3.30	4.24	44
WYO	WY	195	200	203	677	674	734	3.47	3.37	3.62	65
All of WY	WY	438	463	467	859	903	1,042	1.96	1.95	2.23	121
ALB	NM	249	365	345	1,275	1,580	1,844	5.12	4.33	5.34	59
ARP	CO	215	355	314	558	681	656	2.60	1.92	2.09	87
CBY	MN	615	602	435	1,316	1,255	885	2.14	2.08	2.03	113(TB), 99(QH)
CLS (TB)	NE	65	57	74	230	183	281	3.54	3.21	3.80	30
DED	LA	1,382	1,309	1,258	4,407	3,974	4,034	3.19	3.04	3.21	Split Meets
ELK	NV	45	50	50	161	175	216	3.58	3.50	4.32	11
ELY	NV	19	22	18	103	94	111	5.42	4.27	6.17	2
FON (TB)	NE	268	313	320	718	682	595	2.68	2.18	1.86	100
GF	MT	43	58	50	125	132	148	2.91	2.28	2.96	16
LBT (QH)	UT	32	21	n/a	167	131	n/a	5.22	6.24	n/a	n/a
MC	MT	35	49	47	128	143	128	3.66	2.92	2.72	16
POD	ID	98	80	54	265	265	208	2.70	3.31	3.85	120
PRM	IA	787	768	768	1,491	1,404	1,450	1.89	1.83	1.89	142 (TB), 105 (QH)
SRP	NM	177	182	211	854	1,156	1,264	4.82	6.35	5.99	45
TUP	AZ	1,037	938	678	2,405	2,339	1,562	2.32	2.49	2.30	125
WBR (QH)	UT	33	20	41	173	93	167	5.24	4.65	4.07	43

Sources: Daily Racing Form Charts and Spectrum Gaming Group

Number of Races statistics by Race Breed, Unique Starters statistics by Horse Breed

Note: Tracks indicated with (QH) or (TB) were Quarter Horse-only or Thoroughbred-only race meets and not mixed meets.

When looking at the number of unique starters there are two other important data points that are relevant in evaluating this when it comes to determining the active horse supply in relation to a race meet and any possible needs if a race meet expands the number of days and races. One is how many races need to be filled by the number of unique starters and the second is how many calendar days over which this must be accomplished.

If you only have a certain supply of unique horses, they can only run in so many races and the number of calendar days needed to fill those races makes a significant difference. For an extreme example, the race meeting at Ely, NV (ELY) took place in 2023 on August 18 and 19. In that case no horse would run twice so the number of unique horses represented all the horses running at the meet. In

another example, Turf Paradise in 2023 ran its races over a period of 125 calendar days, which allows many of the unique starters to make multiple starts over the course of four months and thus the ratio of unique starters to races is much lower.

This is relevant to Wyoming when considering any expansion of live racing because the number of calendar days available to expand a race meet is limited by weather conditions as an additional consideration.

The ratio of unique starters to the number of races for each of the three Wyoming tracks is good considering the length of each meet in calendar days and compared to other tracks of similar lengths. The ratio for the entire state of Wyoming makes sense because many horses would make starts at more than one Wyoming race meet and the number of calendar days is much greater overall.

Another benchmark we evaluated was the total handle, handle per day and handle per race (not including HHR handle). Because in Wyoming this is not a significant portion of the purses it does not factor into whether purses can be increased significantly to make the purses offered more attractive with the potential for the increase in purses to attract more horses to the race meets. We did, however, evaluate that data more in-depth in our review of HISA and its impact on handle growth and the cost benefit regarding the safety issues in the report.

If you are going to consider the expansion of live racing given the current national and regional racing environments the purses and horse supply are important factors. However, because almost all purse money comes from the HHR pari-mutuel terminals and not the more traditional pari-mutuel handle on live racing and import simulcasting that is vital to take into consideration. Because that is such an important factor, this benchmarking analysis is one element of determining the supply of horses for possible growth of live racing. To understand the current competitive environment more evaluation than this benchmarking section is necessary.

## **D. National Benchmarking**

In addition to the comparisons of Wyoming with other jurisdictions and tracks it is also important to look at the national trends that impact live racing and the horse supply.

**Figure 52: Quarter Horse and thoroughbred races and starters, 2013-2023**

Year	AQHA Statistics		Jockey Club Statistics	
	Races	Starters	Races	Starters
2013	8,328	15,761	43,139	54,187
2014	7,960	15,636	41,276	51,695
2015	7,905	15,333	38,941	49,960
2016	7,730	14,786	38,284	48,612
2017	7,332	13,764	37,628	47,384
2018	6,988	12,593	36,586	46,144
2019	6,455	12,985	36,207	45,180
2020	5,330	11,337	27,700	42,534
2021	6,167	11,444	33,567	42,256
2022	6,626	11,826	33,453	41,636
2023	6,405	11,540	31,746	41,267

Sources: AQHA 2022 Annual Report, 2023 AQHA Executive Summary and 2024 Jockey Club Fact Book

The number of races and starters for both breeds has been declining for a few decades, and in the past 10 years the number of races for Quarter Horses has declined 23% and the number of races for Thoroughbreds has declined 26.4%.

The decline of the Thoroughbred foal crop has been well documented; since 2000 the foal crop declined 50.5% and since 2013 declined 19.7%.<sup>35</sup> Wyoming’s Thoroughbred foal crop has increased recently but remains a very small number. The Wyoming-bred Thoroughbred racing stock trend from 2018 to 2022 in order by year were: 9, 12, 9, 24 and 25. Thus, there are not enough Wyoming-bred Thoroughbreds to impact any growth of Thoroughbred races in the near term. For Thoroughbred races, Wyoming will have to rely on the very competitive market for all Thoroughbreds to fill those races and the national crop continues to decline.

The Quarter Horse foal crop has not had the same type of decline, but it is not a good indicator of the racehorse supply because the Quarter Horses are bred for many purposes beyond racing, including rodeo, ranching, dressage and many events as well as pleasure horses. The trend in races and runners is a better indicator of racing supply for the Quarter Horse.

A better benchmark for the Quarter Horse foal crop trend is to look at the number of registered or accredited foals for racing for state-breds of several jurisdictions where data is reported.

<sup>35</sup> Jockey Club Fact Book 2024, Annual North American Registered Foal Crop, <https://www.jockeyclub.com/default.asp?section=FB&area=2>

**Figure 53: Six-state comparison of state-bred Quarter Horse foals, 2018-2022**

Year	Iowa Foals Born	Indiana QH Foals Bred	Minnesota QH Foals	Oklahoma QH Foals	New Mexico QH Foals	Wyoming QH Foals
2018	90	190	47	1007	487	129
2019	99	156	42	956	466	158
2020	87	76	37	1032	514	181
2021	104	92	39	982	478	225
2022	87	71	44	974	425	165

Sources & Notes: Iowa Department of Agriculture and Land Stewardship, Indiana Horse Racing 2022 Annual Report (Quarter Horse programs in Indiana register all mares foaling in Indiana for purposes of having an Indiana-bred or sired registered foal.), Minnesota Racing Commission (MRC) Biennial Report 2021-2022 & 2017 MRC Annual Report, Oklahoma Horse Racing Commission as of June 28, 2024 (Due to pending registration status the more recent years (2021-2022) for Oklahoma are likely under reported at the time this data was reported), New Mexico Horse Breeders Association as of September 30, 2024, and the Wyoming Gaming Commission (WGC) as of October 1, 2024. (According to Brande Koltiska, Racing Coordinator/Licensing and Wyoming-Bred Administrator for the WGC, noted that during the 2022 foaling season a lot of people had problems with foaling and lost a number of foals that year.)

The Wyoming-bred Quarter Horse foal crop is significantly better than the Thoroughbred crop but with the drop in number of 2022 foals it does indicate that for the 2024-2027 race seasons there will be less of that age group.

This illustrates why watching the trend of the Wyoming-bred racing foals over time will be important regardless of what near term decisions are made regarding race dates.

We have observed in other studies that a very large percentage of all horses entering races for a given meet are the 2-, 3-, 4- and 5-year-old horses. This fact gives us insight into the potential supply of horses since we know in advance the foal crop numbers and in most cases before race days are allocated.

**Figure 54: Percentage of entries in races by age groupings**

Percentage of Entries - from 4 or 5 foal crops							
Track	State	Pct. 2, 3, 4 & 5 yr. olds			Pct. 2, 3, 4, 5, & 6 yr. olds		
		2021	2022	2023	2021	2022	2023
EDR	WY	79%	75%	81%	86%	84%	88%
SWF	WY	88%	88%	85%	93%	93%	92%
WYO	WY	85%	83%	84%	90%	90%	90%
PRM	IA	81%	84%	84%	91%	92%	93%

Source: Daily Racing Form Charts and Spectrum Gaming Group

The table shows the percentage of all entries that are either 2-, 3-, 4- & 5-year-olds, or 2-, 3-, 4-, 5-, & 6-year-olds. What this shows is that the industry and regulators will have a good idea of the supply trend before race days are allocated. Following this trend can give some indication of what the future supply of horses for the next year will be since the foal crops both nationally and locally are known in advance and any trend upward or down can give an indication and is highly correlated to the supply that will be available.

Spectrum has seen the data consistent over several years and at various racing jurisdictions. For example, in addition to the data above, the Spectrum Gaming Group study “Gaming Market Study: State

of New York,”<sup>36</sup> prepared for the New York State Gaming Commission in January 2021, documented the percentage of 2-, 3-, 4- and 5-year-old horses that represented all entries across the three New York Racing Association tracks were 89%, 90% and 91% respectively for the years 2017, 2018 and 2019.

**Figure 55: Wyoming foal crops and percentage that are Quarter Horses, 2018-2022**

Year	QH	TB	Total	% QH
2018	129	9	138	93.48%
2019	158	12	170	92.94%
2020	181	9	190	95.26%
2021	225	24	249	90.36%
2022	165	25	190	86.84%

Source: Wyoming Gaming Commission

Currently the foal crop of Wyoming-bred Quarter Horses is much greater than the Wyoming-bred Thoroughbred foal crop and thus will have a more significant impact on the number of Wyoming-bred races that can be filled. This factor needs to be considered, and the trend of the foal crops monitored moving forward as it will impact the ability to sustain any growth in race days/races.

The drop in the Quarter Horse foal crop from 2021 to 2022 is concerning given the positive trend that has been observed since the passage of the 2013 legislation permitting HHR. This needs to be monitored on an annual basis as discussed elsewhere in the report as the supply of horses for Wyoming-bred races and its correlation to any expansion or retraction in race days.

The Thoroughbred foal crop, while it grew nicely percentage-wise, is far from where it needs to be to support state-bred races during the race meet and may impact any decisions on how much expansion in race days can be supported.

---

<sup>36</sup> Spectrum Gaming Group, “Gaming Market Study: State of New York,” prepared for the New York State Gaming Commission, January 2021, p 298. <https://spectrumgaming.com/wp-content/uploads/2024/10/spectrum-new-york-gaming-study-main-report-final.pdf>

## E. Readiness to Support New Gaming Establishments and/or Expansion of Live Race Days

The evaluation of the readiness to support more live racing in Wyoming must look at many factors as well as consider the various ways to add live race days or races.

Some of the obvious things to consider from a traditional horse racing perspective on live racing is supply and demand.

- What is the available supply of horses and possible future supply to fill races?
- What is the demand for the product?
- What variables impact the potential supply, such as purses, foal crops and the amount of competition for the supply?
- Race dates and the number of tracks in Wyoming impacting the competitive market
- Weather and the practical live racing season that can be safely conducted in Wyoming
- Facilities to accommodate the live racing and the number of stalls needed depending on the number of races and days
- Staffing for multiple operations and regulation/safety of live racing

There are also very important things to consider that directly and indirectly have an impact on the evaluation and readiness of adding more live racing.

- Because purses are a critical factor, the market capacity in the state of Wyoming would need to grow purses if more live racing is added. Historical horse racing terminals are the primary source of such funding.
- What other jurisdictions impact the competitive market and what those jurisdictions change regarding the competitive market. (When are the competitors' racing seasons, purses, gaming outlook that impact Wyoming etc.?)
- If live racing days/races are added, the way in which that is done will have an impact on the ability to successfully grow live races. Will new track operators join the market, will races be added by expanding the number of months live racing is offered, will more races be added per day or more race days per week?
- The regulatory environment in Wyoming may have an impact on what stables will run in Wyoming given the current HISA vs non-HISA states as well as the legal battles regarding HISA.

There is an interrelation between almost all the factors. For example, adding days/races without any growth in purses will make Wyoming less competitive with other options horsemen have, thus making attracting enough horses to fill races much more difficult. When those days/races are run and how much in-state competition/overlap there is, it will impact the ability to fill races in Wyoming.

## F. Evaluation of Various Methods of Expanding Live Races/Days

The following would be possible ways more races could be added to the current number in Wyoming:

- Expand the race season by a few weeks either on the front or back end of the calendar
- Add more races per day
- Add more race days by running more days at two or more tracks on the same day(s)
- Approval of a new track operator license (adds a minimum of 16 days)
- Run more race days during the week
  - Running more race days with the existing three operators
  - Running more race days if a fourth operator licensee is approved
- A combination of some of the above methods.

Each method to consider has potential impacts regarding the supply of horses needed (attracting stables to Wyoming) and ability to fill races that would be appealing to the public as well.

If you add more races confining the calendar to the current season (late May to late September) you will need a greater supply of horses to fill those races. The number of tracks running at the same time will also put pressure on the horse supply since the distance between some of the tracks makes it difficult to run in two places consistently.

If you extend the season by starting several weeks sooner and/or several weeks later to add races, this gives the population of horses a chance to make more starts per horse and would not require a significantly larger horse population. However, that scenario does create a few things to consider. One is the expanded season will conflict with some other race meets outside of Wyoming and require stables to make a choice where to race; Wyoming will need the purses and facilities to attract those stables given competitive choices.

One other consideration when expanding the race season is the fact that two of the current operators lease fairground facilities and it is not known what facilities will be available during certain times of the year. Starting earlier in the year also will mean horses must get ready to race earlier, which is more difficult not only considering the weather but also some horsemen have nowhere to get ready and some stakeholders complain current tracks only open for training a week or two in advance.

An advantage of the approval of a new track operator is the new facilities and a mile racing oval. The new licensee and Wyoming Downs would be two operators that own their facilities, giving them more flexibility when to run race days and more control over access to the track for maintenance, and independent decisions regarding the opening of the track for training prior to the start of the race meet. With two operators utilizing fairgrounds and leasing the racetrack facilities, it may make scheduling of the race days for those two tracks dependent on other forces outside of determining a Wyoming circuit that works best for all stakeholders.

One disadvantage of the approval of a new track operator is that it requires an immediate 30% increase in race days from 2023 given the required minimum number of days is 16 rather than a slower, measured growth approach.

There may also be uncertainties that could impact racing, purses, and HHR operations. Currently there are agreements between operators in place to permit simulcasting (HHR) within 100 miles of any premise during times of live racing (Wyo. Stat. Ann. § 11-25-102(a)(vii)(C).) With the market for OTBs and HHR locations changing with a new operator, it is not certain whether the current reciprocal agreements will continue.

An important consideration is the economic impact on the State of Wyoming. A goal of expanding live racing should include increasing the economic impact. Increasing the breeding in the State will have positive impacts for the economy. You also want to keep the live racing product appealing to the public to create tourism and increase the expenditure involved with the live racing days. If you increase live races/days and it does not increase the breeding in the state and it deteriorates the live race quality and quantity per race, those do not have the positive impacts desired. However, if it does stimulate more breeding and increasing race dates can be done in a positive manner without decreasing average purses and the attractiveness of the race days, it will have a positive impact.

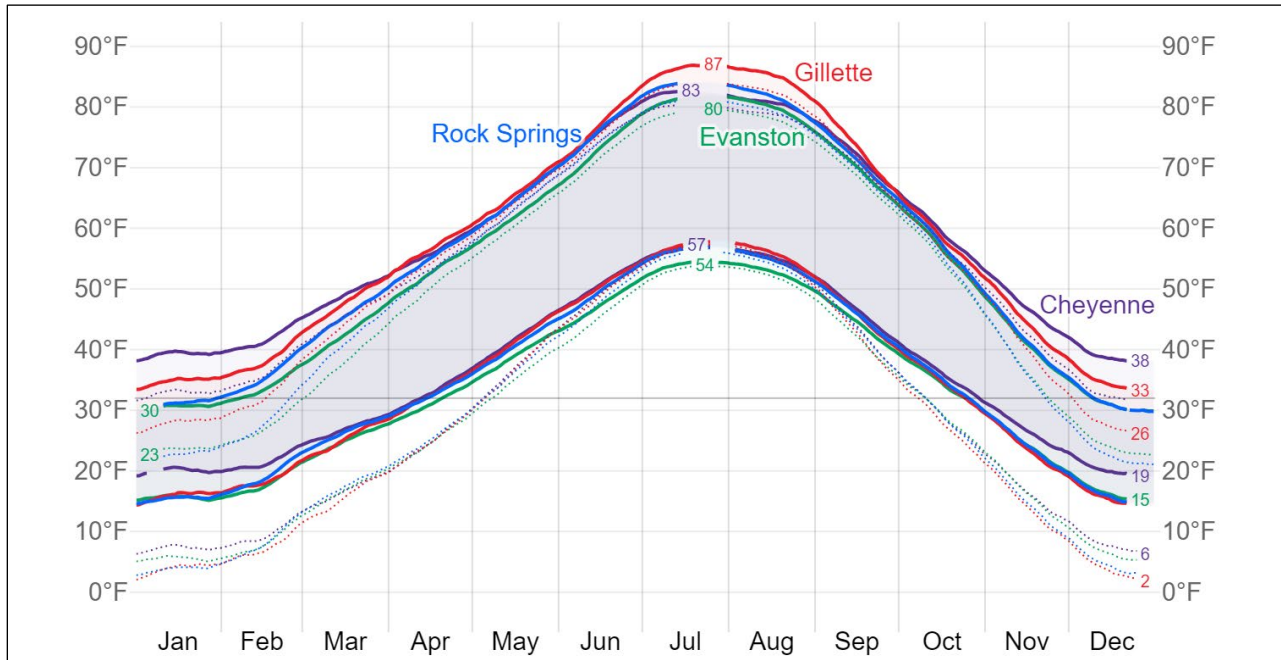
Another dynamic that may change if a new operator is approved is the negotiations required for purse agreements between horsemen and track operators. This could be either positive or negative depending on what market forces take place if more tracks compete for the same horses in the Wyoming market. Will there be competitive pressure to raise purses? How important will field size be to stakeholders if export simulcasting of live racing and live racing handle is not important to stakeholders? These type of market forces will also have an effect on the economic impact the industry generates in that state. Growth of revenues and purses can help grow the economic impact, but if more races are run and fewer horses participate that does not help the impact the horse races have overall for the state.

Long term, if you don't improve the racing and breeding industry, adding value, public policy may be scrutinized questioning the large investment in horse racing and the value it brings to the state.

The other thing to consider is the weather. The weather during late April and early May as well as October presents the possibility of cancelling days and requires more variability to the track surfaces and requires track superintendents to maintain a safe course under varying conditions.



**Figure 56: Weather: Cheyenne, Evanston, Gillette, and Rock Springs, WY**



Note: The daily average high and low air temperature at 2 meters above ground. The thin dotted lines are the corresponding perceived temperatures.

High	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cheyenne	39°F	42°F	49°F	56°F	65°F	76°F	82°F	80°F	72°F	59°F	47°F	39°F
Evanston	31°F	34°F	43°F	53°F	62°F	73°F	81°F	80°F	70°F	57°F	41°F	31°F
Gillette	35°F	38°F	48°F	57°F	66°F	77°F	86°F	85°F	73°F	59°F	45°F	35°F
Rock Springs	31°F	35°F	45°F	55°F	65°F	76°F	84°F	81°F	71°F	57°F	42°F	31°F
Low	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cheyenne	20°F	21°F	27°F	33°F	42°F	51°F	57°F	55°F	47°F	36°F	27°F	20°F
Evanston	16°F	18°F	25°F	31°F	39°F	47°F	54°F	53°F	45°F	34°F	24°F	16°F
Gillette	16°F	18°F	25°F	32°F	41°F	50°F	57°F	56°F	46°F	35°F	24°F	16°F
Rock Springs	15°F	19°F	26°F	32°F	41°F	50°F	56°F	55°F	46°F	35°F	24°F	16°F

Source: Weatherspark.com <https://weatherspark.com/compare/y/3765~2891~3580~3020/Comparison-of-the-Average-Weather-in-Cheyenne-Evanston-Gillette-and-Rock-Springs>

The window of live racing at best is five or six months, May through October. Even with that window it may be possible some days may need to be cancelled due to extreme weather especially early May or mid-October. Several stakeholders did suggest in some years weather can be difficult which they thought it best waiting until Mid-May or Memorial Day to start and end no later than September.

## **G. Uncertainties That Could Impact Supply of Horses, Purses Available, Competitive Market**

There are several uncertainties that may also have an impact on the supply of horses and the competitive market for races and race days in Wyoming. Those uncertainties are difficult to predict, and Wyoming must consider those with any plan moving forward regarding the number of live races, days and the racing season.

Examples of the uncertainties that could have an impact:

- How will Nebraska horse racing evolve over the next five to ten years?
- Kansas is considering expansion of live racing with HHR and a possible Quarter Horse track opening.<sup>37</sup>
- Will a new racetrack license be approved in Wyoming?
- Will Arapahoe Park continue with a fall schedule or make changes?
- Will Illinois develop more racinos? Fairmount Park (FanDuel) was recently purchased by Accel Entertainment<sup>38</sup> and approved for a racino.
- Canterbury Park’s purse structure is uncertain for the next several years.
- HISA court challenges and any impact it may have on the migration of horses to tracks with and without those regulations.
- The foal crop trends both nationally and in Wyoming.
- The growth or lack of growth of HHR revenues or added gaming options competing with HHR.

## **H. Current Race Dates and Applicants**

Besides the uncertainties outlined above, two of the three existing tracks have approved dates through 2026. The dates for the third existing track, Wyoming Downs, are included below. A license application for a fourth track (Cowboy Racing/Thunder Plains) has been submitted to the WGC, and it is seeking approval for the race dates noted below.

---

<sup>37</sup> “Revival of Horse Racing in Kansas Set for 2026 with New HHR Machines and Historic Track Restoration,” KCLY100.9FM website, August 19, 2024. <https://kclyradio.com/blog/revival-of-horse-racing-in-kansas-set-for-2026-with-new-hhr-machines-and-historic-track-restoration/>

<sup>38</sup> Bob Kieckhefer, BloodHorse, “Illinois track sale to Accel Entertainment approved, with casino planned,” CDC Gaming, September 19, 2024. <https://cdcgaming.com/brief/illinois-track-sale-to-accel-entertainment-approved-with-casino-planned/>

**Figure 57: Wyoming proposed race dates for 2025**

Blue font is portion of race season with 2 to 3 race days per week.  
 Red font is portion of race season with 5 to 6 race days per week.  
**(Total 70 race days proposed)**  
 307 Racing (EDR) - May: 16, 17, 18, 24,25, 26, 30, 31. June: 1, 6, 7, 8, 13, 14, 15, 20, 21, 22.  
 Wyoming Horse Racing (SWF) - Aug: 16, 17, 22, 23, 24, 29, 30, 31. Sept: 5, 6, 7, 12 13, 14, 20, 21, 27, 28.  
 Wyoming Downs (WYO) - JUNE 28, 29 JULY – 4, 5, 6, 11,12, 13, 18, 19, 20, 25, 26, 27. Aug: 2, 3, 9, 10.  
 Cowboy Racing/Thunder Plains - Aug: 1, 2, 3, 8, 9, 10, 15, 16, 17 22, 23, 24, 29, 30, 31. Sept: 1.

Source: Wyoming Gaming Commission

The proposed dates for 2025 may present some challenges regarding the horse population in August if the new racing license is approved. The move to have less overlap in the early part of the racing season is positive because some horses are not ready to race and 2-year-olds tend to be less productive earlier in the year. Two-year-olds provide more utility for filling races in the later part of the year.

If the proposed dates are approved for 2025, the Wyoming racing season will expand from 49 days run in 2023 (54 days allotted in 2024) to 70 days for 2025. This would be a 43% increase in race days, which may put pressure on the horse supply, especially in August when the race season would shift from three days of racing in a week to five or six days a week.

As previously discussed, there are other ways to consider the expansion of live racing that would present fewer challenges on the horse supply when racing five or six days in a week. The actual dates approved should be examined in the initial year of expansion if the new licensee is approved. For example, if the new licensee were to run the same number of days but run later – a longer meet extending into late September – there would be less pressure on the horse population. Thus moving forward, future decisions on the proper dates allocation for expansion could be analyzed based on the success or lack of success in filling races in that part of the season.

**Figure 58: Cost of overlap for the WGC**

Additional Staffing for Overlap/Day	
Stewards x 3	\$1,980.00
Safety Officer	\$600.00
Regulatory Vet	\$3,350.00
Licensing	\$184.00
Lab*	\$4,687.50
Track Safety Report**	\$928.13
<b>Total Cost/Day</b>	<b>\$11,729.63</b>

Source: Wyoming Gaming Commission

\*Lab is for the meet but divided by 16 race days for the purposes of this computation

\*\*Track Safety Report is for the meet but divided by 16 race days for the purposes of this computation

## I. Purses

In addition to the supply of horses, the purse structure is also important to consider so that Wyoming can be competitive to attract horses compared to the competition.

**Figure 59: Wyoming purses by track, 2021-2023**

		2021	2022	2023
<b>EDR</b>	Purses	\$861,701	\$988,850	\$1,100,800
	Races	126	120	117
	Avg. Purse/Race	\$6,839	\$8,240	\$9,409
<b>SWF</b>	Purses	\$1,009,805	\$1,404,820	\$1,559,920
	Races	117	143	147
	Avg. Purse/Race	\$8,631	\$9,824	\$10,612
<b>WYO</b>	Purses	\$1,431,190	\$1,608,452	\$2,092,930
	Races	195	200	203
	Avg. Purse/Race	\$7,339	\$8,042	\$10,310

Source: Daily Racing Form Charts and Spectrum Gaming Group

**Figure 60: Wyoming purses statewide, 2021-2023**

	2021	2022	2023
Purses	\$3,302,696	\$4,002,122	\$4,753,650
Races	438	463	467
Avg. Purse/Race	\$7,540	\$8,644	\$10,179

Source: Daily Racing Form Charts and Spectrum Gaming Group

In the benchmarking section of this report, we used Daily Racing Form charts mean and median earnings per race and earnings per start as a comparison of purses in the Mountain West Region and other comparable tracks where horses/stables migrate from.

If the purse structure in Wyoming can continue to grow and remain competitive it is more likely Wyoming tracks can continue to attract horses to fill races with reasonable expansion. However, if there are too many races offered causing a noticeable decline in average purses this would have a negative impact on Wyoming's ability to maintain its competitiveness to attract horses. Another factor is when the races are offered. Wyoming needs to make sure there is not too much overlap of race dates within the state, and it does not offer too many races per week to dilute the quality/quantity of the racing product for consumers.

Because the pari-mutuel handle from the HHR terminals is the key driver of purses for Wyoming races, Spectrum Gaming analysis of that market is a critical factor to consider when looking at expansion of live racing.

## J. HHR Handle and Market Projections

As of 2023 the HHR handle in Wyoming was over \$1.69 billion, and the breeder's fund was over \$6.77 million. As of the end of the fiscal year 2023-24 the HHR handle is still growing.

**Figure 61: Wyoming HHR data, 2020-2023**

HHR Handle by Operator					
Licensee	Track	2020	2021	2022	2023
307 Racing	EDR		\$18,037,393.80	\$158,526,307.36	\$463,807,090.23
Wyoming Horse Racing	SWF	\$272,866,799.60	\$303,266,700.45	\$299,522,301.75	\$338,894,758.58
Wyoming Downs	WYO	\$404,323,359.80	\$597,031,582.75	\$825,679,920.80	\$892,021,366.71
Statewide HHR Data					
Handle		\$677,190,159.40	\$918,335,677.00	\$1,283,728,529.91	\$1,694,723,215.52
Takeout		\$55,901,148.41	\$77,589,773.99	\$110,638,083.86	\$149,439,570.20
Takeout as % of Handle		8.255%	8.449%	8.618%	8.818%
Breeders Fund		\$2,708,760.64	\$3,673,342.71	\$5,134,914.12	\$6,778,892.86
Breeders Fund as % handle		0.400%	0.400%	0.400%	0.400%

Source: Wyoming Gaming Commission

The 2023 total purses for the three tracks in Wyoming were over \$4.7 million, but according to interviews with stakeholders and growth in handle, purses will be greater in 2024. We anticipate some continued growth in purses for two reasons: the HHR handle is growing, and purses are based on the prior year handle according to all stakeholders. In one case, the horsemen and track operator have a three-year contract with the percentage allocated to purses increasing slightly over the course of the three years.

However, since there is no statutory guarantee for purses but a contract between the track operators and horsemen is a requirement, in the future those percentages could fluctuate making any forecast of purses subject to the contractual process between those stakeholders.

**Figure 62: Wyoming statewide HHR data, fiscal year 2023-24 (July 1, 2023, to June 30, 2024)**

	2023	2024	Fiscal Year 2023-24
	July 1-Dec. 31	Jan. 1-June 30	July 1, 2023-June 30, 2024
Handle	\$895,384,877	\$1,004,858,334	\$1,900,243,212
Takeout	\$80,311,703	\$90,710,021	\$171,021,724
Takeout as % of Handle	8.970%	9.027%	9.000%
Breakage	\$382,961	\$381,595	\$764,557
Breakage as % of Handle	0.0428%	0.0380%	0.0402%
Takeout and Breakage	\$80,694,665	\$91,091,616	\$171,786,281
Breeders Fund	\$3,581,540	\$4,019,433	\$7,600,973
Breeders Fund as % handle	0.400%	0.400%	0.400%

Source: Wyoming Gaming Commission

There are several things to note from the previous two tables and the forecast elsewhere in this report for HHR potential market size.

First the market for HHR in Wyoming is still showing growth, meaning there is still an upside for purses, which is important for any expansion of live racing. The key is to not have accelerated growth in races to the point of making the purse structure uncompetitive and difficult to attract horses. While Spectrum Gaming believes there is still potential for significant increase from the current level of potential revenue it does come with some concern as much of the upside would be from the borders of Colorado,

Nebraska, and Utah and this adds some uncertainties. Nebraska expansion of gaming is in the early stages, and the greatest upside would be from Colorado and Utah. How quickly and how much growth can come from those markets may take some time.

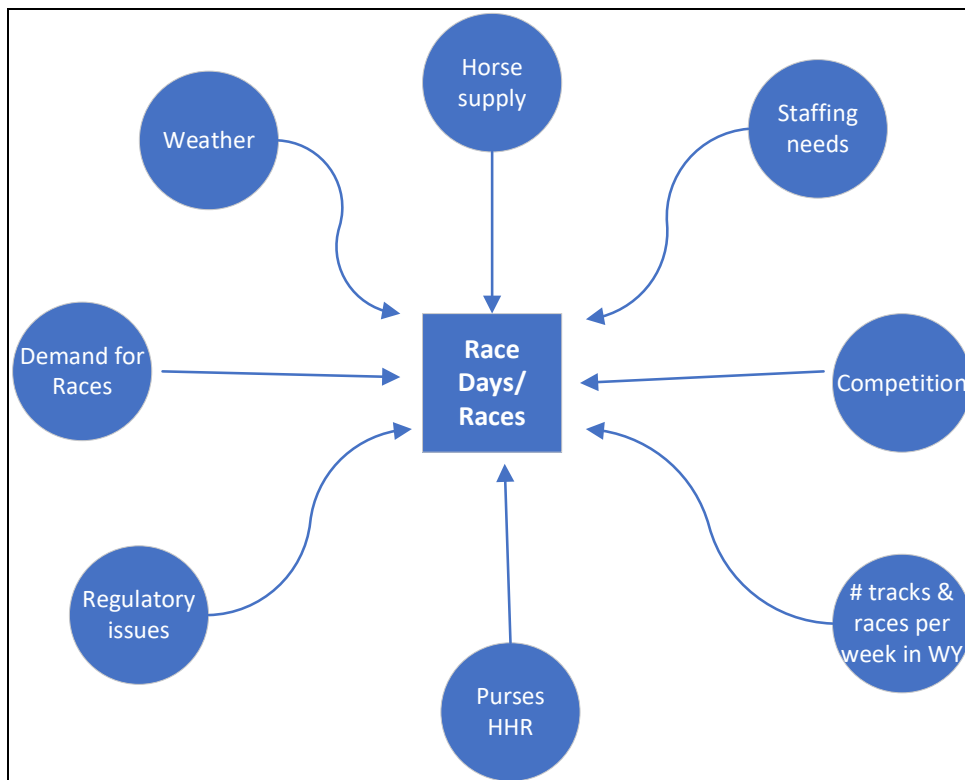
The takeout as a percentage of the total HHR handle has increased from under 8.3% in 2020 Statewide to most recently 9% for the fiscal year 2023-24. Since purses, breeders' funds, State, LSRA, city and county distributions are based on a percentage of handle, any increase in takeout increases the operator's net revenue and only the payout to winning players on the terminals is reduced. It is possible though depending on how competitive the market is that increasing the takeout may negatively affect handle due to a decrease in churn (money won and re-wagered back into the pools).

Takeout has an impact on churn and thus total handle. If the takeout trend continues and it has a negative impact on churn and total handle it will impact all stakeholders. The trend of takeout and handle and the overall impact for the Wyoming industry should be included moving forward in what metrics the industry monitors which will be discussed elsewhere in this section of the report.

## K. Summary and Conclusions Evaluating the Expansion of Live Racing

Because the race days and number of races are so interrelated with many other factors it is important to monitor metrics and changes in the competitive environment on an annual basis to make sure there is not an over-expansion or to indicate if more expansion is reasonable.

**Figure 63: Interrelatedness of factors with race days/races in Wyoming**



Source: Spectrum Gaming Group

All the factors and benchmarks discussed must be considered and monitored on an ongoing basis when making decisions on how many race days and races should be optimal for the Wyoming horse racing industry. In addition to those factors there are the uncertainties we mentioned that must be monitored for their impact on the industry in Wyoming.

Determining the number of race days and races is important, but equally important is when those days are run to achieve a balance between supply and demand. For example, if you run the same number of races in four months versus six months it will have a very large impact on the number of fit horses needed if you want to keep from diluting the field size which does not achieve the goals desired.

Based on Spectrum Gaming Group's analysis of the market potential for HHR, there is a substantial upside, but it is also clear that the upside will require changes that can't happen overnight. It requires capturing considerably more market potential from out of state. Given that much of the growth may require operators to shift to more advantageous locations and address other strategies to capture that market potential we believe a measured growth approach to expanding live racing is warranted.

Measured growth would take a stepwise approach to adding races/days. First, because HHR growth will be the main driver of purses, making sure you have adequate purses to attract stables in a very competitive market is important. Also monitoring both the Wyoming and national supply of horses is important.

The Commission, with the industry's input should consider establishing a set of metrics that would include benchmarks such as: HHR handle, field size, the number of unique starters, foal crop trends (WY, regional and national), pari-mutuel handle on live racing, unique starters, safety metrics, and other agreed upon measures to guide decisions for growth of live racing.

The way that the growth of live racing is implemented will have an impact on the potential success of the expanded opportunities.

Given the proposed race dates for 2025 (see Figure 56) from August 1 through September 1, there are 28 proposed race days in a 32-calendar day period. If we assume each track would run nine races a day (9.5 races a day was the average for Wyoming in 2023), this will require filling 252 races (about 42 races per week) during those 32 calendar days which may put a strain on the horse population and negatively impact the horse racing product.

Using the 2023 average field size of 7.8 starters per race in Wyoming for the entire season, to fill 252 races at a similar starters per race, there would need to be 1,966 starters between the two tracks overlapping. During the same period in 2024 Wyoming Downs and Sweetwater Fair ran a total of only 12 days compared to the proposed 28 days for 2025. In 2024 during that period there were 113 races and 954 starters (8.4 average field size). You would need much more than 100% more starters to fill the required races given the full August calendar proposed for 2025. We believe the proposed calendar for August 2025 will lead to short fields and not be a positive measured growth approach.

Therefore, there are other ways to add more races/race days. One, if a fourth license is approved, a different calendar of race days must be approved with less conflict of race days. One way this could be accomplished is to extend the race meet for the new licensee over a greater number of calendar days thus

requiring a similar number of races over many more calendar days as opposed to trying to run 28 race days in 32-calendar days in Wyoming. The other option if a fourth license is not approved at this time would be to add days to the existing three tracks but still be careful to minimize the amount of overlap of race days.

If a fourth license is approved, it would also not seem reasonable to have three tracks overlap as this would present additional challenges. Staffing three tracks simultaneously with qualified veterinarians, officials and other important personnel would be difficult given qualified personnel available in the summer when many tracks run and would also be costly.

Regardless of whether there are three or four operators, at most two circuits in Wyoming would seem to be all the racing that is needed during any given week/month. With market demand under the current situation low, racing weekends makes sense because niche markets (weekdays, evenings etc.) require a large simulcast network to make it feasible for operators to see a reason to run races at those times.

Expanding the race season by a few weeks at one or both ends of the current calendar, while it does present some weather-related issues, it is not impossible and would provide more opportunities for the current horse supply. Because Quarter Horse racing is a big part of Wyoming racing, the expansion of the calendar also would create fewer conflicts with futurities and derbies a vital part of the 2- and 3-year-old racing program for Quarter Horses. There is even an argument that an extended calendar could attract horses/owners to Wyoming to take advantage of a longer season.

As we observed in the evaluation and benchmarking section, we saw a drop in Quarter Horse foals in 2022 and a small Thoroughbred foal crop in Wyoming. The Thoroughbred foal crop is not where it needs to be to support more Wyoming-bred Thoroughbred races, and the drop in Quarter Horse foals in 2022 is a concerning reversal of what has been a very positive trend. As discussed, the 2, 3, 4 and 5-year-old foal crops account for 81%-85% of all entries at the three Wyoming tracks, it does not take long for declining foal crops to negatively impact the supply of horses needed to fill races.

An expansion of race days that extends the race season from mid-May to mid-October will allow for more opportunities for the horses and offer stables a longer season to race in Wyoming, which is an attractive feature for trainers allowing them to race in one jurisdiction longer. Because in some years there may be a cancellation of race days due to weather, this has already been a precedent (rules allow for this with WGC permission) and if only a few days are lost it will not have a large impact. If lost race days are a concern, there can be ways to make races up later in the season with additional races per day or a make-up day.

Also, extending the race days this way will allow Commission racing personnel and racing officials a longer season, making it more attractive to them when recruiting those important regulatory personnel. If in 2025 you race weekends, Memorial Day, July 4 and Labor Day from May 10 to October 19 that is 51 race days. This would only require 13 additional days to be run on weekdays or an overlap of 13 days (at the height of summer) to achieve a 64-race day calendar (four tracks at 16 days each) with either minimal overlap or no overlap. A scenario like this would be optimal.



Another alternative, although not as optimal, would be two horse racing circuits in Wyoming. For example, an Eastern circuit that consists of Energy Downs and the proposed Cheyenne racetrack, and a Western circuit that includes Wyoming Downs and Sweetwater Fair.

This would require more management of horse supply and cooperation between tracks and horsemen. This option avoids three tracks running at one time but does require a greater horse supply, which may be difficult at times and may cause a quicker retraction of race days if the foal crop supplies both locally and nationally continue to decline.

In conclusion, making sure the growth does not dilute the purse structure to be less competitive and allocating race dates with minimal overlap would provide the best circuit for Wyoming live racing. Also, once any change is implemented creating and monitoring agreed upon metrics to determine future action is important.

## L. Gaps in Live Racing Rules

The Wyoming Gaming Commission is spending time, energy and resources modernizing the rules of racing in Wyoming. With the ARCI model rules<sup>39</sup> and the newly promulgated HISA rules<sup>40</sup> as guidelines, Wyoming horse racing rules are in the process of aligning with industry standards.

In interviewing WGC officials, it is believed that the existing empowering statutes for the WGC do not allow for a third-party regulator such as the federally created HISA and the subsidiary Horseracing Integrity and Welfare Unit, an arm of HISA that enforces HISA rules. It should be noted that a bill, 25LSO-0232 is currently drafted and sponsored by the Joint Appropriations Committee for the next legislative session. This bill would allow for a third party such as HISA to be involved in the Wyoming Horseracing Industry.

In reviewing the rules, Spectrum Gaming looked at the ARCI and HISA rulebooks. Additionally, the WGC commissioned safety audits conducted by Equine Risk Management Group (“ERMG”) LLC and Associates for the three racetracks.

For the purposes of the HISA rules, two definitions of terms used frequently are:

**Covered Horse:** Any Thoroughbred horse beginning on the date of the horse’s first Timed and Reported Workout and ending on the date on which HISA receives written notice that the Covered Horse is deceased or has been retired. Covered Horse. All horses are covered after their first recorded workout even if all parties who are required to be registered have not done so.

**Covered Person:** All Trainers, Owners, Breeders, Jockeys, Racetracks, Veterinarians, and Persons licensed by a State Racing Commission, and the agents, and employees of such persons and other Horse support personnel who are engaged in the care, training, or racing of Covered Horses are Covered Persons.

---

<sup>39</sup> [https://www.arci.com/docs/2024-08-16\\_MASTER\\_MODEL\\_RULES\\_VERSION\\_13.1.pdf](https://www.arci.com/docs/2024-08-16_MASTER_MODEL_RULES_VERSION_13.1.pdf) (accessed October 15, 2024)

<sup>40</sup> <https://hisaus.org/regulations> (accessed October 22, 2024)

In their audit, ERMG LLC and Associates recommend that internal policies and procedures be created for regular maintenance of and the creation of internal policies for:

- Track surface maintenance equipment;
- Starting gate and apparatus/method of pulling the starting gate; and
- Equine ambulance.

Maintenance and inspection equipment records should be kept for a period of time as specified by the Wyoming Gaming Commission. ERMG LLC and Associates believe that the Wyoming Gaming Commission should implement a rule(s) regarding maintenance and inspection of these items. This rule should include the length of time that maintenance records should be held.

The WGC requires a human ambulance on site for training hours when horses are mounted on the racetrack and during racing. For human ambulances, the WGC strengthened their rule slightly to read:

*(f) A Permittee shall provide a properly equipped transport ambulance staffed with at least one person during training hours and two persons during racing hours. If the ambulance is being used to transport an individual, the Permittee may not conduct a race, or allow horses with riders on the racetrack, until the ambulance is replaced.*

*(g) A Permittee shall provide mandatory orientation of racing emergency procedures for all emergency response personnel employed by or assigned as a result of a contract to the Permittee grounds.*

*(h) Unless otherwise approved by the Stewards, an ambulance shall follow the field at a safe distance during the running of the races.*

*(i) Unless otherwise approved by the Stewards the ambulance must be parked at an entrance to the racing strip except when the ambulance is being used to transport an individual or when it is following the field during the running of a race.*

While this language is an improvement over the previous rule, the HISA rule 2166, Human Ambulance is slightly more modern than the ARCI and states:

*“(a) A Racetrack shall provide a properly staffed and equipped Advanced Life Support ambulance during training and racing hours. If the ambulance is being used to transport an individual, the Racetrack may not conduct a race, or allow Horses with riders on the racetrack, until the ambulance is replaced or available for service.*

*(b) Racetracks shall ensure the Advanced Life Support ambulance staff have been trained in Concussion management. Any Jockey who falls or is thrown from a Horse during a race must be examined by the Advanced Life Support staff. Advanced Life Support staff shall report their findings to the stewards who will determine if the Jockey may continue riding.*

*(c) Unless otherwise approved by the State Racing Commission or the stewards, an ambulance shall follow the field at a safe distance during the running of races.*

*(d) The ambulance must be parked at an entrance to the racing strip except when the ambulance is being used to transport an individual or when it is following the field during the running of a race.”*

The key difference is the identification of one person with the ambulance carrying the classification of Advanced Life Support {Paramedic} This language does not completely align with the HISA rule. This is keeping in mind that the final rule language needs to address Wyoming and County laws pertaining to Advanced Life Support.

The WGC also updated the equine ambulance rule recently.

Following in the vein of human safety, the WGC did not have a rule for concussion protocol of jockeys and participants as identified by ERMG LLC and Associates. The racetrack associations may or may not follow some protocol in conjunction with their contracted ambulance services. The WGC did recently adopt a rule for concussion protocol that is consistent with the HISA rule 2192, Concussion Management. This rule reads:

*“State Racing Commissions, or Racetracks if the applicable State Racing Commission does not enter into an agreement with the Authority, shall implement a Concussion management program for Jockeys containing the following elements:*

*(a) Each Jockey shall acknowledge in writing that they have been made aware of the Concussion protocols in place for the facility at which they are riding.*

*(b) A minimum assessment shall include a current Concussion assessment tool examination;*

*(c) A return-to-ride guideline shall be established in order to clear a Jockey who has been concussed, or is believed to have been concussed, once the Jockey is declared fit-to-ride; and*

*(d) The stewards shall be notified when a Jockey is not permitted to ride and when the Jockey has been authorized to return to riding.”*

In their inspection of the racetrack facilities, ERMG LLC and Associates noted that there are guidelines missing relating to fire prevention and requiring racetracks to have an emergency warning system to notify people on and around the racetrack during training (and racing) that there has been an accident or a loose horse. These have been pointed out to the WGC and racetrack operators in the reports submitted to the WGC for each racetrack facility.

#### **Other rules to achieve HISA Compliance:**

The WGC updated many rules in 2024 to address safety and integrity gaps. As HISA continues to amend and evolve their regulations, the subsequent rules are noted gaps between what the WGC currently requires, and those rules promulgated by HISA.

**Acupuncture** – HISA rule 2271 Prohibited Practices does not allow acupuncture to be performed 48 hours prior to the post time of the race where the Covered Horse is set to run.

**Anabolic Steroids** – WGC rules Chapter 8, Section 2 (c) reads: *“No Androgenic-Anabolic Steroid shall be permitted in a test sample collected from racing horses except for residues of the major metabolite of stanozolol, nandrolone, and the naturally occurring substances boldenone and testosterone at concentrations less than the indicated thresholds.”*

Chapter 8, Section 2 (d) reads: *“Concentrations of these Androgenic-Anabolic Steroids shall not exceed the following urine threshold concentrations for total (i.e., free drug or metabolite and drug or metabolite liberated from its conjugates):*

(i) *Hydroxystanozolol (metabolite of stanozol (Winstroll))-1 ng/ml in urine for all horses regardless of sex;*

(ii) *Boldenone (Equipose is the undecylenate ester of boldenone) in male horses other than geldings- 15 ng/ml in urine. No boldenone shall be permitted in geldings or female horses. (iii) Nandrolone (durabolin is the phenylpropionate ester and Deca-Durabolin is the decanoate ester)*

(A) *In geldings- 1 ng/ml in urine*

(B) *In fillies and mares- 1 ng/ml in urine*

(iv) *Testosterone*

(A) *In geldings- 20 ng/ml in urine*

(B) *In fillies and mares- 55 ng/ml in urine*

Paragraph (g) provides language where if a horse is treated with an anabolic steroid for therapeutic or medicinal reasons, the horse is placed on the official veterinarian's list until such time as those anabolic steroid substances fall below the limits as previously outlined. With HISA, these and all anabolic steroids are banned substances listed as Schedule 1 violations.

It is recommended that these rules are reviewed with Industry dialog and feedback to provide proper guidance when it comes to aligning with the HISA rules.

**Blistering and Pin Firing** – HISA rule 2271 Prohibited Practices will no longer allow Pin Firing for foals of 2023 or later. In addition, using a blistering agent externally or internally is no longer allowed as of July 1, 2022.

**Jockey and Exercise Rider Medical History Information** – Current HISA rules 2292. Jockey and Exercise Rider Medical History Information

*“(a) At all times while mounted on a Horse at a Racetrack, a Jockey or exercise rider shall securely attach to his or her safety vest one or more medical information cards describing his or her medical history and any conditions pertinent to emergent care, including a listing of any previous injuries, drug allergies and current medications.*

*(b) The stewards shall confirm compliance during their safety vest inspections at the beginning of the season and with random inspections throughout the Race Meet.*

*(c) The stewards may, in their discretion, take disciplinary action against, suspend, make ineligible to race, or fine any Jockey or exercise rider found in violation of Rule 2292.”*

**Horseshoes (inspection)** - HISA Rule 2137, 2138 and 2139 establishes a Horseshoe Inspector requirement for all racetracks as well as the duties of the inspector and the inspection of horseshoes of every covered horse in a covered horse race. The WGC currently does not have such a required official or rule. HISA Rule 2276 creates criteria and limits for horseshoes as follows:

For Dirt Surfaces – Front: 2 mm full outer rim, no grabs; Rear: 4 mm full outer rim, 4 mm grabs

**Intra-Articular Injections** – HISA Rule 2271 a(11-12) discusses the parameters for corticosteroid injections in the joints of a covered horse and whether they are not permitted to record a workout or race

in a certain period (e.g. 7, 14 or 30 days from injection.) The WGC currently does not have guidelines codified in the rules relating to Intra-Articular Injections or stand down times before working/racing.

**Medical Therapeutic Devices** – HISA Rule 2271, Prohibited Practices, includes the rule that the use of any medical therapeutic device requiring an external power source within 48 hours prior to the start of the published post time for which a Covered Horse is scheduled to race. This includes but is not limited to pulsed electromagnetic field (PEMF), laser, nebulizer, electro-magnetic blankets, and boots. The WGC does not have a rule related to the stand down of use 48 hours prior to the post time of the race a horse is entered.

**Necropsy** – The WGC requires a postmortem exam to be conducted on all horses that die as the result of accident/injury on the racetrack and surrounding areas. HISA requires jurisdictions that are signing on with them to have an accredited lab conduct the necropsies and record/report the results to the jurisdiction and the Authority. Necropsies and their costs are discussed in another section of this report.

**150-Day Layoff Rule** – HISA Rule 2142 (a) requires the person responsible for a covered horse that is off for more than 150 days to submit a form to HISA that describes the reason for the layoff and any medical treatments or surgeries the horse may have had during that time. This form is submitted prior to the entry of such a horse. The WGC currently does not require this.

**Riding Crop** – The WGC Rule relating to the crop is Chapter 8, Section 15 (f) *“Jockeys must be in full control of their horse before applying the whip. No jockey shall use the whip more than is reasonably necessary under the circumstances or ever strike a horse on the head.”* This rule is open to providing the Stewards interpretation as to what is reasonable and is thus ripe for inconsistencies.

The HISA Rule 2280 Use of Riding Crop is very in-depth and states: *Use of Riding Crop*

*(a) Subject to paragraphs (b) and (c) of this Rule, a Jockey who uses a riding crop on a Covered Horse during a Covered Horserace shall do so only in a professional manner consistent with maintaining focus and concentration of the Covered Horse for safety of Covered Horses and Riders, or for encouragement to achieve optimal performance.*

*(b) A Jockey may: (1) use the crop only on the hindquarters or the shoulders to activate and focus the Covered Horse; (2) use the crop a maximum of 6 times during a race. Use of the crop shall be considered any contact of the crop with the Covered Horse except for a tap to the shoulder of the Covered Horse as permitted by Rule 2280(b)(4); (3) use the crop in increments of 2 or fewer strikes. A Jockey must allow at least 2 strides for the Covered Horse to respond before using the crop again; (4) tap the Covered Horse on the shoulder with the crop while both hands are holding on to the reins and both hands are touching the neck of the Covered Horse. A tap to the shoulder of a Covered Horse in accordance with the first sentence of this paragraph (4) shall not count towards the 6 permitted uses of the crop established in Rule 2280(b)(2); (5) show or wave the crop to the Covered Horse without physically contacting the Covered Horse; and (6) use the crop to preserve the safety of Covered Horses and Jockeys.*

*(c) A Jockey shall not: (1) raise the crop with the Jockey’s wrist above the Jockey’s helmet when using the crop; (2) injure the Covered Horse with the crop or leave any physical marks, such as welts, bruises, or lacerations; (3) use the crop on any part of the Covered Horse’s*

*body other than the shoulders or hindquarters; (4) use the crop during the post parade or after the finish of the race other than to avoid a dangerous situation or preserve the safety of Covered Horses and Riders; (5) use the crop if the Covered Horse has obtained its maximum placing; (6) use the crop persistently even though the Covered Horse is showing no response; (7) use a crop on a 2 year-old Covered Horse in races before April 1 of each year other than to avoid a dangerous situation or preserve the safety of Covered Horses and Riders; (8) strike another horse or person with the crop; or (9) strike a Covered Horse with any object other than a riding crop that conforms to the requirements established in Rule 2281.*

*(d) In any Race in which a Jockey will ride without a crop, that fact shall be declared at entry, included in the official program, and an announcement of that fact shall be made over the public address system*

HISA rules 2281. Riding Crop Specifications and 2282. Riding Crop Violations and Penalties further add clarity to the rule and form a penalty matrix which includes redistribution of the purse in Rule 2284. As safety and integrity is the focus of HISA, this is one specific area where the rules are continually monitored and modified as needed.

**Shockwave Therapy** – HISA Rule 2271 Prohibited Practices does not allow the use of Shockwave Therapy to “desensitize any limb structures during racing or training.” In addition, there is a 14-day vets list if a horse is treated using shockwave therapy and the machine must be registered with the Commission Veterinarian.

**Surgical or Chemical Neurectomy** – The WGC Chapter 8, Section 3, (z) (iii) states that no owner or trainer may enter or start a horse that has been “nerved” *except: (A) The registration or entry of a horse on which a posterior digital (heel nerve) neurectomy or permanent block has been performed may be accepted if the condition is reported to the Racing Secretary at the time of registration or if the horse is already registered in at the time of the operation. (B) The Racing Secretary shall make the information available to other licensees and cause the turf authority certificate to be stamped indicating the operation has been performed. Any nerved horse will require an examination and approval by the Commission Veterinarian before being entered.*

HISA Rule 2271 Prohibited Practices, Surgical or chemical neurectomy to cause desensitization of musculoskeletal structures associated with the limbs. Horses within the foal crop of 2023 or later shall not be allowed to participate in a Covered Horserace or a Timed and Reported Workout if they have been subject to these procedure(s).

In this case, the WGC and HISA are not in alignment regarding allowing “nerved” horses to participate in race meets.

**365 Day away from racing rule** – HISA Rule 2242 (c) A Covered Horse which has not started in more than 365 days or has not made a start prior to January 1 of its 4-year-old year may perform a Workout in the presence of the Regulatory Veterinarian beginning 335 days since its last start or, if unraced, December 1st of its 3-year-old year. If the Covered Horse has not started within 60 days of being released by the Regulatory Veterinarian, the Covered Horse must fulfill the requirements in 2242(b) again.

**Treatment Records** – HISA Rule 2251, Treatment Records requires every Veterinarian who examines or treats a Covered Horse to file records with HISA (through their portal) of the treatment within 24 hours of such examination or treatment. These treatment records are still required even if the horse is

treated at a training center, a referral clinic, or in an ambulatory setting. These records may be used by Regulatory Veterinarians in the performance of their duties at the racetrack, for transfer of treatment records to new connections of a Covered Horse, and for purposes of research to enhance the safety and welfare of racehorses. Treatment records follow the horse and if a horse is transferred, sold, or claimed, the new associated persons have the ability to see those records in the HISA portal.

This is not a requirement by the WGC and while leading to transparency, will require the stakeholders to weigh in on how this could be achieved in Wyoming. However, all the HISA following jurisdictions are complying with this or working towards it thus there are examples to follow if desired.

**Waiver Claim** – The Waiver Claim rule has been around for more than a decade in North America and was devised to allow a horse the opportunity to have a layoff either for recovery or due to seasonality of the racing jurisdiction. The horse upon returning from a layoff (120 days for instance) is allowed to enter a claiming race of equal or greater value than the last start as a protected (from claim) horse. This rule in theory encourages owners/trainers to stop on a horse that may need a rest or turn the horse out at the end of the season, pay the expense of “wintering” the horse and bringing it back to the races, and thus having one start where there is no fear of losing the horse to a claim. Prior to this, people would run horses in races significantly tougher as a hope to not lose the horse after incurring the costs related to the layoff period. HISA and ARCI have language for this rule that has been adopted in many jurisdictions across North America.

**Other rules that align with safety/integrity:**

**Workout rule** – Collecting and posting timed workouts is both a safety and an integrity measure. The purpose of the workout rule pertaining to gaps in racing is to show the fitness of the horse to officials as well as those wagering. Requiring several posted workouts prevents “hiding” works and making the horse appear slower than they may (actually) be related to other horses they are entered against.

The WGC allows the racetracks to set their workout rules. When looking at the facilities, one has a workout rule requiring one recognized work in 45 days and two if not raced in 90 days. Another requires one official and posted work within 60 days of racing and two within 90 days. There are different stipulations for first time starters. One item of concern is that the WGC only requires the racetrack to be available for horsemen five days prior to racing. In many cases, trainers must get an official recognized workout elsewhere before competing in Wyoming, particularly in the spring.

Workout rules typically also have a minimum distance requirement as well as a minimum time for that distance. When simply requiring a recognized work, It is possible for Thoroughbreds to receive a recognized work at two furlongs or one-quarter of a mile. This short work is arguably not an indication of fitness of the horse.

One facility required Thoroughbreds to have a work at a minimum of three furlongs and Quarter Horses at 220 yards. These are typically workout distances early in the spring or maintenance works throughout the season once the horse is fit. Additionally, from a wagering perspective, it is arguably more difficult for the wagering public to ascertain fitness or follow rules when they are different depending on the racetrack the horse is racing at. Consistent rules are better for the horse player as well as horsemen knowing the rules and will assist in building handle on the live racing.

There are many jurisdictions that leave the workout rule up to the racetrack associations but there are also jurisdictions where the regulator has the rule in place for consistency purposes. The following is an example of a workout rule promulgated by Horse Racing Alberta, the regulator in Alberta and is consistent with requirements by regulators in other jurisdictions in North America:

- (a) in the case of a horse that is racing for the 1st lifetime start, the horse has had, in the presence of an official clocker, 2 qualifying workouts within 30 days of the day of the race for which it is entered and the results have been filed with the racing secretary and are included in the official program;*
- (b) in the case of a race of less than 6 furlongs, the horse has either started or had, in the presence of an official clocker, one qualifying workout within 30 days of the day of the race for which it is entered and the results have been filed with the racing secretary;*
- (c) in the case of a race of 6 furlongs or more, the horse has either started or had, in the presence of an official clocker, one qualifying workout of at least 5 furlongs within 30 days of the day of the race for which it is entered and the results have been filed with the racing secretary;*
- (d) in the case of a horse that has not started for 30 days or more but has had a race of 5 furlongs or more during the current calendar year, the horse must have, in the presence of an official clocker, one qualifying workout of at least 4 furlongs within 30 days of the day of the race for which it is entered, and the results have been filed with the racing secretary*

In this case in Alberta, workouts are relative to the fitness level of the horse and how far it is going to race.

It is worth noting that neither ARCI nor HISA have a specific workout rule. The ARCI model rules does have a rule for the clocker. ARCI-006-055 Timer/Clockers B. General Authority (Clocker) states:

- (1) The clocker shall be present during training hours at each track on association grounds, which is open for training, to identify each horse working out and to accurately record the distances and times of each horse's workout.*
- (2) Each day, the clocker shall prepare a list of workouts that describes the name of each horse which worked along with the distance and time of each horse's workout.*
- (3) At the conclusion of training hours, the clocker shall deliver a copy of the list of workouts to the stewards and the racing secretary.*

They WGC has a rule relating to clocking and timing in Chapter 5, Section 20 Timers (d) Every Commission licensee exercising a race horse shall, upon request of an official timer, correctly state the distance over which the horse is to be worked and the point on the race track where it is intended to start the workout. He must identify the horse if requested to do so.

Adopting the minimum of the ARCI rule will give more specificity as to what, from a regulatory and integrity standpoint, the official clocker is to do as this is usually an employee of the racetrack. Further to this, it is recommended that the WGC and the racetracks discuss their workout requirements and come to a consensus on a standard workout rule for the race tracks.

#### **HISA Policies:**



**Racetrack Risk Management Committee:** Racetracks are required to form a Racetrack Risk Management Committee to review the circumstances around fatalities, injuries and racetrack safety issues with the goal of identifying possible contributing risk factors that may be mitigated. The purpose of this Committee’s work is educational, not disciplinary. A Covered Person may be interviewed or asked to meet with members as part of their work. This was a similar requirement under the previous NTRA Safety and Integrity Alliance.

**Advanced Deposit Wagering:** While there is not a specific gap in the rules, the WGC currently receives 3% of ADW as a source market fee. In the interview with the WGC, it was noted that the source market fee could be increased. As many jurisdictions are receiving a source market fee higher than 3%, it would be beneficial to explore the opportunity to renegotiate the source market fee. This fee goes to purse enhancements, OTB operators, state fees and breeders fees; it totaled \$97,129 based on \$3,237,659 in 2023 according to the WGC Annual Report. Even though an increase in the source market fee is not going to yield large dividends, it is worth exploring as a further benefit to the industry.

## M. HISA and Wyoming Horse Racing

Historically, the 38 states that offered horse racing had been governed by a state-by-state model. Over time, this model lacked consistency in rules between the racing states as different jurisdictions promulgated rules that sometimes were in contradiction to other jurisdictions. The discrepancies include prohibited medications, differing medication thresholds, fines, and safety regulations.

In 2011, the Interstate Horseracing Improvement Act of 2011 was introduced in the Senate. The goal of the bill was to amend the Interstate Horseracing Act of 1978 with the intent to “prohibit the use of performance-enhancing drugs in horseracing, and for other purposes.”<sup>41</sup> The bill and similar legislation in 2014 and 2016, did not pass committees because it lacked support of legislators from states that sponsor racing but did not want Federal Government regulation.<sup>42</sup>

At California’s Santa Anita Park in the 2018-19 racing season from December to June, there were 30 catastrophic breakdowns during training and racing.<sup>43</sup> This led to public outcry to end horse racing, and Santa Anita’s racing was suspended for weeks during that race meet to conduct several tests on its track surface and drainage system.

On March 9, 2020, 27 people were indicted by the FBI – including high-profile trainers Jorge Navarro and Jason Servis – on charges of manufacturing, distributing, and administering illegal substances to Thoroughbred and Standardbred racehorses.

---

<sup>41</sup> Richard R. Gross, “HISA: THE GREATEST REGULATORY CHANGE IN THOROUGHBRED RACING HISTORY,” *Horse Network*, July 7, 2022, <https://horsenetwork.com/2022/07/hisa-the-greatest-regulatory-change-in-american-racing-history/>

<sup>42</sup> Ibid

<sup>43</sup> Jessica P. Ogilvie, “What We Know About The 30 Horses That Died At Santa Anita in the 2018-19 Season,” *Los Angeles Times*, May 28, 2019. <https://laist.com/news/these-are-the-26-horses-that-have-died-this-year-at-santa-anita>

The public outcry from these events during that period led to legislation being introduced with the support of Senate Majority Leader Mitch McConnell from Kentucky. Horseracing Integrity and Safety Authority (“HISA”) legislation was passed in the Senate and through the US House of Representatives. As part of a Covid-19 relief and government funding legislation, it was signed into law in December 2020 by President Donald Trump.

HISA is responsible for drafting and enforcing uniform safety and integrity rules in Thoroughbred racing in the United States. Overseen by the Federal Trade Commission (“FTC”), HISA was created to implement, for the first time, a national, uniform set of rules applicable to Thoroughbred racing participant and racetrack facility. HISA comprises two programs: the Racetrack Safety Programs, which took effect July 1, 2022, and the Anti-Doping and Medication Control (“ADMC”) Program, which took effect May 22, 2023.

Operational safety rules and national racetrack accreditation standards that seek to enhance equine welfare and minimize equine and jockey injuries are all part of the Racetrack Safety Program. The program expands veterinary oversight, imposes surface maintenance and testing requirements, expands jockey safety measures and resources, regulates riding crop use, and implements a void claim rule, among other important measures.

Centralized testing and results management processes that applies uniform penalties for integrity violations efficiently and consistently across the United States are all part of the ADMC Program. These rules and enforcement mechanisms are administered by a new independent agency, the Horseracing Integrity and Welfare Unit (“HIWU”), established by Drug Free Sport International (“DFSI”). HIWU oversees testing, educates stakeholders on the new system, accredits laboratories, investigates potential integrity violations, and prosecutes rule breaches.

HISA presents several issues that could impact horse racing in Wyoming. One is the importance of addressing the safety and welfare of all participants in racing at Wyoming racetracks. Second is the cost of HISA/HIWU programs. The Wyoming Gaming Commission is mandated to regulate horse racing in Wyoming, and a mechanism must be implemented to pay for the costs incurred with HISA/HIWU. Additionally, there have been a number of legal issues surrounding HISA from various challenges in multiple courts and multiple jurisdictions.

In addition to those issues, HISA/HIWU only applies to Thoroughbred racing at this time, and last year 62% of all races at the three tracks in Wyoming were Quarter Horse races. It would be important with the mixed meets to have consistency in safety standards for all racing animals. Another factor to consider is that due to the legal challenges, a number of racing states are not under HISA/HIWU regulatory oversight, and it is not clear what impact this has on the migration of horses between different jurisdictions. Without a resolution to try to achieve national consistency in regulatory medication and safety policies it may influence where some stables choose to race, which could impact where Wyoming can attract active horses from.

Fourteen affiliates of the Horsemen’s Benevolent and Protective Association (“HBPA”) and four racetracks have joined to participate in an existing lawsuit that claims HISA and the Federal Trade

Commission violated the Fourth and Seventh Amendments to the US Constitution, plus the process by which a federal agency may develop and issue regulations.<sup>44</sup>

The legal issues are still in flux and may not be resolved until a final ruling is made by the Supreme Court. The most recent legal news as of the writing of this report is that the Supreme Court temporarily blocked a ruling by the Fifth Circuit Court of Appeals that stated enforcement rules of HISA were unconstitutional.<sup>45</sup> “The Fifth Circuit’s decision conflicts with a ruling from the Sixth Circuit Court of Appeals, which upheld HISA’s constitutionality after Congress amended the law to provide the FTC more oversight over the authority’s rulemaking. These judicial splits raise significant constitutional questions and increases the likelihood that the Supreme Court will ultimately take up the case.”<sup>46</sup>

While HISA and HIWU are in the early stages of full development, arguably there were some implementation issues in the first two years of administration. A number of the issues have been well documented in horse racing trade publications, but it would appear statistical improvements are correlated to increased safety.

Despite there being media and industry attention to the negative issues during implementation there are some possible positive synergies to consider moving forward.

With a substantial budget, a database of safety factors to evaluate and compare issues across many jurisdictions may be addressed more quickly and evaluate concerns better than from a state-by-state model. Regulatory officials, trainers, and veterinarians evaluate every single “covered” horse before racing. This protocol allows officials to evaluate factors to identify horses that may have an increased risk of injury.

Racetracks are required by HISA to test, record, and report racing and training surface conditions. This can increase understanding of how factors such as weather, moisture content, depth, and cushion affect equine safety.

It may be possible that HISA could add further regulations to enhance the overall safety of the industry. One example may be drug testing for horses entering sales as 2-year-olds.

Future HISA initiatives may include integrating wearable technology in training and racing to help support injury detection by measuring and recording the horse’s stride, planes of motion, and other baseline indicators. Studies can be done such as the effects of therapeutic medications on racehorses as well as studies utilizing the large database.

We believe that horse racing will continue to be subject to negative media coverage when issues of safety and welfare arise. Attitudinal changes in society continue to evolve and present challenges for the horse racing industry as it tries to foster its social license (generally defined as “a level of acceptance

---

<sup>44</sup> T.D. Thornton, “14 HBPA Affiliates, 4 Tracks Want In on HISA Lawsuit,” *Thoroughbred Daily News*, August 13, 2022. <https://www.thoroughbreddailynews.com/14-hbpa-affiliates-4-tracks-want-in-on-hisa-lawsuit>

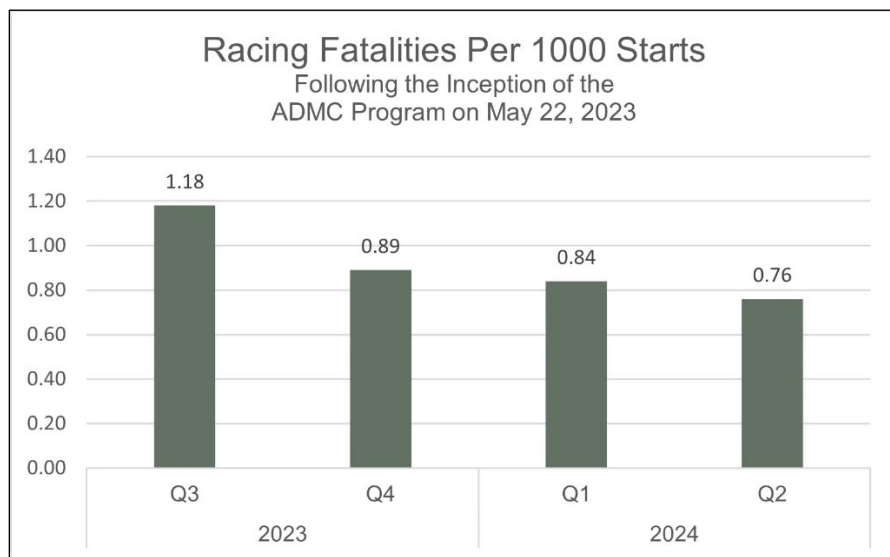
<sup>45</sup> “Supreme Court Takes Action in Case That Could Upend Horse Racing,” *Newsweek* website, Published September 24, 2024. <https://www.newsweek.com/supreme-court-samuel-alito-horse-racing-hisa-1958696>

<sup>46</sup> *Ibid.*

or approval by local communities and stakeholders of organizations and their operations or societal acceptance, tolerance and consent to an activity that is generally considered to be outside the norm”).<sup>47</sup>

HISA this summer published their second quarter metrics for 2024. According to HISA, since the implementation of the ADMC Program (May 2023), fatality rates declined for four consecutive quarters. The second quarter of 2023 racetracks operating under HISA had a racing-related fatality rate of 1.48 per 1,000 starts compared to 2024 second quarter rate of 0.76 per 1,000 starts.<sup>48</sup>

**Figure 64: Thoroughbred fatalities per 1,000 starts**



Source: Horseracing Integrity and Safety Authority website, <https://hisaus.org/news/hisa-publishes-2024-second-quarter-metrics-report>

According to the WGC, in 2023 Wyoming saw 14 catastrophic breakdowns in 3,595 starts. Note this is all starters and not by breed. That equates to 3.9 catastrophic breakdowns per 1,000 starters, well above the HISA numbers outlined above. In 2024, there were reported five catastrophic breakdowns during racing and four during training or in the stable area. This represents 1.25 to 1.39 catastrophic breakdowns per 1,000 starters, still higher than the reported National HISA levels but a significant improvement.

Several states have dealt with the cost of HISA by splitting the cost between horsemen and track operators. Florida, New Mexico, and Virginia have had legislative action to address the issue of HISA costs.

Florida passed House Bill (HB) 7063, signed by Governor Ron DeSantis on May 25, 2023. This bill creates a pari-mutuel tax credit equal to the amounts paid by Florida racetracks to HISA.

New Mexico Senate Bill (SB 336) was signed into law on April 4, 2023. The bill reallocates 1.2 percentage points of the 26% gaming taxes to the state of New Mexico to pay for jockey insurance, exercise rider insurance, and costs associated with the federal HISA law. The bill has a temporary provision

<sup>47</sup> “What is a Social License?” <https://sociallicense.com/definition.html> (accessed September 24, 2024)

<sup>48</sup> “HISA Publishes 2024 Second Quarter Metrics Report,” Horseracing Integrity and Safety Authority. <https://hisaus.org/news/hisa-publishes-2024-second-quarter-metrics-report>

where the New Mexico Racing Commission (“NMRC”) will review the effectiveness of using net take to offset the costs of insurance and the cost of HISA. This bill could “sunset” on July 1, 2027.

Virginia is another state that addressed funding for HISA differently than many other states. According to the former executive secretary of the Virginia Racing Commission (“VRC”), “The funding for the VRC comes from a percentage of the pari-mutuel wagering that takes place in Virginia. This now includes HHR and the amount that goes to the Commission is enormous ... The VRC collects all of this money and is allowed to spend whatever it needs to regulate racing and wagering ... I received approval from the Secretary of Agriculture to pay the entire HISA/HIWU assessments out of our operating money, I ultimately made the decision to do so as the agency head.”<sup>49</sup>

Wyoming is in a bit of a unique situation. As stated earlier, only 40% of the horses racing on Wyoming tracks would currently be covered by HISA as the other 60% are Quarter Horses. While it makes sense for Wyoming to adopt the best practices of the Horse Racing Integrity and Safety Authority, the mixed-meet racing provides some complexity to implementation and compliance.

For example, Wyoming runs approximately 62% of the races for Quarter Horses that are not under the authority of HISA. HISA is tied to the Interstate Horse Racing Act regarding simulcasting of horse racing across state lines. Wyoming currently can export the Quarter Horse races from their racetracks but not the Thoroughbred races. In addition, breeding numbers provided by the WGC show that the major emphasis for breeding in Wyoming is that of Quarter Horses.

**Figure 65: Wyoming foal crops and percentage that are Quarter Horses**

Year	QH	TB	Total	% QH
2018	129	9	138	93.48%
2019	158	12	170	92.94%
2020	181	9	190	95.26%
2021	225	24	249	90.36%
2022	165	25	190	86.84%

Source: Wyoming Gaming Commission

With the improvements to race purses and the 60-40 split QH/TB that the racetracks and horsemen have negotiated in their agreements, the influx of Thoroughbreds is both probable and necessary to continue the racing programs at the three (or four if/when Cowboy Racing’s Thunder Plains Racetrack comes to fruition) racetracks. Thus, in order to export the entire card of races, the tracks would be required to join HISA.

Based on comparable states’ assessments, Wyoming could be assessed anywhere from \$175,000 to \$225,000 annually depending on the addition of a fourth track and if the number of Thoroughbred races remains at approximately 40% of the total run in Wyoming. If dates and Thoroughbred starters increase, so will the total purses and subsequently the assessment.

<sup>49</sup> Email from David Lermond to Douglas Reed, June 10, 2024; subject: HISA.

Using the above estimated assessment and the general rate small tracks can charge for their signal of 3% to 4% of handle, the export handle on Thoroughbred Racing in the state would have to reach \$5.8 million to \$7.5 million or an average of \$116,000 to \$150,000 (technically only on the Thoroughbred Races) per race day in order to break even on the assessment cost. In addition, there is approximately \$1,000 per day to uplink your signal, which would require an additional \$33,333 in handle per race day to cover uplink costs. The uplink break-even can include Quarter Horse Race handle as they will be part of the simulcast export. As all three tracks currently send their signal to OTB sites within the state, this cost appears to be incurred already.

**Figure 66: Estimated HISA assessment**

Track	TB Starts	Total TB Purses	Purse per Start	Assessment	\$ Assess/starts	\$ Purse/\$ Assess
Abq	1,483	\$4,973,494	\$3,354	\$382,609	\$129.00	\$26.00
Arp	1,998	\$3,634,824	\$1,819	\$363,482	\$90.96	\$20.00
Fan	2,244	\$5,240,123	\$2,335	\$468,156	\$104.31	\$22.39
FMT	676	\$1,496,233	\$2,213	\$124,204	\$91.87	\$24.09
SrP	851	\$2,387,701	\$2,806	\$183,687	\$107.92	\$26.00
Tim	367	\$1,994,887	\$5,436	\$120,743	\$164.50	\$33.04
<b>Average</b>	<b>1,270</b>	<b>\$3,287,877</b>	<b>\$2,994</b>	<b>\$273,813.50</b>	<b>\$107.81</b>	<b>\$24.02</b>
WY (estimated using average)	1239	\$1,526,448	\$1,232	<b>\$197,143.55</b>		

Source: Daily Racing Form and Equibase; Horseracing Integrity and Safety Authority website, <https://hisaus.org/news/hisa-publishes-2024-second-quarter-metrics-report> Accessed October 3, 2024.

Note that HISA has notified the industry that in 2026 the assessment will only be based on Thoroughbred starts and will no longer include the purse amount calculation.<sup>50</sup> The rule was proposed on October 23, 2024, with public comment due by November 6, 2024. With the per-start fee, small tracks like the ones in Wyoming may be expected to pay a higher amount as the per-start fee is calculated over all Thoroughbred racetracks in the United States.<sup>51</sup>

Exporting the racing signal is a source of revenue as well as adding liquidity to the pari-mutuel pools. The chart below shows the average handle per day of mixed meets that would be relatively similar to the tracks operating in Wyoming with type and caliber of racing.

<sup>50</sup> Horseracing Integrity and Safety Authority website, <https://hisaus.org/news/proposed-modifications-to-the-assessment-methodology-rule-2>. (accessed October 25, 2024)

<sup>51</sup> The Paulick Report Website, <https://paulickreport.com/news/the-biz/flat-rate-each-track-would-pay-same-per-start-fee-under-proposed-hisa-rule-change>. (accessed October 27, 2024)

**Figure 67: Handle estimates based on comparable tracks**

2023 Average per Day Field Size Handle per starter			
ABQ	\$426,328	8.9	\$4,996
ARP	\$187,181	6.6	\$3,530
GRP*	\$367,768	7.1	\$6,544
PRM	\$515,126	6.5	\$8,234
SRP*	\$393,712	7.8	\$5,165
WRD	\$502,206	7.5	\$6,706
		<b>Average</b>	<b>\$5,863</b>

Source: Daily Racing Form and Equibase. \*GRP and SRP using 2021 when they fully exported their signal

To arrive at an estimated range for the Wyoming tracks, the average handle per starter of Arapahoe Park in 2023 is a conservative benchmark. It generally takes time to establish the signal in the market, which Arapahoe Park has done, and Arapahoe runs on similar days and times as the Wyoming racetracks. Note that Arapahoe currently is not a HISA track and is not exporting their signal outside of Colorado.

**Figure 68: Handle estimates for Wyoming tracks**

	Estimated Range	Field Size	
		Avg/Day using Arapahoe Park Handle/Starter	
EDR	\$75,000 - \$257,000	7.3	\$257,690
SWF	\$90,000 - \$275,000	7.8	\$275,340
WYO	\$98,000 - \$289,000	8.2	\$289,460

Source: Spectrum Gaming Group

The low end of the range is taking into account the competition in the market, and those numbers are below the daily break-even point to overcome the cost of the HISA assessment and uplink costs associated with export simulcasting. However, the median points in those ranges will allow for a break-even, and moving towards the top end could provide profit on the export handle. One theoretical benefit to exporting the signal is the added liquidity to the pools *may* lead to an increase in the live wagering. Forecasting this is difficult because you would need to know distinct wagering behaviors of the live racing clientele.

In addition to the assessment cost, HISA requires more oversight for safety and integrity than previously experienced. Below are potential costs to racetracks. While many of these are in the best interest of the racetracks, participants and horses, they are a cost to comply with HISA.

Additional costs of HISA include added staffing for the associations and for horsemen because of additional record keeping requirements. Mandatory necropsies of all covered horses and additional veterinarian duties associated may require additional staffing requirements. All “covered” horses are required to have pre-race examinations. This is now a rule in Wyoming. Also, added requirements of horses working to get off the veterinarian’s lists add to the duties of the veterinarians.

In the table below, various costs of implementing HISA rules are listed as recurring or one-time. The Assessment is the estimated annual total and would be split up on a per track basis. It is listed as a whole cost as it will remain to be determined by who and how that is paid to HISA. The items in *italics* are

already in place by the existing racetracks and the WGC so those costs are listed for informational purposes but also for future potential licensees.

**Figure 69: Potential cost of implementation of HISA**

Item	Annual Cost	1-Time Cost
Assessment*	\$197,144	
Safety Rail		\$200,000
Padded Starting Gate		\$30,000
Horse Ambulance		\$100,000
Human Ambulance	\$50,000	
Necropsies	\$16,000	
Emergency Warning		\$25,000
Personnel		
Safety Director	\$30,000	
Regulatory Vet	\$50,000	
Stable Gate	\$30,000	
Track Maintenance Reporting	\$15,000	
<b>Totals</b>	<b>\$388,144</b>	\$355,000
<b>All-in Total</b>	<b>\$743,144</b>	

Source: Spectrum Gaming Group

The WGC commissioned the assistance of Equine Risk Management Group LLC and Associates to do a safety survey of all three Wyoming Racetracks. The reports issued to the WGC focus on aligning Wyoming rules and requirements for safety and integrity with those rules of the ARCI and HISA. The following chart shows a combination of an estimated individual racetrack HISA assessment as well as existing compliance and deficiencies with the ARCI and HISA. It can be noted that the Wyoming racetracks are not too far from meeting the criteria set out by HISA. This is further covered in another section of the report.

**Figure 70: Current HISA compliance levels in Wyoming**

Track	Estimated Assessment	Rail	Padded Starting Gate	Horse Ambulance	Human Ambulance	Emergency Warning	Receiving Barn	Stable Gate	Track Reporting	Secure Fencing
ERD	\$59,143	Yes	Yes	Yes	Para-med	No	Yes	Recommend	No	Yes
SWD	\$65,058	Yes	Yes	Yes	?	No	Yes	Recommend	No	No
WYO	\$72,943	Yes	Yes	Yes	Para-med	No	Yes	Recommend	No	Yes
<b>Commission</b>	<b>Safety Director</b>	<b>Regulatory Vet</b>		<b>Necropsy</b>						
WGC	Yes	Yes		No						

Source: Spectrum Gaming Group and Equine Risk Management Group LLC and Associates

The areas of deficiency may be due to the WGC not requiring the levels that HISA and the ARCI do. For example, the WGC requires a human ambulance to be on the grounds and staffed when horses are on the track training or racing. HISA and the ARCI go further to require one licensed paramedic or



Advanced Life Support individual during training and two such licensed paramedics during racing. The ERMG LLC & Associates recommend that the WGC investigate this requirement. As every jurisdiction down to the county level has different requirements for emergency services and paramedics operating in those jurisdictions, this will need further research by the WGC and racetrack operators.

None of the racetracks have an emergency warning system when a horse unseats a rider on the racetrack during training or racing. Depending on the electrical and fiber infrastructure at the facility, this is not a costly item to add unless there are major upgrades necessary to the infrastructure. It is recommended to be added to the facilities. Spectrum Gaming Group received a generic quote of \$4,000 to \$6,000 for the equipment and estimated installation at roughly \$25,000, again depending on infrastructure.

It is recommended that the stable gates at the three facilities use the structure as the central clearing house for safety and emergency information. In addition, signage designating the area as a "Restricted Area" needs to be added to all three. The stable gate is a critical point for preventing unauthorized people from entering the stable area as well as ensuring proper health paperwork for the horses are in place prior to entry into the confined area where disease can spread easily.

Furthermore, it was identified by ERMG LLC & Associates that the perimeter of the Sweetwater Downs barn area is not fully fenced, allowing unlicensed people access to the barns and creating a safety and integrity issue. The Spectrum Gaming Group recommends that this is addressed and rectified as well.

One aspect of HISA that is not currently being followed by the three racetracks is the daily log and tracking of the track surface, including the daily maintenance of the surface. If Wyoming decides to join HISA, there will be a cost of reporting that will be, at minimum, labor costs for the person(s) responsible for keeping and reporting the information.

Finally, HISA will require a necropsy to be performed by an approved lab on all horses that die at the racetrack during racing or training activity. Currently, full necropsies are not required nor performed, though there is language in the rules for post-mortem examinations of deceased racehorses. In addition, finding an independent lab where this can take place while also keeping the remains intact in order to perform the necropsy will require some investigation and policy. According to one operator, there have been preliminary discussions with the University of Wyoming but currently they may not be capable of performing the necropsy per HISA requirements.

## N. Cost of Regulation – Live Racing

The daily cost of the regulation of horse racing at a single Wyoming racetrack is broken down as follows:

**Figure 71: Wyoming regulatory costs**

Additional Staffing for Overlap/Day	
Stewards x3	\$1,980.00
Safety Officer	\$600.00
Regulatory Vet	\$3,350.00
Licensing	\$184.00
Lab*	\$4,687.50
Track Safety Report**	\$928.13
<b>Total Cost/Day</b>	<b>\$11,729.63</b>

\*Lab is for the meet but divided by 16 days for the purpose of this computation.

\*\* Track Safety Report is for the meet but divided by 16 days for the purpose of this computation.

Source: Wyoming Gaming Commission

Because the minimum race days required by a permittee are 16, this total cost per day is based on the cost per day of a 16-day race meeting. The first four items are a daily cost regardless of the number of licensees racing in Wyoming. Any overlap of race meets means this amount becomes an incremental cost to the WGC for regulation.

The lab and track safety report, while tied to the race meet, is not necessarily a function of an overlap in race days but is a function of additional race meetings at a fourth (or more) license. The WGC has a line item of \$14,000-\$15,000 for the Track Safety Report per race meeting as well as \$75,000 budgeted for drug testing at each race meeting. Thus, the addition of a fourth license in general increases regulatory costs by the cost per day, times 16 days, or \$187,674.

There are a few scenarios that can play out relating to race dates and overlapping of those race days. The “no overlap” model allows for the most efficient use of the WGC staff. The current two-track overlap for the month of June causes duplication of the positions listed in the table above. Having a third track overlap in June (or any month) could be problematic when it comes to finding qualified people to staff in the key positions listed in the table. Having two tracks overlap for the entire season could allow the WGC to hire people for longer terms and perhaps have better access to the most qualified personnel. The short overlaps are problematic in this regard.

Moving forward, if HISA is adopted by the WGC, there will be a lab and shipping cost related to necropsies on deceased horses and the subsequent lab performing them. Hard costs on this will depend on where those deceased horses are sent as that will stipulate transportation and lab costs. Per HISA Rule 2170. Necropsies, (d) The cost of necropsies set forth in this Rule 2170 shall be paid by those persons who are responsible for necropsy costs pursuant to existing state rules. In jurisdictions that do not provide for necropsy costs or address the responsibility for payment, the Racetrack shall be responsible for payment.

The current WGC rule places the cost of a post-mortem examination with the owner of the horse.

In Chapter 8, Section 3:

*(iii) The owner of the deceased horse shall make payment of any charges due the veterinarian employed by him to conduct the post-mortem examination. The services of the Commission Veterinarian and the laboratory testing of post-mortem samples shall be made available by the Commission without charge to the owner.*

*(iv) A record of every post-mortem shall be filed with the Commission by the owner's veterinarian within 72 hours of the death.*

*(v) Each owner and trainer accept the responsibility for the post-mortem examination provided as a requisite for maintaining the license issued by the Commission.*

However, when contracting with a lab to perform a necropsy, the stakeholders all share in the cost/benefit of the information provided by the lab. Ideally an arrangement is made between the WGC, racetracks and horse owner/trainer organizations to fund a necropsy program. Note that samples for drug testing are already collected by the WGC and sent to the WGC-contracted laboratory for drug analysis.

## **O. Economic Impact of the Live Racing and Breeding Industry in Wyoming**

The diverse equine industry has a significant impact to the US economy. According to the American Horse Council, the total value-added impact in 2023 was \$177 billion – up from \$122 billion in 2017.<sup>52</sup> “The survey offers a comprehensive overview of the economic impact and trends within the equine sector and highlights how it reaches far beyond the pastures and ranch land across the country.”<sup>53</sup>

The economic ripple effect of the horse racing industry sector is not unlike other sectors of the equine industry as it reaches well beyond the immediate industry. For example, the breeding industry owns land, contributes to rural economies, and purchases a variety of goods and supplies. Once a foal is born, the cost of raising and training the horse is substantial. Many professionals are involved in the process, including trainers, veterinarians, farriers, stable workers, exercise riders/jockeys, etc. The suppliers in various agricultural industries, and equine and medical product suppliers that provide goods and services for the horse racing industry support a wide range of jobs and businesses.

The wagering on both live and historical horse racing creates revenue for the racing industry and funds purses, breeders' awards, racetrack operators, local communities, regulation and the State of Wyoming.

The Wyoming horse racing supply chain includes breeding farms, horses, horse owners, employees, racetracks and OTBs, which link the flow of information, products, materials and funds involved in different stages of producing and selling the racing product to the end-user. The suppliers (breeders, owners, trainers, jockeys etc.) and content providers (racetracks/live racing) account for a very large percentage of the direct economic impact of the industry for the state.

---

<sup>52</sup> “Results from the 2023 National Equine Economic Impact Study Released,” January 31, 2024. <https://horsecouncil.org/project/results-from-the-2023-national-equine-economic-impact-study-released/>.

<sup>53</sup> Ibid.

The Innovation Group was retained by Wyoming Downs LLC and Wyoming Horse Racing LLC to conduct an economic impact study of the Wyoming horse racing industry published in September 2019.<sup>54</sup> The Innovation Group was again hired by Wyoming Downs LLC, Wyoming Horse Racing LLC and 307 Horse Racing LLC for a similar study published in January 2023.<sup>55</sup>

According to the 2018 Innovation study, the Wyoming horse racing industry’s direct contribution to GDP was \$25 million and direct employment of 286 jobs. The indirect and induced impacts created a value-added impact of \$38 million and employment of 454.<sup>56</sup>

Those estimates of economic impact grew according to the Innovation Group’s 2022 study to a direct contribution of \$56.5 million to GDP and direct employment of 446 jobs. The indirect and induced impacts for 2022 created a value-added impact of \$79.8 million and employment of 753 jobs.<sup>57</sup>

The table below indicates the change in some data that will influence the economic impact for Wyoming moving forward.

**Figure 72: Wyoming Breeders Award program data**

	2019	2020	2021	2022	2023
Number of horses accredited	292	324	265	502	427
Number of horses accredited as racing stock	127	158	137	307	200
Number of horses accredited as breeding stock	165	166	128	195	145
Total amount of breeders’ awards paid	\$3,216,636	\$2,746,527	\$3,727,233	\$5,184,767	\$6,831,221
Number of horses earning points at Wyoming racetracks	179	226	270	312	369
Number of Wyoming-bred races at Wyoming racetracks	55	50	76	104	105
Total number of races at Wyoming racetracks	276	244	438	464	467

Source: Wyoming Gaming Commission

For example, in 2018 when the first Innovation Group economic study was conducted, the number of horses earning points at Wyoming racetracks was 176. In 2022 when the second study was conducted that number grew to 312 and for 2023 it was 369. This indicates a growth in the number of Wyoming-bred horses that raced that year at the Wyoming racetracks.

The decline in the number of horses accredited as breeding stock in 2023 may or may not indicate a decline because the racing stock horses may accredit a horse as weanlings, yearlings or older horse. The fluctuation may vary depending on when breeders decide to accredit the horse. A better indication of the trend of horses bred for racing which affects the economic impact would be the foal crops.

<sup>54</sup> The Innovation Group, “Economic Impact Analysis: Wyoming Horse Racing Industry, State of Wyoming,” September 2019.

<sup>55</sup> The Innovation Group, “Economic Impact Analysis: Wyoming Horse Racing Industry, State of Wyoming,” January 2023.

<sup>56</sup> The Innovation Group, “Economic Impact Analysis: Wyoming Horse Racing Industry, State of Wyoming,” September 2019.

<sup>57</sup> “Economic Impact Analysis: Wyoming Horse Racing Industry, State of Wyoming,” The Innovation Group, January 2023.

As of this report, we do not have accurate foal crop numbers for 2023. Tracking things like the foal crop year to year, the number of races run, number of Wyoming-breds participating in Wyoming races will give some indication regarding the trend in economic growth of the industry.

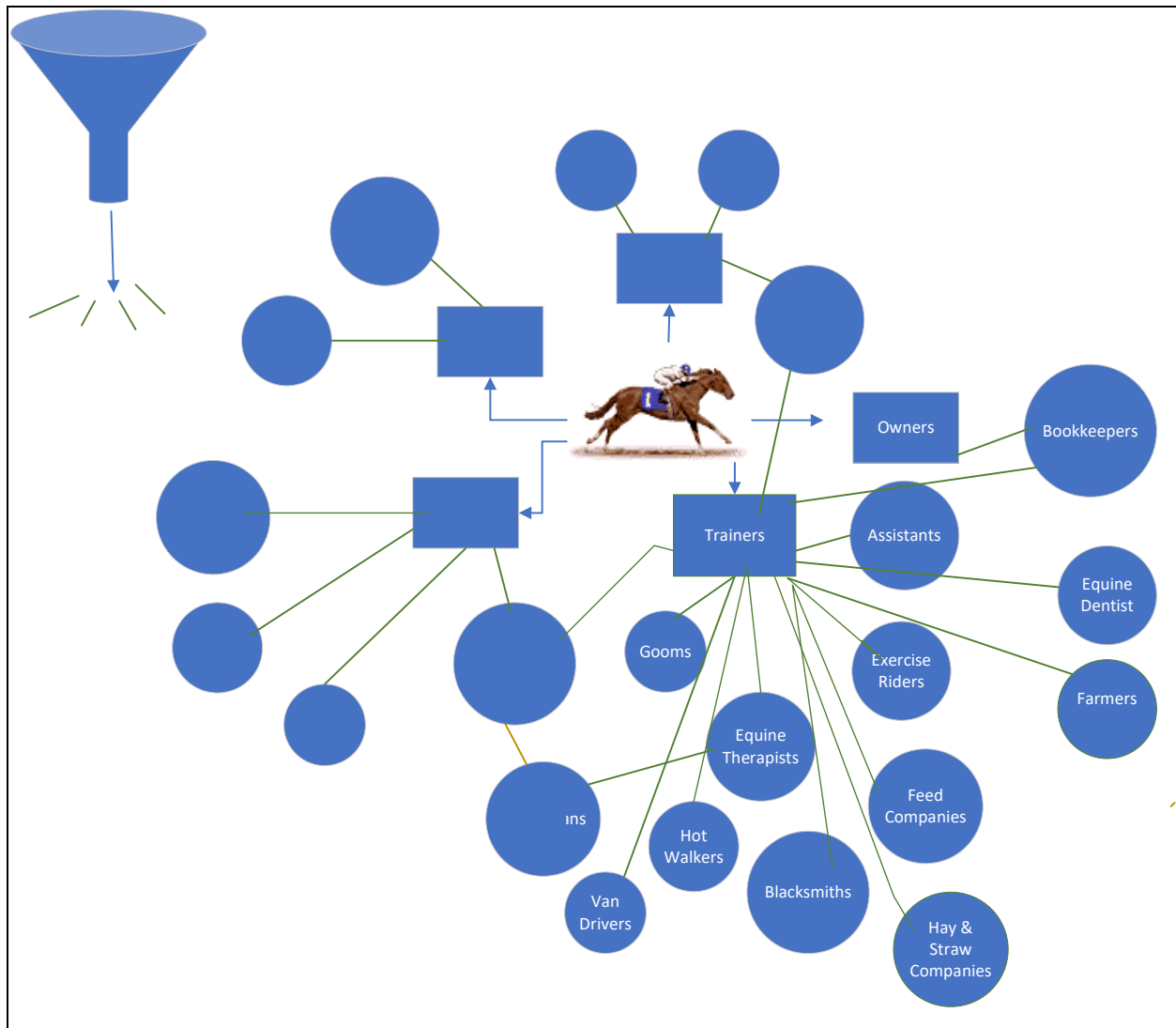
**Figure 73: Wyoming foal crops**

Year	QH	TB	Total	% that are QH
2018	129	9	138	93.48%
2019	158	12	170	92.94%
2020	181	9	190	95.26%
2021	225	24	249	90.36%
2022	165	25	190	86.84%

Source: Wyoming Gaming Commission

The diagram below illustrates how the Wyoming horses impact the economy and jobs showing the flows of purse money, breeders' awards and other revenues generated by the racehorse.

**Figure 74: Economic flows of the racehorse**



Source: Spectrum Gaming Group

## VII. Conclusion

Based on our review, we found that the current regulatory system has been working efficiently and effectively in the oversight of myriad gaming operations. The regulatory oversight for pari-mutuel racing, HHR, skill-based amusement games, online sports wagering and charitable gaming is comparable to other gaming jurisdictions. In certain respects, however, certain modifications can be made to improve the regulatory system.

Spectrum makes the following recommendations:

1. Establish and fill the position of General Counsel for the Commission at a salary to be determined by the Commission.
2. Increase the minimum age for wagering at HHR and online sports wagering to 21, consistent with the minimum age for skill-based amusement games, and consistent with best practices for responsible gaming.
3. Evaluate the use of Multi-Jurisdictional Personal History Disclosure Form and the Multi-Jurisdictional Business Entity Disclosure Form, both promulgated by the International Association of Gaming Regulators and in use in many gaming jurisdictions nationally and internationally.
4. Establish affirmative license criteria uniformly for all authorized forms of gaming operations.
5. Reconsider the Wyoming 15% corporate ownership threshold to trigger licensing for sports wagering operator applicants, and remove the corporate/board of directors control requirement.
6. Consider a discretionary exemption for bona fide passive institutional investors that do not intend to influence business activities of the applicant corporation.
7. Through statutory amendments, implement an elastic process where the Executive Director could authorize the enlargement of a mandatory licensing timeframe upon a determination of good cause.
8. Remove the statutory provision that automatically grants a license to a sports wagering vendor if it is licensed and operating in three other gaming jurisdictions; instead, have each applicant submit to the standard Wyoming Gaming Commission licensing suitability evaluation.
9. Implement a centralized monitoring or auditing system for the regulatory monitoring of approved skill-based gaming machines.
10. Enact a rule that any and all winnings by a player who has self-excluded are forfeitable to the State and also prohibit the recovery of any gambling losses.
11. Designate a WGC law enforcement officer as an intelligence liaison with a focus on developing intelligence regarding the legalized gaming industry in Wyoming.
12. Create authority for appointment of a conservator in the event of an operator's gaming license revocation or by virtue of a decision by the WGC to not renew an expiring operator's license.

13. Consider a rule requiring simultaneous filing with the WGC when a licensee voluntarily files a Wyoming-derived Currency Transaction Report or Suspicious Activity Report with FinCEN.
14. Conduct a regulatory risk assessment of all currently legalized gaming throughout the state regarding exposure to money laundering and terrorism financing.
15. Enact a state statutory provision criminalizing money laundering.
16. Adopt in whole or in part, as applicable, the model regulations of the ARCI for HHR.

With respect to live racing, Spectrum believes there is room for expansion of live racing, but given the fact it may take time to capture any HHR potential growth, which is needed to keep the purses competitive to attract horses and stables, a stepwise measured growth approach is recommended.

As live racing and the breeding industry grows in Wyoming, public scrutiny increases and thus the attention to safety and integrity is paramount. The WGC and racetrack operators have already been working on improving the regulatory framework as well as facilities to accomplish safe and fair racing. This factor is something horse owners consider when choosing where to race their horses, knowing that their investments are part of a professionally managed environment. As such, it is fair to say that completing the work and joining HISA, and thus allowing the racetrack facilities to export the simulcast signal nationwide of all Wyoming racing, may be the next logical step. At the very least, following safety and integrity guidelines consistent with other jurisdictions that are a part of HISA is the right thing to do.

Besides generating additional revenue for the horse racing industry and promoting handle growth, the ability to promote Wyoming Horse Racing across the Country through the exporting of the simulcast signal can produce positive results. First, it is likely to attract more outside participation in the race meets as horse owners and trainers in other states have access to the races. Next, investment in equine activities inside the State can increase from new participation as people move their horses/operations to Wyoming. Finally, consider the export signal as advertising what is available and there is an even greater potential to draw horse racing enthusiasts to the cities hosting live racing, increasing tourism, economic impact and HHR play.

## About This Report

This report was prepared by Spectrum Gaming Group, a non-partisan consultancy founded in 1993 that specializes in the economics, regulation and policy of legalized gambling worldwide. Our principals have backgrounds in operations, economic analysis, law enforcement, regulation, research and journalism.

Spectrum holds no beneficial interest in any casino operating companies or gaming equipment manufacturers or suppliers. We employ only senior-level executives and associates who have earned reputations for honesty, integrity and the highest standards of professional conduct. Our work is never influenced by the interests of past or potential clients.

Each Spectrum project is customized to our client's specific requirements and developed from the ground up. Our findings, conclusions and recommendations are based solely on our research, analysis and experience. Our mandate is not to tell clients what they want to hear; we tell them what they need to know. We will not accept, and have never accepted, engagements that seek a preferred result.

Our clients in 44 US states and territories, and in 48 countries on 6 continents, have included government entities of all types and gaming companies (national and international) of all sizes, both public and private. In addition, our principals have testified or presented before the following governmental bodies:

- Brazil Chamber of Deputies
- British Columbia Lottery Corporation
- California Assembly Governmental Organization Committee
- Connecticut Public Safety and Security Committee
- Florida House Select Committee on Gaming
- Florida Senate Gaming Committee
- Georgia House Study Committee on the Preservation of the HOPE Scholarship Program
- Georgia Joint Committee on Economic Development and Tourism
- Illinois Gaming Board
- Illinois House Executive Committee
- Indiana Gaming Study Commission
- Indiana Horse Racing Commission
- International Tribunal, The Hague
- Iowa Racing and Gaming Commission
- Louisiana House and Senate Joint Criminal Justice Committee
- Massachusetts Gaming Commission
- Massachusetts Joint Committee on Bonding, Capital Expenditures, and State Assets
- Michigan Senate Regulatory Reform Committee
- National Gambling Impact Study Commission
- New Hampshire Gaming Study Commission
- New Jersey Assembly Regulatory Oversight and Gaming Committee
- New Jersey Assembly Tourism and Gaming Committee
- New Jersey Senate Legislative Oversight Committee
- New Jersey Senate Wagering, Tourism & Historic Preservation Committee
- New York Senate Racing, Gaming and Wagering Committee
- New York State Economic Development Council



- North Dakota Taxation Committee
- Ohio House Economic Development Committee
- Ohio Senate Oversight Committee
- Pennsylvania Gaming Control Board
- Pennsylvania House Gaming Oversight Committee
- Puerto Rico Racing Board
- US House Congressional Gaming Caucus
- US Senate Indian Affairs Committee
- US Senate Permanent Subcommittee on Investigations
- US Senate Select Committee on Indian Gaming
- US Senate Subcommittee on Organized Crime
- Washington State Gambling Commission
- West Virginia Joint Standing Committee on Finance
- World Bank, Washington, DC

## Disclaimer

Spectrum has made every reasonable effort to ensure that the data and information contained in this study reflect the most accurate and timely information possible. The data are believed to be generally reliable. This study is based on estimates, assumptions, and other information developed by Spectrum from its independent research effort, general knowledge of the gaming industry, and consultations with the Client and its representatives. Spectrum shall not be responsible for any inaccuracies in reporting by the Client or its agents and representatives, or any other data source used in preparing or presenting this study. The data presented in this study were collected through the cover date of this report. Spectrum has not undertaken any effort to update this information since this time.

Some significant factors that are unquantifiable and unpredictable – including, but not limited to, economic, governmental, managerial and regulatory changes; and acts of nature – are qualitative by nature and cannot be readily used in any quantitative projections. No warranty or representation is made by Spectrum that any of the projected values or results contained in this study will actually be achieved. We shall not be responsible for any deviations in the project’s actual performance from any predictions, estimates, or conclusions contained in this study.