



Horse Racing Annual Report to the Governor Calendar Year 2014



Horse Racing Annual Report to the Governor

Calendar Year 2014

Michigan Gaming Control Board
3062 W. Grand Blvd. L-700
Detroit, MI 48226

Submitted April 15, 2015

Pursuant to the
Horse Racing Law of 1995
(Section 6(3) of Act No. 279 of
Public Acts of 1995)

*Please direct inquiries to
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*This document is also available online at
www.michigan.gov/mgcb*



STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

RICK SNYDER
GOVERNOR

RICHARD S. KALM
EXECUTIVE DIRECTOR

April 15, 2015

The Honorable Rick Snyder
Governor of the State of Michigan

TO GOVERNOR RICK SNYDER AND THE MICHIGAN
LEGISLATURE:

In accordance with Section 6(3) of Act No. 279 of the Public Acts of 1995, the Horse Racing Law of 1995, as amended, the Horse Racing Annual Report to the Governor for calendar year 2014 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm
Executive Director

FROM THE EXECUTIVE DIRECTOR

Wagering and tax revenue associated with Michigan horse racing continued a 15-year downward trend in 2014. For the second consecutive year, wagering levels in Michigan decreased 7.98 percent compared with results from the previous year.

Visitors to Michigan horse racing tracks wagered \$116,783,802 in 2014. The wagers generated \$3.9 million in state tax revenue, down 13 percent from 2013.

In 2014, Michigan horse racing hailed the return of thoroughbred racing at Hazel Park Raceway for a 38 day meet. Thoroughbreds had not raced at Hazel Park since 1984.

The industry also faced the closings of Mount Pleasant Meadows and Sports Creek Raceway in 2014, leaving Hazel Park and Northville Downs as the only horse racing tracks in Michigan.

Mount Pleasant Meadows ceased simulcast operations February 8 and surrendered its racing license on February 12. The track was approved to host 16 live racing dates in 2014.

The Horse Racing Act prohibits tracks from offering live or simulcast racing and associated wagering without a contract with a certified horsemen's organization. Sports Creek Raceway closed at the end of the 2014 meet because the facility could not meet the requirement for 2015.

With three tracks operating in 2014, Michigan had 69 live race dates compared with 150 live race dates at four tracks in 2013. Live racing opportunities help support the agricultural economy associated with horse racing.

Michigan tracks also held 1,107 days of simulcast racing last year. Wagering on simulcast races was 96 percent of the year's total wagering. Simulcast wagering was down 7.5 percent from 2013, and total wagering was down 7.98 percent from 2013.

Both the horse racing industry and its audience have changed since the Michigan Horse Racing Act of 1995 became law. If the horse racing industry can reach a consensus, regulators are prepared to work with the Legislature on changes for Michigan's Horse Racing Act.

Sincerely,

/s/

Richard S. Kalm
Executive Director



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The Michigan Gaming Control Board at Work

THE MICHIGAN GAMING CONTROL BOARD (MGCB) HAS MANY ROLES AND PERFORMS NUMEROUS DUTIES ON A DAILY BASIS. BELOW ARE SOME OF OUR PRIMARY RESPONSIBILITIES.

STEWARDS

- Oversight over all aspects of pari-mutuel racing at each track during a race meeting
- Monitor and judge all live racing to ensure safety, enforce racing statutes and rules, and ensure a fair opportunity to compete
- Make decisions, hold hearings, and issue rulings to enforce compliance with laws and rules in all matters related to racing
- Review occupational license applications and evaluate their suitability for licensing
- Approve or deny applications

LICENSING STAFF

- Accept, process, and generate occupational license applications of anyone requesting approval to participate in Michigan pari-mutuel horseracing
- Collect and record occupational license fees and fines
- Review daily racing programs
- Maintain licensee data in the MGCB licensing system
- Provide general office assistance to MGCB track staff

REGULATION OFFICERS

- Carry out investigations into alleged violations of laws and rules
- Conduct investigations to determine suitability of applicants for licensing
- Perform drug and alcohol test on licensees as provided for by the Horse Racing Law and MGCB rules
- Oversee racetrack security in collaboration with track security staff
- Work with other jurisdictions to monitor licensee activity
- Regulation Officers from the Investigative Section are assigned to horse racing on a part-time basis

VETERINARIANS

- Monitor and safeguard the physical well-being of participating racehorses
- Oversee the MGCB equine drug testing programs, including the collection and testing of equine blood, urine, and other samples
- Implement vaccination protocols to protect racehorses and prevent the spread of infectious equine diseases
- Examine horses' pre and post races for soundness to race and to continue racing
- Oversee the laborers who procure the drug samples



JANUARY 1, 2014, OPERATING TRACKS



REVENUES AND EXPENDITURES

January 1, 2014 through December 31, 2014

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$ 3,925,627
Occupational License Fees	41,428
Outs**	282,569
Racing Fines	13,200
Track Licenses	1,000
Other Revenue	4,031
Revenue Transfers	<u>(18,774)</u>
TOTAL REVENUES	\$ 4,249,081

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement, and Benefits	\$1,129,214
Contractual Services, Supplies, and Materials	214,832
Travel	<u>3,393</u>
TOTAL EXPENDITURES	\$ 1,347,439

OUTS

Mt. Pleasant Meadows***	\$6,800
Hazel Park Harness Raceway	134,419
Northville Downs	98,521
Sports Creek Raceway	<u>42,829</u>
TOTAL OUTS REVENUE	\$282,569

**Simulcast wagering taxes were calculated based on date earned and verified by independent auditors. Timing differences exist when reconciling to the State accounting system due to the actual depositing of revenue occurring in the subsequent calendar year.*

*** "Outs" are un-cashed winning tickets. Governed by Public Act 505, 1998, the race meeting licensee (the track) keeps 50% of the winning payout on the tickets and the other 50% is deposited into the Agriculture Equine Fund. The funds were received as revenue in 2014.*

**** Mount Pleasant Meadows 2013 outs were \$6,701; 2014 outs were \$99.*



ALL WAGERING MEETS

RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Live Race Dates	150	69*
Total Live and Simulcast Dates	1,339	1,107
Live Wagering Total	\$5,659,751	\$4,623,279
Simulcast Wagering Total	<u>121,253,491</u>	<u>112,160,524</u>
Combined Wagering Total	\$126,913,242	\$116,783,803
Winning Tickets Payout	\$95,604,449	\$87,470,996
Simulcast Wagering Taxes	\$4,243,881	\$3,925,627
Track Share Commission	\$17,928,748	\$16,115,948
Local Government Breakage	\$504,154	\$489,075

Winning Tickets Payout – The amount of winnings paid to bettors.

State Racing Tax – There is a 3.5% tax on all money wagered on simulcast races at each licensed track. Live wagering is not taxed in Michigan. The Simulcast Wagering Tax is calculated on a daily basis by track. Therefore, the difference in the annual calculation and the daily calculation of Simulcast Wagering Tax is due to rounding.

Track Share Commission – The amount the race meet licensee (track) deducts from the total wagers for services rendered.

Local Government Breakage - Breakage is the difference in cents between the winning pay outs and the nearest dime (or nickel in a minus pool situation). For example, if a winning bet is computed to pay \$3.12 then the bettor receives \$3.10 The breakage of \$0.02 is deposited into a fund distributed and used by the cities or townships where the tracks are located. Breakage figures are all breakage incurred at the track during the calendar year.

* Although 79 race dates were awarded, 16 were surrendered by Northville Downs and 6 were added at Hazel Park



STATE TAX SUMMARY

RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Hazel Park Harness Raceway	\$2,008,317	\$1,982,772
Mt. Pleasant Meadows	45,024	2,942
Northville Downs	1,653,021	1,404,521
Sports Creek Raceway	<u>537,519</u>	<u>535,392</u>
TOTAL STATE TAX	\$4,243,881	\$3,925,627

There is a 3.5% tax on all money wagered on simulcast races at each licensed track. Live wagering is not taxed in Michigan.





LICENSING

- The MGCB licensed 1,970 individuals who held a total of 2,259 licenses. Some licensees hold more than one license.
- The MGCB issues licenses for owners, trainers, assistant trainers, drivers, jockeys, apprentice jockeys, veterinarians, farriers, racing officials, track and association employees, grooms, stable help, vendors, corporations, partnerships, and temporary licenses for authorized people to access various restricted areas of the track. There are 58 licensing categories.
- Licensing forms are available online at: www.Michigan.gov/mgcb and can be downloaded and submitted in person at one of our licensing offices or via fax. Each track has a MGCB field office that is open during live racing. Office hours vary by track and schedules are posted on our website at www.michigan.gov/mgcb.



**TOTAL WAGERING SUMMARY
LIVE WAGERING**

	<u>2013</u>	<u>2014</u>
Mixed Breed		
Hazel Park Raceway	\$0	\$3,170,423
Mount Pleasant Meadows	<u>194,487</u>	<u>0</u>
Total Mixed Breed	\$194,487	\$3,170,423
Standardbred		
Hazel Park Harness Raceway	\$3,317,843	\$534,214
Northville Downs	1,471,315	465,129
Sports Creek Raceway	<u>676,106</u>	<u>453,513</u>
Total Standardbred	\$5,465,264	\$1,452,856
TOTAL LIVE WAGERING	\$5,659,751	\$4,623,279

SIMULCAST WAGERING

	<u>2013</u>	<u>2014</u>
Hazel Park Harness Raceway	\$57,380,484	\$56,650,613
Mount Pleasant Meadows	\$1,286,395	\$84,063
Northville Downs	47,229,049	40,129,050
Sports Creek Raceway	15,357,563	15,296,798
TOTAL SIMULCAST WAGERING	\$121,253,491	\$112,160,524

TOTAL WAGERING	\$126,913,242	\$116,783,803
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MOUNT PLEASANT MEADOWS RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Live Race Dates	43	0*
Total Live and Simulcast Dates	258	28
Live Wagering Total	\$194,487	\$0
Simulcast Wagering Total	<u>1,286,395</u>	<u>84,063</u>
Combined Wagering Total	\$1,480,882	\$84,063
Winning Tickets Payout	\$1,166,076	\$68,834
State Racing Tax	\$45,024	\$2,942
Track Share Commission	\$191,242	\$9,493
Isabella Township Breakage	\$6,746	\$47

** Although Mount Pleasant Meadows was awarded 16 days of live mixed breed racing, those days were eliminated when they surrendered their race meet license.*





HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Live Harness Race Dates	54	10
Live Mixed Breed Race Dates	0	38*
Total Live and Simulcast Dates	361	361
Live Harness Wagering	\$3,317,843	\$534,214
Live Mixed Breed Wagering	<u>0</u>	<u>3,170,423</u>
Live Wagering Total	\$3,317,843	\$3,704,637
Simulcast Wagering Total	<u>57,380,484</u>	<u>56,650,613</u>
Combined Wagering Total	\$60,698,327	\$60,355,250
Winning Tickets Payout	\$45,430,181	\$45,086,143
State Racing Tax	\$2,008,317	\$1,982,772
Track Share Commission	\$8,631,381	\$8,367,225
City of Hazel Park Breakage	\$251,461	\$269,663

* Although Hazel Park Raceway was awarded 32 mixed breed race dates, 6 days were added bringing the total to 38 race dates.





NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Live Race Dates	30	10*
Total Live and Simulcast Dates	361	359
Live Wagering Total	\$1,471,315	\$465,129
Simulcast Wagering Total	<u>47,229,049</u>	<u>40,129,049</u>
Combined Wagering Total	\$48,700,364	\$40,594,178
Winning Tickets Payout	\$36,979,598	\$30,575,763
State Racing Tax	\$1,653,021	\$1,404,521
Track Share Commission	\$6,695,370	\$5,430,309
City of Northville Breakage	\$191,294	\$163,915

** Northville Downs was allocated 26 race dates. The 16 mixed breed dates allocated were surrendered.*



SPORTS CREEK RACEWAY RACE MEETING SUMMARY

	<u>2013</u>	<u>2014</u>
Live Race Dates	23	11
Total Live and Simulcast Dates	359	359
Live Wagering Total	\$676,106	\$453,513
Simulcast Wagering Total	<u>15,357,563</u>	<u>15,296,798</u>
Combined Wagering Total	\$16,033,669	\$15,750,311
Winning Tickets Payout	\$12,028,595	\$11,740,256
State Racing Tax	\$537,519	\$535,392
Track Share Commission	\$2,410,755	\$2,308,921
City of Swartz Creek Breakage	\$54,654	\$55,450





2014 MICHIGAN HORSE RACE TRACKS

- Hazel Park Raceway
1650 East Ten Mile Road
Hazel Park, MI 48030
248-398-1000
- Mount Pleasant Meadows
500 North Mission Road
Mount Pleasant, MI 48858
- Northville Downs
301 South Center Street
Northville, MI 48167
248-349-1000
- Sports Creek Raceway
4290 Morrish Road
Swartz Creek, MI 48473
810-635-3333