

2019 Michigan Gaming Control Board Horse Racing Report



Horse Racing Annual Report To the Governor

Calendar Year 2019



Michigan Gaming Control Board
3062 W. Grand Blvd. L-700
Detroit, MI 48202

Submitted April 15, 2020
Pursuant to the
Horse Racing Law of 1995
Section 6(3) of Act No. 279 of Public Act of 1995
Section 431 of Act No. 505 of Public Act of 1998

Please direct inquiries to
Dave Murley, Deputy Director

This document is also available online at
www.michigan.gov/mgcb



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

RICHARD S. KALM
EXECUTIVE DIRECTOR

April 15, 2020

The Honorable Gretchen Whitmer,
Governor of the State of Michigan

TO GOVERNOR GRETCHEN WHITMER 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 2019 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm
Executive Director



Michigan Gaming Control Board

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Introduction

Michigan's pari-mutuel horse racing industry operated during 2019 at Northville Downs, which offered 51 days of live racing on weekends from March 22 through June 8 and again from September 13 through December 14. The track originally requested 44 days of live Standardbred racing. Officials later asked to extend the race meeting by eight dates, and the extension was approved in a September 10 order. Icy track conditions forced the cancellation of one November race date. In 2018, Northville Downs offered 59 live Standardbred race dates.

AmRace & Sports L.L.C., a Delaware firm, applied in fall 2018 for licenses to offer Thoroughbred racing in 2019 at Sports Creek track near Flint and was granted a race meeting license with conditions. In February, AmRace & Sports surrendered the 2019 race meeting license. Later in 2019, the Delaware firm also applied for and was granted a 2020 race meeting license with conditions. The track has been closed since January 2015 and previously offered Standardbred pari-mutuel horse racing.

On December 20, Gov. Gretchen Whitmer signed legislation amending the Horse Racing Law to allow the agency's Executive Director to license third-party facilitators to conduct advance deposit wagering. ADW is pari-mutuel wagering by internet on live and simulcast horse races. The amendment was part of a package of gaming-related bills that became law in late December. The agency currently is reviewing implementation of the law, which requires the third-party facilitator to enter an agreement with all race meeting licensees and certified horsemen's organizations in the state.



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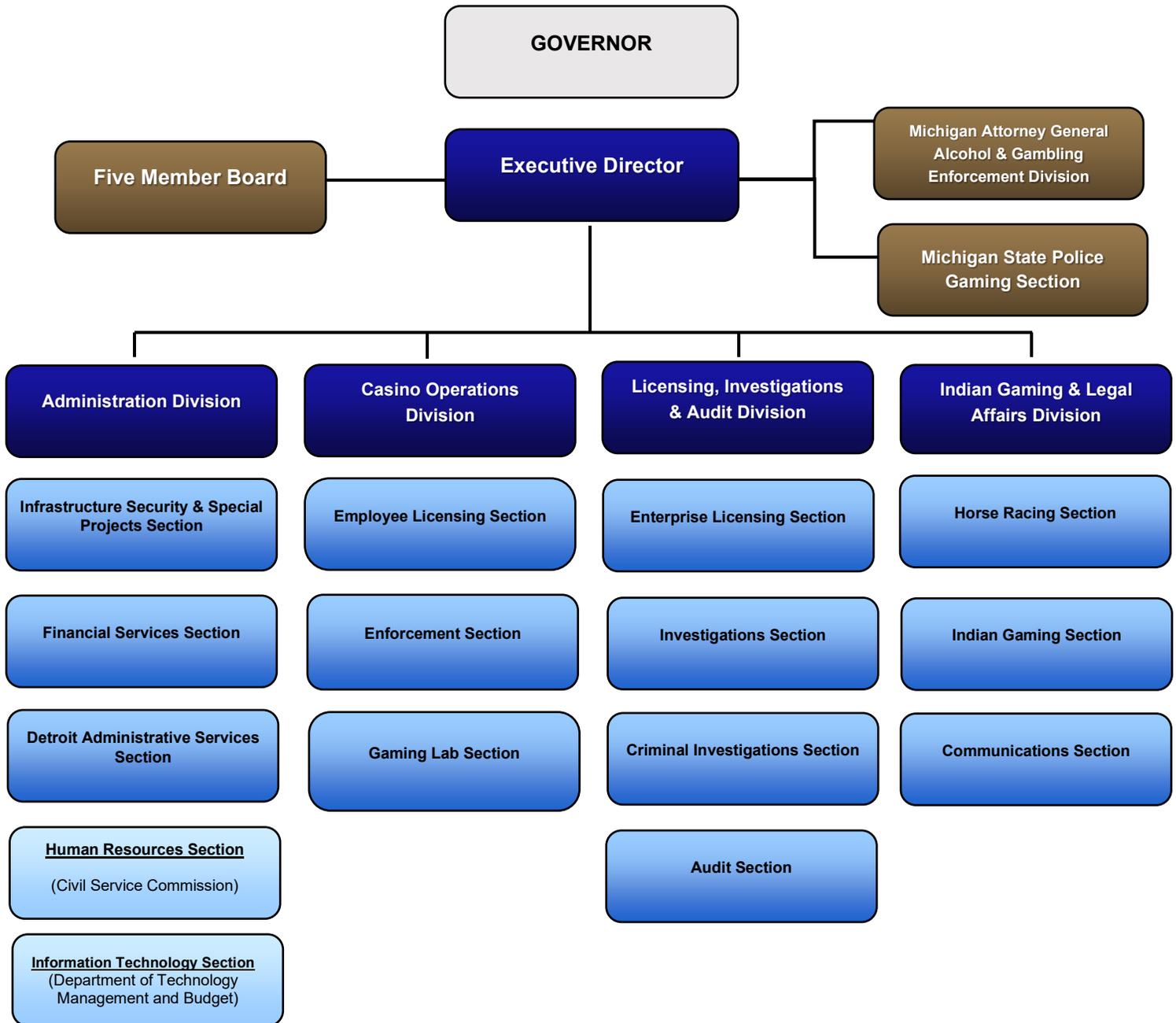
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Organizational Chart





Michigan Gaming Control Board

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The Michigan Gaming Control Board at Work

The Michigan Gaming Control Board (MGCB) has many roles and performs numerous duties daily. 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 horse racing
- 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 testing on licensees as provided for by the Horse Racing Law and MGCB administrative rules
- Oversee racetrack security in collaboration with track security staff
- Work with other jurisdictions to monitor licensee activity
- Regulation officers from the Criminal Investigations 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 race for soundness to race and to continue racing
- Oversee the laborers who procure the drug samples



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Hazel Park Raceway

1650 East Ten Mile Road
Hazel Park, MI 48030
P: (248) 398-1000

Northville Downs

301 South Center Street
Northville, MI 48167
P: (248) 349-1000



*Hazel Park Raceway closed effective April 4, 2018



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REVENUES AND EXPENDITURES

January 1, 2019, through December 31, 2019

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$2,118,924
Occupational License Fees	25,535
Outs**	156,665
Racing Fines	6,175
Track Licenses	2,000
Revenue Transfers	<u>(6,805)</u>
TOTAL REVENUES	\$2,302,493

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement and Benefits	\$909,505
Contractual Services, Supplies and Materials	173,649
Travel	<u>8,083</u>
TOTAL EXPENDITURES	\$1,091,237

OUTS

Northville Downs	\$156,665
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* 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 uncashed winning tickets. Governed by Public Act 505, 1998, the race meeting licensee (the track) keeps 50 percent of the winning payout on the tickets and the other 50 percent is deposited into the Agriculture Equine Fund.



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ALL WAGERING RACE MEETS RACE MEETING SUMMARY

	<u>2018</u>	<u>2019</u>
Live Race Dates	59	51
Total Live and Simulcast Dates	454	360
Live Wagering Total	\$2,245,692	\$2,141,366
Simulcast Wagering Total	<u>\$67,358,678</u>	<u>\$60,540,604</u>
Combined Wagering Total	\$69,604,370	\$62,681,970
Winning Tickets Payout	\$51,181,395	\$46,396,232
Simulcast Wagering Taxes	\$2,357,557	\$2,118,924
Track Share Commission	\$9,223,538	\$8,221,422
Local Government Breakage	\$263,581	\$240,141

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

State Racing Tax – There is a 3.5 percent 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 daily 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.



STATE TAX SUMMARY

RACE MEETING SUMMARY

	<u>2018</u>	<u>2019</u>
Hazel Park Raceway	\$419,352	\$0
Northville Downs	<u>\$1,938,205</u>	<u>\$2,118,924</u>
Total State Tax	\$2,357,557	\$2,118,924

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





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LICENSING

The MGCB licensed 951 individuals who held a total of 1,241 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 and partnerships. It also issues 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. The MGCB field office at the track is open during live racing. Office hours vary and schedules are posted on our website at www.michigan.gov/mgcb.





TOTAL WAGERING SUMMARY

LIVE WAGERING	<u>2018</u>	<u>2019</u>
Thoroughbred		
Hazel Park Raceway	\$0	\$0
Standardbred		
Northville Downs	\$2,245,692	\$2,141,366
SIMULCAST WAGERING		
Hazel Park Raceway	\$11,981,487	\$0
Northville Downs	<u>55,377,191</u>	<u>60,540,604</u>
Combined Total Wagering	\$69,604,370	\$62,681,970



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HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2018</u>	<u>2019</u>
Live Race Dates	0	0
Total Live and Simulcast Dates	93	0
Live Wagering Total	\$0	\$0
Simulcast Wagering Total	<u>11,981,487</u>	<u>0</u>
Combined Wagering Total	\$11,981,487	\$0
Winning Tickets Payout	\$8,840,886	\$0
State Racing Tax	\$419,352	\$0
Track Share Commission	\$1,591,972	\$0
City of Hazel Park Breakage	\$48,856	\$0





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NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2018</u>	<u>2019</u>
Live Race Dates	59	51
Total Live and Simulcast Dates	361	360
Live Wagering Total	\$2,245,692	\$2,141,366
Simulcast Wagering Total	<u>55,377,191</u>	<u>60,540,604</u>
Combined Wagering Total	\$57,622,883	\$62,681,970
Winning Tickets Payout	\$42,340,509	\$46,396,232
State Racing Tax	\$1,938,205	\$2,118,924
Track Share Commission	\$7,631,566	\$8,221,422
City of Northville Breakage	\$214,725	\$240,141





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Northville Downs 2020 Race Dates

2020

52 RACE DATES

January						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

March						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Note: For updates to the race meet calendar visit the MGCB website: <https://www.michigan.gov/mgcb>



www.michigan.gov/mgcb