

2016 Michigan Gaming Control Board

Horse Racing Report



RACE	1	HORSE NUMBER	APPROX
MINUTES TO RACE	23	1 3 5	5
TIME OF DAY	6:12	2 15 6	20
TRACK CONDITION	MUDDY	3 5 7	10
TURF CO		4 4 8	5



Horse Racing Annual Report to the Governor

Calendar Year 2016



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

Submitted April 15, 2017
Pursuant to the
Horse Racing Law of 1995
(Section 6(3) of Act No. 279 of Public Acts of 1995)

Please direct inquiries to
Dave Murley, Deputy Director

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



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN GAMING CONTROL BOARD

RICHARD S. KALM
EXECUTIVE DIRECTOR

April 15, 2017

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 2016 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm

Executive Director



Michigan Gaming Control Board

Horse Racing Annual Report 2016

FROM THE EXECUTIVE DIRECTOR

In 2016, Hazel Park Raceway Thoroughbreds and Northville Downs Standardbreds raced on the same evenings for the first time.

Michigan's two pari-mutuel tracks hosted live racing for a combined 97 days in 2016. An executive order granted Hazel Park Raceway's request for seven additional live race days, extending the race meet to October 1, 2016, for a total of 37 race days. Northville Downs held a total of 60 live race dates in 2016.

On June 29, 2016, the governor signed legislation to update the Michigan Horse Racing Law. The law became effective July 1, 2016. The most significant changes included:

- Site-specific simulcast purse distribution
- Negotiated purse funding levels
- The establishment of an advisory commission

Under the amended law, simulcast purse pool monies generated by a specific track will stay with that venue's certified horsemen's organization. This replaces previous regulations that placed all applicable funds into a common pool, which was split according to breed requirements stated in the horse racing act. Purse funding levels will depend on negotiations among the horsemen's groups and the race meet licensees and must range from 25 percent to 40 percent of the track's net commission.

The amended law also called for the formation of a Horse Racing Advisory Commission appointed by the governor. The commission resides within the Michigan Department of Agriculture and Rural Development and includes a chairperson, the department's representative, a veterinarian, one representative each from the Thoroughbred and Standardbred horsemen's organizations, and one representative each from Hazel Park Raceway and Northville Downs.

Horse racing staff completed a review of the racing rules and sent draft changes to the MGCB rule-making committee. A new equine drug-testing laboratory was selected for 2017 after the Michigan laboratory discontinued drug-testing services.

Sincerely,

/s/

Richard S. Kalm

Executive Director



Michigan Gaming Control Board

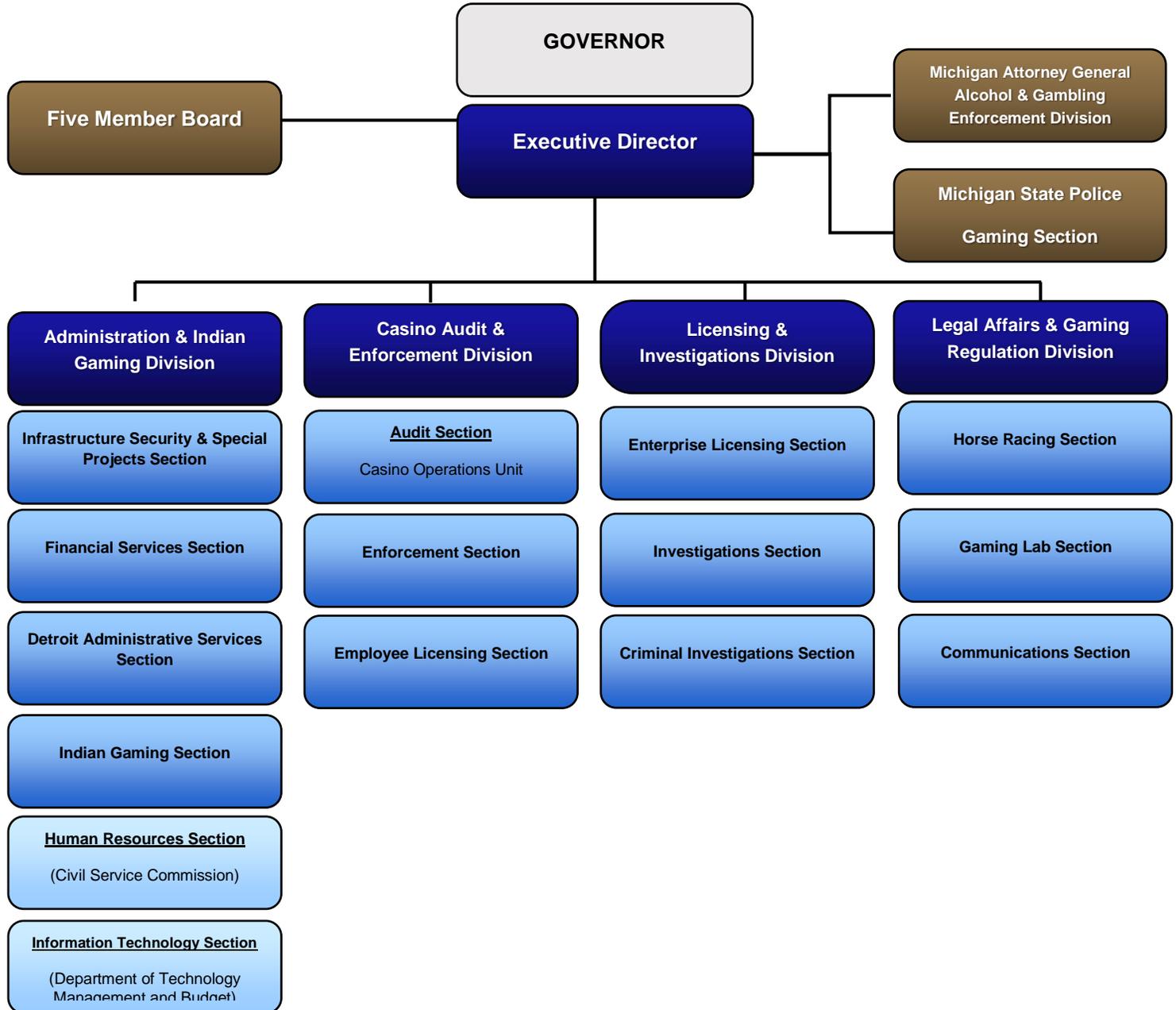
Horse Racing Annual Report 2016

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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 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 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



Michigan Gaming Control Board

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Michigan Gaming Control Board

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REVENUES AND EXPENDITURES

January 1, 2016, through December 31, 2016

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$3,464,651
Occupational License Fees	41,905
Outs**	266,506
Racing Fines	9,000
Track Licenses	2,000
Other Revenue	91,286
Revenue Transfers	<u>(18,773)</u>
TOTAL REVENUES	\$3,856,575

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement, and Benefits	\$1,391,604
Contractual Services, Supplies, and Materials	270,429
Travel	<u>10,243</u>
TOTAL EXPENDITURES	\$1,672,276

OUTS

Hazel Park Harness Raceway	\$151,380
Northville Downs	<u>115,126</u>
TOTAL OUTS REVENUE	\$266,506

* "Pari-mutuel Simulcast Wagering Taxes" include 3.5 percent State Racing Tax on simulcast races, a Civil Service Assessment, and a Compulsive Gambling Assessment.

**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.



Michigan Gaming Control Board

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ALL WAGERING MEETS

RACE MEETING SUMMARY

	<u>2015</u>	<u>2016</u>
Live Race Dates	101	97
Total Live and Simulcast Dates	721	724
Live Wagering Total	\$4,554,931	\$4,275,609
Simulcast Wagering Total	<u>101,621,299</u>	<u>98,989,910</u>
Combined Wagering Total	\$106,176,230	\$103,265,519
Winning Tickets Payout	79,931,280	77,560,871
Simulcast Wagering Taxes	\$3,556,749	3,464,651
Track Share Commission	\$14,272,428	13,661,123
Local Government Breakage	\$422,860	\$280,665

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 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.



STATE TAX SUMMARY

RACE MEETING SUMMARY

	<u>2015</u>	<u>2016</u>
Hazel Park Harness Raceway	\$1,981,164	\$1,961,174
Northville Downs	<u>1,575,585</u>	<u>1,503,477</u>
TOTAL STATE TAX	\$3,556,749	\$3,464,651

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





Michigan Gaming Control Board

Horse Racing Annual Report 2016



LICENSING

The MGCB licensed 1,664 individuals who held a total of 2,148 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 an 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.



Michigan Gaming Control Board

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TOTAL WAGERING SUMMARY

LIVE WAGERING

	<u>2015</u>	<u>2016</u>
Thoroughbred		
Hazel Park Raceway	\$2,214,951	\$2,045,220
Standardbred		
Northville Downs	2,339,980	2,230,389
TOTAL LIVE WAGERING	\$4,554,931	\$4,275,609

SIMULCAST WAGERING

	<u>2015</u>	<u>2016</u>
Hazel Park Raceway	\$56,604,693	\$56,033,539
Northville Downs	45,016,606	42,956,371
TOTAL SIMULCAST WAGERING	\$101,621,299	\$98,989,910

TOTAL WAGERING	\$106,176,230	\$103,265,519
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Michigan Gaming Control Board

Horse Racing Annual Report 2016

HAZEL PARK RACEWAY

RACE MEETING SUMMARY

	<u>2015</u>	<u>2016</u>
Live Race Dates	30	37
Total Live and Simulcast Dates	361	362
Live Wagering Total	\$2,214,951	\$2,045,220
Simulcast Wagering Total	<u>56,604,693</u>	<u>56,033,539</u>
Combined Wagering Total	\$58,819,644	\$58,078,759
Winning Tickets Payout	\$44,329,379	\$43,443,271
State Racing Tax	\$1,981,164	\$1,961,174
Track Share Commission	\$7,910,428	\$7,632,250
City of Hazel Park Breakage	\$254,973	\$188,197





Michigan Gaming Control Board

Horse Racing Annual Report 2016

NORTHVILLE DOWNS

RACE MEETING SUMMARY

	<u>2015</u>	<u>2016</u>
Live Race Dates	71	60
Total Live and Simulcast Dates	360	362
Live Wagering Total	\$2,339,980	\$2,230,389
Simulcast Wagering Total	<u>45,016,606</u>	<u>42,956,371</u>
Combined Wagering Total	\$47,356,586	\$45,186,760
Winning Tickets Payout	\$35,601,901	\$34,117,600
State Racing Tax	\$1,575,585	\$1,503,477
Track Share Commission	\$6,362,000	\$6,028,873
City of Northville Breakage	\$167,887	\$92,468





Michigan Gaming Control Board

Horse Racing Annual Report 2016

Hazel Park Raceway 2017 Race Dates 36 Days

JANUARY

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
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29	30	31				

FEBRUARY

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Michigan Gaming Control Board

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Northville Downs 2017 Race Dates 54 Days

JANUARY

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FEBRUARY

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MARCH

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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NOVEMBER

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DECEMBER

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MICHIGAN HORSE RACETRACKS

Hazel Park Raceway
1650 East Ten Mile Road
Hazel Park, MI 48030
248-398-1000

Northville Downs
1301 South Center Street
Northville, MI 48167
248-349-1000