

AUGUST 15TH, 2022

MICHIGAN HORSE RACING ADVISORY COMMISSION

2021 ANNUAL REPORT

A Letter From The Chair

BRIAN NIELSEN

The past year it has been my honor to chair the Michigan Horse Racing Advisory Commission. I want to thank Governor Whitmer for the opportunity to serve in this capacity and to thank the rest of the appointed commissioner for their time and talents. We continue to meet on a monthly basis to discuss ways to improve the regulatory structure of horse racing in this state, maintain the long term viability of horse racing in Michigan, and make recommendations to the Legislature and the Racing Commissioner that would improve the sport.

As a long time fan and advocate for horse racing here in Michigan, I am excited to present this annual report which outlines the progress, discussions, and recommendations of the Commission. It is our hope that these efforts lead to real and positive changes for this critical agricultural industry.

Michigan has a long and storied story history of Horse Racing. The first form of legal gambling in Michigan was pari-mutuel wagering on the results of horse races, authorized under Public Act 199 of 1933. The first licensed pari-mutuel race meet in Michigan was held on September 2, 1933 at the State Fairgrounds in Detroit. In fact, Seabiscuit career took off at the Detroit Fairground in 1936 winning the Hendrie Handicap.



New York Times, September 27, 1936

This industry remains a critical part of our economy, at one point employing over 40,000 Michigan residents from jockeys, trainers, family farms, breeders, veterinarians, union track employees, and more. Today, we see the impact of a weak horse racing industry on all of these jobs, but we know that with the right changes Michigan be a strong horse racing state again.

Brian Nielsen, Ph.D., PAS, Dpl. ACAN
Chair, MHRAC

STATUTORY AUTHORITY AND DUTIES

The Horse Racing Advisory Commission is created and outlined in the Horse Racing Law of 1995, MCL 431.306a. The commission is created within the Michigan Department of Agriculture and Rural Development and consists of 7 members appointed by the Governor. The 2021 Commission consisted of:

- Brian Nielsen, Chair - Professor, Equine Exercise Physiology at Michigan State University
- Joseph Rivet, Deputy Director, Michigan Department of Agriculture (past member)
- William Frank, Veterinarian and Retired Employee with the Office of the Racing Commission
- Mike Carlo, Operations Manager of Northville Downs
- Thomas Barrett, President of the Michigan Harness Horsemen's Association

There are currently 2 vacant positions on the Commission reserved for individuals representing a licensed pari-mutual racetrack and a certified horsemen's organizations (CHO), but currently Michigan is down to just one CHO and one licensed pari-mutual racetrack.

The Commission serves without compensation and is charged with establishing procedures governing the operation and promotion of horse racing in this state, and make recommendations to the Legislature that would improve the regulatory structure of horse racing with a goal of maintaining its long-term viability in Michigan.

Additionally, the Commission may expend eligible funds as appropriated by the Legislature for the following purposes:

- Promotion and Marketing of Horse Racing
- Equine Related Research
- Grants for Equine Related support and aftercare and programs related to horse racing.

The Commission is also tasked with annually submitting a report to the Legislature detailing its recommendations for both the Racing Commissioner and the Legislature that would improve the operations, promotion, and regulatory structure of horse racing in Michigan with the goal of maintaining the long-term viability of horse racing in this state.

RECOMMENDATIONS FOR THE RACING COMMISSIONER

The Horse Racing Advisory Commission has met, discussed, and approved several recommendations for the Office of the Racing Commissioner, currently housed within the Michigan Gaming Control Board. Those recommendations include:

Consider Horse Racing When Making Hiring Decisions

As racing is a complex activity, we encourage that all employees learn more about horse racing and pari-mutual wagering, we believe that some interest and/or background in the sport should be required for positions that will directly interact with licensed racetracks, drivers, trainers, and veterinarians.

RECOMMENDATIONS FOR THE LEGISLATURE

The Horse Racing Advisory Commission has met, discussed, and approved several recommendations for the Michigan Legislature. Those recommendations include:

Pass The Senate Gaming Package

SB 396 - SB 399 of 2021 authorize new tools that would increase revenue for licensed pari-mutual tracks and the certified horsemen's organizations who race there. While the state likely only needs to allow for the use of either Video Lottery Terminals or Historical Horse Racing Terminals, the passage of a new tool is necessary. These tools are utilized in neighboring states and have directly lead to an increase in purses for live horse racing, more live race days, an increase in breeding, and an increase in state tax revenue.

This package of bills also includes other reforms like increasing breeders awards, lifting the cap on purses at county fair races, and raising the cap on the MI Agricultural Equine Industry Development Fund (AEIDF). Those reforms are also found in HB 4599 and HB 4600.

Lift The Cap on the Internet Gaming and Sports Betting Tax Dedicated to the AEIDF

HB 4823 and HB 4824 would amend the Lawful Internet Gaming Act and the Lawful Sports Betting Act, respectively, to eliminate caps on revenue collected and distributed to the Michigan Agriculture Equine Industry Development Fund (AEIDF). The legislation

likely represents an increase to the AEIDF of roughly 3 million more dollars based on estimates of internet gaming tax revenues in 2021.

EXPENDING OF ELIGIBLE FUNDS

The Horse Racing Advisory Commission has the authority under MCL 431.306a to expend money received under section 20a of the Horse Racing Act of 1995, as appropriated by the legislature on the following purposes:

- Promotion and marketing of horse racing
- Equine-related research
- Grants for equine-related support and aftercare and programs related to horse racing

The legislature included \$125,000 for fiscal year 2022 and \$190,000 for fiscal year 2021 its close of books supplemental appropriation, HB4398 of 2021. This legislation was passed by both chambers of the legislature and was signed by the governor on December 20, 2021. The commission did not expend any funds in calendar year 2021 and will be working on establishing a budget for fiscal year 2022.

GOALS AND PRIORITIES FOR 2022

The Horse Racing Advisory Commission is looking forward to continued work in 2022. The Commission plans to host guest presentations and conversations with organizations like Michigan State University's School of Veterinary Medicine, Michigan Horse Council, and others. 2022 Initiatives also include expending the available funds, as allowed for by law, to provide research on the economic impact of a healthy horse racing in Michigan, grants for the promotion of horse racing, and grants for equine supports that improve facilities at both pari-mutual and non-pari-mutual (fair) tracks.