
2017 Michigan Gaming Control Board

Horse Racing Report



Horse Racing
Annual Report
To the
Governor

Calendar Year 2017



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

Submitted April 15, 2018
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, 2018

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 2017 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm
Executive Director



Michigan Gaming Control Board

Horse Racing Annual Report 2017

Michigan's live pari-mutuel racing season ran for 100 days in 2017, which was three days longer than the previous year. It was the third consecutive year the tracks and horsemen's associations requested and received additional race dates to extend the season.

Northville Downs conducted 60 live Standardbred race dates. Although 54 race dates were allocated, it was granted six additional days of live Standardbred racing on Fridays and Saturdays from December 1 through 16 after track management and the Michigan Harness Horsemen's Association requested an extension.

Hazel Park Raceway conducted 40 live Thoroughbred race dates. The track originally was allocated 36 race dates. It was granted four additional days of live Thoroughbred racing on September 10, 11, 17 and 18 after track management and the Michigan Horsemen's Benevolent and Protective Association requested an extension.

In September, the agency released more than \$1 million in horse racing purse pool money held in escrow for more than two years for Hazel Park Raceway and the Michigan Harness Horsemen's Association. The money was placed in escrow because the two organizations did not sign a race meeting contract for 2015. State law at the time stipulated holding the funds in escrow until an agreement to race was signed, but the Michigan Legislature amended the law to allow distribution in 2017. The funds were used for track operations and improvements at Hazel Park Raceway and to enhance purses for harness racing.

MGCB staff members and industry representatives are working to update horse racing administrative rules. It is the first comprehensive revision of the rules since 1985. Much of the focus is on modernizing racing practices and safety initiatives for equine and human participants.

Enhanced equine drug testing also was initiated in 2017. The new testing further ensures the conduct of fair and honest gaming and makes horse racing a safer sport for equine participants. The agency sought bids for laboratory services from nationally accredited facilities. The new process improved the sensitivity of testing and saved the horse racing industry approximately \$500,000. MGCB representatives met with stakeholders before enhanced testing was implemented to ensure a smooth transition. While prohibited drug findings were up in 2017, the horsemen are adjusting to comply with the new requirements.



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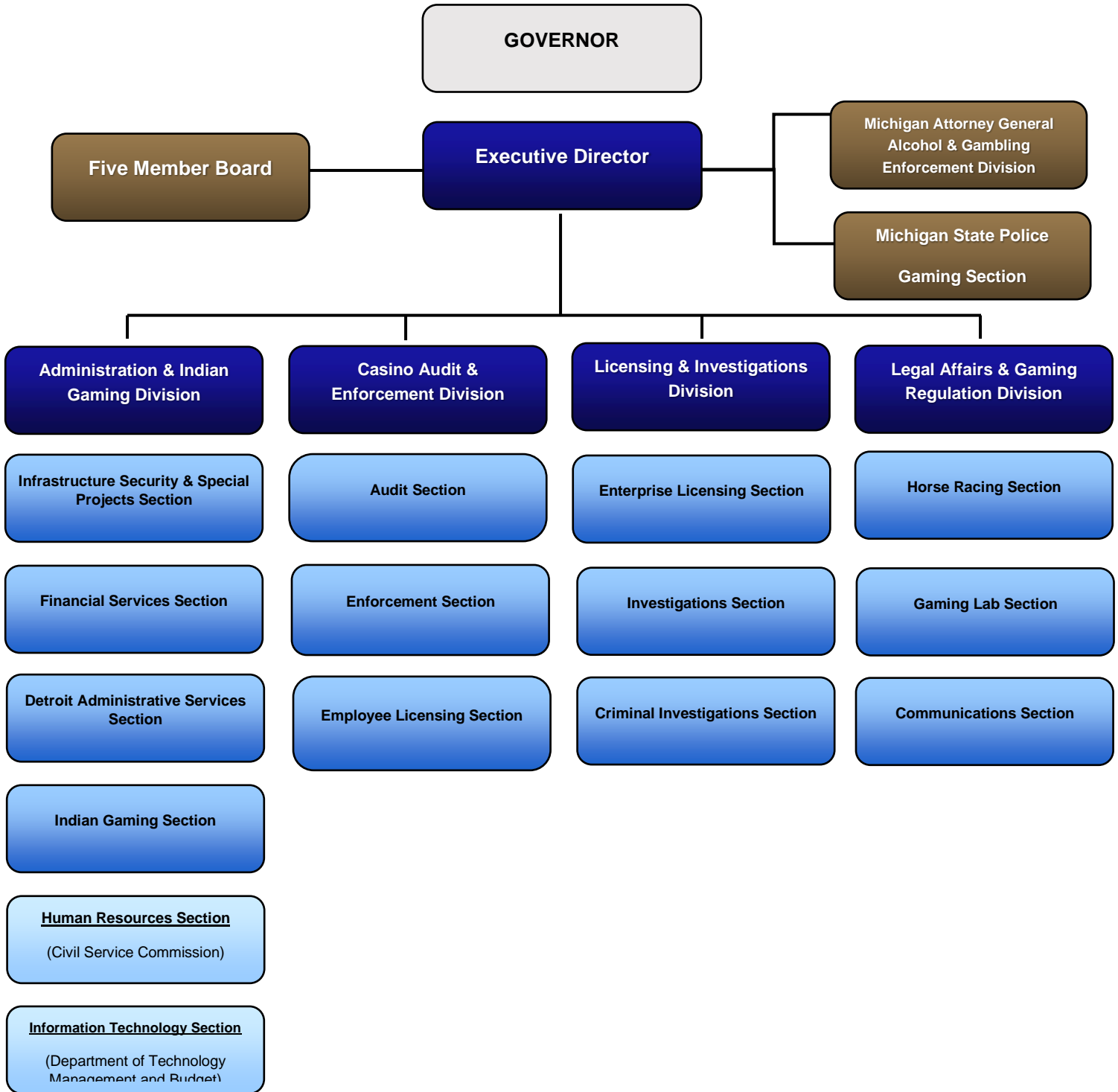
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Organizational Chart





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 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 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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REVENUES AND EXPENDITURES

January 1, 2017, through December 31, 2017

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$3,202,706
Occupational License Fees	41,038
Outs**	262,991
Racing Fines	7,700
Track Licenses***	0
Other Revenue	7,266
Revenue Transfers	<u>(10,275)</u>
TOTAL REVENUES	\$3,511,426

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement, and Benefits	\$1,473,086
Contractual Services, Supplies, and Materials	317,079
Travel	<u>33,259</u>
TOTAL EXPENDITURES	\$1,823,424

OUTS

Hazel Park Raceway	\$151,051
Northville Downs	<u>111,940</u>
TOTAL OUTS REVENUE	\$262,991

* 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.

***Track license fees for both tracks were received in December 2016 for the 2017 calendar year. Track license fees for the 2018 calendar year were received in January 2018.



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ALL WAGERING RACE MEETS RACE MEETING SUMMARY

	<u>2016</u>	<u>2017</u>
Live Race Dates	97	100
Total Live and Simulcast Dates	724	722
Live Wagering Total	\$4,275,609	\$4,523,288
Simulcast Wagering Total	<u>98,989,910</u>	<u>91,505,786</u>
Combined Wagering Total	\$103,265,519	\$96,029,074
Winning Tickets Payout	77,560,871	71,877,947
Simulcast Wagering Taxes	\$3,464,651	3,202,706
Track Share Commission	\$13,661,123	12,855,591
Local Government Breakage	\$280,665	\$336,164

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>2016</u>	<u>2017</u>
Hazel Park Raceway	\$1,961,174	\$1,808,163
Northville Downs	<u>1,503,477</u>	<u>1,394,543</u>
TOTAL STATE TAX	\$3,464,651	\$3,202,706

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





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LICENSING

The MGCB licensed 1,699 individuals who held a total of 2,164 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. 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.



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TOTAL WAGERING SUMMARY

LIVE WAGERING

	<u>2016</u>	<u>2017</u>
Thoroughbred		
Hazel Park Raceway	\$2,045,220	\$2,374,535
Standardbred		
Northville Downs	2,230,389	2,148,753
TOTAL LIVE WAGERING	\$4,275,609	\$4,523,288

SIMULCAST WAGERING

	<u>2016</u>	<u>2017</u>
Hazel Park Raceway	\$56,033,539	\$51,661,794
Northville Downs	42,956,371	39,843,992
TOTAL SIMULCAST WAGERING	\$98,989,910	\$91,505,786

TOTAL WAGERING	\$103,265,519	\$96,029,074
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HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2016</u>	<u>2017</u>
Live Race Dates	37	40
Total Live and Simulcast Dates	362	361
Live Wagering Total	\$2,045,220	\$2,374,535
Simulcast Wagering Total	<u>56,033,539</u>	<u>51,661,794</u>
Combined Wagering Total	\$58,078,759	\$54,036,329
Winning Tickets Payout	\$43,443,271	\$40,201,813
State Racing Tax	\$1,961,174	\$1,808,163
Track Share Commission	\$7,632,250	\$7,203,818
City of Hazel Park Breakage	\$188,197	\$193,347





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NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2016</u>	<u>2017</u>
Live Race Dates	60	60
Total Live and Simulcast Dates	362	361
Live Wagering Total	\$2,230,389	\$2,148,753
Simulcast Wagering Total	<u>42,956,371</u>	<u>39,843,992</u>
Combined Wagering Total	\$45,186,760	\$41,992,745
Winning Tickets Payout	\$34,117,600	\$31,676,134
State Racing Tax	\$1,503,477	\$1,394,543
Track Share Commission	\$6,028,873	\$5,651,773
City of Northville Breakage	\$92,468	\$142,817





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Hazel Park Raceway 2018 Race Dates 40 Days

JANUARY

S	M	T	W	T	F	S
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7	8	9	10	11	12	13
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FEBRUARY

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JULY

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Note: This schedule was approved, but Hazel Park Raceway announced its permanent closing April 5, 2018.



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Northville Downs 2018 Race Dates 60 Days

JANUARY

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FEBRUARY

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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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2017 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