

2018 Michigan Gaming Control Board Horse Racing Report



Horse Racing Annual Report To the Governor

Calendar Year 2018



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

Submitted April 15, 2019
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, 2019

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 2018 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 at a single track in 2018 as Hazel Park Raceway abruptly closed April 5 after nearly 70 years of racing. The decision left Michigan Horsemen's Benevolent and Protective Association members without an in-state pari-mutuel racing location in 2018.

Agency staff worked with representatives of the Hazel Park property's new owners to ensure bettors could claim outstanding winning 2018 tickets for 60 days after the track closed. A ticket redemption period is required by the *Horse Racing Law of 1995*, PA 505 of 1998. The track property was slated for commercial redevelopment.

Northville Downs conducted 59 live Standardbred race dates in 2018, which is one less than the 2017 racing calendar. The track offered live races Fridays and Saturdays from early March through September. Race dates were moved from fall to summer after Hazel Park relinquished its licenses and the 40 dates granted in the 2018 race meeting order.

In mid-April, a Farmington Hills-based firm, Hunter Pasteur Homes, announced an agreement to purchase and redevelop the Northville Downs property. Northville Downs' management released a statement noting its intention to continue racing at the current location through 2020 and to explore other possible locations to develop a new facility.

During the fall, AmRace and Sports, a Delaware firm, applied for licenses to offer Thoroughbred racing in 2019 at Sports Creek track near Flint. Closed since January 2015, the track previously hosted Standardbred pari-mutuel horse racing. The firm purchased the track in mid-December, but in early February 2019 the new owners surrendered the conditional 2019 race meeting license awarded in October. The firm's owners said they plan to seek licenses to offer pari-mutuel racing and simulcasting in 2020.



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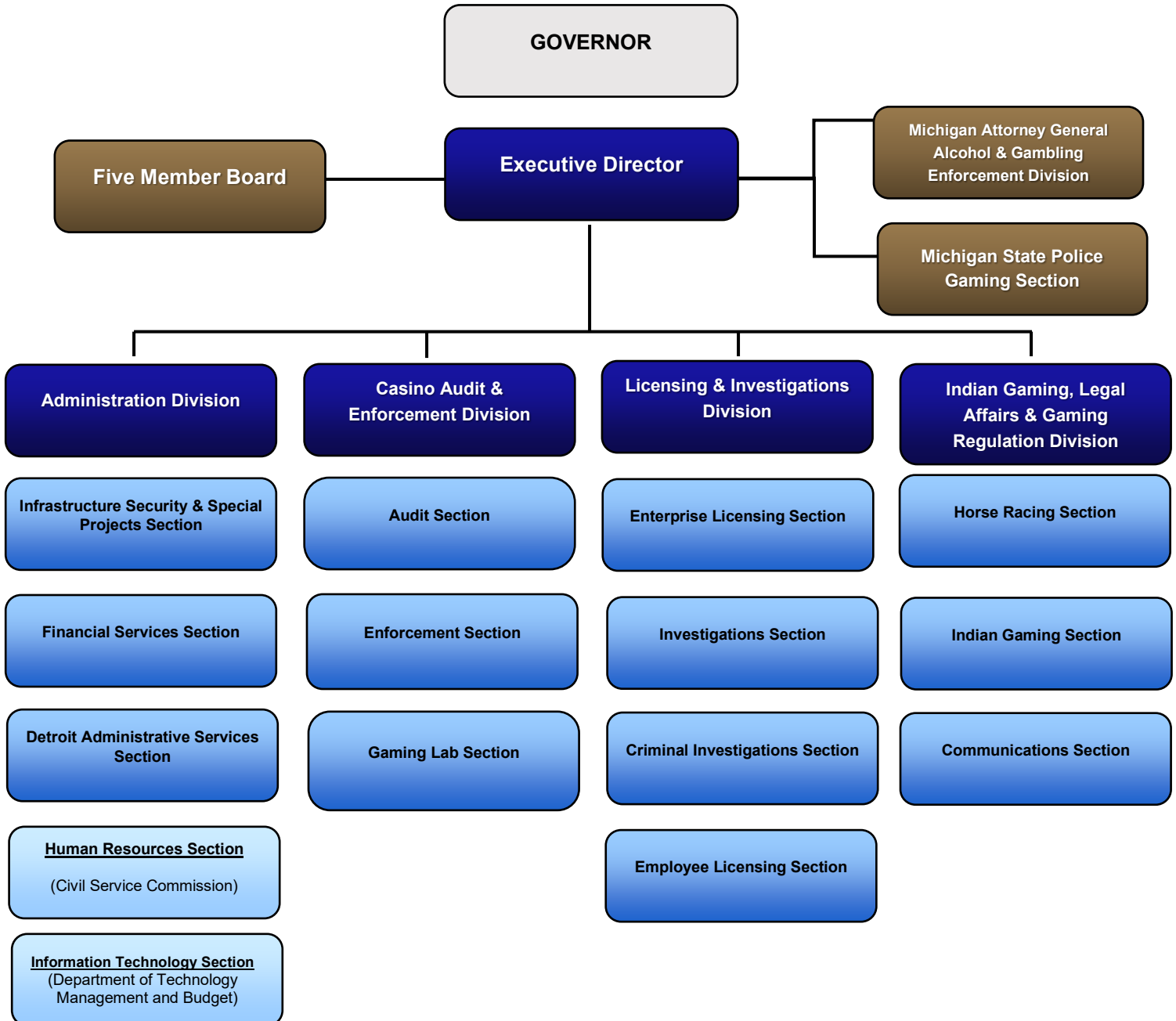
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Organizational Chart





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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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



*Map shows Michigan horse racing tracks on January 1, 2018. Hazel Park Raceway closed effective April 4, 2018



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REVENUES AND EXPENDITURES

January 1, 2018, through December 31, 2018

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$2,357,557
Occupational License Fees	24,442
Outs**	269,417
Racing Fines	8,325
Track Licenses	2,000
Other Revenue	610
Revenue Transfers	<u>(8,126)</u>
TOTAL REVENUES	\$2,654,225

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement and Benefits	\$1,053,783
Contractual Services, Supplies and Materials	294,328
Travel	<u>21,353</u>
TOTAL EXPENDITURES	\$1,369,464

OUTS

Hazel Park Raceway***	\$173,457
Northville Downs	<u>95,960</u>
TOTAL OUTS REVENUE	\$269,417

* 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.

*** Includes 2017 and 2018 outs.



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ALL WAGERING RACE MEETS RACE MEETING SUMMARY

	<u>2017</u>	<u>2018</u>
Live Race Dates	100	59
Total Live and Simulcast Dates	722	454
Live Wagering Total	\$4,523,288	\$2,245,692
Simulcast Wagering Total	<u>91,505,786</u>	<u>\$67,358,678</u>
Combined Wagering Total	\$96,029,074	\$69,604,370
Winning Tickets Payout	\$71,877,947	\$51,181,395
Simulcast Wagering Taxes	\$3,202,706	\$2,357,557
Track Share Commission	\$12,855,591	\$9,223,538
Local Government Breakage	\$336,164	\$263,581

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>2017</u>	<u>2018</u>
Hazel Park Raceway	\$1,808,163	\$419,352
Northville Downs	<u>1,394,543</u>	<u>1,938,205</u>
TOTAL STATE TAX	\$3,202,706	\$2,357,557

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 921 individuals who held a total of 1,259 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 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.



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TOTAL WAGERING SUMMARY

LIVE WAGERING

	<u>2017</u>	<u>2018</u>
Thoroughbred		
Hazel Park Raceway	\$2,374,535	\$0
Standardbred		
Northville Downs	2,148,753	2,245,692
TOTAL LIVE WAGERING	\$4,523,288	\$2,245,692

SIMULCAST WAGERING

	<u>2017</u>	<u>2018</u>
Hazel Park Raceway	\$51,661,794	\$11,981,487
Northville Downs	39,843,992	55,377,191
TOTAL SIMULCAST WAGERING	\$91,505,786	\$67,358,678

TOTAL WAGERING	\$96,029,074	\$69,604,370
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HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2017</u>	<u>2018</u>
Live Race Dates	40	0
Total Live and Simulcast Dates	361	93
Live Wagering Total	\$2,374,535	\$0
Simulcast Wagering Total	<u>51,661,794</u>	<u>11,981,487</u>
Combined Wagering Total	\$54,036,329	\$11,981,487
Winning Tickets Payout	\$40,201,813	\$8,840,886
State Racing Tax	\$1,808,163	\$419,352
Track Share Commission	\$7,203,818	\$1,591,972
City of Hazel Park Breakage	\$193,347	\$48,856





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NORTHVILLE DOWNS **RACE MEETING SUMMARY**

	<u>2017</u>	<u>2018</u>
Live Race Dates	60	59
Total Live and Simulcast Dates	361	361
Live Wagering Total	\$2,148,753	\$2,245,692
Simulcast Wagering Total	<u>39,843,992</u>	<u>55,377,191</u>
Combined Wagering Total	\$41,992,745	\$57,622,883
Winning Tickets Payout	\$31,676,134	\$42,340,509
State Racing Tax	\$1,394,543	\$1,938,205
Track Share Commission	\$5,651,773	\$7,631,566
City of Northville Breakage	\$142,817	\$214,725





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Northville Downs 2019 Race Dates 44 Days

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		

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				



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