

2020 Michigan Gaming Control Board Horse Racing Report



To the Governor

Calendar Year 2020



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

Submitted April 15, 2021
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, 2021

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 2020 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm
Executive Director



Michigan Gaming Control Board

Horse Racing Annual Report 2020

Introduction

Public health concerns limited live and simulcast racing at Northville Downs during 2020, but advance deposit wagering through approved third-party facilitators provided a new source of tax revenue for the State of Michigan. Overall, the State of Michigan received \$954,540 in taxes on simulcasting and \$839,123 in taxes on advance deposit wagering during 2020. The state taxes simulcasting at 3.5 percent and advance deposit wagering at 1 percent.

In October 2019, the Michigan Gaming Control Board issued orders granting Northville Downs 52 live racing dates for 2020. However, the track closed March 18 due to COVID-19 and remained closed until Aug. 14. The track could not offer live racing nor simulcasting, which is taxed by the state, during the closure.

When live racing resumed under strict guidelines, Northville Downs raced on 17 of 18 live racing dates authorized from Aug. 14 through Oct. 10. A subsequent order allowed 18 additional race dates, but the track closed again on Nov. 18 due to public health concerns after just 10 additional race dates. The track offered a total of 27 live racing dates in 2020.

On Dec. 20, an order was issued setting guidelines for reopening Northville Downs on Dec. 21 for simulcasting only under strict health and safety protocols.

Advance deposit wagering through licensed third-party facilitators debuted in Michigan during 2020 after the MGCB issued a May 5 order establishing terms, conditions, and fees and a second order on June 22 allowing advance deposit wagering. It is pari-mutuel wagering by internet or mobile device on live and simulcast horse races. A 2019 Horse Racing Act amendment made this form of wagering on simulcast races legal in Michigan.

Two third-party facilitators, TVG Network and TwinSpire, were granted conditional licenses in June and September respectively to offer mobile wagering on simulcast races through Northville Downs. They paid a combined \$358,526 in taxes on a total wagering handle of \$35.8 million during the year.

Additionally, TwinSpire paid the state \$480,597 in taxes on wagers made from Michigan before the firm, a Churchill Downs subsidiary, was issued a third-party facilitator license.

Another operator signaled the intention to reopen the Sports Creek racetrack near Flint in 2020, but the reopening did not take place. AmRace & Sports L.L.C. withdrew its race meet license and simulcast permit for 2020, which the MGCB accepted on March 6. An October 2019 order had granted the firm 10 live race dates and a simulcast permit for 2020.

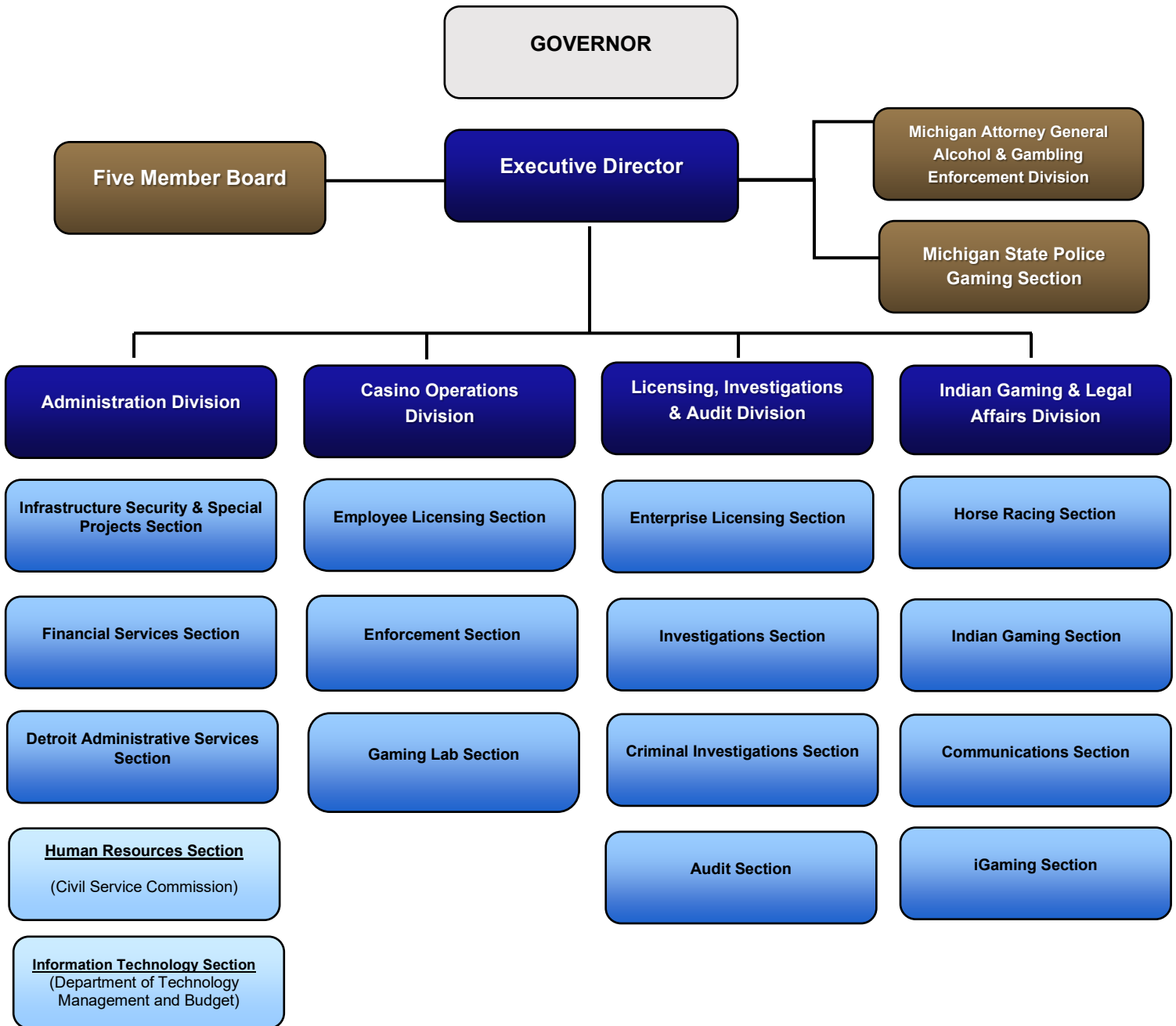


TABLE OF CONTENTS

<u>Section:</u>	<u>Page:</u>
Organizational Chart	1
The Michigan Gaming Control Board at Work	2
Map of Michigan's Racetrack	3
Revenues and Expenditures	4
All Wagering Race Meets	5
State Wagering Tax Summary	6
Licensing	7
Total Wagering Summary	8
Advance Deposit Wagering	9
Northville Downs	10
Northville Downs 2021 Race Meet Calendar	11



Organizational Chart





Michigan Gaming Control Board

Horse Racing Annual Report 2020

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



Michigan Gaming Control Board

Horse Racing Annual Report 2020

Northville Downs

301 South Center Street

Northville, MI 48167

P: (248) 349-1000





Michigan Gaming Control Board

Horse Racing Annual Report 2020

REVENUES AND EXPENDITURES

January 1, 2020, through December 31, 2020

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$954,540
Advance Deposit Wagering Taxes**	839,124
Occupational License Fees	19,855
Outs***	188,819
Racing Fines	14,880
Track Licenses	3,000
Revenue Transfers	<u>(15,183)</u>
TOTAL REVENUES	\$2,005,035

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement and Benefits	\$760,910
Contractual Services, Supplies and Materials	182,630
Travel	<u>3,129</u>
TOTAL EXPENDITURES	\$946,669

OUTS

Northville Downs	\$188,819
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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.

**Advance Deposit Wagering allows Michigan residents to place wagers on horse races through licensed third-party facilitators.

*** "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.



ALL WAGERING RACE MEETS RACE MEETING SUMMARY

	<u>2019</u>	<u>2020</u>
Live Race Dates	51	27
Total Live and Simulcast Dates	360	187
Live Wagering Total	\$2,141,366	\$1,002,119
Simulcast Wagering Total	\$60,540,604	\$27,272,528
Advance Deposit Wagering Total	<u>\$0</u>	<u>\$35,852,607</u>
Combined Wagering Total	\$62,681,970	\$64,127,254
Winning Tickets Payout (on-track)	\$46,396,232	\$20,674,754
Simulcast Wagering Taxes	\$2,118,924	\$954,540
Advance Deposit Wagering Taxes*	\$0	\$839,124
Track Share Commission (on-track)	\$8,221,422	\$3,666,408
Local Government Breakage (on-track)	\$240,141	\$113,501

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

Simulcast Wagering 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.

*Includes \$480,598 tax on pre-license wagers



STATE TAX SUMMARY

RACE MEETING SUMMARY

	<u>2019</u>	<u>2020</u>
Northville Downs	\$2,118,924	\$954,540
Advance Deposit Wagering	<u>\$0</u>	<u>\$839,124</u>
Total State Wagering Tax	\$2,118,924	\$1,793,664

All money wagered on simulcast races at a licensed race meeting is taxed at 3.5%. All money wagered through a licensed third-party facilitator is taxed at 1%. Live wagering is not taxed in Michigan. Advance Deposit Wagering total includes \$480,598 tax on pre-license wagers.





Michigan Gaming Control Board

Horse Racing Annual Report 2020

LICENSING

The MGCB licensed 722 individuals who held a total of 974 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>2019</u>	<u>2020</u>
Standardbred		
Northville Downs	\$2,141,366	\$1,002,119
SIMULCAST WAGERING		
Northville Downs	\$60,540,604	\$27,272,528
ADVANCE DEPOSIT WAGERING		
TVG	0	\$13,600,987
Twin Spires	<u>0</u>	<u>\$22,251,620</u>
Combined Total Wagering	\$62,681,970	\$64,127,254



Michigan Gaming Control Board

Horse Racing Annual Report 2020

ADVANCE DEPOSIT WAGERING THIRD PARTY FACILITATOR SUMMARY

	<u>2019</u>	<u>2020</u>
TVG Wagering	0	\$13,600,987
Twin Spires Wagering	<u>0</u>	<u>22,251,620</u>
Total Advance Deposit Wagering	0	\$35,852,607
Track Licensee Commission	\$0	\$581,199
Certified Horsemen's Organization Commission	<u>0</u>	<u>581,199</u>
Total Commission from ADW	\$0	\$1,162,398
ADW Wagering Tax	\$0	\$358,526
ADW Wagering Tax (pre-license)	<u>\$0</u>	<u>480,598</u>
Total ADW Wagering Tax	\$0	\$839,124





Michigan Gaming Control Board

Horse Racing Annual Report 2020

NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2019</u>	<u>2020</u>
Live Race Dates	51	27
Total Live and Simulcast Dates	360	187
Live Wagering Total	\$2,141,366	\$1,002,119
Simulcast Wagering Total	<u>60,540,604</u>	<u>27,272,528</u>
Combined Wagering Total	\$62,681,970	\$28,274,647
Winning Tickets Payout	\$46,396,232	\$20,674,754
Simulcast Wagering Tax	\$2,118,924	\$954,540
Track Share Commission	\$8,221,422	\$3,666,408
City of Northville Breakage	\$240,141	\$113,501





Michigan Gaming Control Board

Horse Racing Annual Report 2020

Northville Downs 2021 Race Dates

2021						
NORTHVILLE DOWNS 54 HARNESS 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						
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
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						
November						
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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	

54 RACE DATES						
Nonparimutuel Events						
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