



2021 Michigan Gaming Control Board

HORSE RACING REPORT



To the Governor

Calendar Year 2021



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

Submitted April 15, 2022
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

HENRY L. WILLIAMS, JR.
EXECUTIVE DIRECTOR

April 15, 2022

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 2021 is hereby submitted.

Sincerely,

/s/

Henry L. Williams, Jr.
Executive Director



Michigan Gaming Control Board

Horse Racing Annual Report 2021

Introduction

Michigan's horse racing industry will benefit from more than \$8.1 million in taxes collected in 2021 on various forms of betting regulated by the Michigan Gaming Control Board, including internet wagering and simulcast wagering on horse races, internet casino gaming and online sports betting.

Simulcast wagering — wagering at a Michigan horse track on live races occurring at other venues — produced \$1.8 million in tax revenue in 2021. The State of Michigan does not tax wagers placed at Northville Downs on live races.

Michigan's horse racing law was amended in December 2019 to allow internet wagering on simulcast horse races through a third-party facilitator. Three facilitators — Churchill Downs TIC d/b/a TwinSpire, TVG Network and XpressBet — have received licenses. A fourth facilitator, NYRABets LLC, was granted a conditional license in 2021. Third-party facilitator tax revenue was \$1.3 million in 2021.

Internet casino gaming and sports betting completed their first nearly full year of operation in 2021 after a January 22 launch. While taxes raised from these forms of gaming do not fall under the Horse Racing Act, a portion of the taxes goes to the Agriculture Equine Industry Development Fund (AEIDF). Each year, 5 percent of the Detroit casinos' taxes from internet sports betting and internet gaming is allocated to the AEIDF. The funding is capped at \$3 million per fiscal year — not calendar year — from each tax source. Tribal operators' payments on these forms of gaming do not go into the fund. In calendar year 2021, the fund received \$8.2 million total revenue. This included \$4.5 million in internet casino gaming taxes and \$412,498 in internet sports wagering taxes.

The AEIDF promotes economic development by providing funding in Michigan's rural areas. It supports the breeding of horses in Michigan, supports research beneficial to the industry and promotes horse racing and other equine competitions in the state. The AEIDF also supports MGCB's regulatory expenses, including race personnel, licensing and blood testing.

In 2021, Northville Downs was the only operating track, and it offered 53 live race dates and simulcasting throughout the year.



Michigan Gaming Control Board

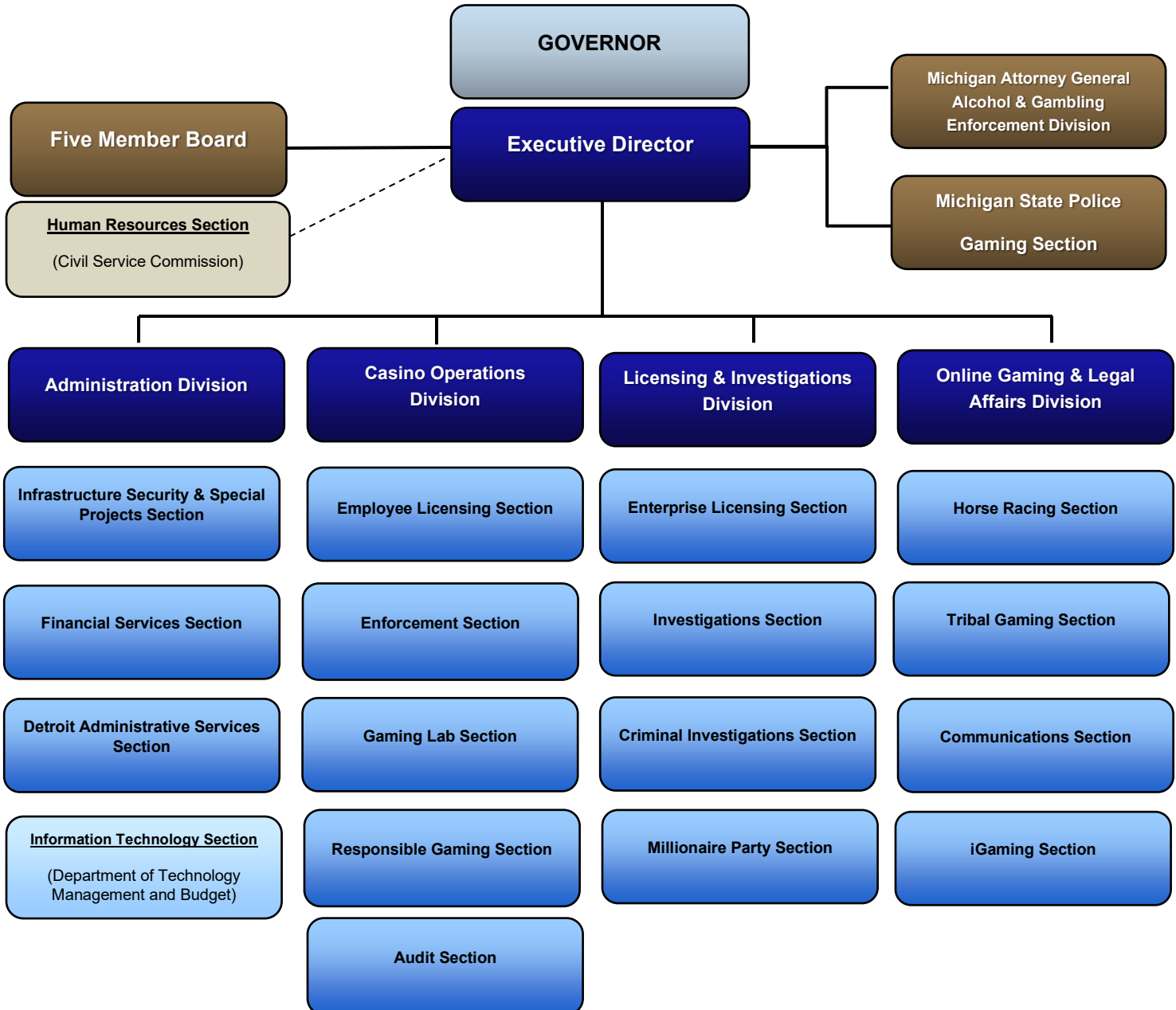
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Organizational Chart





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 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



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Northville Downs

301 South Center Street

Northville, MI 48167

P: 248-349-1000





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REVENUES AND EXPENDITURES

January 1, 2021, through December 31, 2021

SUMMARY OF REVENUES

Simulcast Wagering Taxes*	1,855,598
Third-Party Facilitator Taxes**	1,301,142
Occupational License Fees	21,682
Outs***	77,002
Racing Fines	10,825
Track Licenses	1,000
Third-Party Facilitator Licenses	1,000
Revenue Transfers/Reductions	<u>(33,579)</u>
TOTAL REVENUES	\$3,234,670

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement and Benefits	\$1,018,659
Contractual Services, Supplies and Materials	188,465
Travel	<u>10,580</u>
TOTAL EXPENDITURES	\$1,217,704

* 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.

**Licensed Third-Party Facilitators allow Michigan residents the opportunity to place wagers on horse races from a funded account. Third-Party Wagering is commonly known as Advance Deposit Wagering.

*** "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 Industry Development Fund.

Note: The above represents horse racing-related revenues and expenditures deposited and expended from the Agriculture Equine Industry Development Fund (Fund). The Fund also receives internet gaming tax revenue pursuant to the Lawful Internet Gaming Act Section 15(1)(c) and internet sports betting tax revenue pursuant to the Lawful Internet Sports Betting Act Section 15(c). For calendar year 2021, the Fund received \$4,576,014 in internet gaming taxes and \$412,498 in internet sports betting taxes. Total Fund revenue for calendar year was \$8.2 million.



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LICENSING

The MGCB licensed 791 individuals who held a total of 1,015 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.



NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2020</u>	<u>2021</u>
Live Race Dates	27	53
Simulcast Race Dates	187	357
Live Wagering Total	\$1,002,119	\$1,885,829
Simulcast Wagering Total	<u>27,272,528</u>	<u>53,016,990</u>
Combined Wagering Total	\$28,274,647	\$54,902,819
Winning Tickets Payout	\$20,674,754	\$40,436,547
Simulcast Wagering Tax	\$954,540	\$1,855,598
Track Share Commission	\$3,666,408	\$6,944,985
City of Northville Breakage	\$113,501	\$214,203

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

Simulcast Wagering Tax – Simulcast wagers at a licensed track are taxed at 3.5 percent. Live wagering is not taxed in Michigan. The Simulcast Wagering Tax is calculated daily by the 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 meeting licensee (track) deducts from the total wagers for services rendered. A portion of the commission is remitted to the contracted horsemen's association.

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.



THIRD-PARTY FACILITATORS

	<u>2020</u>	<u>2021</u>
TVG Network Wagering	\$13,600,987	\$23,659,212
TwinSpires Wagering	22,251,620	55,646,488
Xpressbet Wagering	0	17,629,945
NYRABets LLC Wagering	<u>0</u>	<u>147,486</u>
Total Third-Party Facilitator (TPF) Wagering	\$35,852,607	\$97,083,131
TPF Wagering Tax	\$358,526	\$970,831
TPF Wagering Tax (pre-license)*	<u>480,598</u>	<u>330,311</u>
Total TPF Wagering Tax	\$839,124	\$1,301,142

**Taxes collected on wagers placed by Michigan residents between the time the Third-Party Facilitator law became effective, and the Third Party-Facilitator licenses were issued.*





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Northville Downs 2022 Race Dates

2022							62 RACE DATES																							
NORTHVILLE DOWNS 62 HARNESS RACE DATES																														
January							February							March							April									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
						1			1	2	3	4	5			1	2	3	4	5						1	2			
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9			
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19	10	11	12	13	14	15	16			
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26	17	18	19	20	21	22	23			
23	24	25	26	27	28	29	27	28	27	28	29	30	31	24	25	26	27	28	29	30	24	25	26	27	28	29	30			
30	31																													
May							June							July							August									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					6	7			1	2	3	4						1	2			1	2	3	4	5	6			
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13			
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20			
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27			
29	30	31	26	27	28	29	30	24	25	26	27	28	29	30	24	25	26	27	28	29	30	28	29	30	31					
													31																	
September							October							November							December									
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S			
					1	2	3						1			1	2	3	4	5					1	2	3			
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10			
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17			
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24			
25	26	27	28	29	30	23	24	25	26	27	28	29	27	28	29	30	25	26	27	28	29	30	31	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