

# 2022 Michigan Gaming Control Board Horse Racing Report



# To the Governor

Calendar Year 2022



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

Submitted April 14, 2023  
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

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*This document is also available online at*  
[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)



**GRETCHEN WHITMER**  
GOVERNOR

STATE OF MICHIGAN  
**MICHIGAN GAMING CONTROL BOARD**  
DETROIT

**HENRY L. WILLIAMS, JR.**  
EXECUTIVE DIRECTOR

April 14, 2023

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 2022 is hereby submitted.

Sincerely,

/s/

Henry L. Williams, Jr.  
Executive Director



# Michigan Gaming Control Board

## Horse Racing Annual Report 2022

### Introduction

Michigan's horse racing industry will benefit from more than \$6.9 million in taxes collected in 2022 on various forms of betting regulated by the Michigan Gaming Control Board (MGCB), including internet wagering and simulcast wagering on horse races, internet casino gaming and internet sports betting.

Simulcast wagering — wagering at a Michigan horse track on live races occurring at other venues — produced \$1.7 million in tax revenue in 2022. 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. Currently, four facilitators are providing this service in Michigan: Churchill Downs TIC d/b/a/ TwinSpire, TVG Network, XpressBet and NYRABets LLC. Third-party facilitator tax revenue was nearly \$878,000 in 2022.

A portion of the taxes on internet casino gaming and internet sports betting by law go to the Agriculture Equine Industry Development Fund (AEIDF) annually. 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 from each tax source. Tribal operators' payments on these forms of gaming do not go into the fund. In calendar year 2022, the fund received \$4.2 million total revenue from the two forms of gaming. This included more than \$3.5 million in internet casino gaming taxes and nearly \$701,300 in internet sports betting taxes.

The AEIDF promotes economic development by providing funding in Michigan's rural areas. It supports the breeding of horses in Michigan as well as research beneficial to the industry. Additionally, it 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 2022, Northville Downs was the only operating track in Michigan, and it offered 61 live race dates and simulcasting throughout the year. The live racing season concluded on December 17.

Northville Downs in October received approval for 52 live race dates in 2023 with live racing offered on Fridays and Saturdays from April 7 through September 30.

In January 2023, published reports noted Northville Downs' management had filed site plans and an application with Plymouth Township to construct new track facilities located at Five Mile and Ridge roads. The proposed location is about five miles from the track's longtime home in Northville. In 2018, a developer acquired the track's current location, and the City of Northville in November 2022 approved redevelopment plans for the site.



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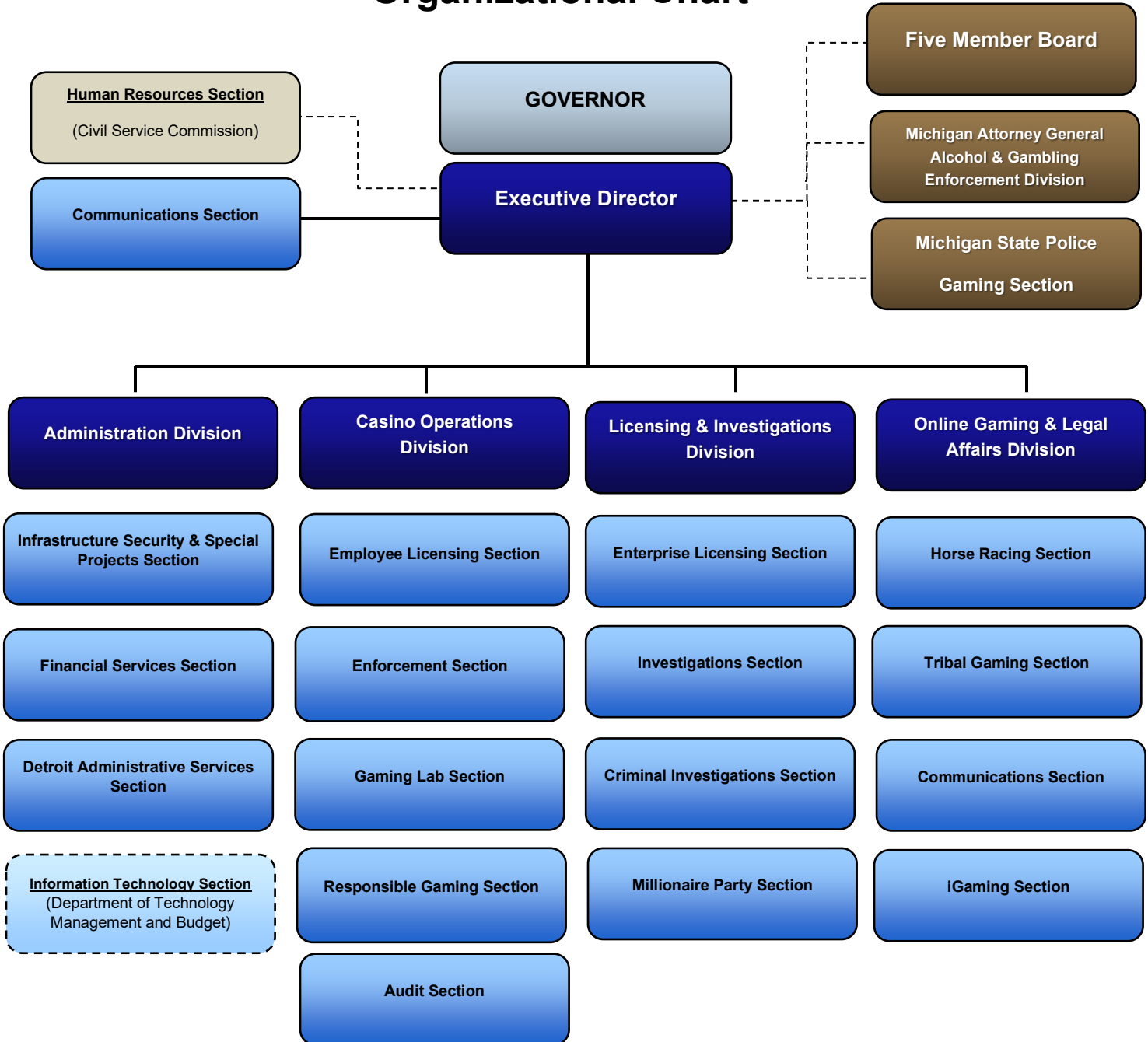
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# Michigan Gaming Control Board

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## Organizational Chart





# Michigan Gaming Control Board

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## The Michigan Gaming Control Board at Work

The 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 2022

## Northville Downs

301 South Center Street

Northville, MI 48167

P: 248-349-1000







# Michigan Gaming Control Board

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## REVENUES AND EXPENDITURES

January 1, 2022, through December 31, 2022

### SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$1,761,512
Third-Party Facilitator Taxes**	877,925
Occupational License Fees	22,835
Outs***	140,204
Racing Fines	15,425
Track Licenses	1,000
Third-Party Facilitator Licenses	1,500
Revenue Transfers/Reductions	<u>(36,320)</u>
<b>TOTAL REVENUES</b>	<b>\$2,784,081</b>

### SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement and Benefits	\$1,211,737
Contractual Services, Supplies and Materials	219,219
Travel	<u>11,275</u>
<b>TOTAL EXPENDITURES</b>	<b>\$1,442,231</b>

\* 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 2022, the Fund received \$3,502,553 in internet gaming taxes and \$701,292 in internet sports betting taxes. Total Fund revenue for calendar year 2022 was \$6.9 million.



# Michigan Gaming Control Board

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## LICENSING

The MGCB licensed 772 individuals who held a total of 1,103 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 18 licensing categories.

Licensing forms are available online at: [www.michigan.gov/mgcb](http://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](http://www.michigan.gov/mgcb).



### **NORTHVILLE DOWNS RACE MEETING SUMMARY**

	<u>2021</u>	<u>2022</u>
Live Race Dates	53	61
Simulcast Race Dates	357	360
Live Wagering Total	\$1,885,829	\$1,936,146
Simulcast Wagering Total	<u>53,016,990</u>	<u>50,328,827</u>
<b>Combined Wagering Total</b>	<b>\$54,902,819</b>	<b>\$52,264,973</b>
Winning Tickets Payout	\$40,436,547	\$37,741,061
Simulcast Wagering Tax	\$1,855,598	\$1,761,512
Track Share Commission	\$6,944,985	\$6,546,123
City of Northville Breakage	\$214,203	\$181,172

**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 city or township where the track is located. Breakage figures are all breakage incurred at the track during the calendar year.



### THIRD-PARTY FACILITATORS

	<u>2021</u>	<u>2022</u>
TVG Network Wagering	\$23,659,212	\$20,916,970
TwinSpires Wagering	55,646,488	46,395,679
Xpressbet Wagering	17,629,945	18,963,466
NYRABets LLC Wagering	<u>147,486</u>	<u>1,516,376</u>
<b>Total Third-Party Facilitator (TPF) Wagering</b>	<b>\$97,083,131</b>	<b>\$87,792,491</b>
TPF Wagering Tax	\$970,831	\$877,925
TPF Wagering Tax (pre-license) *	<u>330,311</u>	<u>0</u>
<b>Total TPF Wagering Tax</b>	<b>\$1,301,142</b>	<b>\$877,925</b>

*\*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.*





# Michigan Gaming Control Board

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## Northville Downs 2023 Race Dates

Note: For updates to the race meet calendar visit the MGCB website: <https://www.michigan.gov/mgcb>

52 Race 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						



[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)