



Michigan Gaming Control Board

Horse Racing



Annual Report to the Governor

Calendar Year 2013

Horse Racing Annual Report to the Governor

Calendar Year 2013

Michigan Gaming Control Board
3062 W. Grand Blvd. L-700
Detroit, MI 48226

A large, semi-transparent watermark of the Michigan Gaming Control Board (MGCB) logo is centered on the page. The logo features the letters 'MGCB' in a bold, serif font, with a circular emblem above it containing a horse and rider. The text 'Submitted April 14, 2014 Pursuant to the Horse Racing Law of 1995 (Section 6(3) of Act No. 279 of Public Acts of 1995)' is overlaid on the logo.

Submitted April 14, 2014
Pursuant to the
Horse Racing Law of 1995
(Section 6(3) of Act No. 279 of
Public Acts of 1995)

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www.michigan.gov/mgcb



STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

RICK SNYDER
GOVERNOR

RICHARD S. KALM
EXECUTIVE DIRECTOR

April 14, 2014

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 2013 is hereby submitted.

Sincerely,

/s/

Richard S. Kalm
Executive Director

FROM THE EXECUTIVE DIRECTOR

Michigan wagering and tax revenue associated with horse racing has declined continually since 1998. While 2012 wagering levels decreased a modest 4.7%, 2013 levels decreased 8%. Nationally, wagering levels decreased 6-10% during the economic downturn of 2008-2011, but have since improved 1%. Wagering on harness races in the United States increased 6.07% in 2013, while Thoroughbred total wagering held steady with a slight increase of .06%. Why Michigan wagering levels continue to decrease more rapidly than national levels is being examined.

Live race dates in the United States declined by 3.15% in 2013, while Michigan live race dates declined by 10%. The ability to fund live race dates is dependent on wagering levels. As Michigan wagering levels have decreased more rapidly than national levels, so have the number of live race dates. Live racing opportunities help fuel the agricultural economy associated with horse racing.

During the past year, our four racetracks held 150 days of live racing and 1,189 days of simulcast racing. Visitors to the tracks wagered \$126,913,242 and generated \$4.2 million in state tax revenue.

Horsemen, race meet licensees, and racing regulators agree that racing laws and rules should be reviewed to enable the industry to adapt to the current state of horse racing in Michigan. Much has changed since the Michigan Horse Racing Law of 1995 was enacted. The fact that thousands of Michigan horsemen and several racetracks remain despite this challenging environment is cause for optimism.

Sincerely,

/s/

Richard S. Kalm
Executive Director



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The Michigan Gaming Control Board Horse Racing Section has many roles and performs numerous duties on a daily basis. Below are some examples of our primary responsibilities.

STEWARDS

- Oversee 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 horseracing
- 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 rules
- Oversee racetrack security in collaboration with track security staff
- Work with other jurisdictions to monitor licensee activity

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 races for soundness to race and to continue racing
- Oversee laborers who procure the drug samples



REVENUES AND EXPENDITURES

January 1, 2013 through December 31, 2013

SUMMARY OF REVENUES

Simulcast Wagering Taxes	\$	4,243,881
Occupational License Fees		51,770
Outs*		291,763
Racing Fines		12,250
Track Licenses		800
Other Revenue		6,120
Revenue Transfers		<u>(20,146)</u>
TOTAL REVENUES	\$	4,586,438

SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement, and Benefits	\$	1,410,899
Contractual Services, Supplies, and Materials		336,151
Travel		15,982
Other		<u>110,000</u>
TOTAL EXPENDITURES	\$	1,873,032

OUTS

Mt. Pleasant Meadows	\$	6,479
Hazel Park Harness Raceway		143,519
Northville Downs		101,185
Sports Creek Raceway		<u>40,580</u>
TOTAL OUTS REVENUE	\$	291,763

** "Outs" are uncashed winning tickets. Governed by Public Act 505, 1998, the race meeting licensee (the track) keeps 50% of the winning payout on the tickets and the other 50% is deposited into the Agriculture Equine Fund. The funds were received as revenue in 2012.*



ALL WAGERING MEETS

RACE MEETING SUMMARY

	<u>2012</u>	<u>2013</u>
Live Race Dates	167	150*
Total Live and Simulcast Dates	1,343	1,339
Live Wagering Total	\$ 6,944,308	\$ 5,659,751
Simulcast Wagering Total	<u>131,236,976</u>	<u>121,253,491</u>
Combined Wagering Total	\$ 138,181,284	\$ 126,913,242
Winning Tickets Payout¹	\$ 105,319,180	\$ 95,604,449
Simulcast Wagering Taxes²	\$ 4,593,300	\$ 4,243,881
Track Share Commission³	\$ 19,803,560	\$ 17,928,748
Local Government Breakage⁴	\$ 582,916	\$ 504,154

¹*Winning Tickets Payout* – The amount of winnings paid to bettors

²*State Racing Tax* – There is a 3.5% 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.

³*Track Share Commission* – The amount the race meet licensee (track) deducts from the total wagers for services rendered.

⁴*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.

*Although 154 race dates were awarded, 4 were cancelled at Sports Creek Raceway due to inclement weather.



STATE TAX SUMMARY

RACE MEETING SUMMARY

		<u>2012</u>		<u>2013</u>
Mixed Breed				
Mount Pleasant Meadows	\$	50,363	\$	45,024
Standardbred				
Hazel Park Harness Raceway	\$	2,199,990	\$	2,008,317
Northville Downs		1,777,640		1,653,021
Sports Creek Raceway		<u>565,307</u>		<u>537,519</u>
Standardbred Totals	\$	4,542,937	\$	4,198,857
TOTAL STATE TAX	\$	4,593,300	\$	4,243,881

There is a 3.5% tax on all money wagered on simulcast races at each licensed track. Live wagering is not taxed in Michigan.



LICENSEES AND LICENSES ISSUED

- The MGCB licensed 2,203 individuals who held a total of 2,632 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. Each track has a MGCB field office which is open during live racing. Office hours vary by track and schedules are posted on our website at www.michigan.gov/mgcb.



TOTAL WAGERING SUMMARY LIVE WAGERING

		<u>2012</u>		<u>2013</u>
Mixed Breed				
Mount Pleasant Meadows	\$	199,855	\$	194,487
Standardbred				
Hazel Park Harness Raceway	\$	4,229,164	\$	3,317,843
Northville Downs		1,560,455		1,471,315
Sports Creek Raceway		<u>954,834</u>		<u>676,106</u>
Total Standardbred	\$	6,744,453	\$	5,465,264
TOTAL LIVE WAGERING	\$	6,944,308	\$	5,659,751

SIMULCAST WAGERING

		<u>2012</u>		<u>2013</u>
Mixed Breed				
Mount Pleasant Meadows	\$	1,438,940	\$	1,286,395
Standardbred				
Hazel Park Harness Raceway	\$	62,856,857	\$	57,380,484
Northville Downs		50,789,724		47,229,049
Sports Creek Raceway		<u>16,151,455</u>		<u>15,357,563</u>
Total Standardbred	\$	129,798,036	\$	119,967,096
TOTAL SIMULCAST WAGERING	\$	131,236,976	\$	121,253,491
 TOTAL WAGERING	 \$	 138,181,284	 \$	 126,913,242



MOUNT PLEASANT MEADOWS RACE MEETING SUMMARY

	<u>2012</u>	<u>2013</u>
Live Race Dates	46	43
Total Live and Simulcast Dates	259	258
Live Wagering Total	\$ 199,855	\$ 194,487
Simulcast Wagering Total	<u>1,438,940</u>	<u>1,286,395</u>
Combined Wagering Total	\$ 1,638,795	\$ 1,480,882
Winning Tickets Payout	\$ 1,277,991	\$ 1,166,076
State Racing Tax	\$ 50,363	\$ 45,024
Track Share Commission	\$ 212,134	\$ 191,242
Isabella Township Breakage	\$ 7,894	\$ 6,746





HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2012</u>	<u>2013</u>
Live Race Dates	59	54
Total Live and Simulcast Dates	362	361
Live Wagering Total	\$ 4,229,164	\$ 3,317,843
Simulcast Wagering Total	<u>62,856,857</u>	<u>57,380,484</u>
Combined Wagering Total	\$ 67,086,021	\$ 60,698,327
Winning Tickets Payout	\$ 50,770,895	\$ 45,430,181
State Racing Tax	\$ 2,199,990	\$ 2,008,317
Track Share Commission	\$ 9,709,259	\$ 8,631,381
City of Hazel Park Breakage	\$ 286,018	\$ 251,461





NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2012</u>	<u>2013</u>
Live Race Dates	36	30
Total Live and Simulcast Dates	362	361
Live Wagering Total	\$ 1,560,455	\$ 1,471,315
Simulcast Wagering Total	<u>50,789,724</u>	<u>47,229,049</u>
Combined Wagering Total	\$ 52,350,179	\$ 48,700,364
Winning Tickets Payout	\$ 40,496,483	\$ 36,979,598
State Racing Tax	\$ 1,777,640	\$ 1,653,021
Track Share Commission	\$ 7,274,079	\$ 6,695,370
City of Northville Breakage	\$ 224,350	\$ 191,294

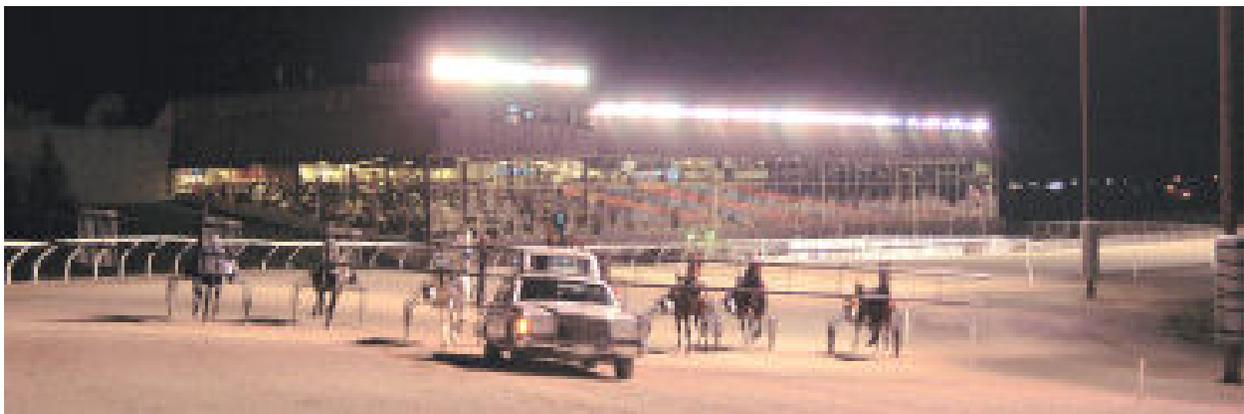




SPORTS CREEK RACEWAY RACE MEETING SUMMARY

	<u>2012</u>	<u>2013</u>
Live Race Dates	26	23*
Total Live and Simulcast Dates	360	359
Live Wagering Total	\$ 954,834	\$ 676,106
Simulcast Wagering Total	<u>16,151,455</u>	<u>15,357,563</u>
Combined Wagering Total	\$ 17,106,289	\$ 16,033,669
Winning Tickets Payout	\$ 12,773,811	\$ 12,028,595
State Racing Tax	\$ 565,307	\$ 537,519
Track Share Commission	\$ 2,608,088	\$ 2,410,755
City of Swartz Creek Breakage	\$ 64,654	\$ 54,654

* Although 27 race dates were awarded to Sports Creek Raceway, 4 were cancelled due to inclement weather





2013 MICHIGAN HORSE RACETRACKS

HARNESS TRACKS

- Hazel Park Harness Raceway
1650 East Ten Mile Road
Hazel Park, MI 48030
(248) 398-1000
- Sports Creek Raceway
4290 Morrish Road
Swartz Creek, MI 48473
(810) 635-3333
- Northville Downs
301 South Center Street
Northville, MI 48167
(248) 349-1000

MIXED BREED TRACK

- Mount Pleasant Meadows
500 North Mission Road
Mount Pleasant, MI 48858
(989) 773-0012