



**Horse Racing  
Annual Report to the Governor  
Calendar Year 2015**



# Horse Racing Annual Report to the Governor

Calendar Year 2015

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

Submitted April 15, 2016

Pursuant to the  
*Horse Racing Law of 1995*  
(Section 6(3) of Act No. 279 of  
Public Acts of 1995)

*Please direct inquiries to  
Dave Murley, Deputy Director*

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





STATE OF MICHIGAN  
MICHIGAN GAMING CONTROL BOARD

RICK SNYDER  
GOVERNOR

RICHARD S. KALM  
EXECUTIVE DIRECTOR

April 15, 2016

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 2015 is hereby submitted.

Sincerely,

Richard S. Kalm  
Executive Director

## FROM THE EXECUTIVE DIRECTOR

Horse racing at Michigan's two tracks generated 9 percent less total revenue for the State of Michigan in 2015 compared with the previous year. Visitors to Michigan's two operating horse racing tracks, Hazel Park Raceway, and Northville Downs, wagered \$106,176,230 in 2015. Simulcasting wagers, the largest source of revenue, generated \$3.56 million in state taxes, down 9 percent from 2014.

In January 2015, Sports Creek Acquisitions Inc. voluntarily relinquished its 2015 standardbred race meeting license and simulcast permit after track management and a certified horsemen's organization failed to agree on a contract. This failure to meet the licensing criteria led to the license being revoked on January 27. Following its closure, Sports Creek Raceway management arranged for bettors to redeem unpaid winning pari-mutuel wagering tickets by March 2, 2015. Located in Swartz Creek, the track property is listed for sale.

Hazel Park Raceway conducted 30 live thoroughbred race dates during the year, running 26 fewer race dates than ordered in 2015. In January, the track's 16 standardbred horse race dates allocated for 2015 were released due to the track's failure to reach a contract agreement by December 31 with a standardbred certified horsemen's organization as required by state law. In July, track management asked to end its live thoroughbred race meet August 8 due to insufficient purse funds, eliminating 10 dates. The reduced live racing schedule did not change the track's 2015 simulcast permit.

Northville Downs conducted 71 live standardbred race dates. The track was allocated 44 race dates (one race date was cancelled due to weather) and was granted 28 additional days of live standardbred racing from August 14, through November 14 after track management and the Michigan Harness Horsemen's Association requested an extension of the season.

Jackson County received a horse racing track license in July for its fairgrounds raceway, which closed in 2009. Before live racing can take place, the county must find an operator with sufficient financial resources to run a race meeting and apply to the MGCB for a race meeting license. A track license is renewable for a period of two years without live racing being conducted at the location.

MGCB staff members are working with industry representatives to develop possible legislation to update Michigan's Horse Racing Act, which became law in 1995. The horse racing industry, its audience, and its challenges are very different today than 20 years ago.

Sincerely,

Richard S. Kalm  
Executive Director



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



*\*Michigan Licensed Race Tracks as of January 1, 2015*



# REVENUES AND EXPENDITURES

January 1, 2015, through December 31, 2015

## SUMMARY OF REVENUES

Simulcast Wagering Taxes*	\$ 3,556,749
Occupational License Fees	38,333
Outs**	277,725
Racing Fines	3,575
Track Licenses	1,400
Other Revenue	105
Revenue Transfers	<u>(19,049)</u>
<b>TOTAL REVENUES</b>	<b>\$3,858,838</b>

## SUMMARY OF EXPENDITURES

Salaries, Wages, Retirement, and Benefits	\$1,304,152
Contractual Services, Supplies, and Materials	207,731
Travel	<u>2,851</u>
<b>TOTAL EXPENDITURES</b>	<b>\$1,514,734</b>

## OUTS

Hazel Park Harness Raceway	\$149,342
Northville Downs	88,419
Sports Creek Raceway	<u>39,964</u>
<b>TOTAL OUTS REVENUE</b>	<b>\$277,725</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.*

*\*\* "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 2015.*



# ALL WAGERING MEETS

## RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
Live Race Dates	69*	101**
Total Live and Simulcast Dates	1,107	721
Live Wagering Total	\$4,623,279	\$4,554,931
Simulcast Wagering Total	<u>112,160,524</u>	<u>101,621,299</u>
Combined Wagering Total	\$116,783,803	\$106,176,230
Winning Tickets Payout	\$87,470,996	79,931,280
Simulcast Wagering Taxes	\$3,925,627	\$3,556,749
Track Share Commission	\$16,115,948	\$14,272,428
Local Government Breakage	\$489,075	\$422,860

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

*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.

*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.

\* Although 79 race dates were awarded, 16 were surrendered by Northville Downs and six were added at Hazel Park

\*\* Although 110 race dates were awarded, 10 mixed breed dates were surrendered by Hazel Park, 16 standardbred dates were surrendered by Hazel Park, 10 standardbred dates were surrendered by Sports Creek and 28 standardbred dates were added at Northville Downs. Severe weather resulted in one cancelled race day at Northville Downs.



## STATE TAX SUMMARY

### RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
Hazel Park Harness Raceway	\$1,982,772	\$1,981,164
Mt. Pleasant Meadows	2,942	0
Northville Downs	1,404,521	1,575,585
Sports Creek Raceway	<u>535,392</u>	<u>0</u>
<b>TOTAL STATE TAX</b>	<b>\$3,925,627</b>	<b>\$3,556,749</b>

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





## LICENSING

- The MGCB licensed 1,566 individuals who held a total of 1,900 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](http://www.michigan.gov/mgcb) and can be downloaded and submitted in person at one of our licensing offices or via fax. Each track has an MGCB field office that is open during live racing. Office hours vary by track and schedules are posted on our website at [www.michigan.gov/mgcb](http://www.michigan.gov/mgcb).



## TOTAL WAGERING SUMMARY LIVE WAGERING

	<u>2014</u>	<u>2015</u>
<b>Mixed Breed</b>		
Hazel Park Raceway	\$3,170,423	\$2,214,951
Mount Pleasant Meadows	<u>0</u>	<u>0</u>
Total Mixed Breed	\$3,170,423	\$2,214,951
<b>Standardbred</b>		
Hazel Park Harness Raceway	\$534,214	\$0
Northville Downs	465,129	2,339,980
Sports Creek Raceway	<u>453,513</u>	<u>0</u>
Total Standardbred	\$1,452,856	\$2,339,980
<b>TOTAL LIVE WAGERING</b>	<b>\$4,623,279</b>	<b>\$4,554,931</b>

## SIMULCAST WAGERING

	<u>2014</u>	<u>2015</u>
Hazel Park Harness Raceway	\$56,650,613	\$56,604,693
Mount Pleasant Meadows	84,063	0
Northville Downs	40,129,050	45,016,606
Sports Creek Raceway	15,296,798	0
<b>TOTAL SIMULCAST WAGERING</b>	<b>\$112,160,524</b>	<b>\$101,621,299</b>

<b>TOTAL WAGERING</b>	<b>\$116,783,803</b>	<b>\$106,176,230</b>
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## MOUNT PLEASANT MEADOWS RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
Live Race Dates	0*	0
Total Live and Simulcast Dates	28	0
Live Wagering Total	\$0	\$0
Simulcast Wagering Total	<u>84,063</u>	<u>0</u>
Combined Wagering Total	\$84,063	\$0
Winning Tickets Payout	\$68,834	\$0
State Racing Tax	\$2,942	\$0
Track Share Commission	\$9,493	\$0
Isabella Township Breakage	\$47	\$0

*\* Although Mount Pleasant Meadows was awarded 16 days of live mixed breed racing, those days were eliminated when the track surrendered its race meet license.*





## HAZEL PARK RACEWAY RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
Live Harness Race Dates	10	0
Live Mixed Breed Race Dates	38*	30**
Total Live and Simulcast Dates	361	361
Live Harness Wagering	\$534,214	\$0
Live Mixed Breed Wagering	<u>3,170,423</u>	<u>2,214,951</u>
Live Wagering Total	\$3,704,637	\$2,214,951
Simulcast Wagering Total	<u>56,650,613</u>	<u>56,604,693</u>
Combined Wagering Total	\$60,355,250	\$58,819,644
Winning Tickets Payout	\$45,086,143	\$44,329,379
State Racing Tax	\$1,982,772	\$1,981,164
Track Share Commission	\$8,367,225	\$7,910,428
City of Hazel Park Breakage	\$269,663	\$254,973

\* Although Hazel Park Raceway was awarded 32 mixed breed race dates, six days were added bringing the total to 38 race dates.

\*\* Although Hazel Park Raceway was awarded 40 mixed breed race dates, 10 days were surrendered due to lack of purse funding, bringing the total to 30 race dates.





## NORTHVILLE DOWNS RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
<b>Live Race Dates</b>	10*	71**
<b>Total Live and Simulcast Dates</b>	359	360
<b>Live Wagering Total</b>	\$465,129	\$2,339,980
<b>Simulcast Wagering Total</b>	<u>40,129,049</u>	<u>45,016,606</u>
<b>Combined Wagering Total</b>	\$40,594,178	\$47,356,586
<b>Winning Tickets Payout</b>	\$30,575,763	\$35,601,901
<b>State Racing Tax</b>	\$1,404,521	\$1,575,585
<b>Track Share Commission</b>	\$5,430,309	\$6,362,000
<b>City of Northville Breakage</b>	\$163,915	\$167,887

*\* Northville Downs was allocated 26 race dates. The 16 mixed breed dates allocated were surrendered.*

*\*\* Northville Downs was allocated 44 standardbred race dates, 28 dates were added and -one day was cancelled due to weather.*



## SPORTS CREEK RACEWAY RACE MEETING SUMMARY

	<u>2014</u>	<u>2015</u>
Live Race Dates	11	0*
Total Live and Simulcast Dates	359	0
Live Wagering Total	\$453,513	\$0
Simulcast Wagering Total	<u>15,296,798</u>	<u>0</u>
Combined Wagering Total	\$15,750,311	\$0
Winning Tickets Payout	\$11,740,256	\$0
State Racing Tax	\$535,392	\$0
Track Share Commission	\$2,308,921	\$0
City of Swartz Creek Breakage	\$55,450	\$0

*\* Although Sports Creek was awarded 10 days of live standardbred racing, those days were eliminated when the track surrendered its race meet license.*





## MICHIGAN HORSE RACE TRACKS

- Hazel Park Raceway  
1650 East Ten Mile Road  
Hazel Park, MI 48030  
248-398-1000
- Mount Pleasant Meadows  
500 North Mission Road  
Mount Pleasant, MI 48858
- Northville Downs  
301 South Center Street  
Northville, MI 48167  
248-349-1000
- Sports Creek Raceway  
4290 Morrish Road  
Swartz Creek, MI 48473  
810-635-3333

