



## MONTANA BOARD OF HORSE RACING

# 2017 Annual Report

May 15, 2018

The year 2017 marked another year horse racing continued in Montana. With hard work put in by the Montana Board of Horse Racing members, the industry continues to rise from the ashes of a certain destruction. The Montana Board of Horse Racing and staff want to thank Governor Bullock, Director Pam Haxby-Cote and the entire staff at the Department of Commerce for their continued support and assistance in bringing the horse racing industry back from a near collapse in 2012.

In 2012, without funding from any other sources, the Miles City Bucking Horse Sale organization decided to put on their race meet. With that same daring attitude, the Montana Board of Horse Racing decided to continue in their positions and do whatever it takes to keep the industry in Montana. Horse racing has a deep history in Montana, going back to the late 1800's and early 1900's when names like Marcus Daly and his horse Scottish Chieftain were making history in horse racing circles around the world. The horse "Spokane" was foaled in a round barn in Twin Bridges, trained in Montana and later went on to win the Kentucky Derby in 1889.

The Montana Board of Horse Racing, in accordance with Montana Code Annotated and specifically statute 23-4-104 – "Duties of the Board" - files this report documenting the 2017 Montana horse racing season. This report will be posted to our website for the general public's viewing at: <http://commerce.mt.gov/horseracing/AnnualReports>.

### Montana Board of Horse Racing Members

Name	Term Ends	Represents	Name	Term Ends	Represents
John Hayes, Chairman Great Falls, MT	Jan 2018*	District 3	Shawn Real Bird Hardin, MT	Jan 2016*	District 2
Dale Mahlum, Vice-Chairman Missoula, MT	Jan 2016*	Industry	Ralph Young Columbus, MT	Jan 2016*	Industry
Susan Austin Kalispell, MT	Jan 2016*	District 5	To Be Appointed		District 1
Susan Egbert Helena, MT	Jan 2017*	District 4			

(\* - Continues to serve until the Governor chooses to appoint some other person)

### Mission Statement

To ensure the integrity of the state's horse racing industry, both live and simulcast, through customer oriented regulation and monitoring of compliance with the Montana State Board of Horse Racing Laws and Rules.

**Board of Horse Racing Goals and Objectives**

In order to fulfill its mission the Board of Horse Racing is committed to achieving the following goals and objectives:

*To monitor and regulate the horse racing industry in Montana; to allow the racing industry, both live and simulcast, to grow and perform at a level which would be beneficial to all racing interests in the State of Montana while at the same time providing and promoting public confidence. Economic impacts include Montana's agricultural sector, county fairgrounds, and the communities (lodging, meals, supplies, feed, etc.) in which race meets are held.*

**Live Racing Information**

**Historical Data by Decade**

Category	1980-1989 (10yrs)			1990-1999 (10yrs)		
	Maximum	Minimum	Average	Maximum	Minimum	Average
Race Tracks	14	7	11	8	6	7
Race Days	143	88	124	96	44	65
Wagered \$	\$11.8M	\$7.9M	\$10.6M	\$6.2M	\$2.2M	\$4.4M

Category	2000-2009 (10yrs)			2010-2017 (8yrs)		
	Maximum	Minimum	Average	Maximum	Minimum	Average
Race Tracks	6	3	5	5	1	2
Race Days	40	16	30	22	3	9
Wagered \$	\$2.3M	\$1M	\$1.7M	\$1.4M	\$.1M	\$.7M

**2017 Live Race Meet Dates (8 days)**

Miles City Bucking Horse Sale Race Meet - Miles City (3 days)      May 14, 20, 21 - 2017  
 Great Falls State Fair - Great Falls (5 days)                              July 22, 23, 28, 29, 30 - 2017

**2017 Live Race Meets Wagering Data**

Race Track	Wagered	Returned to Public	Retained by Track <sup>(2)</sup>	Purses Paid <sup>(3)</sup>
Miles City <sup>(1)</sup>	\$101,313	\$84,486	\$25,784	\$100,475
Great Falls	\$539,662	\$405,081	\$134,581	\$190,900
<b>Total</b>	<b>\$640,975</b>	<b>\$489,567</b>	<b>\$160,365</b>	<b>\$291,375</b>

- (1) Miles City wagered amount includes \$17,106 on 4 matched bronc riding events and 1 simulcast race.
- (2) "Retained by Track" includes breakage and commissions.
- (3) "Purses Paid" includes \$37,225 in horsemen fees at Miles City and \$6,500 in horsemen fees at Great Falls.

**2017 Live Race Meets Race Data**

Race Track	Days	QH Races <sup>(4)</sup>	Other Races <sup>(5)</sup>	TB Races	Field Count <sup>(6)</sup>	Starters <sup>(7)</sup>	Ave Starts Per Race <sup>(8)</sup>
Miles City	3	13	7	6	131	125	6.0
Great Falls	5	5	6	38	345	325	6.6
<b>Total</b>	<b>8</b>	<b>18</b>	<b>13</b>	<b>44</b>	<b>476</b>	<b>450</b>	<b>6.0</b>

- (4) Quarter Horse races include all races with at least one Quarter Horse.
- (5) Other races include breeds other than QH or TB, or simulcast received, or matched bronc riding events.
- (6) Number of horses on race program. Only live races at the track are considered in the count.
- (7) Number of horses actually starting in a race. Only live races at the track are considered in the count.
- (8) Only pari-mutuel races at the track are considered in the "Average Starters Per Race" calculation.

**2017 Live Race Meets Compared to Previous Year**

Track	Days		Races <sup>(9)</sup>		Starters		Wagered\$		Wager-Race\$ <sup>(10)</sup>	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Miles City	4	3	33	26	156	125	\$115,642	\$101,313	\$3,504	\$3,897
Great Falls	4	5	43	49	314	325	\$493,404	\$539,662	\$11,475	\$11,014
<b>Total</b>	<b>8</b>	<b>8</b>	<b>76</b>	<b>75</b>	<b>470</b>	<b>450</b>	<b>\$609,046</b>	<b>\$640,975</b>	<b>\$8,014</b>	<b>\$8,546</b>

(9) Includes all wagering events (simulcast & matched bronc riding).

(10) Amount wagered divided by number of wagering events (includes simulcast & matched bronc riding).

**2017 Live Race Meets Rulings**

Track	Category	Description	Fine \$
Great Falls	Trainer	Conduct detrimental to the best interest of horse racing	\$50
Great Falls	Jockey	Interference of another horse and/or rider	\$100
Great Falls	Trainer	Interference of another horse and/or rider	\$100
		<i>All positive test rulings included D'Q of horse and all purse monies to be redistributed.</i>	
<b>Totals</b>	<b>Count 3</b>		<b>\$250</b>

**Montana Breeders and Owners Bonus Program**

By statute and rule, breeders and owners of Montana foaled horses will share in a Montana breeder and owner bonus program. 10% of the first money of every purse won by a horse bred in Montana shall be paid to the breeder of the horse and an equal amount shall be paid to the owner of the horse. These funds must be paid to the Montana Board of Horse Racing to administer and then payed-out to the respective parties. In addition to this bonus program, 10% of the "Source Market" fees must be set aside and paid to the same breeders and owners of Montana horses listed in the first bonus program. The 10% (5% owner and 5% breeder) is divided according to the percentage of winning purse money for each horse.

**2017 Montana Breeder and Owner Bonus by Track**

Track	Horses	Earnings	Breeder Bonus	Owner Bonus	ADW Breeder Bonus	ADW Owner Bonus	Total Bonus
Miles City	6	\$10,750	\$1,075	\$1,075	\$3,999	\$3,999	\$10,148
Great Falls	5	\$9,735	\$974	\$974	\$3,622	\$3,622	\$9,192
<b>Total</b>		<b>\$20,485</b>	<b>\$2,049</b>	<b>\$2,049</b>	<b>\$7,621</b>	<b>\$7,621</b>	<b>\$19,340</b>

**2017 Montana Breeder Bonus by Individual**

Name	City, State	Bonus Amount
Jack T. Linford	Jordan, MT	\$2,836.89
Walter Larson	Vancouver, WA	\$2,360.14
Tom Williams	Butte, MT	\$1,876.31
Beth A. Degenhart	Billings, MT	\$908.65
Ralph G. Young	Columbus, MT	\$908.65
Leroy Combs	Belfry, MT	\$778.85
		=====
<b>2017 Breeder Bonus Totals</b>		<b>\$9,669.49</b>

**2017 Montana Owner Bonus by Individual**

<b>Name</b>	<b>City, State</b>	<b>Bonus Amount</b>
Jack T. Linford	Jordan, MT	\$2,836.89
Jess R. Matt	Bridger, MT	\$2,360.14
Tom Williams	Butte, MT	\$1,876.31
Beth A. Degenhart	Billings, MT	\$908.65
Ralph G. Young	Columbus, MT	\$908.65
Leroy Combs	Belfry, MT	\$778.85
		=====
<b>2017 Owner Bonus Totals</b>		<b>\$9,669.49</b>

**Advance Deposit Wagering**

Statute 23-4-301 (7) states – “The board may license an advance deposit wagering hub operator to conduct advance deposit wagering. Advance deposit wagering is prohibited and illegal unless it is conducted through an advance deposit wagering hub operator licensed by the board”.

“Source Market” fees paid to the Board from Advance Depositing Wagering hubs are used to support the live horse racing industry.

**2017 Licensed Advance Deposit Wagering Hub**

<b>ADW Company</b>	<b>Wagers by Montana Residents</b>	<b>Source Market Fees Received</b>
Churchill Downs - TwinSpires	\$1,843,561	\$64,535
Day At The Track	\$11,731	\$528
GamePlay Network	\$506	\$23
LienGames	\$48,279	\$2,173
NYRA-Newco	\$79,122	\$3,562
Sportech	\$0	\$0
TVG	\$1,671,298	\$72,395
Xpressbet	\$204,482	\$9,202
<b>Total</b>	<b>\$3,858,979</b>	<b>\$152,418</b>

80% of the source market fees are given to the race tracks to help pay for operations and purses. 10% of source market fees are retained by the board of horse racing for operations and 10% are set aside to pay for Montana owner’s and breeder’s bonuses at the end of the year (refer to Montana Owners & Breeders Awards).

**Montana Fantasy Sports**

Statute 23-4-301 (5)(b)(iii) states – “... the Board shall then distribute this portion of live race purses and for other purposes that the Board considers appropriate for the good of the existing horse racing industry”.

**2017 Montana Fantasy Sports – Operated by Montana Lottery**

<b>Fantasy Sports</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Net to MBOHR</b>
Licensing Fees	\$16,608		
Ticket Sales	\$228,055		
Commissions & Vendor Fees		\$22,093	
Prize Expenses		\$168,386	
<b>Total</b>	<b>\$244,663</b>	<b>\$190,479</b>	<b>\$54,184</b>

Money collected for Fantasy Sports helps provide officials at the race track as well supplement purses, track operations, debt repayment and board operations.

### Simulcasting

In 2017, Montana Simulcast Racing LLC of Missoula completed another year of simulcasting. Their first simulcast license was issued in May 2012. 1% of all statewide simulcast handles are returned to the board to help pay for board operational costs. 1% of all handle and 3% of exotic handles are paid to the board to help with live racing in the state of Montana. Montana Simulcast LLC continues to look at opening new markets in the state for simulcasting. Five (5) locations were open for 2017.

In 2017, simulcasting saw a increase of 9.4% in total handle compared to 2016.

#### 2017 Simulcast Site Listing

Site Name	City		Site Name	City
Golden Spur Casino	Miles City		Scotty's Bar	Kalispell
Halftime Sports Bar	Great Falls		The Enterprise	Billings
Katie O'Keefe's	Missoula			

#### 2017 Simulcasting Handle and Funds to MBOHR

MSR, LLC	Wagered	Returned to Public	1% to MBOHR	1% to Track/Purses	3% Exotics <sup>(12)</sup> Track/Purses
<b>2017 Total</b>	<b>\$3,853,528</b>	<b>\$3,044,206</b>	<b>\$38,535.29</b>	<b>\$38,535.29</b>	<b>\$77,113.35</b>

(12) Exotic wagering is all wagers other than win, place and show wagering.

### Board Licensing and Other Revenues Items

Companies, individuals, and partnerships participating in live horse racing are required to have a valid license issued yearly by the Montana Board of Horse Racing. A breakdown of the types of licenses is listed below. Revenues from licensing are used to the support the operations of the Board as well as administrative costs supervising the live race meets.



## **Quick Review of 2017 for Montana Board of Horse Racing**

With the move from the Department of Livestock to the Department of Commerce completed on July 1, 2013, the Montana Board of Horse Racing continues to focus on paying the debt to the Department of Administration while providing the maximum amount of financial support to the live race meets. All channels of revenue sources are continually being reviewed and monitored for ways to improve and increase money to the Board.

### **Advance Deposit Wagering**

In 2017, Advance Deposit Wagering took a large step forward with full year participation from Churchill Down's TwinSpire organization. ADW companies contract with the board of horse racing to provide content for Montana patrons and pay to the state a source market fee that helps in continuing live racing in the state. The current "Source Market" fee rate is 4.5% of the handle. ADW markets continue to grow as more and more people turned to their computers to place wagers on horse and greyhound racing.

### **Fantasy Sports**

Fantasy Sport's revenues dropped slightly in 2017. The NFL and Nascar racing are the two games currently offered by the Montana Lottery (the company contracted with the board to provide Fantasy Sports). The contract between Montana Lottery and the Montana Board of Horse Racing expired in 2017 and a new agreement was completed for the 2017 season. Ideas continue to abound on ways to improve the fantasy sports experience and eventually grow revenues for the board of horse racing.

### **Simulcasting – Montana Simulcast Racing LLC**

The simulcast network closed some sites in 2017 due to lack of handle and continued rise in simulcasting costs. The simulcast network increased their handles this year by over 9%, which is extremely helpful in supporting the live racing in the state. Simulcasting in Montana continues to be the number one provider of revenue for the live race tracks in the state. December 31, 2017, the network celebrated its fourth full year of simulcast operations. The previous operator left a large amount of debt in the industry and caused many headaches for the new company. Slowly but surely, Montana Simulcast Racing LLC, is building Montana's reputation back to where it was previously. With that, more tracks are willing to send their signals to Montana and charging signal rates that are more reasonable. With increased competition from other forms of wagering, the Board closely monitors the simulcast operation.

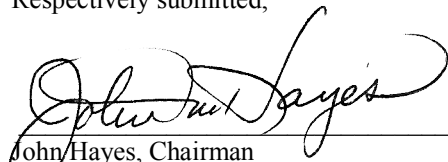
### **A look to the 2018 live racing season**

Nine (9) days were allotted for the 2018 season, one more than were allotted in 2017. In 2018, the extra race day will be run in Great Falls. Three days are scheduled for Miles City: May 13, 19, and 20 in 2018. Six days are planned for Great Falls: July 15, 21, 22, 27, 28 and 29. Distribution to the tracks for purses and operations in 2018 will be \$49,000 to Miles City and \$96,000 to Great Falls. The distribution total for 2018 is \$145,000. This distribution is 16% more than the distribution in 2017.



*Horses racing to the finish in Great Falls – 2017.*

Respectively submitted;

  
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John Hayes, Chairman

  
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Tom P. Tucker, Executive Secretary

