



MONTANA BOARD OF HORSE RACING

2014 Annual Report

March 19, 2015

The board members and staff want to thank Governor Bullock, Director Meg O'Leary 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. The breeding and racing industries, once a respected contributor to the economy in Montana continues to work its way back. Major funding challenges face the industry, and members of the Montana Board of Horse Racing, continue to contribute their time and resources to the goal of reviving the industry to its previous status.

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 2014 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
Dale Mahlum, Chairman Missoula, MT	Jan 2016	Industry	Allen Fisher Ashland, MT	Jan 2015	District 1
John Hayes, Vice-Chairman Great Falls, MT	Jan 2015	District 3	Shawn Real Bird Hardin, MT	Jan 2016	District 2
Susan Austin Kalispell, MT	Jan 2016	District 5	Ralph Young Columbus, MT	Jan 2016	Industry
Susan Egbert Helena, MT	Jan 2017	District 4			

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)			2010-2014 (5yrs)		
	Maximum	Minimum	Average	Maximum	Minimum	Average
Race Tracks	6	3	5	5	1	2
Race Days	40	16	30	22	3	10
Wagered \$	\$2.3M	\$1M	\$1.7M	\$1.4M	\$.1M	\$.7M

2014 Live Race Meets Wagering Data

Race Track	Wagered	Returned to Public	Retained by Track ⁽²⁾	Purses Paid ⁽³⁾
Miles City ⁽¹⁾	\$116,225	\$88,433	\$27,782	\$80,645
Great Falls	\$422,369	\$317,157	\$105,212	\$126,600
Total	\$538,594	\$405,590	\$132,994	\$207,245

- (1) Miles City wagered amount includes \$10,411 on 3 matched bronc riding events.
 (2) "Retained by Track" includes breakage and commissions.
 (3) "Purses Paid" includes \$25,845 in horsemen fees at Miles City and \$1,200 in horsemen fees at Great Falls.

2014 Live Race Meets Race Data

Race Track	Days	QH Races ⁽⁴⁾	Other Races ⁽⁵⁾	TB Races	Field Count ⁽⁶⁾	Starters ⁽⁷⁾	Average Per Race ⁽⁸⁾
Miles City	3	21	4	2	132	128	5.6
Great Falls	4	7	0	32	254	245	6.3
Total	7	28	4	34	386	373	6.0

- (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 entered into a race. 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 Per Race" calculation.

2014 Live Race Meets Compared to Previous Year

Track	Days		Races ⁽⁹⁾		Starters		Wagered\$		Wager-Race\$ ⁽¹⁰⁾	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Miles City	3	3	27	27	138	128	\$106,266	\$102,767	\$3,936	\$4,305
Great Falls	4	4	38	39	235	245	\$374,475	\$422,369	\$9,855	\$10,830
Total	7	7	65	66	373	373	\$480,741	\$525,136	\$7,396	\$7,957

- (9) Includes all wagering events (simulcast, matched bronc riding, etc.).
 (10) Amount wagered divided by number of wagering events (includes simulcast & matched bronc riding).

2014 Live Race Meet Rulings

Track	Category	Description	Fine \$
Miles City	Trainer	Horse scratched due to not being tattooed.	\$100
Miles City	Trainer	Failure to bring horse to paddock	\$100
Great Falls	Trainer	Entry of ineligible horse	\$100
Great Falls	Trainer	Entry of ineligible horse	\$100
Great Falls	Trainer	Positive test for Dexamethasone – fined and placed last	\$300
Great Falls	Trainer	Positive test for Dexamethasone – fined and placed last	\$300
Totals	Count 6		\$1,000

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 pay 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 bonus program. The 10% (5% owner and 5% breeder) is divided according to the percentage of winning purse money for each horse.

2014 Montana Breeder and Owner Bonus by Track

Track	Horses	Earnings	Breeder Bonus	Owner Bonus	ADW Breeder Bonus	ADW Owner Bonus	Total Bonus
Miles City	7	\$9,030	\$903	\$903	\$3,181	\$3,181	\$8,168
Great Falls	3	\$5,170	\$517	\$517	\$1,822	\$1,822	\$4,678
Total		\$14,200	\$1,420	\$1,420	\$5,003	\$5,003	\$12,846

2014 Montana Breeder Bonus by Individual

Name	City, State	Bonus Amount
Mike Grewell	Silesia, MT	\$1,121.79
Ray Norgaard, Jr.	Arlee, MT	\$848.12
Signe Stables (Robert Syvrud)	Polson, MT	\$796.11
Marlene B. Dennis	Whitewater, MT	\$746.36
Mary Hutchison	Miles City, MT	\$678.50
Mike Lipp	Greybull, WY	\$542.80
Jeffery Wilson	Bigfork, MT	\$424.07
Patricia Wilson	Bigfork, MT	\$424.07
Ralph G. Young	Columbus, MT	\$407.10
Donna Looman	Miles City, MT	\$217.13
Jim Quinn	Cardwell, MT	\$217.13
		=====
2014 Breeder Bonus Totals		\$6,423.18

2014 Montana Owner Bonus by Individual

Name	City, State	Bonus Amount
Mike Grewell	Silesia, MT	\$1,393.19
Ray Norgaard, Jr.	Arlee, MT	\$848.13
Jeffery Wilson	Bigfork, MT	\$848.13
Clifton G. Dennis	Walla Walla, WA	\$746.36
Dave Smith	Miles City, MT	\$678.50
Ralph G. Young	Columbus, MT	\$407.10
Barb Norlander	Whitefish, MT	\$398.06
Bub "William L." Lodinoff	Kalispell, MT	\$398.05
Paula Harris	Billings, MT	\$271.40
Raymundo Amaya	Miles City, MT	\$217.13
Jim Quinn	Cardwell, MT	\$217.13
		=====
2014 Owner Bonus Totals		\$6,423.18

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.

2014 Licensed Advance Deposit Wagering Hub

ADW Company	Wagers by Montana Residents	Source Market Fees Received
Day At The Track	\$13,187	\$593.38
GamePlay Network	\$0	\$0
Horse RacesNow	\$0	\$0
SocialGaming, Inc.	\$68,212	\$2,054.06
Sportech	\$18,784	\$845.09
TVG	\$1,852,109	\$83,344.88
Xpressbet	\$301,664	\$13,574.89
Total	\$2,253,956	\$100,412.30

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”.

2014 Montana Fantasy Sports – Operated by Montana Lottery

Fantasy Sports	Revenues	Expenses	Net to MBOHR
Licensing Fees	\$14,800		
Ticket Sales	\$251,705		
Commissions & Vendor Fees		\$24,603	
Prize Expenses		\$186,011	
Total	\$266,505	\$210,614	\$55,891

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 2014, 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. There were 7 locations in Montana at the start of 2014 and by the end of the year, the number of locations had dropped to 6.

2014 Simulcast Site Listing

Site Name	City	Site Name	City
Won \$800 Casino	Billings	Scotty’s Bar & Steakhouse	Kalispell
M & M Cigar Store ⁽¹¹⁾	Butte	Golden Spur Casino	Miles City
Halftime Sports Bar	Great Falls	Katie O’Keefes Casino	Missoula
Bulls Eye Casino	Helena		

(11) Closed at the end of May 2014.

2014 Simulcasting Handle and Funds to MBOHR

MSR, LLC	Wagered	Returned to Public	1% to MBOHR	1% to Track/Purses	3% Exotics⁽¹²⁾ Track/Purses
2014 Total	\$3,693,846	\$2,914,913	\$36,938.46	\$36,938.46	70,388.61

(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 support the operations of the board as well as administrative costs supervising the live race meets.

2014 Live Race Meeting Licensing

License Type	Issued	License Type	Issued	License Type	Issued
Announcer	2	Hotwalker	2	Program Employee	2
Assistant Starter	22	Identifier	2	Racing Secretary	2
Assistant Trainer	2	Jockey	21	Score Runner	1
Bank Auditor	1	Jock Room Custodian	2	Stable Name	6
Board Member	8	Judge	5	Starter	2
Cashier	1	Office Personnel	1	Stewards	3
Chief of Security	1	Official Veterinarian	2	Tote Employee	1
Clerk of Scales	2	Other	1	Tote Company	1
Clocker/Timer	4	Outrider	3	Track License	2
Chutes/Personnel	3	Owner	83	Track Maintenance	4
Director of Racing	3	Owner-Trainer	54	Track Superintendent	1
Equine Dentist	1	Paddock Judge	2	Trainer	5
Exercise Rider	2	Parimutuel	29	Turf Club Members	3
Executive Secretary	1	Parimutuel Manager	1	Valet	12
Family \$15	22	Photo Employee	5	Vendor	1
Family \$25	28	Photo Manager	1	Vet Assistant	2
Gate Attendant	1	Photo Company	1	Veterinarian	1
Groom	34	Plater	2	Video Company	1
Horsemen's Bookkeeper	2	Pony Person	22		
				Total Issued	429
Revenues Generated From Licensing: \$16,110					

2014 Other Licensing

Item	Revenue	Item	Revenue
ADW Licensing	\$12,280	Simulcast Licensing	\$1,740
Other Revenues Total: \$14,020			

2014 Costs to the Board to supervise race meets

Race Meet	Payroll	Travel	Lodging	Lab, Misc	Total
Miles City	\$5,655	\$1,474	\$2,107	\$1,950	\$11,186
Great Falls	\$6,704	\$1,449	\$1,655	\$2,925	\$12,733
Total	\$12,359	\$2,923	\$3,762	\$4,875	\$23,919

2014 Expenses of the Board

Item	Expense	Item	Expense
Debt Service (D of A)	\$62,842.70	Distributions to Tracks ⁽¹⁴⁾	\$100,837
Board Meetings & Travel	\$1,204	Memberships ⁽¹⁵⁾	\$3,000
Board Operations-Yearly ⁽¹³⁾	\$30,578		
Bonus Programs	\$12,846		
Expense Total: \$209,587			

- (13) Includes management contract for the board and charges from Department of Commerce for payroll processing and computer time.
- (14) Includes money from simulcast, ADW, and Fantasy along with 3% & 1% withholding during live season returned to the track.
- (15) Association of Racing Commissioners International – gives the board access to a U.S. wide database to review licenses and rulings from around the country.

Quick Review of 2014 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 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

All 7 ADW companies were re-licensed for 2014 at the “Source Market” fee rate of 4.5% of handle. ADW handles continue to increase as more and more people are feeling comfortable wagering with their computer systems. The board continues to try and sign up more ADW companies from around country.

The SocialGaming Technologies new wagering kiosk has been added to more locations around the state. The kiosk is a user friendly kiosk developed to allow users the freedom of setting up their own accounts, receiving information from the kiosks, printing programs and wagering. When SocialGaming Technologies has all their sites open, the board hopes that additional revenues will flow into the board and out to the live race meets. New locations are being open every month.

Fantasy Sports

Though disappointing in the amount of money wagered on Fantasy Sports, the number of locations continues to increase due to the hard work by the Montana Lottery. Other games as well as innovative broadcasting methods need to be explored to get more people involved in the fantasy games. The board will work with the Montana Lottery to try to increase the wagering base.

Simulcasting – Montana Simulcast Racing LLC

The simulcast network provides the majority of funds for the board of horse racing. We work hard to support their efforts and do whatever it takes to keep them operating. On December 31, 2013, the network celebrated its first 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 2015 live racing season

Once again 7 days are allotted for the 2015 season, mirroring the days raced in 2014. Three days are scheduled for Miles City: May 10, 16, and 17, 2015. Four days are planned for Great Falls: July 18, 19, 25, 26 2015. Distribution to the tracks for purses and operations will be \$108,000 in 2015. That distribution is a 20% increase over the distribution to tracks and purses in 2014.

Racing continues to work its way back, slowly. Funding is the key and until the board can generate more revenues for the tracks, 7 – 8 days a year will be the upper limit. Due to increased competition for horses in Idaho and Wyoming, 2015 could prove to be another tough year when it comes to attracting stables. Both Idaho and Wyoming passed legislation that will add additional revenues to their race meets, resulting in more days of racing and higher purses being offered in those states. Lack of competition from other gambling opportunities allows both Wyoming and Idaho to generate funds in excess of what the Montana Board of Horse Racing can currently offer.

Miles City Bucking Horse Sale is run in conjunction with the world famous Bucking Horse Sale and continues to offer horsemen a place to race their animals and display the equine products. In 2012, when no funding from the board of horse racing was available, Miles City raced on their own dime and was able to continue to provide an event that is traditional in the Miles City area. Miles City and the Bucking Horse Sale group continue to work hard to bring live horse racing to their yearly May event. Below is a picture of the grandstands full of horse racing enthusiasts waiting on the next race to be contested.



Picture taken May 11, 2014 – opening day of the 2014 race meet.

Respectively submitted;

Dale Mahlum, Chairman

Tom P. Tucker, Executive Secretary

