



MONTANA BOARD OF HORSE RACING

2019 Annual Report

March 30, 2020

2019 saw another year of horse racing in Montana and another year closer to retiring the \$628,000+ debt that was created in a three-year span covering 2009 to 2011. All of the board members of the Montana Board of Horse Racing are dedicated to keeping the racing industry in Montana while retiring this debt. 2019 will prove a major step in doing so as the board anticipates the final payment somewhere towards the end of the year if all goes well. The board continues to search for other revenue sources to help support the live horse racing industry in the state. The Montana Board of Horse Racing and staff want to thank Governor Bullock, Department of Commerce Director Tara Rice 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 2019 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 2021	District 3	Barry 'Spook' Stang Helena, MT	Jan 2022	District 4
Dale Mahlum, Vice-Chairman Missoula, MT	Jan 2022	Industry	Gary Koepplin Florence, MT	Jan 2022	District 5
Jody Smith Miles City, MT	Jan 2021	District 1	Ralph Young Columbus, MT	Jan 2022	Industry
Shawn Real Bird Hardin, MT	Jan 2022	District 2			

(All board members serve until the Governor chooses to appoint a replacement)

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 (10 yrs.)			1990-1999 (10 yrs.)		
	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 (10 yrs.)			2010-2019 (10 yrs.)		
	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

2019 Live Race Meet Dates (8 days)

Miles City Bucking Horse Sale Race Meet - Miles City (3 days) May 12, 18, 19 - 2019
 Great Falls State Fair - Great Falls (5 days) July 20, 21, 26, 27, 28 - 2019
Miles City experience extremely rainy weather and May 18 & May 19 were canceled.

2019 Live Race Meets Wagering Data

Race Track	Wagered	Returned to Public	Retained by Track ⁽²⁾	Purses Paid ⁽³⁾
Miles City ⁽¹⁾	\$50,945 ⁽⁴⁾	\$38,897	\$12,048	\$13,800
Great Falls	\$431,476	\$324,299	\$107,177	\$170,300
Total	\$482,421	\$363,196	\$119,225	\$184,100

- (1) Miles City wagered amount includes \$13,315 on 4 matched bronc riding events and 1 simulcast race.
- (2) "Retained by Track" includes breakage and commissions.
- (3) "Purses Paid" includes \$2,300 in horsemen fees at Great Falls.
- (4) Miles City - Cancelled 2nd & 3rd day due to extremely rainy weather.

2019 Live Race Meets Race Data

Race Track	Days	QH Races ⁽⁵⁾	Other Races ⁽⁶⁾	TB Races	Field Count ⁽⁷⁾	Starters ⁽⁸⁾	Ave Starts Per Race ⁽⁹⁾
Miles City	3 ⁽⁴⁾	6	0	3	39	39	4.3
Great Falls	5	9	0	34	305	284	6.6
Total	8⁽⁴⁾	15	0	37	344	323	6.2

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

2019 Live Race Meets Compared to Previous Year

Track	Days		Races ⁽¹⁰⁾		Starters		Wagered\$		Wager-Race\$ ⁽¹¹⁾	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Miles City	2	3 ⁽⁴⁾	19	14	65	39	\$63,567	\$50,945	\$3,346	\$3,639
Great Falls	6	5	56	43	354	284	\$534,782	\$431,476	\$9,550	\$10,034
Total	8	8	75	57	419	323	\$598,349	\$482,421	\$7,978	\$8,464

(10) Includes all wagering events (simulcast-1 at Miles City & matched bronc riding-4 at Miles City).

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

2019 Live Race Meets Rulings

Track	Category	Description	Fine \$
Great Falls	Jockey	Careless riding resulting in disqualification of mount.	\$100
Great Falls	Jockey	Failure to appear for race films review.	\$25
Great Falls	Jockey	Careless riding.	\$100
Great Falls	Trainer	Failure to get Lasix medication on time resulting in a late scratch.	\$100
Totals	Count 4		\$325

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.

2019 Montana Breeder and Owner Bonus by Track

Track	Horses	Earnings	Breeder Bonus	Owner Bonus	ADW Breeder Bonus	ADW Owner Bonus	Total Bonus
Miles City	0	\$0	\$0	\$0	\$0	\$0	\$0
Great Falls	1	\$1,925	\$192.50	\$192.50	\$9,556.47	\$9,556.47	\$19,497.94
Total		\$1,925	\$192.50	\$192.50	\$9,556.47	\$9,556.47	\$19,497.94

2019 Montana Breeder Bonus by Individual

Name	City, State	Bonus Amount
Darla L Edward	Billings, MT	\$9,748.97
		=====
2019 Breeder Bonus Totals		\$9,748.97

2019 Montana Owner Bonus by Individual

Name	City, State	Bonus Amount
Beth A Koch	Billings, MT	\$9,748.97
		=====
2019 Owner Bonus Totals		\$9,748.97

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.

2019 Licensed Advance Deposit Wagering Hub

ADW Company	Wagers by Montana Residents	Source Market Fees Received
AmWest Entertainment	\$4,890	\$220
Churchill Downs - TwinSpires	\$2,222,613	\$100,030
Day At The Track	\$14,615	\$658
GamePlay Network	\$14,522	\$654
NYRA-Newco	\$131,103	\$5,900
Sportech	\$95	\$4
TVG	\$1,601,254	\$72,056
Xpressbet	\$258,926	\$11,652
Total	\$4,248,018	\$191,174

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”.

2019 Montana Fantasy Sports – Operated by Montana Lottery

Fantasy Sports	Revenues	Expenses	Net to MBOHR
Licensing Fees	\$19,698		
Ticket Sales	\$267,046		
Commissions & Vendor Fees		\$30,931	
Prize Expenses		\$194,766	
Total	\$286,744	\$225,697	\$61,047

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 2019, 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. Six (6) locations were open at the start of 2019 and finished the year with 3 locations. In 2019, the simulcasting network saw a decrease of 23.9% in total handle compared to 2018.

An effort by Montana Simulcast Racing LLC to secure sports wagering over the parimutuel machines was defeated in the Senate during the 2019 legislative session. MSRLLC decided to close the network on December 31, 2019.

2019 Simulcast Site Listing

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

2019 Simulcasting Handle and Funds to MBOHR

MSR, LLC	Wagered	Returned to Public	1% to MBOHR	1% to Track/Purses	3% Exotics ⁽¹²⁾ Track/Purses
2019 Total	\$3,339,391	\$2,606,345	\$33,394	\$33,394	\$76,105

(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.

2019 Live Race Meeting Licensing

License Type	Issued	License Type	Issued	License Type	Issued
Announcer	2	Horsemen's Bookkeeper	2	Plater	1
Apprentice Jockey	2	Hotwalker		Pony Person	13
Asst. Racing Secretary	1	Identifier	2	Program Company	1
Assistant Starter	14	Jockey	12	Program Employee	1
Assistant Trainer	1	Jockey Agent		Racing Secretary	3
Bank Auditor		Jock Room Custodian	2	Score Runner	1
Board Member	6	Judge	6	Stable Name	4
Cashier		MBOHR Members	7	Starter	2
Chart Employee	2	Office Personnel	3	Stewards	3
Chief of Security	1	Other		Tote Employee	3
Clerk of Scales	2	Outrider	4	Tote Company	1
Clocker/Timer	4	Owner	70	Track License	2
Chutes/Personnel	5	Owner-Trainer	55	Track Maintenance	3
Director of Racing	2	Paddock Judge	2	Track Superintendent	3
Equine Dentist		Parimutuel	45	Trainer	7
Executive Secretary	1	Parimutuel Manager	3	Turf Club Members	
Exercise Rider	4	Patrol Judge	1	Valet	12
Family \$15	19	Photo Employee	6	Vendor	
Family \$25	45	Photo Manager	1	Vet Assistant	1
Gate Attendant	6	Photo Company	1	Veterinarian (Practicing)	3
Groom	41	Pioneer	6	Veterinarian (State)	1
				Total Issued	451
Revenues Generated From Licensing: \$14,445					

2019 Other Licensing

Item	Revenue	Item	Revenue
ADW Licensing	\$4,500	Simulcast Licensing	\$1,635
Other Revenues Total: \$6,135			

2019 Costs to the Board to supervise race meets

Race Meet	Payroll	Travel	Lodging/Meals	Lab, Equip, Etc	Total
Miles City	\$6,940	\$4,746	\$5,723	\$3,289	\$20,698
Great Falls	\$13,069	\$3,072	\$4,267	\$7,749	\$28,157
Total	\$20,009	\$7,818	\$9,990	\$11,038	\$48,855

2019 Expenses of the Board

Item	Expense	Item	Expense
Debt Service (D of A)	\$125,685	Distributions to Tracks ⁽¹⁴⁾	\$159,794
Board Meetings & Travel	\$6,670	Memberships ⁽¹⁵⁾	\$3,300
Board Operations-Yearly ⁽¹³⁾	\$34,419		
Bonus Programs	\$14,015		
Expense Total: \$343,883			

- (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 2019 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 concentrated on paying the debt to the Department of Administration while providing the maximum amount of financial support to the live race meets. November 2019 saw that goal accomplished with the last payment of \$62,842.70 made to the Department of Administration.

Advance Deposit Wagering

In 2019, Advance Deposit Wagering continues to generate much needed funds for the live racing in Montana. 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

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). Fantasy Sports continues to supply approximately \$55,000 of revenues to the board of horse racing and live racing. In 2019, passage of the sports wagering bill will allow the Montana Lottery to conduct sports wagering and the effect on Fantasy Sports revenues will be monitored closely by the Board of Horse Racing.

Simulcasting – Montana Simulcast Racing LLC

Montana Simulcast Racing LLC decided to close their network on December 31, 2019. The Montana State Senate voted down a bill that would have allowed the simulcast network to also offer sports wagering over their parimutuel terminals. Without the additional product to offer its customers, MSRLLC decided the economic risk was too great to continue.

Starting in 2013 and through December 2019, MSRLLC contributed over \$734,000 to the live horse racing industry in Montana. Nick Alonzo of Missoula and his company was the major reason the board of horse racing was able to pay off the debt to the Department of Administration three years in advance. The simulcasting network was instrumental in keeping the horse racing industry alive in Montana.

The Montana Board of Horse Racing continues to look for another company to take over the simulcast operations.

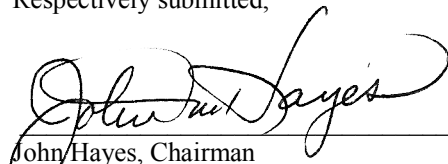
A look to the 2020 live racing season

Eight days have been allocated for the 2020 season. In 2019, rain caused major problems for the race meet in Miles City. Miles City had purchased additional equipment and placed more sand on their track, but the weather proved to be too much. Great Falls experienced a drop in their handle and attendance in 2019 due to the new grandstand and some of the facilities not completed. In 2020, the Great Falls Turf Club hopes to bounce back. In 2020, three days are scheduled for Miles City: May 10, 16, and 17. Five days are planned for Great Falls: July 18, 19, 24, 25, and 26. Distribution to the tracks for purses and operations in 2020 will be \$50,000 to Miles City and \$100,000 to Great Falls.



Horses racing from the starting gate in Great Falls

Respectively submitted;



John Hayes, Chairman



Tom P. Tucker, Executive Secretary

