



MONTANA BOARD OF HORSE RACING

2015 Annual Report

February 22, 2016

The Montana Board of Horse Racing 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 past three years have shown how the industry has fought back from a near financial collapse and continues to provide racing opportunities in the state of Montana on a limited basis. Minor compared to the 100+ racing days of the past, the 7 days of racing in 2015 once again proved to be financially successful as well as entertaining. The Montana Board of Horse Racing members 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 2015 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			

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)			2010-2015 (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

2015 Live Race Meets Wagering Data

Race Track	Wagered	Returned to Public	Retained by Track ⁽²⁾	Purses Paid ⁽³⁾
Miles City ⁽¹⁾	\$101,018	\$77,162	\$23,856	\$93,685
Great Falls	\$488,396	\$366,768	\$121,628	\$164,240
Total	\$589,414	\$443,930	\$145,484	\$257,925

- (1) Miles City wagered amount includes \$13,941 on 3 matched bronc riding events and 1 simulcast race.
 (2) "Retained by Track" includes breakage and commissions.
 (3) "Purses Paid" includes \$21,815 in horsemen fees at Miles City and \$2,800 in horsemen fees at Great Falls.

2015 Live Race Meets Race Data

Race Track	Days	QH Races ⁽⁴⁾	Other Races ⁽⁵⁾	TB Races	Field Count ⁽⁶⁾	Starters ⁽⁷⁾	Ave Starts Per Race ⁽⁸⁾
Miles City	3	14	5	8	153	142	6.2
Great Falls	4	7	0	31	272	259	6.8
Total	7	21	5	39	425	401	6.6

- (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 Starters Per Race" calculation.

2015 Live Race Meets Compared to Previous Year

Track	Days		Races ⁽⁹⁾		Starters		Wagered\$		Wager-Race\$ ⁽¹⁰⁾	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Miles City	3	3	27	27	128	142	\$116,225	\$101,018	\$3,806	\$3,741
Great Falls	4	4	39	38	245	259	\$422,369	\$488,396	\$10,830	\$12,853
Total	7	7	66	65	373	401	\$525,136	\$589,414	\$7,957	\$9,068

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

2015 Live Race Meets Rulings

Track	Category	Description	Fine \$
Miles City	Asst. Trainer	Conduct detrimental & failure to appear before stewards – Suspended	\$250
Great Falls	Jockey	Failure to appear before stewards for films	\$25
Great Falls	Jockey	Failure to fulfill racing engagements	\$250
Great Falls	Jockey	Failure to fulfill racing engagements	\$150
Great Falls	Jockey	Failure to maintain sufficient clearance during a race	\$50
Great Falls	Trainer	Positive text for Triamcinolone Acetonide – fined and placed last	\$300
Great Falls	Trainer	Positive test for Dexamethasone – fined and placed last	\$300
Great Falls	Trainer	Positive test for Dexamethasone – fined and placed last	\$300
Great Falls	Trainer	Positive test for Triamcinolone Acetonide – fined and placed last	\$300
Totals	Count 9		\$1,950

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.

2015 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	\$8,660	\$866	\$866	\$3,747	\$3,747	\$9,226
Great Falls	2	\$4,400	\$440	\$440	\$1,904	\$1,904	\$4,688
Total		\$13,060	\$1,306	\$1,306	\$5,651	\$5,651	\$13,914

2015 Montana Breeder Bonus by Individual

Name	City, State	Bonus Amount
John Sneesby	Fortine, MT	\$2,343.82
Ralph G. Young	Columbus, MT	\$2,231.95
Walter Larson	Helena, MT	\$878.93
Joyce Neal	Wyola, MT	\$799.03
Ray Norgaard, Jr.	Arlee, MT	\$234.39
Wendy Norgaard	Arlee, MT	\$234.39
Jeffery Wilson	Bigfork, MT	\$117.20
Patricia Wilson	Bigfork, MT	\$117.20
		=====
2015 Breeder Bonus Totals		\$6,956.91

2015 Montana Owner Bonus by Individual

Name	City, State	Bonus Amount
Ralph G. Young	Columbus, MT	\$2,349.14
Barb Norlander	Whitefish, MT	\$1,171.91
Debbie Cunningham	Kalispell, MT	\$1,171.91
Jess R. Matt	Bridger, MT	\$878.93
Peggy Lambert	Pryor, MT	\$799.03
Jeffery Wilson	Bigfork, MT	\$351.57
Ray Norgaard, Jr.	Arlee, MT	\$234.38
		=====
2015 Owner Bonus Totals		\$6,956.87

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.

2015 Licensed Advance Deposit Wagering Hub

ADW Company	Wagers by Montana Residents	Source Market Fees Received
Day At The Track	\$30,269	\$1,362.05
GamePlay Network	\$0	\$0
Horse RacesNow	\$0	\$0
SocialGaming, Inc.	\$396,729	\$10,964
Sportech	\$3,563	\$154.75
TVG	\$1,936,418	\$87,138.80
Xpressbet	\$297,599	\$13,391.97
Total	\$2,664,578	\$113,011.87

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”.

2015 Montana Fantasy Sports – Operated by Montana Lottery

Fantasy Sports	Revenues	Expenses	Net to MBOHR
Licensing Fees	\$6,308		
Ticket Sales	\$190,121		
Commissions & Vendor Fees		\$18,774	
Prize Expenses		\$137,410	
Total	\$196,429	\$156,184	\$40,245

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 2015, 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. Six locations were open the entire 2015 year.

In 2015, simulcasting enjoyed an increase of handle reflecting a 4.7% improvement over the 2014 year.

2015 Simulcast Site Listing

Site Name	City	Site Name	City
Won \$800 Casino	Billings	Scotty's Bar & Steakhouse	Kalispell
Halftime Sports Bar	Great Falls	Golden Spur Casino	Miles City
Bulls Eye Casino	Helena	Katie O'Keefes Casino	Missoula

2015 Simulcasting Handle and Funds to MBOHR

MSR, LLC	Wagered	Returned to Public	1% to MBOHR	1% to Track/Purses	3% Exotics⁽¹²⁾ Track/Purses
2015 Total	\$3,744,744	\$2,947,420	\$37,447.44	\$37,447.44	\$76,200.60

(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.

2015 Live Race Meeting Licensing

License Type	Issued	License Type	Issued	License Type	Issued
Announcer	2	Hotwalker	0	Program Company	1
Asst. Racing Secretary	1	Identifier	2	Program Employee	2
Assistant Starter	18	Jockey	22	Racing Secretary	2
Assistant Trainer	1	Jockey Agent	1	Score Runner	1
Bank Auditor	2	Jock Room Custodian	1	Stable Name	6
Board Member	1	Judge	8	Starter	2
Cashier	0	Office Personnel	1	Stewards	3
Chief of Security	1	Official Veterinarian	1	Tote Employee	2
Clerk of Scales	2	Other	1	Tote Company	1
Clocker/Timer	4	Outrider	2	Track License	2
Chutes/Personnel	0	Owner	86	Track Maintenance	3
Director of Racing	2	Owner-Trainer	53	Track Superintendent	1
Equine Dentist	0	Paddock Judge	2	Trainer	9
Executive Secretary	1	Parimutuel	39	Turf Club Members	1
Exercise Rider	4	Parimutuel Manager	1	Valet	16
Family \$15	28	Photo Employee	4	Vendor	2
Family \$25	45	Photo Manager	1	Vet Assistant	1
Gate Attendant	1	Photo Company	1	Veterinarian	1
Groom	35	Plater	1		
Horsemen's Bookkeeper	2	Pony Person	23		
				Total Issued	456
Revenues Generated From Licensing: \$16,575					

2015 Other Licensing

Item	Revenue	Item	Revenue
ADW Licensing	\$8,180	Simulcast Licensing	\$1,470
Other Revenues Total: \$9,650			

2015 Costs to the Board to supervise race meets

Race Meet	Payroll	Travel	Lodging	Lab, Misc	Total
Miles City	\$5,914	\$1,569	\$3,233	\$1,800	\$12,516
Great Falls	\$7,768	\$1,482	\$2,156	\$2,850	\$14,257
Total	\$13,682	\$3,051	\$5,389	\$4,650	\$26,773

2015 Expenses of the Board

Item	Expense	Item	Expense
Debt Service (D of A)	\$62,842.70	Distributions to Tracks ⁽¹⁴⁾	\$120,254
Board Meetings & Travel	\$1,398	Memberships ⁽¹⁵⁾	\$3,000
Board Operations-Yearly ⁽¹³⁾	\$38,996		
Bonus Programs	\$13,914		
Expense Total: \$240,404.70			

- (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 2015 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

All 7 ADW companies were re-licensed for 2015 at the "Source Market" fee rate of 4.5% of handle. ADW handles continue to increase as more and more people turned to their computers to place wagers on horse and greyhound racing. Two companies continue to work on their website and software and have yet to produce a source market fee. In 2015, SocialGaming Technologies Inc. closed their operations in Montana and other states as their model for delivering simulcast racing products to smaller communities was not economical.

Fantasy Sports

Fantasy Sports continues to lag behind what were high expectations when the legislation was passed approximately 9 years ago that allows the Montana Board of Horse Racing to administer pari-mutuel fantasy sports. The contract between Montana Lottery and the Montana Board of Horse Racing expires in 2016 and negotiations are underway to try and come up with games that more resemble the fantasy sports games being played in locations around the country.

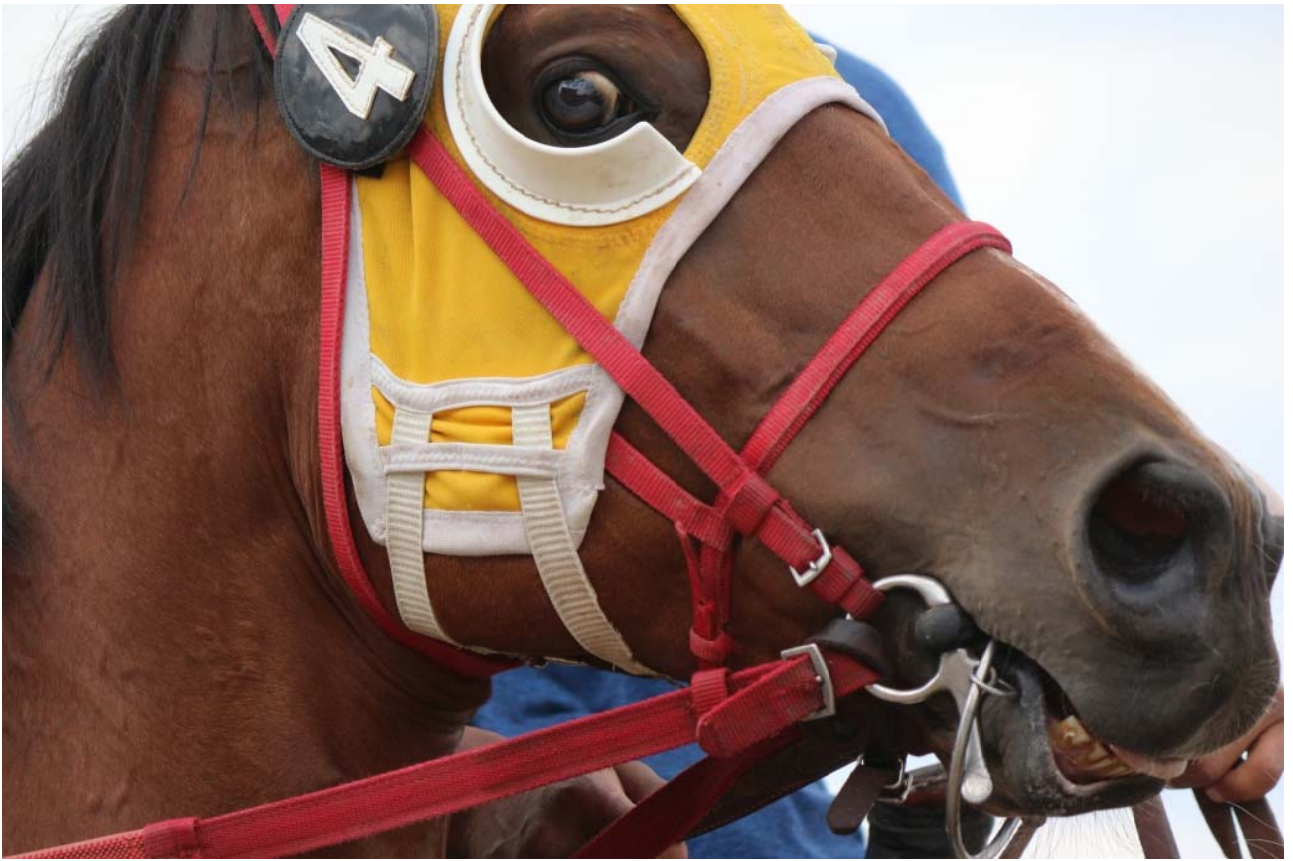
Simulcasting – Montana Simulcast Racing LLC

The simulcast network reversed the decline seen in 2014 and produced positive results in 2015. Simulcasting in Montana continues to be the number one provider of revenue for the live race tracks in the state. We work hard to support their efforts and do whatever it takes to keep them operating. On December 31, 2015, the network celebrated its third 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 2016 live racing season

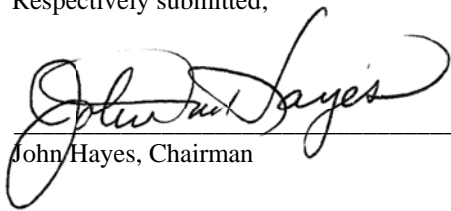
Eight (8) days were allotted for the 2016 season, one more than in 2015. Four days are scheduled for Miles City: May 8, 15, 21 and 22 in 2016. Four days are planned for Great Falls: July 23, 24, 30 and 31. Distribution to the tracks for purses and operations will be \$135,000 in 2016. That distribution is a 25% increase over the distribution to tracks and purses in 2015.


Missoula County Commissioners rejected a plan by some local businessmen and women to bring racing back to the Western Montana Fair. In a 1-2 vote, the commissioners turned down an operation that would have mirrored the highly successful race meet in Great Falls, combining money from the county, local donations and the Montana Board of Horse Racing. Turf club members in the Missoula area were ready to roll up their sleeves and get to work in fixing up the barn area as well as the track and pari-mutuel facilities, free of charge to the county. Commissioners in Missoula decided against the one year proposal stating they had done a lot of work and spent a lot of money to develop a long range plan that didn't include horse racing. Business people in Missoula plan to try again in 2017.



Picture taken at the Great Falls Race Meet in 2015.

Respectively submitted;


John Hayes, Chairman


Tom P. Tucker, Executive Secretary

