



The Horsemen's Newsletter

November 2010

Volume 20 • Number 11

Casino at Ocean Downs set to open by year's end

Maryland's next slots facility, Casino Mat Ocean Downs, is expected to open by the end of this year.

An exact date has not been announced, but construction is nearing completion on a three-story building on the site of the former grandstand at the harness track located in Berlin (Worcester County), just outside of Ocean City,

Ocean Downs will launch its slots business with 750 machines, although it is licensed for 800; the remaining 50 machines will be added at some future time, based on customer response.

Games will include traditional slots as well as electronic roulette and electronic blackjack.

Maryland's slots program, authorized in the 2008 statewide referendum, allows a total of five sites, within specified boundaries in Allegany, Anne Arundel, Cecil and Worcester Counties, and Baltimore City. The Allegany County site has so far failed to attract a qualified bidder. The bidding process in Baltimore City has stalled, and following a lengthy zoning battle the Anne Arundel County license (originally designed for Laurel Park) has gone to a casino at Arundel Mills Mall (see article at right).

Ocean Downs and Laurel Park were the only race tracks eligible to operate as slots facilities.

For complete details of Maryland's slots program, go to the MTHA's Web site, www.mdhorsemen.com, and click on "News."

Industry mired in uncertainty following AA County referendum

The future of Maryland's racing industry, even in the near term, looms as a giant question mark following the November 2 referendum in Anne Arundel County that allows the proposed casino at Arundel Mills Mall to proceed. (See MTHA President Richard Hoffberger's *Thoughts and comment on page 4.*)

It was a landslide victory for Baltimore-based Cordish Company, with approximately 56 percent of the voters casting their ballots in favor of zoning approval for the mall site.

Maryland Jockey Club (MJC) President and CEO Tom Chuckas had issued a dire warning at the October 19 meeting of the Maryland Racing Commission.

If voters gave the go-ahead for the Arundel Mills Mall site, just 10 miles from Laurel Park, the MJC planned for Laurel to cease operating live racing and become a year-round off-track betting site, said Mr. Chuckas. Maryland's only mile-track racing would consist of a 40-day meet at Pimlico, centered around the Preakness. Bowie Training Center would shut down, and stabling would no longer be offered, with the brief exception of Pimlico in the spring.

Whether the MJC will proceed with

that plan, or something like it, was not clear at the time this newsletter went to press.

However, the MJC was scheduled to make its 2011 racing dates request at the November 29 meeting of the Maryland Racing Commission.

The Maryland Jockey Club's co-owners, MI Developments Inc. and Penn National Gaming Inc., disagree over whether or not to conduct live racing at Laurel in 2011, and are at an impasse.

MID President and CEO Frank Stronach is willing to maintain a live racing program for one more year, with a schedule similar to 2010. However, Mr. Stronach does not have the final say.

MID controls 51 percent of the MJC's racing enterprise and three of the five seats on the decision-making committee, but major changes can't take place without the approval of both parties.

Governor Martin O'Malley met with Penn National Vice President Steve Snyder and Mr. Stronach on November 17.

While it did not resolve their differences, the discussion was "very forward-looking," Gov. O'Malley's spokesman Shaun Adamec told the *Daily Record*.

MTHA Christmas Party canceled

Due to the current crisis facing Maryland racing, the MTHA's annual Christmas Party was canceled this year.

"Our future is, at best, uncertain," commented MTHA President Richard Hoffberger. "For this organization to host a party under these circumstances would border on fiscal irresponsibility."

The event had been scheduled for November 29 at Laurel Park. Mailers announcing the change in plan were sent out to the membership on November 8.

The MTHA apologizes for any inconvenience that may have resulted from the cancellation.



New Jersey racing industry faces crisis of its own

Maryland is not the only Mid-Atlantic racing jurisdiction struggling to come up with a workable plan for the industry's future.

New Jersey, which like Maryland has no prospect for its Thoroughbred tracks to operate as racinos, took a bold new approach at Monmouth Park last summer—slashing race days and raising purses to the highest level of any track in the country.

Although attendance and mutuel handle rose dramatically, the track's bottom line remained in the red. Monmouth's operating losses are reported to be about \$6 million.

Monmouth and the Meadowlands are owned and operated by a quasi-governmental agency, the New Jersey Sports and Exposition Authority, which wants to get out of the racing business.

Long-term competition with Atlantic City casinos, and proliferation of racinos in surrounding states, can be blamed for the decline of New Jersey's once-thriving Thoroughbred industry.

Committee bulletins

Bowie

Backstretch co-chairman Linda Gaudet reported:

- The track kitchen television is still without a racing channel.
- The race track is in good condition.
- There are potholes throughout the stable area.
- The horse path needs repairs.

Laurel

Backstretch chairman Larry Murray said:

- Please take care not to drive vehicles on the horse path, or allow water on it, now that the weather has turned cold. Frozen tire tracks and ice patches are a serious hazard.
- New windows are being installed in the track kitchen.

Smoking strictly prohibited

Maryland Jockey Club director of racing Georganne Hale reminds horsemen that smoking in the barns is strictly prohibited. Violations will result in major fines.

Hollywood Casino Perryville generates total of \$11.3 million in revenue during first full month of operation



HOLLYWOOD CASINO AT PERRYVILLE

Maryland's first slots facility to begin operation, Hollywood Casino Perryville, generated \$11,394,697.61 in revenue during October, according to figures provided by the Maryland Lottery.

Of that amount, approximately \$567,909 goes toward Thoroughbred purses.

By state law, slots revenue is divided according to the following formula: 7 percent toward purses and breeders' funds, to be divided on an 80-20 percentage basis between the Thoroughbred and harness industries. Each portion is then shared by the purse account and breeders' fund on an 89-11 percentage basis.

The total amount generated for purses and breeders' funds in October was \$797,628.83.

Hollywood Casino Perryville, owned and operated by Penn National Gaming Inc., opened on September 27. Located just off of I-95 in Cecil County, it has 1,500 machines. The daily average gross per machine in October was \$245, well above the \$210 projected by a Department of Legislative Services study conducted prior to the statewide referendum in November 2008 that authorized Maryland's slots program.

More information can be found at www.mdlottery.com/slots.

Hoofprints

Grove inducted into Charles Town Hall of Fame

Maryland steward Phil Grove has been inducted into Charles Town's Hall of Fame, in recognition of his riding achievements at that West Virginia track. Mr. Grove rode the 3,500th winner of his career at Charles Town in 1992, and had a total of 3,991 winners before retiring from the saddle in 1997.

Turf course closed

Laurel Park's turf racing season ended on November 17. The turf course will not be used for the remainder of the year. A total of 99 races were run on the grass at Laurel this fall.

Horses need halters

Trainers are reminded to keep halters on horses at night. This is an important safety precaution.

End-of-year deadline for foal registration applications

Yearlings and 2-year-olds must have their registration completed by December 31 to avoid additional late fees.

The late registration fee increases from \$525 to \$775 after December 31 of the yearling year and from \$775 to \$2,000 after December 31 of the 2-year-old year.

Interactive Registration (IR) is the most efficient way to complete the application. The Jockey Club also recommends using IR to upload digital foal identification photos, as the online service accepts all standard file formats and file sizes up to 10 MB.

IR is available at no charge at www.registry.jockeyclub.com.

Deadline for naming foals of '09

The Jockey Club reminds owners and breeders that a valid attempt to name foals of 2009 must be made by February 1, 2011, to avoid a \$75 late fee. For more information, go to www.registry.jockeyclub.com or call (859) 224-2700.

Spanish-language version of hoof care DVD

The Welfare and Safety of the Racehorse Summit's Shoeing and Hoof Care Committee has released a Spanish-language version of its educational DVD "The Hoof: Inside and Out," entitled, "El Casco: Por Dentro y Por Fuera."

Both the English and Spanish-language versions can be downloaded at no charge at grayson-jockeyclub.org/summitDisplay.asp?section=39. A copy can also be ordered through that Web site for a \$5 shipping and handling fee.

Stimulus Bill, from page 4

to any property that has a depreciable life of 20 years or less. Also, the property must be new, meaning that the original use of the horse or other property must commence with the taxpayer. For a horse to be eligible, it cannot have been used for any purpose before it is purchased.

"The tax benefits in this bill are great for any horse business that has or is planning on making major purchases," said Mr. Hickey. "The expensing and bonus depreciation provisions can be used together in 2010. For example, let's assume an owner pays \$1,000,000 for a colt to be used for racing and \$100,000 for other depreciable property, bringing total purchases to \$1,100,000 in 2010. If the colt had never been raced or used for any other purpose before the purchase and is placed into service, the owner would be able to expense \$500,000, deduct another \$300,000 of bonus depreciation [50 percent of the \$600,000 remaining balance], and take regular depreciation on the \$300,000 balance."

"We hope the horse industry will take full advantage of these two tax benefits while they last," added Mr. Hickey.

Horsemen's Counseling Program

Domestic problems? Substance abuse? Depression?

The Horsemen's Counseling Program is here to help. For immediate and confidential services call Bill Borchardt at (301) 776-0404 or (410) 368-5570 (pager).

The Horsemen's Newsletter

Published monthly by the Maryland Thoroughbred Horsemen's Association, Inc.

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The Horsemen's Newsletter reports on issues and events of interest to owners and trainers in Maryland. Your suggestions are welcome.

Thoughts, from page 4

owns the tracks. Our job is to negotiate the best possible terms for horsemen.

We have requested that the track conduct a live racing program in 2011 that is identical to 2010. Maintaining the status quo for another year would allow us time to pursue various alternatives that could keep the industry viable.

Shortly after the vote approving zoning for slots at Arundel Mills, I met with MID CEO Frank Stronach to discuss the situation in Maryland.

As we are all well aware, Mr. Stronach is a major owner/breeder in his own right; racing is his passion. Mr. Stronach evidenced compassion for the countless people who will have their lives turned upside down if Maryland racing is allowed to die.

Mr. Stronach made it clear that he was not only concerned about those directly involved in the racing industry but the approximately 10,000 jobs related to our racing in Maryland.

Based on our conversation, he threw his personal support behind the continued 146 days of live racing in 2011, giving us a year to work together to see what changes could be made to move racing forward in Maryland. PNG im-

mediately opposed the plan.

The MTHA has warned all along that a casino at Arundel Mills Mall could mean the end of live racing at Laurel Park. That possibility is nearer than some thought.

Horsemen should realize that a lot of the suggestions currently being put forward by some within the industry, while well-intentioned, are unfortunately non-starters.

For example, it has been suggested that the state take over the tracks through the process of condemnation. Governor O'Malley has made it clear that he has no interest in pursuing any such action. Furthermore, our attorneys have concluded that it is not a viable option, based on the circumstances. The state can't take over a privately owned business just because it is losing money and on the verge of shutting down.

MTHA representatives will continue to make our best efforts to protect the industry and the many jobs it supports. Our next move will be determined after the track owners resolve their own conflicts and officially announce their plans for 2011 and beyond.

/Richard J. Hoffberger, MTHA President

Recreation report

From Dan Mangum, MTHA Recreation Director. For information or to sign up for programs, call Mr. Mangum at (410) 802-5798.

Basketball

The MTHA's winter basketball league will start on January 9 at Meade High School in Laurel. If you are interested in joining a team, please call Mr. Mangum (at number above) as soon as possible.

Poker

The MTHA will sponsor a mock

Horsemen's calendar

RACING

Laurel Park Now through Dec. 18

FASIG-TIPTON MIDLANTIC AUCTIONS
AT TIMONIUM (410) 392-5555

December Mixed Dec. 6
Two-Year-olds in Training May 23, 24
(Entries close Feb. 14)

OUT-OF-STATE AUCTIONS
Keeneland January Horses of All Ages,
Lexington, Ky. (800) 456-3412. Jan. 10-15
Ocala Breeders' Sales Co., Winter Mixed,
Ocala, Fla. (352) 237-2154. Jan. 18, 19

Fasig-Tipton Kentucky Winter Mixed
Lexington, Ky. (859) 255-1555. Feb. 7

Fasig-Tipton Florida
Selected Two-Year-Olds in Training
Boynton Beach, Fla.
(859) 255-1555. March 3

Ocala Breeders' Sales Company
Selected Two-Year-Olds in Training
Ocala, Fla. (352) 237-2154. March 15, 16

Keeneland Two-Year-Olds in Training,
Lexington, Ky. (800) 456-3412. April 11

Ocala Breeders' Sales Company
Spring Two-Year-Olds in Training
Ocala, Fla. (352) 237-2154. April 18-21



Small Business Stimulus Bill benefits horse owners

President Obama has signed the Small Business Jobs and Credit Act of 2010 into law. The bill is intended to help small businesses and create new jobs. It continues the bigger write-off for horses and other property purchased and placed in service by a horse business that was originally included in earlier stimulus bills.

The first incentive allows an owner who purchases a horse or other business property used in a horse business and places it in service in 2010 or 2011 to expense up to \$500,000 of the cost. This so-called "Section 179" expensing allowance applies to horses and most

other depreciable property. Once total purchases of horses and other eligible property reach \$2 million, the expense allowance goes down one dollar for each dollar spent over \$2 million. Without the bill, the expensing allowance

would have been \$250,000 in 2010 and gone down to \$25,000 for later years.

"Let's assume a horse business purchases \$750,000 of depreciable property in 2010, including \$650,000 for horses, and places it all in service. That business can write off \$500,000 on its 2010 tax

return and depreciate the balance," explained American Horse Council President Jay Hickey.

This provision will benefit any business involved in the horse industry that purchases and places depreciable property in service in 2010 or 2011.

The second incentive re-institutes the 50 percent first-year bonus depreciation for horses and most other depreciable property purchased and placed in service during 2010. Bonus depreciation had expired at the end of 2009. This benefit applies

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MTHA
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November 2010

Thoughts and comment

The future of live racing has been the MTHA's primary concern since the debacle surrounding the Anne Arundel County slots site started in February 2009.

It is now obvious that our concerns were well-warranted. (See article on page 1.)

As this newsletter goes to press, we still do not know how many days of live racing—if any—will be run at Laurel Park next year.

Here's some of what we do know:

MI Developments (MID) has taken on a partner, Penn National Gaming Inc. (PNG). MID wants to run a schedule

next year as we did this year. PNG has said it only wants to race a short meet at Pimlico.

We are a long way from the days when Marylanders owned the Maryland tracks. Laurel, Pimlico and Bowie Training Center are now under the ownership of a Canadian real estate development firm, MID, and a gaming company based in Pennsylvania, PNG.

The MTHA, as the official authorized representative of Maryland owners and trainers, must deal with track ownership as it exists. We don't get to choose who

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