



OVERVIEW: BOARD OF HORSERACING

The Board of Horseracing, created under 2-15-1809, MCA, and allocated in 2013 to the Department of Commerce for administrative purposes (previously attached to the Board of Livestock), is responsible for tasks assigned under Title 23, chapter 4, MCA. These include:

- Adopting rules to regulate all phases of racing, from governing live races to simulcast and parimutuel processes;
- Licensing of all personnel with substantial roles in racing and setting license fees;
- Licensing and regulating simulcast and wild horse rides or bronc rides;
- Setting dates for race meets; and
- Overseeing what veterinary practices and standards are needed for race meets;

Board Members

Specific representation is required for board appointments, both geographically and as to involvement (or not) in the horseracing industry. The seven-member board must have two members involved in the horseracing industry; these members may not live in the same district.

Each district is to have one member on the board. The district representatives may not be involved in the horseracing industry.

Geographic representation is by counties:

District 1 - Blaine, Carter, Custer, Daniels, Dawson, Fallon, Garfield, McCone, Phillips, Powder River, Prairie, Richland, Rosebud, Roosevelt, Sheridan, Treasure, Valley, and Wibaux.

District 2 - Big Horn, Carbon, Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Sweet Grass, Stillwater, Wheatland, and Yellowstone.

District 3 - Cascade, Chouteau, Glacier, Hill, Liberty, Pondera, Teton, and Toole.

District 4 - Beaverhead, Broadwater, Deer Lodge, Gallatin, Jefferson, Lewis and Clark, Madison, Meagher, Park, and Silver Bow.

District 5 - Flathead, Granite, Lake, Lincoln, Missoula, Mineral, Powell, Ravalli, and Sanders.

Board of Horseracing Members	Represents	Term Expires
Jody Smith, Miles City	District 1	1/1/2021
Shawn Real Bird, Big Horn County	District 2	1/1/2022
John Hayes, Great Falls	District 3	1/1/2021
Barry Stang, Helena	District 4	1/1/2023
Gary Koeplin, Florence	District 5	1/1/2022
Dale Mahlum, Missoula	Horseracing Industry	1/1/2022
Ralph Young, Columbus	Horseracing Industry	1/1/2023

Staffing

Currently the board's executive secretary, Tom Tucker, is under contract with the department. The budget has 1.25 full-time equivalent positions. The Department of Commerce notes that currently the only personal services expense budgeted for the Board of Horseracing is 0.25 FTE for the racing stewards and veterinarians hired during race meets or at the Miles City Bucking Horse events. The current executive secretary has a contract for services, but the budget allows hiring of a staff person at the end of the contract. Commerce charges attached entities a standard 14.22% indirect rate.

For April 2020 - Board of Horseracing

Economic Affairs Interim Committee

Funding

The Board of Horseracing made its final no-interest loan payment this fiscal year 3 years ahead of schedule, capping an arduous journey from being \$628,427 in arrears due to a variety of problems that arose about 10 years ago. These problems related to changing simulcast operators, lack of oversight by the Board and Department of Livestock, and general waning revenues from the racing industry. A 3-member advisory group appointed by then Gov. Brian Schweitzer arranged for Department of Administration loan, which was to be paid off within 10 years.

Operating Expenses			Funding, FY2020-2021	
	FY2020	FY2021	State Special*	\$672,032
Personnel Services	\$18,988	\$20,459		
Operating Expenses	\$316,297	\$316,288		

*Includes proceeds from simulcast wagering, advanced deposit wagering, fantasy sports operated through the Montana Lottery, and licensing fees.

History and Prospects

The Board of Horseracing's [2018 Annual Report](#), posted on its website, notes that Montana's deep roots in horseracing range back to the late 1800s with Montana-born horses going on to fame, including one that won the Kentucky Derby in 1889. That report also detailed the shrinking number of race days from a maximum of 143 racing days in the 1980-1989 period to a minimum of 3 racing days in the 2010-2018 period. Wagers also have decreased, not accounting for inflation, from a maximum of \$11.8 million in the 1980-1989 period to an average of \$700,000 in the 2010-2018 period.

Signs of revival have cropped up:

- a 52% increase in the average annual live wagering from \$378,898 in the 2012-2014 period to \$576,901 in the 2017-2019 period; and
- a 50% increase in total wagering on horse racing (simulcast, advance deposit wagering and live racing), going from \$5,554,660 in the 2012-2014 period to \$8,342,214 in the 2017-2019 term.

However, unexpected changes have dealt blows, like bad weather and the COVID-19 restrictions on crowd sizes of more than 10 people, which resulted in cancellation of live races this year. Other setbacks have included communities removing grandstands and tracks at fairgrounds.

There have been efforts to support the industry, including the breeding of race horses, which is one of the missions of the Board of Horseracing. The supportive pillars have included fantasy sports, parimutuel betting, advance deposit wagering, and simulcast. The Board of Horseracing also took an interest in [SB 183](#) (2019), which authorized the Board of Horseracing to look into the use of historical horseracing, a video-based form of gaming that uses randomized videos of old horse races on which bets can be placed. SB 183 said the board could present proposed rules and legislation for historical horseracing to the Economic Affairs Interim Committee and the 2021 Legislature.

Legislative Audits

A concern about the potential for conflicts of interest related to the executive secretary of the Board of Horseracing was included in the Department of Commerce financial compliance audit for the biennium ending June 30, 2015. SB 13 (2017) clarified the approach for resolving ethical concerns.