

Department of Livestock

Economic Affairs Committee - Horse Racing Update



June 11, 2012

Prepared By:

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**MONTANA DEPARTMENT OF LIVESTOCK
BOARD OF HORSE RACING - SIMULCAST BACKGROUND/TIMELINE
14-Dec-11**

<u>Time Period</u>	<u>Events/Activity</u>
1988-March 2009	Mt. Simulcast Partners- Consortium of tracks - Board of Directors - Tom Tucker Executive Officer
Mar. 2009 - Oct. 2010	Montana Entertainment-Parent Co./Montana OTB (off track betting) Eric Spector - Exclusive License
2011 Legislative Session	SB 16 Passed the Legislature - Authorized thte Board of Horse Racing (BOHR) to license a contractor or take it over themselves
October 2010 to Present	Board of Horse Racing took over Simulcast operations.

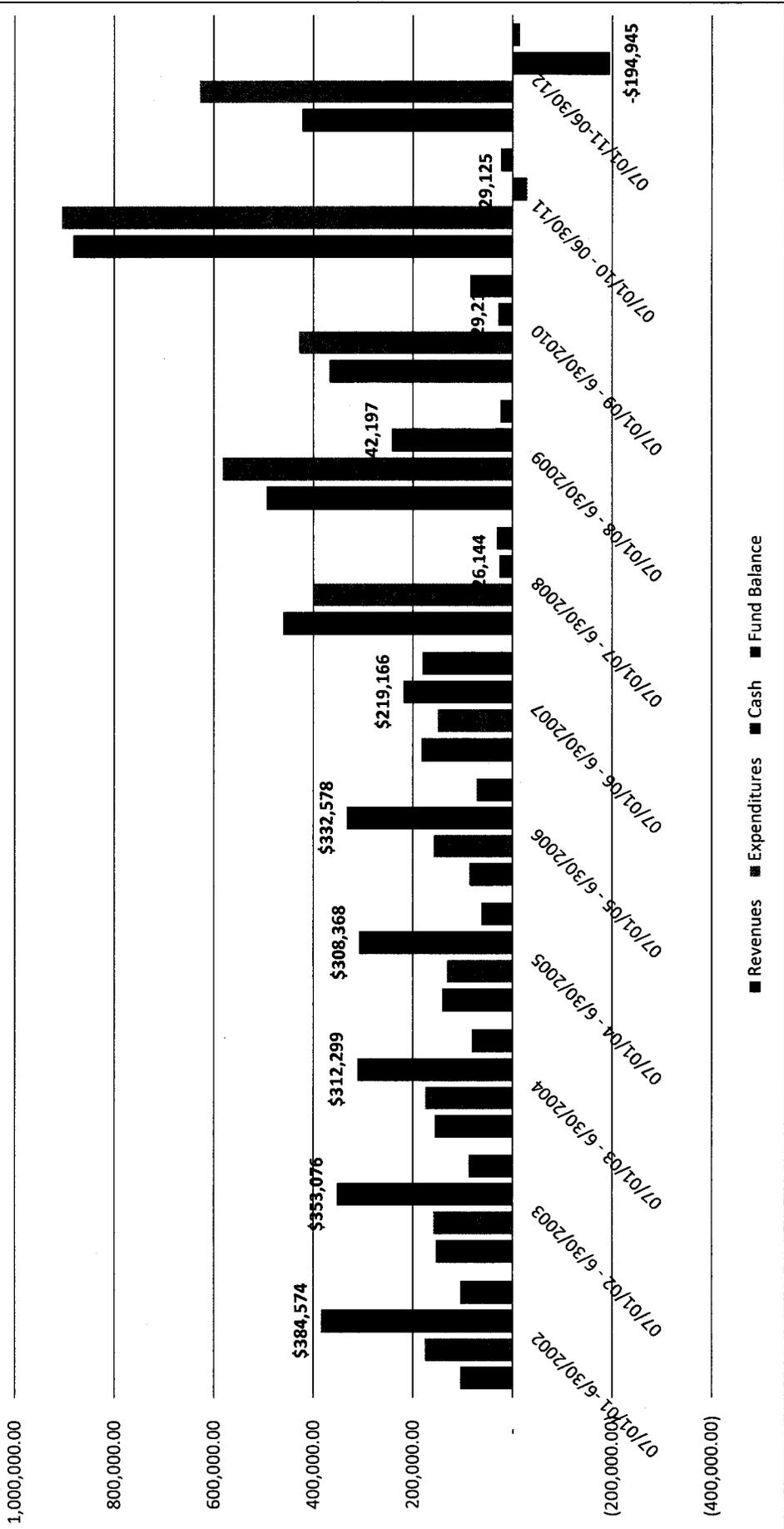
Comments: During the 1988 - 2009 period the Simulcast Partners operated with Six or less signals and made a profit, but a decline in simulcast started in mid 2000's. From 2009 - 2010 Montana OTB increased signals to the 11-15 range and was not profitable. OTB settled with BOHR and paid \$20,000 to end services October 16, 2010. BOHR was repeatedly advised by MDOL officials to first generate revenue then run live races. BOHR ran live races in 2010 and 2011 against this advise. Simulcast has not been profitable for BOHR since it took over.

**MONTANA DEPARTMENT OF LIVESTOCK
BOARD OF HORSE RACING - UNFUNDED LIABILITY
14-Dec-11**

CASH (as of 12-14-11 report)	(\$194,945)
ACCOUNTS PAYABLE	(\$319,139)
GENERAL FUND LOAN FYE 2011	(\$29,130)
Total	<u>(\$543,214)</u>

NOTES: Received a large unexpected bill from Roberts Communication 12-7-11 for \$100,866.68 Also, recived an unexpected bill of \$82,594.54 from Churchill Downs for the Kentucky Derby. The outstanding accounts receivable are \$97,068. This includes \$50,239 from Belgrade Lounge that has been turned over to the Department of Revenue for collections. The general fund loan is \$29,130 and payable June 30, 2012. The cash includes lottery proceeds of \$21,530 to date.

Horse Racing Financial History



**MONTANA DEPARTMENT OF LIVESTOCK
BOARD OF HORSE RACING - UNFUNDED LIABILITY**

6-Jun-12

CASH (as of 6-06-12 report)	(\$47,294)
ACCOUNTS PAYABLE	(\$13,290)
Gen. Fund Loan Paid off (\$29,130)	\$0
New Gen. Fund Loans	(\$609,638)
Total	<u>(\$670,222)</u>

NOTES: At the end of March 2012 the Board of Horse Racing received a general fund loan in the amount of \$609,638. The first payment of \$76,205 is due at FYE 2012. The Board voted to set aside advance deposit wagering and fantasy sports revenue to meet this first payment. These two accounts have accumulated enough to make the first loan payment. However, the BOHR has incurred additional expenses of \$60,584 since the inception of the loan. The Department of Administration was advised that the loan may need to be revised by FYE pending continued track reconciliations and operational expenses of the Board. We will not know the exact amount of the loan adjustment that will be required until fiscal year end when all accounts are balanced.