



2018

Horse PAC®
Annual Report



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FOREWORD

This annual report summarizes the 2018 activities of Horse PAC®, the Federal Political Action Committee (PAC) of the National Thoroughbred Racing Association (NTRA). The Committee was activated in 2002 to promote and facilitate the accumulation of voluntary contributions from members of the NTRA and its subsidiaries and affiliates, for the support of political parties and candidates for elective office in the United States. As a multi-issue PAC, the Committee gives bipartisan support to federal political candidates who:

- Serve on Congressional committees that oversee livestock and agricultural issues, Internet gaming, taxation, immigration and the Interstate Horseracing Act
- Are established leaders
- Understand horse racing's issues
- Have racetracks, OTBs, ADW facilities, breeding farms, training centers and other equine venues in their districts
- Are members of the Congressional Horse Caucus
- Are emerging leaders meriting "early support"

MESSAGE FROM THE HORSE PAC® PRESIDENT

April 7, 2019

The NTRA has enjoyed a number of successes in Washington in recent years including the modernization of tax withholding and reporting that has put tens of millions of dollars back in the hands of horseplayers and federal tax reform that has stimulated new investment in Thoroughbred bloodstock. Horse PAC® remains an important instrument in our NTRA legislative toolbox as we work with elected officials to further the equine economy. For an in-depth look at the year in Congress, please see the summary that begins on page 21.

Total contributions to Horse PAC® in 2018 reached \$156,075, below last year's \$211,845. Last fall, we experienced yet another contentious Mid-Term election year making it more important than ever that the industry have the critical support of Horse PAC®. A list of donors appears on page 7.

With disbursements totaling almost \$400,000 in the 2017/2018 election cycle, Horse PAC® supported 48 individual members of the House and Senate and dozens more through Congressional Leadership PACs. Of the 48 candidates supported by Horse PAC®, 44 candidates won their races on Election Day. Horse PAC® supported candidates drawn from 18 states, including 42 members of the U.S. House of Representatives (22 Democrats and 20 Republicans) and six Senators (5 Democrats and 1 Republican). Overall, 91.6 percent of Horse PAC®-supported candidates won their re-election bids. A list of candidates and Leadership PACs supported in the 2017/2018 election cycle appears on page 11.

In fact, since 2002, Horse PAC® has supported more than 200 candidates and disbursed over \$4 million. To our 2018 PAC donors and the Horse PAC® Board Directors, once again, we thank you. Your support will help ensure that our industry maintains a strong presence in Washington, D.C., and continues to build lasting relationships with our Congressional allies.

Finally, we say thank you to Peggy Hendershot who served as President of Horse PAC® for the last eight years. Peggy retired at the end of 2018. We are profoundly grateful for her support and leadership. We also say farewell to the late Joseph V. Shields, Jr., a long-time member of the Horse PAC® board of directors. He will be greatly missed by all of his fellow directors and the industry as a whole.

Sincerely,



Alexander M. Waldrop, Horse PAC® President

2018 HORSE PAC® BOARD OF DIRECTORS

The Horse PAC® Board of Directors is composed of NTRA members representing diverse industry stakeholder groups and geography. Board members are appointed by the Horse PAC® President; the PAC's by-laws allow up to 25 members on the Board of Directors. Board members serve one-year, renewable terms.

Under the leadership of Chairman William S. Farish, Jr., the Board raises funds for Horse PAC® from NTRA members. The Board also approves PAC disbursements. The PAC President and NTRA staff provide support and direction for annual fund-raising programs and develop a disbursements plan in consultation with the NTRA's legislative team. The 2018 Board of Directors consisted of:



William S. Farish, Jr., Chairman

George B. Bolton
Keith Chamblin
Terrence P. Finley
John C. Harris
Wilhelmina McEwan
Justin Nicholson
Anne W. Poulson
Joseph V. Shields Jr.*
Alexander M. Waldrop

Margaret E. Hendershot**
President

Amber Florence
Treasurer

* *Deceased in 2018*

** *Retired from the board at the end of 2018*

THE NTRA LEGISLATIVE TEAM

Under the direction of the NTRA President and CEO, Alexander M. Waldrop, the NTRA's legislative team advocates on behalf of the Thoroughbred racing industry in a number of areas, including—but not limited to—Sports betting and Internet gaming, taxes and trade, immigration, the Interstate Horseracing Act, the Farm Bill, anti-terrorism measures affecting consumers and major racing events, and equine health and welfare.



ALEX WALDROP

Mr. Waldrop is the President and CEO of the NTRA, where he leads the Thoroughbred industry's national office responsible for matters pertaining to federal legislative advocacy, racing safety and integrity, marketing and promotion of the sport, group purchasing and management of issues of national significance to Thoroughbred racing. Mr. Waldrop is

Chair of the Racing Medication and Testing Consortium Board of Directors, a Trustee of the American Horse Council, and Chair of the American Horse Council Racing Advisory Committee. Mr. Waldrop spent 13 years with Churchill Downs Incorporated, as President and General Manager of Churchill Downs Racetrack from 1999 to 2002, as General Counsel from 1992 to 1998, and as senior vice president, Public Affairs from 2003 to 2004. He is also a former partner in the Louisville office of Wyatt Tarrant & Combs where he was the Founding Chair of the firm's Equine, Gaming & Entertainment Practice Group.

The NTRA's lobbyists, all based with the Alpine Group in Washington, D.C., include:



GREG MEANS

Mr. Means brings over two decades of experience on Capitol Hill and as a lobbyist in Washington, D.C. As a founder of the Alpine Group, Mr. Means has assisted a variety of clients in numerous areas including energy and environment, Internet gaming, transportation, tax and trade and other issues.

Mr. Means assists clients in designing and executing grass-roots lobbying plans and in the development and execution of clients' political action committees. On Capitol Hill, Mr. Means served in several staff capacities for Representative Dennis E. Eckart (D-OH), a member of the powerful House of Representatives Energy and Commerce Committee, including four years as his Chief of Staff. Mr. Means also served as the Staff Director for a congressional subcommittee chaired by Congressman Eckart.

THE NTRA LEGISLATIVE TEAM



LAUREN DARLING BAZEL

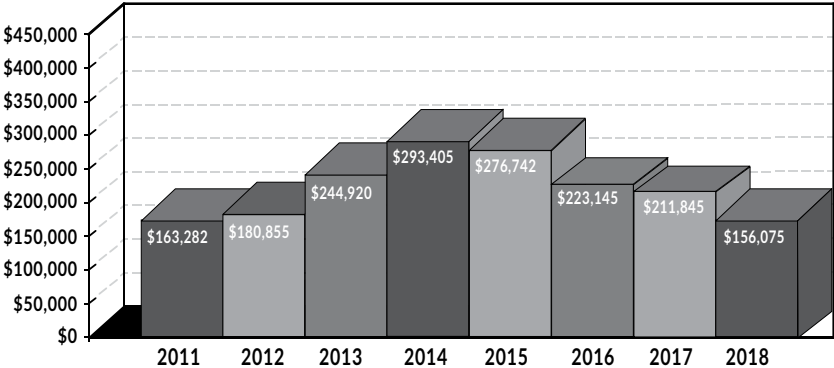
Before joining the Alpine Group, Ms. Bazel served as the Senior Tax Policy Advisor to Senator John Kerry (D-MA). Previously, she was the Associate Director for Government Affairs at the Center for American Progress (CAP), working with Members of Congress, the Executive Branch and outside organizations on policy and legislative strategies.

Before joining CAP, she was the Senior Advisor for Tax Policy to Senator Maria Cantwell (D-WA) and supported the Senator in her capacity as a member of the Senate Finance Committee and Senate Small Business Committee. Earlier in her career, Ms. Bazel lobbied on federal tax issues for Ernst & Young; she was also the Chief Tax Reporter for the *BNA Daily Tax Report*, responsible for coverage and analysis of federal budget and tax legislative issues.

RECEIPTS

From inception through December 31, 2018, Horse PAC® has raised \$4,254,208. The committee raised \$344,137 for the 2011/2012 election cycle, \$538,325 for the 2013/2014 election cycle, \$499,887 for the 2015/2016 election cycle, and \$367,920 for the 2017/2018 election cycle.

HORSE PAC® RECEIPTS SINCE 2011



2018 HORSE PAC® CONTRIBUTORS

CHAMPIONS – \$5,000

Ramona Bass	H. Greg Goodman	Justin & Katie Nicholson
Cornelia Corbett	Deborah R. Hancock	Samantha Siegel
Adele B. Dilschneider	Seth Hancock	Duncan & Carol Taylor
Donald Dizney	Brereton Jones	Bill Thomason
Everett Dobson	Robert V. Lapenta	Kenny Troutt
Stella Ferguson Thayer	Richard & Sue Ann Masson	Lisa Troutt
Edward K. Gaylord, II	Robert E. Meyerhoff	Charlotte Weber

LEADERS – \$2,500 - \$4,999

CTBA PAC	Emory A. Hamilton	Bruce Lunsford
John W. Amerman	Waddell W. Hancock II	Andrew Rosen
Jerry Durant	John C. Harris	Alex Waldrop

WINNERS – \$1,000 - \$2,499

P.L. Blake	Keith Chamblin	Jeffrey & Margery Lewis
George Bolton	Richard Duchossois	Earl I. Mack
Mary & Chester Broman, Sr.	Joe T. Ford	J. Michael O'Farrell, Jr.
Matthew W. Bryan	Gerald & Kelli Ford	William Shively
Gilbert G. Campbell	Helen K. Groves	Rene & Lauren Woolcott

2018 HORSE PAC® CONTRIBUTORS

SUPPORTERS – UP TO \$999

Carl W. Asmus	Deborah A. Easter	Mark Moran
Joe Bacigalupo	Edward Glasscock	Nick Nicholson
Craig & Holly Bendoroff	Walker Hancock	Susan Nicholson
David P. Block	Russell B. Jones, Jr.	Howard C. Nolan, Jr.
Perry Bolton	Bill Landes	Anne Poulson
Frank Bonsal, Jr.	Anthony B. Greco	Allen Schubert
James C. Brady	Carl Gessler	Michael Simpson
Rozamund Barclay	Preston & Anita Madden	Gary P. Snoonian
Ellen MacNeille Charles	Wilhelmina McEwan	Beverly R. Steinman
Nelson Clemmens	Maurleen V. Miller	Patricia A. Thompson
Lou Dunn Diekemper	Jim Meeks	Dr. Paul Warfield
David & Christy DiPietro	William I. Mott	Eric J. Wirth

NTRA ADVANTAGE

Contributors to Horse PAC® receive exclusive equine discounts on programs and services from nationally known companies like John Deere, Nationwide, Sherwin-Williams, Office Depot, Red Brand Fencing and more through NTRA Advantage. When you use NTRA Advantage, a portion of your purchase price goes to support the equine industry. To enjoy the benefits call toll-free **(866) 678-4289** or visit **www.ntraadvantage.com** before you buy!

2018 HORSE PAC® DISBURSEMENTS

Federal Candidates by Amount*

State	Amount	Rank
KY	\$45,000	1
CA	\$18,500	2
OR	\$15,000	3
NJ	\$12,500	4
TX	\$10,500	5
FL	\$10,000	6
NY	\$7,500	7
MA	\$5,000	8
NV	\$5,000	9
IL	\$4,500	10
LA	\$3,500	11
IN	\$2,500	12
MT	\$2,500	13
WA	\$2,500	14
PA	\$2,000	15
NE	\$1,000	16
DE	\$1,000	17
Total	\$148,500	

* Excludes disbursements to political committees that are not associated with individual candidates.

Federal Candidates by State*

State	Amount	Rank
CA	\$18,500	2
DE	\$1,000	17
FL	\$10,000	6
IL	\$4,500	10
IN	\$2,500	12
KY	\$45,000	1
LA	\$3,500	11
MA	\$5,000	8
MT	\$2,500	13
NE	\$1,000	16
NJ	\$12,500	4
NV	\$5,000	9
NY	\$7,500	7
OR	\$15,000	3
PA	\$2,000	15
TX	\$10,500	5
WA	\$2,500	14
Total	\$148,500	

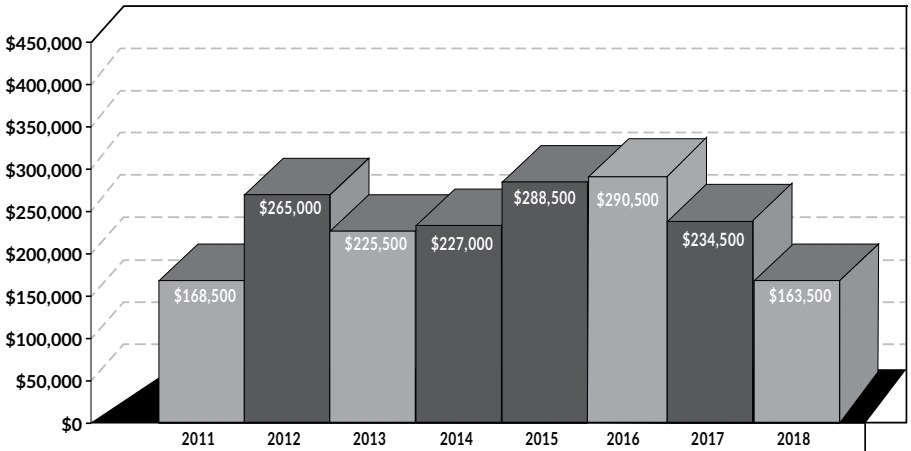
* Excludes disbursements to political committees that are not associated with individual candidates.

2018 HORSE PAC® DISBURSEMENTS

Federal Contributions:		\$163,500
House Candidates/PACs	76%	\$124,000
Senate Candidates/PACs	24%	\$39,500
Democratic Candidates	43%	\$70,000
Republican Candidates	57%	\$93,500

From inception through December 31, 2018, Horse PAC® has disbursed \$4,090,879. The committee disbursed \$438,500 for the 2011/2012 election cycle, \$452,500 for the 2013/2014 election cycle, \$579,000 for the 2015/2016 election cycle, and \$398,000 for the 2017/2018 election cycle.

HORSE PAC® DISBURSEMENTS SINCE 2011



Total Disbursements to Date

\$4,090,879

2018 HORSE PAC® DISBURSEMENTS

The following candidates and political committees received Horse PAC® funds in 2018:

United States House of Representatives

House of Reps	Party	State	Re-election Year	2018 Disbursed	Committees
Jim Costa	D	CA	2018	\$2,500	Agriculture, Natural Resources
Kevin McCarthy	R	CA	2018	\$2,500	Majority Leader
Devin Nunes	R	CA	2018	\$2,500	Ways & Means
Jeff Denham	R	CA	2018	\$2,500	Agriculture
Scott Peters	D	CA	2018	\$2,500	Energy & Commerce
Adam Schiff	D	CA	2018	\$1,000	Judiciary
Mike Thompson	D	CA	2018	\$2,500	Ways & Means
Vern Buchanan	R	FL	2018	\$2,500	Ways & Means
Carlos Curbelo	R	FL	2018	\$2,500	Ways & Means
Darren Soto	D	FL	2018	\$2,500	Agriculture, Natural Resources
Ted Deutch	D	FL	2018	\$2,500	Judiciary, Foreign Affairs
Cheri Bustos	D	IL	2018	\$1,000	Agriculture, Transportation & Infrastructure
Darin LaHood	R	IL	2018	\$1,000	Natural Resources
Pete Roskam	R	IL	2018	\$2,500	Ways & Means
Jackie Walorski	R	IN	2018	\$2,500	Ways & Means
Andy Barr	R	KY	2018	\$5,000	Financial Services, CHC Co-Chair
Andy Barr Victory Fund	R	KY	2018	\$5,000	
James Comer	R	KY	2018	\$5,000	Agriculture
Brett Guthrie	R	KY	2018	\$5,000	Energy & Commerce, CHC
John Yarmuth	D	KY	2018	\$5,000	Budget, Energy & Commerce, CHC
Mike Johnson	R	LA	2018	\$1,000	Judiciary, Natural Resources
Richard E. Neal	D	MA	2018	\$2,500	Ways & Means
Adrian Smith	R	NE	2018	\$1,000	Ways & Means, CHC
Josh Gottheimer	D	NJ	2018	\$2,500	Financial Services
Donald Norcross	D	NJ	2018	\$5,000	Education and the Workforce
Frank Pallone	D	NJ	2018	\$5,000	Energy & Commerce, CHC
Paul Tonko	D	NY	2018	\$2,500	Energy & Commerce, CHC Co-Chair
Kurt Schrader	D	OR	2018	\$5,000	Energy and Commerce

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2018 HORSE PAC® DISBURSEMENTS

United States House of Representatives *(continued)*

House of Reps	Party	State	Re-election Year	2018 Disbursed	Committees
Walden Greg	R	OR	2018	\$5,000	Energy & Commerce
Matt Cartwright	D	PA	2018	\$1,000	Appropriations, Oversight & Govreform
Jodey Arrington	R	TX	2018	\$1,000	Agriculture, Budget, Veterans' Affairs
Mike Burgess	R	TX	2018	\$1,000	Energy & Commerce, CHC
Denny Heck	D	WA	2018	\$1,000	Financial Services
TOTAL House of Reps				\$91,500	

United States Senate

Senate	Party	State	Re-election Year	2018 Disbursed	Committees
Bob Casey	D	PA	2018	\$1,000	Agriculture & Finance
Dean Heller	R	NV	2018	\$5,000	HellerHighWater PAC/Senate Finance
Jon Tester	D	MT	2018	\$2,500	Appropriations, Commerce
Ron Wyden	D	OR	2022	\$5,000	Finance, Energy & Natural Resources
TOTAL Senate				\$13,500	

Federal Leadership PACs

Associated Candidate	Party	State	House/ Senate	2018 Disbursed	PAC Name
Linda Sanchez	D	CA	H	\$2,500	Ways & Means
Andy Barr	R	KY	H	\$5,000	Financial Services, CHC Co-Chair
Hal Rogers	R	KY	H	\$5,000	Appropriations Chairman, CHC
John Yarmuth	D	KY	H	\$5,000	Budget, Energy & Commerce, CHC
Steve Scalise	R	LA	H	\$2,500	Energy & Commerce

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2018 HORSE PAC® DISBURSEMENTS

Federal Leadership PACs *(continued)*

Associated Candidate	Party	State	House/Senate	2018 Disbursed	PAC Name
Richard E. Neal	D	MA	H	\$2,500	Ways & Means
Joe Crowley	D	NY	H	\$5,000	Ways & Means
Kevin Brady	R	TX	H	\$5,000	Ways & Means
Chris Coons	D	DE	S	\$1,000	Appropriations, Judiciary
John Cornyn	R	TX	S	\$3,500	Alamo PAC/Finance
Mitch McConnell	R	KY	S	\$5,000	Appropriations, Agriculture, Bluegrass Committee/Senate Majority Leader
WA State PAC	D	n/a	S	\$1,500	Washington State Democrats PAC (Cantwell)
NRSC	R	n/a	S	\$15,000	National Republican Senatorial Committee
TOTAL LEADERSHIP				\$58,500	
GRAND TOTAL				\$163,500	

Leadership PACs enable politicians to donate to other candidates, thereby building relationships with their peers. These relationships are critical to Members of Congress who may be seeking a leadership position in Congress, a higher office, or greater leverage within their own party as they demonstrate their fund-raising ability. Candidates who form Leadership PACs are signaling their intent to build their political influence. Leadership PACs also provide a way for candidates to fund their travel, office expenses, consultants, polling and other non-campaign expenses.

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

Most Horse PAC®-supported candidates serve on one or more committees that oversee the industry. Following is a list of key committees for racing and the candidates on those committees that Horse PAC® supported in 2018. Additionally, the PAC supports candidates who understand racing's issues, have racetracks and other racing-related industries in their districts, serve in leadership roles, are members of Congressional caucuses important to our industry or are emerging leaders meriting early support. Candidates are evaluated on their individual merits.

Key Congressional Committees for the Thoroughbred Industry

Committee	House/Senate	Issue(s)
Agriculture	House and Senate	Livestock, equine identification, Farm Bill
Appropriations	House and Senate	Bills serve as vehicles for other provisions
Banking	Senate	Internet gaming
Commerce, Science & Transportation	Senate	Interstate Horseracing Act; general oversight for professional sports, including medication issues
Energy & Commerce	House	Interstate Horseracing Act; general oversight for professional sports, including medication issues
Finance	Senate	Taxes and trade
Financial Services	House	Internet gaming
Homeland Security	House and Senate	Security for major racing events; anti-terrorism measures affecting consumers; immigration
Judiciary	House and Senate	Internet gaming, immigration
Ways & Means	House	Taxes and trade

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

AGRICULTURE (HOUSE OF REPRESENTATIVES AND SENATE)

Agriculture committee (House of Representatives)

- 45 Members/26 Republicans, 19 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported six members of the House Agriculture Committee: Jodey Arrington (R-TX), Cheri Bustos (D-IL), James Comer (R-KY), Jim Costa (D-CA) and Jeff Denham (R-CA), Darren Soto (D-FL).

Agriculture, Nutrition, and Forestry (Senate)

- 21 Members/11 Republicans, 10 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported two members of the Senate Agriculture Committee: Bob Casey (D-PA) and Mitch McConnell (R-KY).

APPROPRIATIONS (HOUSE OF REPRESENTATIVES AND SENATE)

Appropriations (House of Representatives)

- 52 Members/30 Republicans, 22 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported two members of the House Appropriations Committee: Matt Cartwright (D-PA) and Harold Rogers (R-KY).

Appropriations (Senate)

- 31 Members/16 Republicans, 15 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported three members of the Senate Appropriations Committee: Chris Coons (D-DE), Mitch McConnell (R-KY) and Jon Tester (D-MT).

BANKING

Banking, Housing, and Urban Affairs

- 25 Members/13 Republicans, 12 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported two members of the Senate Banking Committee: Dean Heller (R-NV) and Jon Tester (D-MT).

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

COMMERCE (HOUSE OF REPRESENTATIVES AND SENATE)

Energy and Commerce Committee (House of Representatives)

- 54 Members/30 Republicans, 24 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported eight members of the House Energy & Commerce Committee: Michael Burgess (R-TX), Brett Guthrie (R-KY), Frank Pallone (D-NJ), Scott Peters (D-CA), Steve Scalise (R-LA), Kurt Schrader (D-OR), Paul Tonko (D-NY) and Greg Walden (R-OR).

Commerce, Science, and Transportation (Senate)

- 27 Members/ 14 Republicans, 13 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported two members of the Senate Commerce Committee: Dean Heller (R-NV) and Jon Tester (D-MT).

FINANCE

Finance Committee (Senate)

- 27 Members/14 Republicans, 13 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported four members of the Senate Finance Committee: Bob Casey (D-PA), John Cornyn (R-TX), Dean Heller (R-NV) and committee Ranking Member Ron Wyden (D-OR).

FINANCIAL SERVICES

Financial Services (House of Representatives)

- 60 Members/34 Republicans, 26 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported three members of the House Financial Services Committee: Andy Barr (R-KY), Josh Gottheimer (D-NJ) and Denny Heck (D-WA).

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

HOMELAND SECURITY (HOUSE OF REPRESENTATIVES AND SENATE)

Homeland Security (House of Representatives)

- 30 Members/18 Republicans, 12 Democrats

In 2018 Horse PAC® supported no members of the House Homeland Security Committee.

Homeland Security and Governmental Affairs (Senate)

- 14 Members/7 Republicans, 7 Democrats

In 2018 Horse PAC® supported no members of the Senate Homeland Security Committee.

JUDICIARY (HOUSE OF REPRESENTATIVES AND SENATE)

Judiciary Committee (House of Representatives)

- 39 Members/22 Republicans, 17 Democrats

In 2018 Horse PAC® supported two members of the House Judiciary Committee: Ted Deutch (D-FL) and Mike Johnson (R-LA).

Judiciary Committee (Senate)

- 21 Members/11 Republicans, 10 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported two members of the Senate Judiciary Committee: Chris Coons (D-DE) and John Cornyn (R-TX).

WAYS AND MEANS

Ways and Means (House of Representatives)

- 40 Members/24 Republicans, 16 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported 12 members of the Ways and Means Committee: committee Chairman Kevin Brady (R-TX), Vern Buchanan (R-FL), Joseph Crowley (D-NY), Carlos Curbelo (R-FL), Darin LaHood (R-IL), Ranking Member Richard E. Neal (D-MA), Devin Nunes (R-CA), Pete Roskam (R-IL), Linda Sanchez (D-CA), Adrian Smith (R-NE), Mike Thompson (D-CA) and Jackie Walorski (R-IN).

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

HOUSE AND SENATE LEADERSHIP

Horse PAC® supports candidates who serve in leadership capacities within their respective parties. Through their re-elect campaigns and/or Leadership PACs, in 2018 Horse PAC® supported the following House and Senate leaders:

House

- Joe Crowley (D-NY), Democratic Caucus Chairman
- Kevin McCarthy (R-CA), Majority Leader

Senate

- John Cornyn (R-TX), Majority Whip
- Mitch McConnell (R-KY), Majority Leader

2018 HORSE PAC® DISBURSEMENTS BY COMMITTEE

2020 OUTLOOK

In 2020, there will be 34 seats in play, including 22 seats held by Republicans and 12 by Democrats. No independents will be up for re-election in 2020. Two announced retirements thus far, both GOP, are Pat Roberts of Kansas and Lamar Alexander of Tennessee. Democrat Cory Booker of New Jersey is up for re-election in 2020 and running for President as well.

Horse PAC® generally eschews open-seat races, focusing on established candidates with proven records and demonstrated understanding of racing's issues. The PAC will hold to its proven strategy of timely, bipartisan support for Senate incumbents who are up for re-election and for House members who serve on the committees that oversee key business areas for horse racing and breeding.

In 2019, we expect three-year depreciation of racehorses, sports betting, ADW funding transaction credit card declines and immigration to dominate our legislative agenda. To that end, the PAC will increase its support for Members who serve on the committees that oversee these matters, including Ways and Means, Finance, Financial Services, Judiciary, Commerce and Homeland Security. The PAC will also increase its support for members of the Congressional Hispanic Caucus, recognizing its leadership on immigration. For updates on NTRA's legislative policy and programs in 2019, visit SupportHorseRacing.org.

SCORECARD FOR HORSE PAC®

2018 General Election

SCORECARD KEY

DEMOCRAT = BOLD
W = WIN

L = LOSS
W/L% = MARGIN OF WIN
OR LOSS

NC = NO CHALLENGER
NIC = NOT IN CYCLE

HOUSE OF REPRESENTATIVES

Candidate	State	Result	W/L%
Costa, Jim	CA	W	54%
Denham, Jeff	CA	W	51%
McCarthy, Kevin	CA	W	67%
Nunes, Devin	CA	W	56%
Peters, Scott	CA	W	61%
Sanchez, Linda	CA	W	67%
Schiff, Adam	CA	W	76%
Thompson, Mike	CA	W	78%
Curbelo, Carlos	FL	L	49%
Deutch, Ted	FL	W	62%
Soto, Darren	FL	W	58%
Bustos, Cheri	IL	W	62%
LaHood, Darin	IL	W	68%
Roskam, Pete	IL	L	47%
Walorski, Jackie	IN	W	57%
Barr, Andy	KY	W	51%
Comer, James	KY	W	69%
Guthrie, Brett	KY	W	67%
Rogers, Hal	KY	W	79%
Yarmuth, John	KY	W	62%
Johnson, Mike	LA	W	64%
Scalise, Steve	LA	W	72%
Neal, Richard E.	MA	W	NC
Smith, Adrian	NE	W	77%
Gottheimer, Josh	NJ	W	55%
Norcross, Donald	NJ	W	63%
Pallone, Frank	NJ	W	63%
Pascrell, Bill	NJ	W	70%
Crowley, Joe	NY	W	78%
Higgins, Brian	NY	W	73%
Reed, Tom	NY	W	55%
Tonko, Paul	NY	W	66%
Schrader, Kurt	OR	W	55%
Walden, Greg	OR	W	57%
Cartwright, Matt	PA	W	55%
Arrington, Jodey	TX	W	75%
Brady, Kevin	TX	W	74%
Burgess, Michael	TX	W	59%
Marchant, Kenny	TX	W	51%
Del Bene, Suzan	WA	W	59%
Heck, Denny	WA	W	61%
Kind, Ron	WI	W	60%

SENATE

Candidate	State	Result	W/L%
Tester, Jon	MT	W	49%
Heller, Dean	NV	L	45%
Gillibrand, Kirsten	NY	W	67%
Casey, Bob	PA	W	56%
Cantwell, Maria	WA	W	59%

OTHER CANDIDATES/PACS

Candidate/PAC	State	Result	W/L%
Coons, Chris	DE	NIC	NIC
Cornyn, John	TX	NIC	NIC
McConnell, Mitch (McConnell for Majority Leader)	KY	NIC	NIC
Wyden, Ron	OR	NIC	NIC
Washington State Democrats PAC	N/A	NIC	NIC
National Republican Senatorial Committee	N/A	NIC	NIC

Candidates received support
in 2017 and/or 2018

ELECTION SUMMARY FOR IN-CYCLE CANDIDATES

House - 43 Supported 41 Wins
92.9% Win Rate

Senate - 5 Supported 4 Wins
83.3% Win Rate

All Candidates - 48 Supported 45 Wins
93.8% Win Rate

2018 LEGISLATIVE SUMMARY

As the trade association for the Thoroughbred industry, NTRA focuses its lobbying on legislation having a direct and material effect on its members and their business activities as they relate to horse racing, breeding and pari-mutuel wagering. With the American Horse Council, the NTRA also supports Congressional education programs on issues such as agricultural matters and immigration, which affect the horse industry as a whole. Below is a summary of the major legislative issues for horse racing in the first half of the 2019/2020 Congress.

Three-year Depreciation of Racehorses – Matching Deductions with Income

In the 2008 Farm Bill, NTRA secured a provision that allowed for the uniform and accelerated depreciation of Thoroughbreds. The provision subsequently carried forward in the 2015 Protecting Americans from Tax Hikes (PATH) Act, which extended three-year tax depreciation for all racehorses through 2016. That provision, along with dozens of others, was extended to 2017 on February 9, 2018, when President Trump signed into law the Bipartisan Budget Act, a bill that among other measures extended uniform three-year racehorse depreciation retroactively for 2017.

Unfortunately, Congress did not renew three-year depreciation for 2018 as part of the Tax Cuts and Jobs Act (TCJA) passed in December 2017, which means a seven-year schedule now applies to yearlings in some cases. The TCJA did include 100% bonus depreciation and a \$1 million Section 179 expense allowance for qualified depreciable property, two important investment incentives that lessened the need for three-year depreciation in many cases. However, three-year depreciation continues to be a beneficial option for many racehorse owners.

This is because many horse owners are not eligible for Section 179 expensing due to the net income requirement and choose to elect out of the 100% bonus depreciation. One of the main reasons to elect out of the bonus depreciation is to better match the deductions with corresponding income. A 3-year life (depreciated over a 4-year period) is more realistic for a horse's racing career versus the 7-year life (8 years). Many horse racing partnerships elect out of bonus depreciation in order to spread the depreciation over a period of years.

As we have done several times over the past few years, the NTRA, the AHC and many others representing diverse business, energy, transportation, real estate and agriculture sectors, have been seeking a legislative vehicle to address tax extenders. We are asking that at a minimum, the House and Senate retroactively extend three-year depreciation from the beginning of 2018 through 2019 in order to minimize potentially severe disruptions to the recently opened tax-filing season. We are arguing that immediate action is warranted because uncertainty with regard

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to eventual congressional action on tax extenders is undermining the effectiveness of these incentives and stands as a needless barrier to additional job creation and economic growth in the private sector.

On February 28 of 2019, Senate Finance Committee Chairman Chuck Grassley of Iowa and Ranking Member Ron Wyden of Oregon introduced bipartisan legislation to retroactively extend tax provisions that expired at the end of 2017 including three-year depreciation of racehorses, through the balance of this year as part of a larger package to provide disaster tax relief benefits to individuals and businesses affected by major disasters occurring in 2018.

Three-year depreciation is important for horseracing. We will continue to fight to get the extenders enacted as we work toward a longer-term resolution.

Epilogue on the New Treasury Regulations

On September 28, 2017, horseplayers were finally freed of outdated IRS regulations written when the only exotic wager consisted of a single Daily Double.

On that historic day, IRS regulations that redefined “the amount of a wager” took effect and brought a new era to the racing industry and its customers, whose annual wagering tops \$10 billion.

The change capped a 10-year odyssey, led by the NTRA legislative team, to modernize the tax code and clarify that “the amount of the wager” includes the entire amount wagered into a specific pari-mutuel pool by an individual—not just the winning base unit. This simple change produced an immediate 95 percent reduction in the number of so-called “signer” tickets, those subject to IRS reporting or withholding.

These new Treasury regulations more accurately reflect today’s pari-mutuel wagering environment and will positively impact a significant percentage of winning wagers, particularly those involving multi-horse or multi-race exotic wagers. Fewer “signer” tickets will improve players’ liquidity and increase pari-mutuel churn, benefiting owners, breeders, racing operators, trainers, jockeys and government.

Reflecting on a 3.3% percent increase in 2018 wagering over the prior year, NTRA President and CEO Alex Waldrop observed, “Boosted by a growing economy, a second Triple Crown winner, continued growth of racing’s big days and a full year operating under the new tax withholding and reporting regulations, 2018 proved to be a strong year for Thoroughbred racing.”

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Sports Betting—the Next Frontier

In May of 2018, the U.S. Supreme Court overturned the Professional and Amateur Sports Protection Act (PASPA) in the landmark *Murphy v. National Collegiate Athletic Association* (NCAA) decision. Previously, PASPA banned all but 4 states from legalizing sports gambling. Several states have acted quickly to implement sports gambling at the state level. At the federal level, during the final days of 2018, Sens. Orrin Hatch (R-UT) and Chuck Schumer (D-NY), introduced the “Sports Wagering Market Integrity Act of 2018,” a bill designed to grant significant federal control over sports betting nationwide. The proposal’s central feature is a provision giving the U.S. Department of Justice authority to approve or deny a state sports betting program. Sen. Schumer (D-NY) is expected to introduce a similar bill in early 2019.

The NTRA continues to assess the potential threats and opportunities that such legislation will present and is engaged in conversations with its Congressional allies and other stakeholders, notably the American Gaming Association (AGA), which supported a full repeal of PASPA. We expect a lot of activity on Capitol Hill regarding this matter in 2019. The NTRA plans to be at the table as it has been on all previous Internet and sports betting issues for the past 15 years.

Credit Cards—ADW’s Lifeline Endangered

After the industry secured an amendment to the Interstate Horseracing Act (IHA) in 2000 to enable online wagering, advance deposit wagering (ADW) has grown to roughly \$4 billion, accounting for almost 40% percent of U.S. pari-mutuel handle.

During the latter half of 2017 and early 2018, our Congressional allies met with representatives from four major credit card issuing banks who have disallowed ADW transactions on their cards, stressing the importance of the ADW sector and the economic significance of the equine industry.

On February 6, 2018, the NTRA announced that JPMorgan Chase & Co., the largest bank in the United States and the largest credit card issuer in the U.S. with more than 80 million active credit cardholder accounts, has begun approving credit card deposit transactions with U.S. licensed and regulated advance deposit wagering companies.

The decision by Chase to accept its cardholders’ account funding transactions with ADWs approved to use the industry’s 7802 merchant category code is believed to have had a significant and positive impact on overall U.S. pari-mutuel handle, particularly advance deposit wagering, which already is the fastest growing segment of the U.S. pari-mutuel wagering market. Working with our allies on Capitol Hill, the

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NTRA plans to use Chase's leadership on this issue to convince other leading credit card issuing banks to accept these types of transactions.

In 2019, NTRA will also seek a legislative solution in the form of language to clarify that the Wire Act of 1961 (aimed at racketeering) does not apply to transactions made permissible by the IHA. Such an opportunity may present itself in any bills related to sports betting (see above).

Horseracing Integrity Act—Reintroduced in the House

A number of bills on racehorse medication have been introduced in the last several Congresses, though none has passed. In the last Congress, Rep. Andy Barr (R-KY) and co-sponsor Rep. Paul Tonko (D-NY) introduced medication-related legislation known as the Horseracing Integrity Act (HIA). Reps. Tonko and Barr reintroduced the HIA in early March on 2019. The bill is largely the same as the previously introduced bill. The bill, designated as H.R. 1754 in this Congress, would create a private, independent horse racing anti-doping authority, the Horseracing Anti-Doping and Medication Control Authority (HADA), responsible for developing and administering a nationwide anti-doping and medication control program for horseracing. HADA would be governed by a board composed of six individuals who have demonstrated expertise in a variety of horseracing areas, six individuals from the United States Anti-Doping Agency, and USADA's chief executive officer. The bill was referred to the House Energy and Commerce Committee. Rep. Jan Schakowsky (D-IL) is an original cosponsor of the bill. She is the Chairwoman of the House Energy and Commerce Subcommittee on Consumer Protection and Commerce. As such, we expect her to hold a hearing on the bill sometime this year, although no hearing has been announced at this time.

Immigration—H-2B Visas Caps are Too Low

When domestic workers are unavailable, trainers and other industry participants use the H-2B temporary foreign worker visa program to hire grooms and other stable help. However, the H-2B visa program has an annual cap of only 66,000 visas nationally, which is woefully inadequate for the many industries like horse racing that need foreign workers to fill jobs that are not taken by U.S. citizens. There were temporary increases of 15,000 H-2B visas for qualified workers in both 2017 and 2018, but both have now lapsed. A similar returning worker exemption program ended in 2016.

The Fiscal Year (FY) 2019 Department of Homeland Security (DHS) funding bill authorized limited H-2B visa cap relief. The legislation gives DHS the authority, "in consultation with the Department of Labor" (DOL), to increase the H-2B visa cap

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for FY2019 to 135,320 (66,000 + 69,320 (the number of H-2B returning worker visas or H-2Rs issued in FY 2007)).

This is the same language that was in effect for fiscal 2017 and 2018. This amounts to a potential increase of about 69,000 more visas over the 66,000 annual, statutory cap. In both FY2017 and 2018, this provision resulted in the issuance of only 15,000 extra visas, thus providing little flexibility for businesses strapped for temporary workers.

Through its involvement in the H-2B Workforce Coalition, a national consortium of businesses and industries that rely on immigrant labor, the NTRA and its allies focused efforts on the Administration and urged both DHS and DOL to release the full number of 69,000 authorized visas as soon as possible. On March 29, DHS Secretary Nielsen announced the allocation of an additional 30,000 H-2B visas for the remainder of fiscal year 2019 but limited those visas to applicants who held H-2B status in at least one of the past three fiscal years (2016, 2017 and 2018). While this number is not sufficient to meet demand, and the returning worker restriction is not ideal, this allocation is somewhat better than the number released in the last two fiscal years.

Going forward, the NTRA continues to advocate for racing's interests in maintaining access to qualified foreign labor when domestic workers are unavailable. In addition, Horse PAC® in 2018 provided support for the Congressional Hispanic Caucus—an influential voice on immigration matters—contributing to the Caucus itself and several of its individual members.

**Special thanks to Founding Supporters
who have given to Horse PAC®
every year since its inception:**

John C. Harris

And to Samantha Siegel, who continues the legacy
of her late father, Founding Supporter Mace Siegel.

Horse PAC®, the Federal Political Action Committee (PAC) of the National Thoroughbred Racing Association, was activated to support Federal elected officials who are interested in issues that affect pari-mutuel horse racing. Contributions to Horse PAC® are accepted from NTRA members only. Contributions from outside this restricted class will be returned to the contributor. As an NTRA member, you can choose to participate in the PAC or decline. The NTRA will not favor or disfavor members according to donations. Suggested contribution amounts are merely a suggestion. Members should feel free to contribute more – up to the legal maximum of \$5,000 per year – or less than the suggested contribution, or not at all. Federal law requires us to use our best efforts to collect and report the name, mailing address, and occupation and the name of the employer of individuals whose contributions exceed \$200 in a calendar year. Contributions to Horse PAC® will be used to support or oppose candidates for public office. Contributions to Horse PAC® are not tax-deductible.

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