

LEGISLATIVE ACTION CAMPAIGN NEWS



www.SupportHorseRacing.org

Fall 2010

Dear Friend:

What a difference a single Congressional cycle can make. In just a few weeks, voters will go to the polls for the mid-term elections. In contrast to the Democratic sweep in 2008, analysts are now forecasting a possible flip of the House to Republican control and a substantial gain in the Republican minority in the Senate.

What does that mean for our industry?

In the weeks following the November 2 elections – the “lame duck session” – Congress could act on one or more issues that are of importance to racing. Over the past two years, NTRA has secured introduction of several bills that could come into play as the Congressional session winds down. To recap our legislative season:

Protection of ADW. NTRA recently secured introduction of a bill to clarify that the Wire Act and certain other federal statutes do not apply to legal online wagering transactions under the Interstate Horseracing Act (IHA). Read more about this bill on page 2.

Elimination of Automatic Tax Withholding. Language to eliminate the automatic federal withholding on winnings of \$5,000 or more is contained in the Pari-mutuel Conformity and Equality Act (PACE Act).

Doubling of Reporting. Among other benefits for the horse industry, the Internet Poker and Games of Skill Regulation, Protection and Enforcement Act contains a provision to double the IRS reporting level for pari-mutuel winnings from \$600 to \$1,200. This level has not changed since the 1970s.

Exemption from I-gaming Tax-and-Regulate Framework. NTRA has secured an exemption for racing from the federal tax-and-regulate framework that is being proposed as part of legislation to allow more forms of online gaming. As an industry already taxed and regulated at the state level, we can't afford an added layer of federal bureaucracy and taxation.

Our bills are teed up. Whether any of them becomes law in the 111th Congress will depend on the outcome of the November 2 elections and the availability of a legislative vehicle that they can be attached to. Stay tuned for our post-election updates.

In the meantime, please read this edition's featured articles on Internet gaming legislation, the Small Business Jobs Act tax benefits and Rep. Scott Murphy (D-NY), whose district includes Saratoga Racecourse.

Finally, to our 2010 Legislative Action Campaign (LAC) contributors, thank you! Your support makes it possible for NTRA to represent your interests in Washington, D.C. We appreciate your contribution to any of our voluntary funding programs: the ¼% Check-off at Keeneland, Fasig-Tipton, OBS and Barretts sales, The Foal Fund and Horseplayers' Coalition membership. If you have not yet participated in 2010, there's still time. Should you need additional information, please contact me at joeb@NTRA.com.

Sincerely,

Joe Bacigalupo, Director of Membership Development



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NEWS FROM CAPITOL HILL

Internet Gaming

[H.R. 5599 Wire Clarification Act of 2010](#)

Bill referral(s): House Committee on the Judiciary

Reps. [Scott Murphy \(D-NY\)](#) and [Brett Guthrie \(R-KY\)](#) recently introduced the Wire Clarification Act of 2010, a bill that would amend the Wire Act to clarify the ascendancy of the Interstate Horseracing Act (IHA) in matters pertaining to pari-mutuel wagering.

The Wire Act is a 1961 federal law that prohibits the use of wire communications to transmit bets on sporting events and contests. The 1978 Interstate Horseracing Act (IHA) helped expand the horseracing industry by permitting interstate pari-mutuel wagering. Amended in 2000, the IHA authorized interstate pari-mutuel wagering on the Internet.

Related legislation is the Unlawful Internet Gambling Enforcement Act (UIGEA) of 2006 that effectively banned the use of credit for any type of Internet gaming, but protected pari-mutuel wagering on horseracing.

UIGEA regulations went into effect on June 1, 2010. Although the regulations permit banks and credit institutions to process transactions associated with pari-mutuel wagering, some have exercised their right to decline such transactions to avoid being penalized for mistakenly processing those not permitted under UIGEA. This development is of particular concern for parties involved in advance deposit wagering transactions and H.R. 5599 is tailored to provide relief.

Taxes

[H.R. 5297 Small Business Jobs and Credit Act of 2010](#)

President Obama signed the Small Business Jobs Act on September 27. The new law increases the availability of credit for small businesses and provides tax incentives for small business job creation, including capital gains exclusion and bonus depreciation.

Members of the Thoroughbred industry stand to benefit from the higher expensing allowance and reinstatement of bonus depreciation included in the new law. For tax years 2010 and 2011, businesses will be able to write-off up to \$500,000 of certain capital expenditures, including horses and other depreciable property. The expensing allowance benefit is reduced by one dollar for each dollar of qualifying property purchased that exceeds the \$2 million threshold.

Fifty percent bonus depreciation was reinstated for 2010 purchases. This tax incentive can be used on qualifying property in conjunction with the expensing allowance.

Click on the Tax Benefit image on page 3 for details of the higher expensing allowance and bonus depreciation.



NEWS FROM CAPITOL HILL

FEATURED LEGISLATOR



[Rep. Scott Murphy \(D-NY\)](#)

District: New York's 20th, which is home to Saratoga Race Course, Saratoga Gaming and Raceway and numerous Thoroughbred farms.

Status: Up for re-election in 2010

Re-election outlook: Murphy faces retired Army Colonel [Chris Gibson \(R\)](#) in highly contested general election. The district is currently described as "leans Democrat."

Experience: Freshman Congressman Murphy was elected March 31, 2009 to fill the House seat vacated by Kirsten Gillibrand after she assumed the Senate seat formerly held by now-Secretary of State Hillary Clinton. Rep. Murphy graduated from Harvard University, started his first high tech company in New York and went on to found several more companies. A Missouri native, he also briefly worked as an aide to former Missouri Governor Mel Carnahan and as Deputy Chief of Staff to Governor Roger Wilson of Missouri.

Key Committee: Rep. Murphy serves on the [Agriculture Committee](#).

Impact on horse racing industry: Rep. Murphy recently introduced the "Wire Clarification Act of 2010" (H.R. 5599) along with [Rep. Brett Guthrie \(R-KY\)](#). See page 2 for more information on H.R. 5599 and related legislation. Murphy also led passage of a House resolution honoring historic Saratoga Racecourse, a major economic driver in New York's 20th district.

As a member of the Agriculture Committee, Murphy has input on the Farm Bill, comprehensive legislation that is passed every five years and influences virtually every phase of agricultural production. The most recent version of the Farm Bill contains a faster depreciation schedule for young racehorses.



TAX BENEFITS FOR BUYERS

Higher Expensing Allowance In Place

- **Expensing allowance is \$500,000 for 2010 & 2011**
- **Horses must be placed in service in year purchased**
- **Phase-out threshold is \$2 million**

Bonus Depreciation Reinstated

- **50% bonus depreciation back for 2010**
- **Horse must be placed in service in 2010**
- **Can be used with expensing allowance**

Consult Your Tax Advisor for Details!

THANK YOU!



- To the contributors to the NTRA's Legislative Action Campaign in 2010;
- To the anonymous donors who made their contributions through a consignor; and
- To the many consignors who facilitated contributions from their clients to the Legislative Action Campaign.

We appreciate your leadership and the opportunity to represent your interests in Washington, D.C.



Visit www.ntra.com/2010LAC
for a complete list of individual contributors.



CALENDAR



Auction Sales Schedule *

OCTOBER

- 5-6 - Fasig-Tipton Eastern Fall Yearlings
- 12-13 - Barretts Cal Cup Yearling
- 19-21 - OBS Fall Mixed
- 25-27 - Fasig-Tipton Kentucky Fall Yearlings

NOVEMBER

- 7 - Fasig-Tipton Selected Fall Mixed
- 8-20 - Keeneland November Breeding Stock

DECEMBER

- 6 - Fasig-Tipton December Mixed (Midlantic)
- 13 - Fasig-Tipton December Mixed (Texas)

*Dates subject to change

U.S. Congressional Schedule

NOVEMBER - DECEMBER

- 11/2 (Election Day)
- 11/15-11/19 (House in session)
- 11/15/11/19 (Senate in session)
- 11/20-11/26 (House Thanksgiving recess)
- 11/20-11/26 (Senate Thanksgiving recess)
- 11/29-TBD (House in session)
- 11/29-TBD (Senate in session)



NTRA EVENTS

October 18



The 10th Annual **NTRA Charities & Kentucky Derby Museum Charity Golf Classic**

Monday, October 18, 2010 • Valhalla Golf Club, Louisville, Kentucky



Benefiting

NTRA Charities
Backside Learning Center at Churchill Downs

Cost

Foursome: \$4,000 • Single: \$1,000

Sponsorship opportunities available.

For reservations and sponsorships contact:

Barbara Fossum, Tournament Director

Phone: (800) 792-6872 x 616

Email: bfossum@ntra.com



October 19



Inaugural NTRA Professional Education Seminar

presented by Pfizer Animal Health & Keeneland Association

When: Tuesday, October 19, 2010

What: One-day continuing education event

Where: Keeneland Sales Pavilion

Who: Trainers, Track Medical Directors, Regulatory & Association Veterinarians, Farriers, Racing Officials, Aftercare Organizations

- No session fees
- A unique learning environment
- Earn continuing education credits specific to your field
- Limited seating available. Contact Casey Hamilton to reserve a spot at (859) 422-2627 or chamilton@ntra.com
- Visit www.NTRAalliance.com for details

December 6-9

NTRA Annual Meeting & Marketing Summit

as part of the 37th Annual Racing and Gaming Symposium presented by the University of Arizona 's Racetrack Industry Program

When: Monday-Thursday, December 6-9, 2010

Where: Westin La Paloma, Tucson, AZ

Topics: Marketing and promotions, legislative advocacy, NTRA Advantage purchasing program, NTRA Safety and Integrity Alliance
Free to those who are registered attendees at the Symposium

January 17



40TH ANNUAL ECLIPSE AWARDS

sponsored by the NTRA, the National Turf Writers Association and *Daily Racing Form*

When: Monday, January 17, 2011

Where: Fontaine Bleu – Miami Beach, FL

Contact the NTRA's Michele Ravencraft at (859) 422-2657

or mravencraft@ntra.com for ticket information.