



POLITICAL ACTION COMMITTEE
HORSE PAC.

2016

Horse PAC®
Annual Report

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FOREWORD

This annual report summarizes the 2016 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

February 10, 2017

The 2016 elections were remarkable for producing a new Administration under circumstances that can best be described as unparalleled. Yet for all the year's tumult and the unexpected outcome of the November 8 presidential election, the most salient result for our industry took place on December 30, when the Treasury Department and Internal Revenue Service (IRS) published in the *Federal Register* new draft regulations relating to pari-mutuel wagers, a critical step in a multi-year effort that will have lasting benefits for racing. For an in-depth look at this process—and the crucial role that Congress played—as well as other legislative developments in 2016, please see the summary that begins on page 21.

As a complement to the National Thoroughbred Racing Association's lobbying, grassroots communications and numerous meetings with Federal officials at Treasury and the IRS, the NTRA's Horse PAC® played its part by disbursing \$290,500 to federal political candidates and PACs in 2016, the largest amount since 2008. Combined with the previous year's total of \$288,500, the PAC disbursed \$579,000 during the 2015/2016 Congress—the third-largest two-year disbursement since the PAC's inception in 2002.

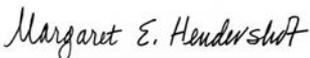
Horse PAC® supported 54 in-cycle candidates, with 51 winning in the November election. An election scorecard appears on page 19. A list of all candidates and Leadership PACs supported in 2016 appears on page 11.

Contributions to Horse PAC® totaled \$221,995 in 2016; combined with the prior year's \$276,742, the PAC raised \$498,737 for the 2015/2016 fundraising cycle. More than 135 NTRA members contributed to Horse PAC®—including many first-time donors from the horseplayer community, who joined in supporting efforts to modernize the tax code. A list of donors appears on page 7.

Horse PAC® underwent a considerable expansion in 2016, with the addition of three new Board members: Thoroughbred Owners of California President and CEO Greg Avioli, NTRA COO Keith Chamblin and Ninety North Racing CEO Justin Nicholson. We welcome them and extend our thanks to former Board member Terry Meyocks, national manager of the Jockeys' Guild, who resigned from Horse PAC® in March. Please see page 3 for a full list of the Horse PAC® Directors.

To our 2016 PAC donors and our PAC Board Directors, thank you. Your support, and that of every PAC donor over the past 15 years, helped bring about the proposed Treasury/IRS regulations that we believe will result in tens of millions of dollars in additional pari-mutuel churn and, by extension, increased purses and prosperity for our industry. With your help, racing will continue to thrive and grow.

Sincerely,



Margaret E. Hendershot, Horse PAC® President

2016 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 2016 Board of Directors consisted of:



William S. Farish, Jr., Chairman

Greg Avioli†
George B. Bolton
Keith Chamblin†
Terrence P. Finley
John C. Harris
Wilhelmina McEwan
Terence J. Meyocks*
Justin Nicholson†
Anne W. Poulson
Joseph V. Shields, Jr.
Alexander M. Waldrop

Margaret E. Hendershot
President

Amber Florence
Treasurer

Barbara Fossum
Assistant Treasurer

**Resigned from the Board in March 2016.*

†Joined the Board in 2016.

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—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 and Treasurer 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 equity partner in the Louisville office of Wyatt Tarrant & Combs where he was the 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 provides assistance to clients in designing and executing grassroots 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.



BOB BROOKS

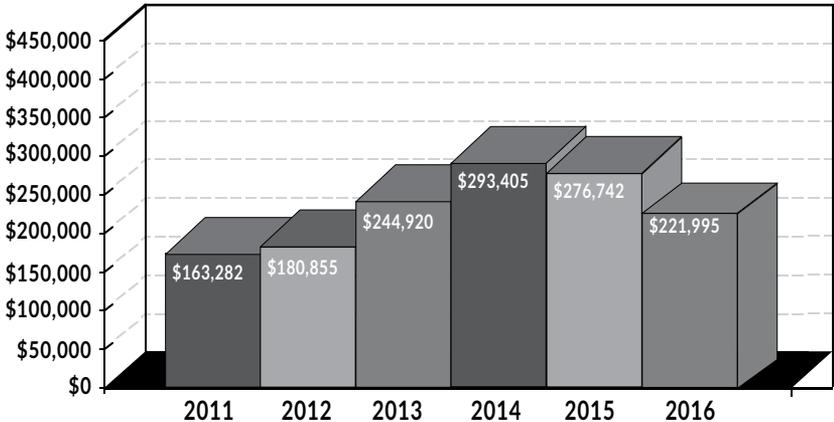
Mr. Brooks came to the Alpine Group after serving as the Chief of Staff for Representative Jim McCrery (R-LA), the former head of the House of Representatives Ways & Means Committee. Mr. Brooks focuses on tax, energy and trade issues, including bonus depreciation, small business expensing and estate tax matters. As a member of numerous Republican steering committees, Mr. Brooks has

maintained strong relationships with the Ways & Means Committee and is well known among Republican Leadership in the House. He has also served as an operative of the Republican National Committee and the National Republican Senatorial Committee. Prior to his tenure on Capitol Hill, he was in private practice as an attorney in Arkansas. A former racehorse owner, Mr. Brooks remains a passionate racing fan.

RECEIPTS

From inception through December 31, 2016, Horse PAC® has raised \$3,885,138. The committee raised \$344,137 for the 2011/2012 election cycle, \$538,325 for the 2013/2014 election cycle and \$498,737 for the 2015/2016 election cycle.

HORSE PAC® RECEIPTS OVER THE LAST THREE CONGRESSES



2016 HORSE PAC® CONTRIBUTORS

CHAMPIONS – \$5,000

Josephine Abercrombie
John W. Amerman
Barbara Banke
Ramona Seeligson Bass
Cornelia G. Corbett
Adele B. Dilschneider
Donald Dizney
Everett R. Dobson
Richard Duchossois
Jerry Durant

E. K. Gaylord II
H. Greg Goodman
Deborah R. Hancock
Seth Hancock
G. Watts Humphrey, Jr.
Brereton & Elizabeth Jones
W. Bruce Lunsford
Richard & Sue Ann Masson
Marsha Naify
Justin Nicholson

Arthur F. Preston
Ernie G. Semersky
Joseph V. Shields, Jr.
Maury Shields
William Shively
Samantha Siegel
Kenny A. Troutt
Lisa C. Troutt
Charlotte C. Weber

LEADERS – \$2,500 - \$4,999

CTBA PAC
Peter Fluor
Emory A. Hamilton
John C. Harris

David Ingordo
Marc Keller
Robert V. LaPenta
Andrew Rosen

William W. Thomason, Jr.
Alexander M. Waldrop

WINNERS – \$1,000 - \$2,499

P. L. Blake
George Bolton
Chester & Mary Broman
Bob R. Brooks, Jr.
Keith Chamblin
Ellen M. Charles
William S. Farish, Jr.
Terry Finley

Gerald & Kelli Ford
Joe T. Ford
Helen K. Groves
Ira Gumberg
Peter Leidel
Beverly J. Lewis
Jeffrey & Margery Lewis
Earle I. Mack

Jerome S. Moss
J. Michael O'Farrell, Jr.
Jeffrey & Pamela Pankow
Barry K. Schwartz
Stuart Subotnick
Paul Weitman
David W. Wilson
Eddie Woods

2016 HORSE PAC® CONTRIBUTORS

SUPPORTERS – UP TO \$999

Randy Smith Aberg	Carl Gessler, Jr.	Greg Means
C. W. Asmus	C. Edward Glasscock	Jim O. Meeks
Greg Aviola	David Gordon	Raymond Mencio
Joe Bacigalupo	Anthony Greco	Maurleen Miller
Rozamund Barclay	Curtis Green	Dr. James Morehead
John Barr	Bruce R. Grossman	Nick Nicholson
Robert B. Berger	Walker Hancock	Howard C. Nolan, Jr.
Gary Bizantz	Paula Haughey	William Parsons, Jr.
Danny Bockmon	Margaret E. Hendershot	Dr. Hiram C. Polk
Perry Bolton	Carolyn Hine	Dr. J. David Richardson
James C. Brady	Alan Hoffman	Ed Robbins
Allen D. Branch	Ronna Hoffman	Larry Roth
Robin D. Buser	Derek Isenberg	R. Allen Schubert
Roger Cettina	Russell B. Jones, Jr.	William A. Shurman
Patricia Chapman	Timothy M. Kindlon	Michael Simpson
Penny Chenery	Patricia A. Klussman	William Sparks
Daniel & Sarah Collins	Dr. David Kyger	Gary P. Snoonian
Irving Cowan	Dr. A. Gary Lavin	Beverly R. Steinman
Thomas A. Davis	Daniel & Sarah Limongelli, Sr.	Patricia A. Thompson
Dennis Decauwer	Donald V. Little, Jr.	James J. Toner
David DiPietro	Preston Madden	Donald Valpredo
Deborah A. Easter	Robert T. Manfuso	Mr. & Mrs. John T. Ward
Donnell Echols	John R. Matlusky	Bennett Bell Williams
Bertram & Diana Firestone	John P. McDaniel	Warren B. Williamson
Barbara Fossum	Kenneth McMahan	Frank P. Wright
Jack Garey	Timothy M. McMurry	

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!

2016 HORSE PAC® DISBURSEMENTS

Federal Candidates by Amount*

State	Amount	Rank
KY	\$47,500	1
CA	\$40,500	2
TX	\$32,500	3
NY	\$16,500	4
FL	\$15,000	5
OR	\$15,000	6
OH	\$12,500	7
AR	\$10,000	8
LA	\$10,000	9
NJ	\$10,000	10
PA	\$7,500	11
WA	\$7,500	12
WI	\$7,500	13
IL	\$5,000	14
MA	\$5,000	15
NE	\$5,000	16
NV	\$5,000	17
SD	\$5,000	18
IN	\$2,500	19
MD	\$2,500	20
VA	\$2,500	21
DE	\$1,000	22
Total	\$265,500	

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

Federal Candidates by State*

State	Amount	Rank
AR	\$10,000	8
CA	\$40,500	2
DE	\$1,000	22
FL	\$15,000	5
IL	\$5,000	14
IN	\$2,500	19
KY	\$47,500	1
LA	\$10,000	9
MA	\$5,000	15
MD	\$2,500	20
NE	\$5,000	16
NJ	\$10,000	10
NV	\$5,000	17
NY	\$16,500	4
OH	\$12,500	7
OR	\$15,000	6
PA	\$7,500	11
SD	\$5,000	18
TX	\$32,500	3
VA	\$2,500	21
WA	\$7,500	12
WI	\$7,500	13
Total	\$265,500	

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

2016 HORSE PAC® DISBURSEMENTS

Federal Contributions: \$290,500

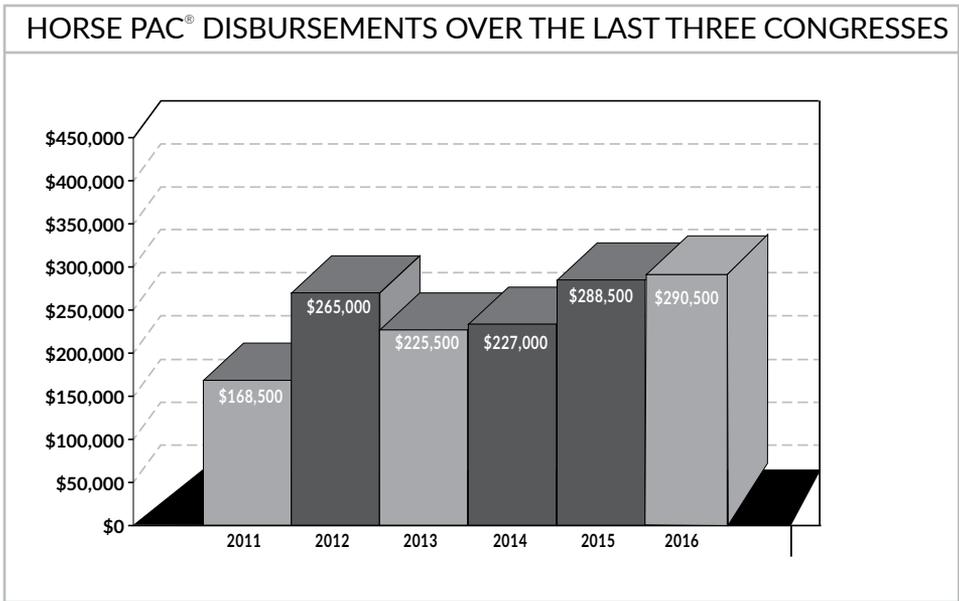
House Candidates/PACs 74 percent \$214,500

Senate Candidates/PACs 26 percent \$76,000

Democratic Candidates 32 percent \$93,000

Republican Candidates 68 percent \$197,500

From inception through December 31, 2016, Horse PAC has disbursed \$3,531,879. The committee disbursed \$438,500 for the 2011/2012 election cycle, \$452,500 for the 2013/2014 election cycle and \$579,000 for the 2015/2016 election cycle.



Total Disbursements to Date	\$3,531,879
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2016 HORSE PAC® DISBURSEMENTS

The following candidates and political committees received Horse PAC® funds in 2016:

United States House of Representatives

House of Reps	Party	State	Re-election Year	2016 Disbursed	Congressional Committee(s)
Jim Costa	D	CA	2016	\$2,500	Agriculture, Natural Resources
Isadore Hall	D	CA	n/a	\$10,000	N/A (open seat)
Devin Nunes	R	CA	2016	\$5,000	Ways & Means
Scott Peters	D	CA	2016	\$4,000	Judiciary
Linda Sanchez	D	CA	2016	\$5,000	Ways & Means, Senior Democratic Whip
Adam Schiff	D	CA	2016	\$1,500	Appropriations
David Valadao	R	CA	2016	\$2,500	Appropriations
Vern Buchanan	R	FL	2016	\$5,000	Ways & Means
Ted Deutch	D	FL	2016	\$2,500	Judiciary, Foreign Affairs
Tom Rooney	R	FL	2016	\$5,000	Appropriations
Pete Roskam	R	IL	2016	\$5,000	Ways & Means
Andy Barr	R	KY	2016	\$5,000	Financial Services, CHC Co-Chair
Brett Guthrie	R	KY	2016	\$5,000	Energy & Commerce, CHC
Hal Rogers	R	KY	2016	\$5,000	Appropriations Chairman, CHC
John Yarmuth	D	KY	2016	\$5,000	Budget, Energy & Commerce, CHC
Richard E. Neal	D	MA	2016	\$5,000	Ways & Means
Adrian Smith	R	NE	2016	\$5,000	Ways & Means, CHC
Donald Norcross	D	NJ	2016	\$2,500	Budget
Frank Pallone	D	NJ	2016	\$5,000	Energy & Commerce, CHC
Bill Pascrell	D	NJ	2016	\$2,500	Ways & Means, Budget, CHC
Tom Reed	R	NY	2016	\$5,000	Ways & Means
Paul Tonko	D	NY	2016	\$6,500	Energy & Commerce, CHC Co-Chair
Pat Tiberi	R	OH	2016	\$5,000	Ways & Means, CHC
Kurt Schrader	D	OR	2016	\$5,000	Energy & Commerce
Pat Meehan	R	PA	2016	\$5,000	Ways & Means
Kevin Brady	R	TX	2016	\$5,000	Ways & Means
Mike Burgess	R	TX	2016	\$2,500	Energy & Commerce, CHC
Kenny Marchant	R	TX	2016	\$5,000	Ways & Means
Pete Sessions	R	TX	2016	\$2,500	Rules Chairman
Lamar Smith	R	TX	2016	\$7,500	Judiciary
Denny Heck	D	WA	2016	\$2,500	Financial Services
Dave Reichert	R	WA	2016	\$2,500	Ways & Means
Ron Kind	D	WI	2016	\$2,500	Ways & Means
NRCC	R	N/A	N/A	\$5,000	National Republican Congressional Committee
TOTAL House of Reps				\$149,500	

Congressional Horse Caucus (CHC)

Horse PAC® seeks refunds from retiring candidates; however those refunds are made at the candidate's discretion. Candidates may choose to refund none, part or all of a contribution.

2016 HORSE PAC® DISBURSEMENTS

United States Senate

Senate	Party	State	Re-election Year	2016 Disbursed	Congressional Committee(s)
John Boozman	R	AR	2016	\$5,000	Agriculture, Appropriations
Rand Paul	R	KY	2016	\$2,500	Homeland Security
Ben Cardin	D	MD	2018	\$2,500	Finance, Budget
Rob Portman	R	OH	2016	\$2,500	Finance, Homeland Security
Ron Wyden	D	OR	2016	\$5,000	Finance
Pat Toomey	R	PA	2016	\$2,500	Finance, Budget
John Thune	R	SD	2016	\$5,000	Finance
Patty Murray	D	WA	2016	\$2,500	Appropriations
DSCC	D	N/A	N/A	\$5,000	Democratic Senatorial Campaign Committee
NRSC	R	N/A	N/A	\$15,000	National Republican Senatorial Committee
TOTAL Senate				\$ 47,500	

Federal Leadership PACs

Associated Candidate	Party	State	House/ Senate	2016 Disbursed	PAC Name
Andy Barr	R	KY	H	\$5,000	Barr PAC/Financial Services/CHC
Charles Boustany, Jr.*	R	LA	S	\$5,000	Committee for Preservation of Capitalism/Ways & Means
Kevin Brady	R	TX	H	\$5,000	Making America Prosperous PAC/ Ways & Means
Chris Coons	D	DE	S	\$1,000	Blue Hen PAC/Budget, Judiciary
John Cornyn	R	TX	S	\$5,000	Alamo PAC/Finance
Tom Cotton	R	AR	S	\$5,000	Republican Majority Fund/Senate Banking
Joe Crowley	D	NY	H	\$5,000	JOE-PAC/Ways & Means/CHC
Bob Goodlatte	R	VA	H	\$2,500	The Good Fund/Judiciary & Agriculture
Brett Guthrie	R	KY	H	\$5,000	BRETTPAC/Energy & Commerce/ CHC
Dean Heller	R	NV	S	\$5,000	HellerHighWater PAC/Senate Finance

*House member ran for Senate in 2016.

continued on next page

2016 HORSE PAC® DISBURSEMENTS

Federal Leadership PACs (continued)

Associated Candidate	Party	State	House/Senate	2016 Disbursed	PAC Name
Kevin McCarthy	R	CA	H	\$5,000	Majority Committee PAC/Majority Leader, Financial Svcs.
Mitch McConnell	R	KY	S	\$5,000	McConnell for Majority Leader/Senate Majority Leader
Devin Nunes	R	CA	H	\$5,000	NewPAC/Ways & Means
Hal Rogers	R	KY	H	\$5,000	HALPAC /Appropriations Chairman
Tom Rooney	R	FL	H	\$2,500	First Team PAC/Appropriations
Paul Ryan	R	WI	H	\$5,000	Prosperity PAC/House Speaker
Steve Scalise	R	LA	H	\$5,000	Scalise Leadership Fund/Energy & Commerce
Pat Tiberi	R	OH	H	\$5,000	Pioneer PAC/Ways & Means/CHC
Ron Wyden	D	OR	S	\$5,000	Holding Onto Oregon's Priorities PAC/Budget, Finance
John Yarmuth	D	KY	H	\$5,000	Article 1 PAC/Budget/CHC
Todd Young*	R	IN	S	\$2,500	Oorah! PAC/Ways & Means
TOTAL LEADERSHIP				\$93,500	
GRAND TOTAL				\$290,500	

*House member ran for Senate in 2016.

Congressional Horse Caucus (CHC)

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.

2016 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 2016. 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. Each candidate is evaluated on his or her 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

2016 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 2016 Horse PAC® supported two members of the House Agriculture Committee: Jim Costa (D-CA) and Bob Goodlatte (R-VA).

Agriculture, Nutrition and Forestry Committee (Senate)

- 20 Members/11 Republicans, 9 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported three members of the Senate Agriculture Committee: John Boozman (R-AR), Mitch McConnell (R-KY) and John Thune (R-SD).

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 2016 Horse PAC® supported four members of the House Appropriations Committee: committee Chairman Harold Rogers (R-KY), Tom Rooney (R-FL), Adam Schiff (D-CA) and David Valadao (R-CA).

Appropriations (Senate)

- 30 Members/16 Republicans, 14 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported four members of the Senate Appropriations Committee: John Boozman (R-AR), Chris Coons (D-DE), Mitch McConnell (R-KY) and Patty Murray (D-WA).

BANKING

Banking, Housing, and Urban Affairs (Senate)

- 22 Members/12 Republicans, 10 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported three members of the Senate Banking Committee: Tom Cotton (R-AR), Dean Heller (R-NV) and Patrick Toomey (R-PA).

2016 HORSE PAC DISBURSEMENTS BY COMMITTEE

COMMERCE (HOUSE OF REPRESENTATIVES AND SENATE)

Energy and Commerce Committee (House of Representatives)

- 54 Members/31 Republicans, 23 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported seven members of the House Energy & Commerce Committee: Michael Burgess (R-TX), Brett Guthrie (R-KY), committee Ranking Member Frank Pallone (D-NJ), Steve Scalise (R-LA), Kurt Schrader (D-OR), Paul Tonko (D-NY) and John Yarmuth (D-KY).

Commerce, Science and Transportation (Senate)

- 24 Members/13 Republicans, 11 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported two members of the Senate Commerce Committee: Dean Heller (R-NV) and committee Chairman John Thune (R-SD).

FINANCE

Finance Committee (Senate)

- 26 Members/14 Republicans, 12 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported seven members of the Senate Finance Committee: Benjamin Cardin (D-MD), John Cornyn (R-TX), Dean Heller (R-NV), Rob Portman (R-OH), John Thune (R-SD), Patrick Toomey (R-PA) 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 2016 Horse PAC® supported three members of the House Financial Services Committee: Andy Barr (R-KY), Denny Heck (D-WA) and Gregory Meeks (D-NY).

2016 HORSE PAC DISBURSEMENTS BY COMMITTEE

HOMELAND SECURITY (HOUSE OF REPRESENTATIVES AND SENATE)

Homeland Security (House of Representatives)

- 30 Members/18 Republicans, 12 Democrats

Through his re-elect campaign and/or Leadership PAC, in 2016 Horse PAC® supported one member of the Homeland Security Committee: Lamar Smith (R-TX).

Homeland Security and Governmental Affairs (Senate)

- 16 Members/9 Republicans, 7 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported two members of the Senate Homeland Security Committee: Rand Paul (R-KY) and Rob Portman (R-OH).

JUDICIARY (HOUSE OF REPRESENTATIVES AND SENATE)

Judiciary Committee (House of Representatives)

- 39 Members/23 Republicans, 16 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported four members of the House Judiciary Committee: Ted Deutch (D-FL), committee Chairman Bob Goodlatte (R-VA), Scott Peters (D-CA) and Lamar Smith (R-TX).

Judiciary Committee (Senate)

- 20 Members/11 Republicans, 9 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported two members of the Senate Judiciary Committee: Chris Coons (D-DE) and John Cornyn (R-TX).

Ways & Means

Ways & Means (House of Representatives)

- 39 Members/24 Republicans, 15 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2016 Horse PAC® supported 17 members of the Ways & Means Committee: Charles Boustany*, Jr. (R-LA), committee Chairman Kevin Brady (R-TX), Vern Buchanan (R-FL), Joseph Crowley (D-NY), Ron Kind (D-WI), Kenny Marchant (R-TX),

2016 HORSE PAC DISBURSEMENTS BY COMMITTEE

Patrick Meehan (R-PA), Richard Neal (D-MA), Devin Nunes (R-CA), Bill Pascrell (D-NJ), Tom Reed (R-NY), Dave Reichert (R-WA), Pete Roskam (R-IL), Linda Sanchez (D-CA), Adrian Smith (R-NE), Pat Tiberi (R-OH) and Todd Young* (R-IN).

**Reps. Boustany and Young ran for Senate seats in 2016. Boustany lost in a multi-candidate runoff race in Louisiana; Young won his race.*

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 2016 Horse PAC® supported the following House and Senate leaders:

House

- Kevin McCarthy (R-CA), Majority Leader
- Paul Ryan (R-WI), Speaker
- Steve Scalise (R-LA), Majority Whip

Senate

- John Cornyn (R-TX), Majority Whip
- Mitch McConnell (R-KY), Majority Leader
- John Thune (R-SD), Republican Conference Chair

SCORECARD FOR HORSE PAC®

2016 General Election

SCORECARD KEY

GOP = *ITALICIZED*

L = LOSS

NC = NO CHALLENGER

DEMOCRAT = **BOLD**

W/L% = MARGIN OF WIN
OR LOSS

NIC = NOT IN CYCLE

W = WIN

HOUSE OF REPRESENTATIVES

Candidate	State	Result	W/L%
Jim Costa	CA	W	55%
Isadore Hall	CA	L	49%
<i>Kevin McCarthy</i>	CA	W	71%
<i>Devin Nunes</i>	CA	W	71%
Scott Peters	CA	W	68%
Linda Sanchez	CA	W	57%
Adam Schiff	CA	W	70%
<i>David Valadao</i>	CA	W	59%
<i>Juan Vargas</i>	CA	W	78%
<i>Vern Buchanan</i>	FL	W	60%
Ted Deutch	FL	W	59%
David Jolly	FL	L	48%
<i>Tom Rooney</i>	FL	W	62%
<i>Pete Roskam</i>	IL	W	59%
<i>Andy Barr</i>	KY	W	61%
<i>Brett Guthrie</i>	KY	W	NC
<i>Hal Rogers</i>	KY	W	NC
John Yarmuth	KY	W	63%
<i>Steve Scalise</i>	LA	W	75%
Richard E. Neal	MA	W	73%
<i>Adrian Smith</i>	NE	W	NC
Donald Norcross	NJ	W	59%
Frank Pallone	NJ	W	63%
Bill Pascrell	NJ	W	70%
Joe Crowley	NY	W	83%
Gregory Meeks	NY	W	85%
<i>Tom Reed</i>	NY	W	58%
Paul Tonko	NY	W	68%
<i>James Renacci</i>	OH	W	65%
<i>Pat Tiberi</i>	OH	W	67%
Kurt Schrader	OR	W	54%
<i>Greg Walden</i>	OR	W	72%
<i>Pat Meehan</i>	PA	W	60%
<i>Kevin Brady</i>	TX	W	NC
<i>Mike Burgess</i>	TX	W	66%
<i>Kenny Marchant</i>	TX	W	56%
<i>Pete Sessions</i>	TX	W	71%
<i>Lamar Smith</i>	TX	W	57%
<i>Bob Goodlatte</i>	VA	W	67%
Denny Heck	WA	W	60%
<i>Dave Reichert</i>	WA	W	58%
<i>Cathy M. Rodgers</i>	WA	W	58%
Ron Kind	WI	W	NC
<i>Paul Ryan</i>	WI	W	65%

SENATE

Candidate	State	Result	W/L%
<i>John Boozman</i>	AR	W	60%
<i>Charles Boustany, Jr.</i>	LA	L	15%
Patty Murray	WA	W	61%
<i>Rand Paul</i>	KY	W	57%
<i>Rob Portman</i>	OH	W	58%
Charles Schumer	NY	W	70%
<i>John Thune</i>	SD	W	72%
<i>Pat Toomey</i>	PA	W	49%
Ron Wyden	OR	W	57%
<i>Todd Young</i>	IN	W	52%

OTHER CANDIDATES/PACS

Candidate/PAC	State	Result	W/L%
Ben Cardin	MD	NIC	NIC
Chris Coons	DE	NIC	NIC
<i>John Cornyn</i>	TX	NIC	NIC
<i>Tom Cotton</i>	AR	NIC	NIC
Kirsten Gillibrand	NY	NIC	NIC
<i>Dean Heller</i>	NV	NIC	NIC
<i>Mitch McConnell</i>	KY	NIC	NIC
<i>Mitch McConnell (Bluegrass Committee)</i>	KY	NIC	NIC
<i>Mitch McConnell (McConnell for Majority Leader)</i>	KY	NIC	NIC
Jon Tester	MT	NIC	NIC

Candidates received support
in 2015 and/or 2016

ELECTION SUMMARY FOR IN-CYCLE CANDIDATES

House - 44 Supported 42 Wins
95.45% Win Rate

Senate - 10 Supported 9 Wins
90% Win Rate

All Candidates - 54 Supported 51 Wins
94.44% Win Rate

2016 LEGISLATIVE SUMMARY

As the trade association for the Thoroughbred industry, NTRA focuses its lobbying on legislation having direct and material effect on its members and their business activities as they relate to race 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 2015/2016 Congress.

“The Amount of a Wager”

To the uninitiated, the 31-page, draft Treasury/IRS regulations for re-defining “the amount of a wager,” published at the end of December in the *Federal Register*, might seem an unlikely cause for celebration. But the proposed regulations capped an odyssey that began and ended with the bipartisan support of two Members of Congress, Rep. Charles Boustany, Jr. (R-LA) and Rep. John Yarmuth (D-KY), who stayed with the process and helped guide it to a successful conclusion, even as it morphed from a legislative matter to a regulatory issue. Along the way, nearly 20 Members of Congress from both parties and committees that included Administration, Appropriations, Budget, Energy & Commerce, Financial Services and Ways & Means, joined in supporting efforts to update antiquated tax treatment of pari-mutuel winnings.

IRS Reporting and Withholding Thresholds

Horse players wagering on pari-mutuel races currently are subject to reporting of proceeds of \$600 or more and automatic federal tax withholding on pari-mutuel proceeds of \$5,000 or more at odds of at least 300-1. The “amount of a wager,” now defined as the single winning bet the player makes (versus the total investment made), is at the center of these calculations, which frequently trigger reporting and/or withholding for horse players. Withholding reduces players’ liquidity during handicapping and adversely impacts pari-mutuel handle and purses.

The proposed regulations published in December 2016 clarify “the amount of the wager” to include the entire amount wagered into a specific pari-mutuel pool by an individual—not just the winning base unit—so long as all wagers made into a specific pool by an individual are made on a single totalizator ticket if the wager is placed onsite. The proposed regulations would have the same positive results for Advance Deposit Wagering (ADW) customers and would not impact how those wagers are currently made.

Withholding levels for pari-mutuel proceeds have been pegged at \$5,000 since 1992. Reporting levels have not changed since the mid-1970s. The proposed

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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. It is believed that the proposed changes will result in tens of millions of dollars in additional pari-mutuel wagering annually. In addition, the new regulations will not only promote greater compliance and more accurate reporting and withholding by taxpayers but also reduce burdensome and needless paperwork system-wide.

Efforts spearheaded by the NTRA, which crucially pivoted from a legislative to a regulatory process two and a half years ago, ultimately led to the proposed regulations, "Withholding on Payments of Certain Gambling Winnings." How the industry arrived at this juncture is a story of perseverance, widespread industry cooperation and coordination, targeted Congressional support and timing.

Prelude 2007-2012

After preliminary conversations with Members of Congress in 2007, NTRA secured introduction of the Pari-mutuel Conformity and Equality Act (PACE Act) in the House of Representatives the following year. A then-second-term Congressman, Rep. Charles Boustany Jr. (R-LA), whose district included one of Louisiana's many ADW sites, sponsored the bill to eliminate the automatic federal tax withholding on pari-mutuel proceeds of \$5,000 or more at odds of 300-1 or greater—a combination likely to occur when bettors hit a Pick 6 that involves long odds and a major investment to win. The bill saw little action but was reintroduced in 2009 under the co-sponsorship of Rep. Boustany and the then-sophomore Congressman Rep. John Yarmuth (D-KY), whose district includes Churchill Downs racetrack. The following year, the bill was referred to the House Ways & Means Committee, whose members included both Boustany and Yarmuth. The bill received little action and was not reintroduced in the 2011/2012 Congress. It was, however, slated for inclusion in any Internet gaming legislation that might move during that session, though none did, despite numerous efforts by the gaming industry.

Pivot: 2013-2016

With efforts to eliminate the tax on gambling winnings at a standstill and few prospects for passage of any tax reform legislation, horseplayers suggested an alternative: redefining the amount of a wager. They, along with leading handicappers in the racing media, demonstrated how the current process of withholding and reporting worked in their own experience. Redefining the amount of a wager, they demonstrated, would produce the same effect as the legislation previously sought, streamline reporting and withholding and simplify tax compliance.

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In 2014, 17 Members of Congress, led by Reps. Boustany and Yarmuth, sent a letter to the Treasury and IRS outlining the need for a regulatory change. Early in the next year, Rep. Yarmuth arranged a meeting with senior Treasury officials, which included two leading horseplayers and a representative from Churchill Downs. Following the meeting, NTRA facilitated the filing of nearly 12,000 public comments in favor of proposed new language to define the “amount of a wager.”

Throughout the comment period, the NTRA legislative team also worked with elected officials who voiced their support for the proposed change via letters, phone calls and discussions with Treasury officials. Members of the U.S. House and Senate, including House Appropriations Committee Chairman Hal Rogers (R-KY) and Kentucky’s then-Governor Steve Beshear, helped build the case for tax reform.

By mid-2015, Treasury Department officials had received sufficient public input to move forward on the issue. In the ensuing months, Members of Congress maintained constant pressure on Treasury and IRS officials to act on the NTRA’s request. These are just two examples from 2016:

In March, Rep. Andy Barr (R-KY) submitted questions to Treasury Secretary Jacob J. Lew in conjunction with the Secretary’s appearance before the House Financial Services Committee. In response, Treasury’s Office of Tax Policy and the IRS Office of Chief Counsel acknowledged the significant input from our industry, saying such input was “very helpful in understanding these issues.”

In June, the 30-member Senate Committee on Appropriations and the 52-member House of Representatives Appropriations Committee passed companion bills for fiscal year 2017 that made appropriations for the United States Treasury, Internal Revenue Service (IRS) and certain other government agencies. Both bills included language that encouraged the IRS to modernize regulations for withholding and reporting of pari-mutuel proceeds. Following up on the appropriations bills, Reps. Boustany and Yarmuth again contacted the Secretary of the Treasury and urged the agency to move quickly.

A few months later, as the Obama Administration drew to a close, timing also proved propitious as staff and leadership, charged to conclude projects by year’s end, finished their work on redefining “the amount of a wager,” capping more than two and a half years of unremitting Congressional and industry advocacy.

The Next Phase: Enactment

In written comments submitted in early January 2017 to Treasury and the IRS,

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the NTRA requested that they enact the new regulations as quickly as possible following a 90-day comment period that concludes on March 30. The association also established an online portal for individuals to submit e-mail comments directly to the United States Treasury Department in support of the proposed regulations.

“With horseracing’s all-important Triple Crown season fast approaching, the NTRA urges Treasury and the Service to adopt the proposed regulations as final regulations as soon as it is administratively feasible. Horseplayers, tracks and other industry stakeholders, including governments, are eager to begin reaping the benefits that will result from these updated withholding and reporting rules,” said NTRA President and CEO Alex Waldrop.

Epilogue

The paths of Reps. Boustany and Yarmuth diverged in 2016, with Rep. Boustany losing a bid for a U.S. Senate seat in the November elections, while Rep. Yarmuth was re-elected and subsequently elevated to the position of Ranking Member of the House Budget Committee. Together they began a process that built over time to involve thousands of individuals in the racing community and in government. We thank our PAC supporters, the NTRA’s legislative team, horseplayers, industry stakeholders, members of the racing media, Members of Congress and their staffers, numerous other elected officials and a host of regulators within the Treasury and the IRS who helped bring this effort to a successful conclusion.

Racehorse Depreciation

A provision in last year’s Protecting Americans from Tax Hikes (PATH) Act extended three-year tax depreciation for all racehorses through 2016. An abbreviated Lame Duck session after the November elections did not address this or any other tax extenders. Congress instead authorized government spending into early 2017 to allow the new Administration time to put its team into place. Until then, larger issues—including tax reform—are on hold. We believe there may be the opportunity for uniform depreciation of racehorses to finally be addressed—permanently—in a comprehensive tax rewrite.

Bonus depreciation, authorized in the PATH Act, remains at 50 percent for 2016 and 2017, at 40 percent for 2018 and 30 percent for 2019. The Section 179 expense allowance established under the PATH Act, while both permanent and indexed for inflation, remains unchanged at \$500,000, with a \$2 million threshold for qualified new or used property purchased and placed in service by small business owners in 2016. Total purchases of qualified property that exceed

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\$2 million reduce the taxpayer's expense allowance dollar for dollar. Broodmares may be eligible for expensing and are an example of used property because of their prior use as a racehorse or broodmare.

Legislation to reduce the capital gains holding period for horses from two years to one, H.R. 3672, the Equine Tax Parity Act, introduced last year by Rep. Andy Barr (R-KY), did not pass in 2016. The provision remains a priority for the NTRA.

Online Gaming

Despite companion bills being introduced in 2015 in the House and Senate to ban Internet gaming, Congress paid little attention to the issue then or in 2016. Under a new Administration and a president who is himself a casino owner and appears supportive of Internet gaming, the issue may resurface in the next Congress, but not without resistance from a major GOP donor, casino magnate Sheldon Adelson, who seeks an outright ban on Internet gaming. Another possibility is that the Justice Department could reverse its position of a few years ago in which it opined that certain types of intrastate, Internet gaming are permissible if legalized by states. That opinion, a boon to the lotteries and certain online casino gaming sites in Delaware, New Jersey and Nevada, is what Adelson has sought to reverse legislatively. While Adelson may continue down a legislative path, our industry has key allies in Congress who remain supportive of racing's ability to offer interstate online pari-mutuel wagering via the Interstate Horseracing Act.

Medication/Equine Welfare

In 2015, several bills were introduced aimed at regulating the industry and/or providing new structures for regulation of the industry with respect to medication. None came to fruition by the end of the 2016 Congressional session.

Senator Tom Udall (D-NM) and Rep. Joe Pitts (R-PA) introduced legislation to eliminate most wagering on horse racing—a bill the sponsors said would “encourage the sport to end doping and crack down on cheaters.” Numerous industry organizations condemned the bill, which saw little action.

A second bill, H.R. 2641, The Horseracing Integrity and Safety Act, also sponsored by Rep. Pitts, would provide the U.S. Anti-Doping Agency (USADA) with authority to regulate the sport and enforce anti-doping standards in races with simulcast wagering. Similarly, the bill saw little action.

A third bill, the Thoroughbred Horseracing Integrity Act of 2015, was introduced

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with bipartisan support by Reps. Andy Barr (R-KY) and Paul Tonko (D-NY). The legislation would grant authority for rulemaking, testing and enforcement of drug and medication use in Thoroughbred racing to an entity created by the non-profit, nongovernmental U.S. Anti-Doping Agency (USADA). USADA would create the Thoroughbred Horseracing Anti-Doping Authority (THADA), to be governed by a board of six USADA board members and five independent individuals from the Thoroughbred racing industry. THADA would work with state racing commissions and be funded by the racing industry. While the bill attracted numerous co-sponsors, it did not gain traction in the abbreviated 2016 session.

In the spring of 2016, opponents of horse slaughter secured language in the 2017 House and Senate Agriculture Appropriations bills to defund horse slaughter inspections by the United States Department of Agriculture for one year—the standard duration of an appropriations bill. The defunding mechanism has become a standard method to achieve a *de facto* ban on slaughter.

Immigration

When domestic workers are unavailable, horse trainers and other industry participants use the H-2B visa program to hire grooms and other stable help. The H-2B visa program has an annual cap of 66,000 visas. Qualified workers who complied with past visa requirements and worked in the program during one of the preceding three years are excluded from the cap through a returning worker exemption.

Through its involvement in the H-2B Workforce Coalition, the NTRA works with other organizations and businesses in advocating for continuation of the H-2B returning worker exemption. After one short-term extension of the returning worker exemption in September 2016, Congress failed to renew it again in December prior to recess.

According to a statement from the H-2B Workforce Coalition, “The H-2B program relies on returning workers who come to the U.S. for seasonal employment and then go home. These workers are not immigrants. They provide an opportunity for U.S. businesses to operate at a greater capacity, retain their full-time workers and contribute to their local economies. Seasonal workers help support many upstream and downstream jobs. Every H-2B worker is estimated to create and sustain 4.64 American jobs.

“We hope that 115th Congress will act early next year to reinstate the H-2B returning worker exemption so that U.S. businesses, their American workers and the local communities do not suffer.”

2016 LEGISLATIVE SUMMARY

In the wake of the November elections and with funding uncertain in the new Congress, the future of the H-2B program remains unclear. Immigration is expected to be a major issue under the new Administration, which made heightened border security with Mexico a centerpiece of its campaign. The NTRA will continue to advocate for racing's interests in maintaining access to qualified foreign labor when domestic workers are unavailable.

2017 Outlook

With a new Administration comes both opportunities and issues for the horse racing industry. Based on feedback from our stakeholder groups and the counsel of our lobbying team, the NTRA will continue to find new ways to protect and strengthen the racing and breeding industries. At the same time, Horse PAC® will hold to its proven strategy of timely, bipartisan support for Senate candidates 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, such as taxes, Internet gaming, immigration and agriculture.

While the new Administration's goals are being finalized, the NTRA's legislative team is already at work in anticipation of tax reform, challenges to online wagering and changes to immigration policy. For updates on NTRA's legislative policy and programs in 2017, please visit SupportHorseRacing.org.

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

Gary E. Biszantz

John C. Harris

Beverly Lewis

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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