



POLITICAL ACTION COMMITTEE
HORSE PAC

2019

Horse PAC[®]
Annual Report

TABLE OF CONTENTS

| | |
|---|----|
| Foreword..... | 1 |
| Message from the Horse PAC® President | 2 |
| 2019 Horse PAC® Board of Directors | 3 |
| The NTRA Legislative Team..... | 4 |
| Receipts..... | 6 |
| 2019 Horse PAC® Contributors | 7 |
| 2019 Horse PAC® Disbursements | 9 |
| Election Scorecard | 20 |
| 2019 Legislative Summary | 21 |

FOREWORD

This annual report summarizes the 2019 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, energy and commerce 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

March 20, 2020

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. We are especially pleased that on December 20, 2019, President Trump signed into law the Taxpayer Certainty and Disaster Relief Act of 2019 (the "Act"). The Act retroactively reinstated or extended several individual and business federal income tax provisions including three-year tax depreciation for all racehorses through the end of 2020. 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 2019 reached \$151,895, slightly below last year's \$156,075. Ninety-two NTRA members contributed to Horse PAC®, including some nineteen at the \$5000 Champions level. This fall, we expect yet another contentious Presidential election year making it more important than ever that the industry have the critical support of Horse PAC®. A list of donors begins on page 7.

As a complement to the NTRA's lobbying, grassroots communications and education efforts, Horse PAC® disbursed \$184,500 in 2019, which is a significant disbursement for a nonelection year with modest Congressional action. Further, we anticipate a working budget of about \$270,000 for disbursements in 2020. This amount is consistent with our average giving over the past few election cycles. A list of all candidates and Leadership PACs supported in 2019 appears on page 11.

Since 2002, Horse PAC® has supported more than 200 candidates and disbursed over \$4 million. To our 2019 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.

Sincerely,



Alexander M. Waldrop, Horse PAC® President

2019 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 plan for disbursements consultation with the NTRA's legislative team. The 2019 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

Alexander M. Waldrop
President

Amber Florence
Treasurer

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 sports betting and Internet gaming, taxes and trade, immigration and guest worker issues, 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

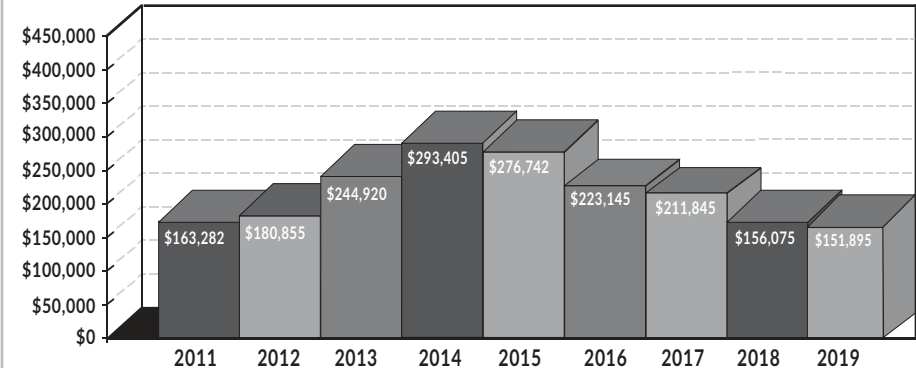
Before joining the Alpine Group, Ms. Bazel served as the Senior Tax Policy Advisor to Senator John Kerry (D-MA). Previously, she was the Associate Director for Government Affairs at the Center for American Progress (CAP), working with Members of Congress, the Executive Branch and outside organizations 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, 2019, Horse PAC® has raised \$4,406,103. 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



2019 HORSE PAC® CONTRIBUTORS

CHAMPIONS – \$5,000

| | | |
|-------------------------|--------------------------|-----------------|
| Ramona Bass | Sarah Farish | Samantha Siegel |
| Ellen MacNeille Charles | William S. Farish | Bill Thomason |
| Cornelia Corbett | Deborah R. Hancock | Kenny Troutt |
| Adele B. Dilschneider | Seth Hancock | Lisa Troutt |
| Everett Dobson | Robert V. Lapenta | Charlotte Weber |
| Edward K. Gaylord, II | Richard & Sue Ann Masson | |
| H. Greg Goodman | Justin & Katie Nicholson | |

LEADERS – \$2,500 - \$4,999

| | | |
|-----------------|---------------------|----------------|
| CTBA PAC | Emory A. Hamilton | Alex Waldrop |
| John W. Amerman | John C. Harris | Kane C. Weiner |
| George Bolton | Earl I. Mack | |
| Peter Fluor | Mark & Julie Taylor | |

WINNERS – \$1,000 - \$2,499

| | | |
|--------------------------|-------------------------|---------------------------|
| Josephine E. Abrecrombie | Gerald & Kelli Ford | Bill Mathis |
| Craig & Holly Bendoroff | Helen K. Groves | J. Michael O'Farrell, Jr. |
| Keith Chamblin | Waddell W. Hancock II | Beverly R. Steinman |
| Richard Duchossois | Corey Johnsen | Jack R. Swain |
| Marne Fauber | Brereton Jones | Donald Valpredo |
| Joe T. Ford | Jeffrey & Margery Lewis | Eddie Woods |

2019 HORSE PAC® CONTRIBUTORS

SUPPORTERS – UP TO \$999

| | | |
|-----------------------|-------------------------|-------------------------|
| Carl W. Asmus | Peter A. Leidel | Craig Peretz |
| Joe Bacigalupo | Donald V. Little, Jr. | Anne Poulson |
| John H. Barr | Preston Madden | Dr. J. David Richardson |
| David P. Block | Robert Manfuso | J. Kirk & Judy Robinson |
| Danny Bockmon | Wilhelmina McEwan | Allen Schubert |
| James C. Brady | Tim McMurry | William Shurman |
| Patricia Champman | Greg Means | Michael Simpson |
| Orlando N. Di Rienzo | Maurleen V. Miller | Gary P. Snoonian |
| Peter Dresens | William I. Mott | Edwin Spaunhurst |
| James T. Dresher, Jr. | Mark Moran | Patricia A. Thompson |
| Deborah A. Easter | Nick Nicholson | Robert M. Watt III |
| Edward Glasscock | Susan Nicholson | Ward Williford |
| Richard Goodall | Howard C. Nolan, Jr. | Eric J. Wirth |
| Russell B. Jones, Jr. | John C. Oxley | |
| Patricia A. Klussman | Jeffrey & Pamela Pankow | |
| Bill Landes | William Parsons, Jr. | |

NTRA ADVANTAGE

Contributors to Horse PAC® receive exclusive equine discounts on programs and services from nationally known companies like John Deere, Big Ass Fans, 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!

2019 HORSE PAC® DISBURSEMENTS

Federal Candidates by Amount*

| State | Amount | Rank |
|--------------|------------------|------|
| KY | \$42,500 | 1 |
| NY | \$23,500 | 2 |
| NJ | \$20,000 | 3 |
| CA | \$19,500 | 4 |
| TX | \$12,500 | 5 |
| FL | \$10,000 | 6 |
| IN | \$5,000 | 7 |
| OR | \$5,000 | 8 |
| PA | \$5,000 | 9 |
| WI | \$5,000 | 10 |
| SC | \$3,500 | 11 |
| GA | \$2,500 | 12 |
| MA | \$2,500 | 13 |
| MT | \$2,500 | 14 |
| IL | \$2,000 | 15 |
| OK | \$1,000 | 16 |
| Total | \$162,000 | |

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

Federal Candidates by State*

| State | Amount | Rank |
|--------------|------------------|------|
| CA | \$19,500 | 4 |
| FL | \$10,000 | 6 |
| GA | \$2,500 | 12 |
| IL | \$2,000 | 15 |
| IN | \$5,000 | 7 |
| KY | \$42,500 | 1 |
| MA | \$2,500 | 13 |
| MT | \$2,500 | 14 |
| NJ | \$20,000 | 3 |
| NY | \$23,500 | 2 |
| OK | \$1,000 | 16 |
| OR | \$5,000 | 8 |
| PA | \$5,000 | 9 |
| SC | \$3,500 | 11 |
| TX | \$12,500 | 5 |
| WI | \$5,000 | 10 |
| Total | \$162,000 | |

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

2019 HORSE PAC® DISBURSEMENTS

Federal Contributions: \$182,000

House \$137,500

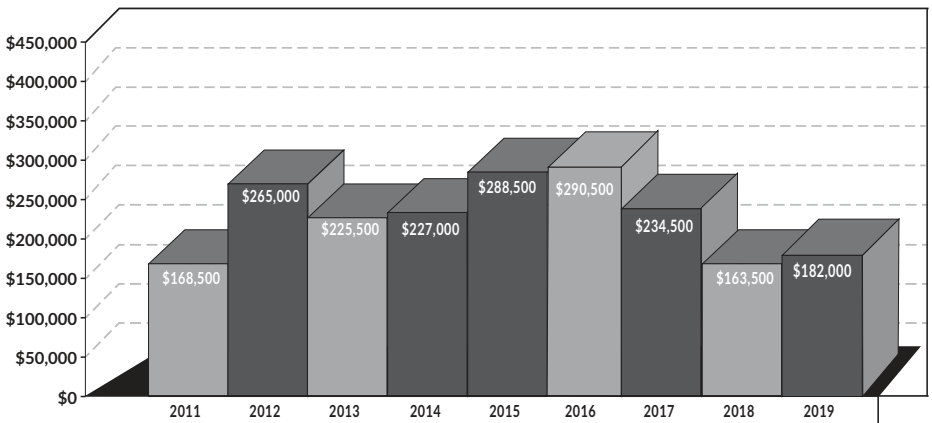
Senate \$44,500

Democratic \$89,000

Republican \$93,000

From Inception through December 31, 2019, Horse PAC has disbursed \$4,272,879. 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

\$4,272,879

2019 HORSE PAC® DISBURSEMENTS

The following candidates and political committees received Horse PAC® funds in 2019:

United States House of Representatives

| House of Reps | Party | State | Re-election Year | 2019 Disbursed | Committees |
|------------------|-------|-------|------------------|----------------|--|
| Jim Costa | D | CA | 2020 | \$2,500 | Agriculture, Foreign Affairs |
| Kevin McCarthy | R | CA | 2020 | \$5,000 | Minority Leader |
| Scott Peters | D | CA | 2020 | \$1,000 | Energy & Commerce |
| Linda Sanchez | D | CA | 2020 | \$2,500 | Ways & Means |
| Adam Schiff | D | CA | 2020 | \$1,000 | Intelligence (Chairman) |
| Mike Thompson | D | CA | 2020 | \$5,000 | Ways & Means |
| Ted Deutch | D | FL | 2020 | \$2,500 | Judiciary, Foreign Affairs, Ethics (Chairman) |
| Stephanie Murphy | D | FL | 2020 | \$5,000 | Ways and Means |
| Doug Collins | R | GA | 2020 | \$2,500 | Judiciary (Ranking Member) |
| Darin LaHood | R | IL | 2020 | \$1,000 | Ways and Means |
| Jackie Walorski | R | IN | 2020 | \$5,000 | Ways & Means |
| Andy Barr | R | KY | 2020 | \$5,000 | Financial Services, CHC Co-Chair, Veterans Affairs |
| James Comer | R | KY | 2020 | \$5,000 | Agriculture, Education & Labor |
| Brett Guthrie | R | KY | 2020 | \$5,000 | Energy & Commerce, CHC, Education & Labor |
| Hal Rogers | R | KY | 2020 | \$2,500 | Appropriations, CHC |
| John Yarmuth | D | KY | 2020 | \$5,000 | Budget (Chairman), CHC |
| Richard E. Neal | D | MA | 2020 | \$2,500 | Ways & Means (Chairman) |
| Donald Norcross | D | NJ | 2020 | \$5,000 | Education & Labor, Armed Services |
| Frank Pallone | D | NJ | 2020 | \$5,000 | Energy & Commerce (Chairman), CHC |

Continued on next page

2019 HORSE PAC® DISBURSEMENTS

United States House of Representatives (continued)

| House of Reps | Party | State | Re-election Year | 2019 Disbursed | Committees |
|----------------------------|-------|-------|------------------|------------------|-----------------------------------|
| Brian Higgins | D | NY | 2020 | \$3,500 | Ways & Means, Homeland Security |
| Tom Reed | R | NY | 2020 | \$5,000 | Ways & Means |
| Elise Stefanik | R | NY | 2020 | \$2,500 | Education & Labor, Armed Services |
| Paul Tonko | D | NY | 2020 | \$5,000 | Energy & Commerce, CHC Co-Chair |
| Kurt Schrader | D | OR | 2020 | \$5,000 | Energy and Commerce |
| Matt Cartwright | D | PA | 2020 | \$2,500 | Appropriations |
| Jodey Arrington | R | TX | 2020 | \$2,500 | Ways & Means |
| Ron Kind | D | WI | 2020 | \$5,000 | Ways & Means |
| Jan Schakowsky | D | IL | 2020 | \$1,000 | Energy & Commerce, Budget |
| TOTAL House of Reps | | | | \$100,000 | |

United States Senate

| Senate | Party | State | Re-election Year | 2019 Disbursed | Committees |
|---------------------|-------|-------|------------------|-----------------|--|
| John Cornyn | R | TX | 2020 | \$5,000 | Alamo PAC/Finance/Judiciary |
| Lindsey Graham | R | SC | 2020 | \$2,500 | Judiciary/Foreign Relations |
| Jim Lankford | R | OK | 2022 | \$1,000 | Finance/Appropriations |
| Charles Schumer | D | NY | 2022 | \$5,000 | Minority Leader |
| Jon Tester | D | MT | 2024 | \$2,500 | Appropriations, Commerce |
| NRSC | R | n/a | n/a | \$15,000 | National Republican Senatorial Committee |
| TOTAL Senate | | | | \$31,000 | |

2019 HORSE PAC® DISBURSEMENTS

Federal Leadership PACs

| Associated Candidate | Party | State | House/Senate | 2019 Disbursed | PAC Name |
|----------------------|-------|-------|--------------|-----------------|---|
| Linda Sanchez | D | CA | H | \$2,500 | Ways & Means |
| Andy Barr | R | KY | H | \$5,000 | Financial Services, CHC Co-Chair, Veterans Affairs |
| Hal Rogers | R | KY | H | \$2,500 | Appropriations, CHC |
| John Yarmuth | D | KY | H | \$5,000 | Budget (Chairman), CHC |
| Josh Gottheimer | D | NJ | H | \$5,000 | Financial Services |
| Frank Pallone | D | NJ | H | \$5,000 | Energy & Commerce (Chairman), CHC |
| Hakeem Jeffries | D | NY | H | \$2,500 | Judiciary |
| Mike Doyle | D | PA | H | \$2,500 | Energy and Commerce |
| Mike Burgess | R | TX | H | \$2,500 | Energy & Commerce, Rules, CHC |
| NRCC | R | n/a | H | \$5,000 | National Republican Congressional Committee |
| John Cornyn | R | TX | S | \$2,500 | Alamo PAC/Finance/Judiciary |
| Lindsey Graham | R | SC | S | \$1,000 | Judiciary/Foreign Relations |
| Mitch McConnell | R | KY | S | \$7,500 | Appropriations, Agriculture, Bluegrass Committee/Senate Majority Leader |
| Marco Rubio | R | FL | S | \$2,500 | Foreign Relations/Appropriations |
| GRAND TOTAL | | | | \$51,000 | |

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.

2019 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 2019. 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 |

2019 HORSE PAC® COMMITTEE NUMBERS

AGRICULTURE (HOUSE OF REPRESENTATIVES AND SENATE)

Agriculture committee (House of Representatives)

- 46 Members/21 Republicans, 25 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2019 Horse PAC® supported two members of the House Agriculture Committee: James Comer (R-KY) and Jim Costa (D-CA).

Agriculture, Nutrition, and Forestry (Senate)

- 20 Members/11 Republicans, 9 Democrats

Through his re-elect campaign and/or Leadership PACs, in 2019 Horse PAC® supported one member of the Senate Agriculture Committee: Mitch McConnell (R-KY).

APPROPRIATIONS (HOUSE OF REPRESENTATIVES AND SENATE)

Appropriations (House of Representatives)

- 53 Members/23 Republicans, 30 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2019 Horse PAC® supported two members of the House Appropriations Committee: Matt Cartwright (D-PA) and Hal Rogers (R-KY).

Appropriations (Senate)

- 31 Members/16 Republicans, 15 Democrats

Through their re-elect campaigns and/or Leadership PACs, in 2019 Horse PAC® supported four members of the Senate Appropriations Committee: Jim Lankford (R-OK), Mitch McConnell (R-KY), Marco Rubio (R-FL) and Jon Tester (D-MT).

BANKING

Banking, Housing, and Urban Affairs (Senate)

- 25 Members/13 Republicans, 12 Democrats

In 2019, Horse PAC® supported no members of the Senate Banking Committee.

2019 HORSE PAC® COMMITTEE NUMBERS

COMMERCE (HOUSE OF REPRESENTATIVES AND SENATE)

Energy and Commerce Committee (House of Representatives)

- 55 Members/24 Republicans, 31 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported eight members of the House Energy and Commerce Committee: Mike Burgess (R-TX), Mike Doyle (D-PA), Brett Guthrie (R-KY), Committee Chairman Frank Pallone (D-NJ), Scott Peters (D-CA), Jan Schakowsky (D-IL), Kurt Schrader (D-OR) and Paul Tonko (D-NY).

Commerce, Science, and Transportation (Senate)

- 26 Members/ 14 Republicans, 12 Democrats

Through his re-elect campaign and/or Leadership PACs, in 2019 Horse PAC® supported one member of the Senate Commerce Committee: Jon Tester (D-MT).

FINANCE

Finance Committee (Senate)

- 28 Members/15 Republicans, 13 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported two members of the Senate Finance Committee: John Cornyn (R-TX) and Jim Lankford (R-OK).

FINANCIAL SERVICES

Financial Services (House of Representatives)

- 60 Members/26 Republicans, 34 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported two members of the House Financial Services Committee: Andy Barr (R-KY) and Josh Gottheimer (D-NJ).

2019 HORSE PAC® COMMITTEE NUMBERS

HOMELAND SECURITY (HOUSE OF REPRESENTATIVES AND SENATE)

Homeland Security (House of Representatives)

- 31 Members/13 Republicans, 18 Democrats

Through his re-elect campaign and/or leadership PACs, in 2019 Horse PAC® supported one member of the House Homeland Security Committee: Brian Higgins (D-NY).

Homeland Security and Governmental Affairs (Senate)

- 14 Members/8 Republicans, 6 Democrats

In 2019, Horse PAC® supported no members of the Senate Homeland Security Committee.

JUDICIARY (HOUSE OF REPRESENTATIVES AND SENATE)

Judiciary Committee (House of Representatives)

- 41 Members/17 Republicans, 24 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported three members of the House Judiciary Committee: Committee Ranking Member Doug Collins (R-GA), Ted Deutch (D-FL) and Jeffries Hakeem (D-NY).

Judiciary Committee (Senate)

- 22 Members/12 Republicans, 10 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported two members of the Senate Judiciary Committee: John Cornyn (R-TX) and Lindsey Graham (R-SC).

WAYS AND MEANS

Ways and Means (House of Representatives)

- 42 Members/17 Republicans, 25 Democrats

Through their re-elect campaigns and/or leadership PACs, in 2019 Horse PAC® supported 10 members of the House Ways and Means Committee: Jodey Arrington (R-TX), Brian Higgins (D-NY), Ron Kind (D-WI), Darin LaHood (R-IL), Stephanie Murphy (D-FL), Committee Chairman Richard E. Neal (D-MA), Tom Reed (R-NY), Linda Sanchez (D-CA), Mike Thompson (D-CA) and Jackie Walorski (R-IN).

2019 HORSE PAC® COMMITTEE NUMBERS

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 2019 Horse PAC® supported the following House and Senate leaders:

House

- Kevin McCarthy (R-CA), Minority Leader

Senate

- Mitch McConnell (R-KY), Majority Leader
- Charles Schumer (D-NY), Minority Whip

2020 OUTLOOK

2019 HORSE PAC® COMMITTEE NUMBERS

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 2010, we expect three-year depreciation of racehorses, sports betting, ADW funding transaction credit card declines and H-2B guest worker visas 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. For updates on NTRA's legislative policy and programs in 2020, visit SupportHorseRacing.org.

SCORECARD FOR HORSE PAC®

2019 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

2019 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 (AHC), 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 second 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 meant a seven-year schedule would now apply 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).

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, sought a legislative vehicle to address expired or expiring tax provisions such as three-year depreciation. We asked that at a minimum, the House and Senate retroactively extend three-year depreciation through 2020 in order to minimize potentially severe disruptions to the 2018 and 2019 tax-filing season. We argued that action was warranted because uncertainty with regard to eventual

2019 LEGISLATIVE SUMMARY

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

On December 20, 2019, President Trump signed into law the Taxpayer Certainty and Disaster Relief Act of 2019 (the “Act”). The Act retroactively reinstated or extended several individual and business federal income tax provisions including three-year tax depreciation for all racehorses through the end of 2020.

Because three-year depreciation is important for horseracing, the NTRA will continue to advocate for passage of extenders in 2021 as we work toward a longer-term or permanent legislative resolution.

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.

While no sports betting legislation has been introduced in the 116th Congress, the NTRA continues to assess the potential threats and opportunities that such legislation would 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 remain on the lookout for activity on Capitol Hill regarding this matter in 2020. 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.

Since the latter half of 2017, our Congressional allies have met with representatives from four major credit card issuing banks who have disallowed ADW transactions

2019 LEGISLATIVE SUMMARY

on their cards, stressing the importance of the ADW sector and the economic significance of the equine industry.

In 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, in 2019.

NTRA and its allies on the Hill are using Chase's leadership on this issue to convince other leading credit card issuing banks to accept these types of transactions. The NTRA will continue its advocacy efforts on behalf of industry ADWs in 2020. 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—Reintroduced in the House and Senate

A number of bills on racehorse medication have been introduced in the last several Congresses, though none has passed. In March of 2019, Rep. Paul Tonko (D-NY) and co-sponsor Rep. Andy Barr (R-KY) introduced medication-related legislation known as the Horseracing Integrity Act (HIA). 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 expected, Rep. Schakowsky held a hearing on the bill in late January of 2020. The bill currently has more than 240 co-sponsors in the House. Meanwhile, S. 1820, a Senate companion to the Horseracing Integrity Act of 2019 also entitled the Horseracing Integrity Act of 2019, co-sponsored by Sen. Kirsten Gillibrand

2019 LEGISLATIVE SUMMARY

(D-NY) and Sen. Martha McSally (R-AZ), was introduced on June 6, 2019. The Senate version designated as S. 1820, closely tracks the House version and has been referred to the Senate Committee on Commerce, Science and Transportation. No further action has been taken on S. 1820 but the bill has attracted 24 Senate co-sponsors. While the NTRA is neutral on the bill, we are working with all industry stakeholders in an effort to find a consensus approach to nationwide anti-doping and medication control.

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 FY2017 (October 1 – September 30) and FY2018, and a temporary increase of 30,000 H-2B visas in FY 2019 but all three have now lapsed. A similar returning worker exemption program ended in 2016.

The Fiscal Year (FY) 2020 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 for FY2019 to 130,716 (66,000 + 64,716 (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 years 2017, 2018 and 2019. This amounts to a potential increase of about 65,000 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. In FY 2019, this provision resulted in the issuance of 30,000 extra visas. None of these supplemental issuances provided 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 5, DHS Secretary Nielsen announced the allocation of an additional 35,000 H-2B visas for the remainder of fiscal year 2020 but once again placed some restrictions on those visas. While DHS has not yet released an anticipated Temporary Final Rule outlining specific details about allocation of the supplemental visas during the remainder of

2019 LEGISLATIVE SUMMARY

FY2020, the agency has provided the following details:

- Federal regulators will release the supplementals in two phases. The first batch of 20,000 will be available for employers requiring start dates beginning April 1, and 15,000 to those having start dates beginning May 15.
- DHS will “generally limit” issuance of supplemental H-2B visas to returning workers “who are known to follow immigration law in good faith.”
- And in a first-time effort to align visa policy with the Administration’s border security goals, DHS will award 10,000 supplemental visas to citizens of Guatemala, El Salvador and Honduras, countries DHS has designated as “key Central American partners” on border security policy.
- While this number is not sufficient to meet demand, and the restrictions are suboptimal, this allocation is somewhat better than the number released in the last three fiscal years.

Going forward, the NTRA will continue to advocate for racing’s interests in maintaining access to qualified foreign labor when domestic workers are unavailable.

**Special thanks to Founding Supporters
who have given to Horse PAC®
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John C. Harris

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

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