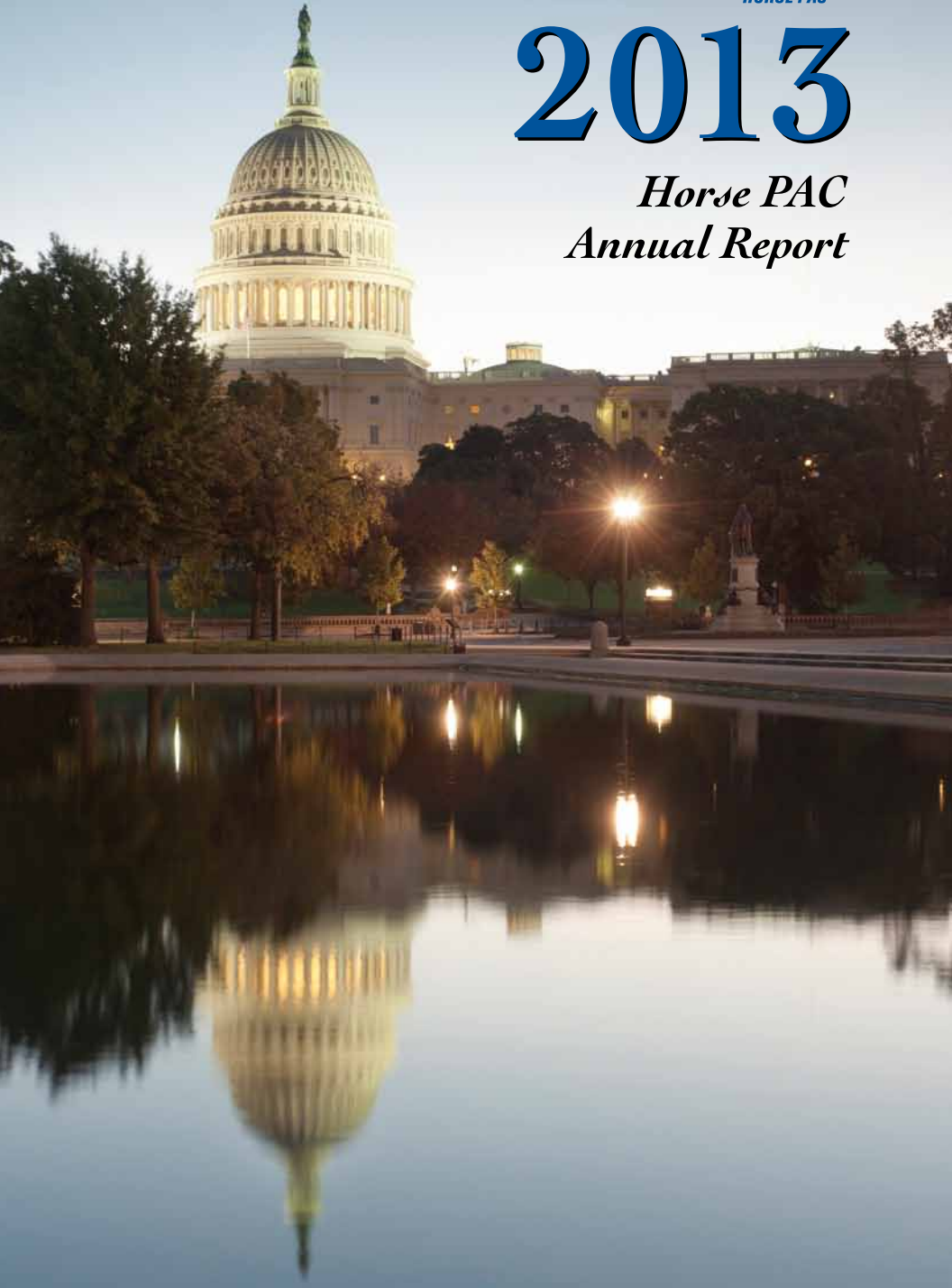




2013

*Horse PAC
Annual Report*



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.

TABLE OF CONTENTS

Foreword	1
Message from the Horse PAC President	2
2013 Horse PAC Board of Directors	3
Receipts	4
Contributors	5
Disbursements	7
Committee Profiles	14
Legislative Summary	19

FOREWORD

This annual report summarizes the 2013 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"

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 & Technology	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

MESSAGE FROM THE HORSE PAC PRESIDENT

February 14, 2014

With the economy showing continued signs of recovery, Horse PAC exceeded its 2013 fundraising goal and saw its second consecutive year of growth, increasing total contributions by more than \$60,000. The total raised in 2013, \$244,920, is the highest since 2008. Also in 2013, Horse PAC surpassed the \$3 million mark in total funds raised.

Disbursements in 2013 fared nearly as well. Horse PAC disbursed \$225,500—the second-highest amount distributed since 2008. An overview of Horse PAC disbursements begins on page 7.

Horse PAC supported more than 30 candidates as well as 20 leadership and Congressional PACs in 2013. The list of candidates supported appears on pages 10-12. The roster of Leadership PACs supported appears on page 13.

New this year, we have provided expanded information on the Congressional committees that are most important to our industry in addition to summaries of PAC-supported members of those committees. The committee overview begins on page 14.

While Congress charted a year that saw little activity when it came to passing legislation, the number of bills introduced topped 6,300, heralding a busier year in 2014 as the elections loom and both voters and industries seek action on legislative issues yet to be resolved.

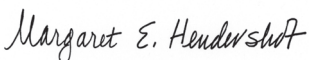
Items of interest on the 2013/2014 legislative agenda that impact horse racing include immigration, Internet gaming, medication issues for our equine athletes and most important for 2014, tax reform and extension of several key tax provisions. A summary of legislative issues impacting our industry begins on page 19.

Reflecting the year's relative quietude and our anticipation of tax legislation in the upcoming year, Horse PAC's 2013 disbursements focused largely on the House Ways & Means Committee, the epicenter of the nation's tax policy. Nearly half of the candidates supported were members of the Ways & Means Committee.

More than 145 NTRA members—26 of them first-time donors—contributed to Horse PAC in 2013, including 35 who gave at the maximum level of \$5,000. A list of donors appears on pages 5-6.

We extend our profound thanks to all Horse PAC donors, past and present, especially those who have renewed their support over the years since the PAC's founding in 2002. More than 500 individual NTRA members have joined in supporting the PAC since inception; their generosity has made Horse PAC a strong, consistent voice for horse racing.

Sincerely,



Margaret E. Hendershot
Horse PAC President

2013 HORSE PAC BOARD OF DIRECTORS

The Horse PAC by-laws allow up to 25 members on the Board of Directors. Board members are appointed by the Horse PAC President. The 2013 Horse PAC Board of Directors consisted of:



William S. Farish, Jr., *Chairman*

George B. Bolton

Case B. Clay

Jerry Crawford

Terrence P. Finley

John C. Harris

Wilhelmina McEwan

Terence J. Meyocks

Anne W. Poulson

Joseph V. Shields, Jr.

Alexander M. Waldrop

Margaret E. Hendershot

President

Amber Florence

Treasurer

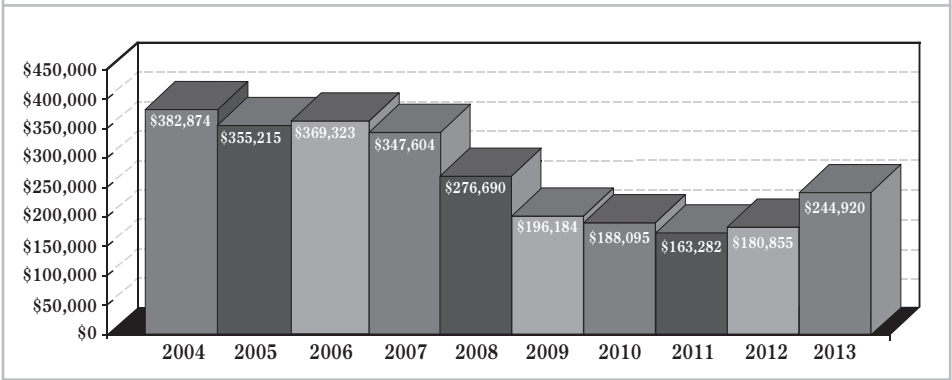
Barbara Fossum

Assistant Treasurer

RECEIPTS

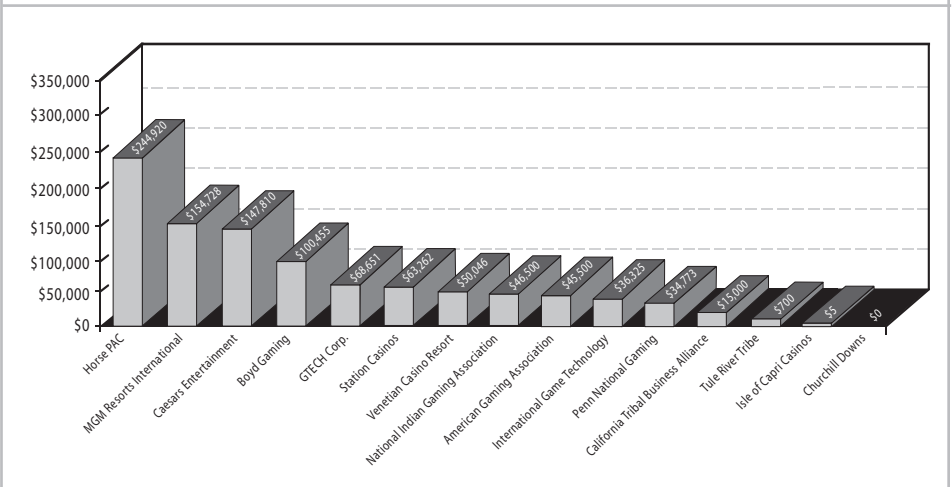
From inception through December 31, 2013, Horse PAC has raised: \$3,092,996. The committee raised \$344,137 for the 2011/2012 election cycle, and \$244,920 midway through the 2013/2014 election cycle.

HORSE PAC RECEIPTS OVER THE LAST 10 YEARS



After falling to third place in 2012, Horse PAC regained the lead among gaming PACs in 2013.

GAMING PACS RECEIPTS



2013 HORSE PAC CONTRIBUTORS

CHAMPIONS – \$5,000

Josephine Abercrombie	Donald Dizney	Beverly Lewis
Donald A. Adam	Richard L. Duchossois	W. Bruce Lunsford
John W. Amerman	Sarah S. Farish	Elizabeth R. Moran
Ramona Seeligson Bass	William S. Farish	Anne & Richard Poulson
George Bolton	William S. Farish, Jr.	Arthur F. Preston
Lindsay Bolton	Gerald Ford	Joseph V. Shields, Jr.
Alex G. Campbell, Jr.	Scott Ford	Maury Shields
Bill Casner	H. Greg Goodman	Samantha Siegel
Cornelia G. Corbett	Seth W. Hancock	The Duchossois Group PAC
Jenny Craig	Deborah R. Hancock	Kenny Troutt
Jerry Crawford	G. Watts Humphrey, Jr.	Martin & Pamela Wygod
Adele B. Dilschneider	Robert V. LaPenta	

WINNERS – \$2,500 - \$4,999

Ira J. Gumberg	Earle I. Mack	Alex Waldrop
Emory A. Hamilton	Ogden M. Phipps	Marylou Whitney
John C. Harris	Stella Ferguson Thayer	

LEADERS – \$1,000 - \$2,499

Joseph A. Appelbaum	E. K. Gaylord II	Nick & Susan Nicholson
Craig & Holly Bandoroff	Helen K. Groves	J. Michael O'Farrell, Jr.
Angela Beck	Waddell W. Hancock II	Jeffrey & Pamela Pankow
Perry & Aurelia Bolton	Gregory D. Hawkins	Mike. G. Rutherford
Chester & Mary Broman	Michael Imperio	Barry K. Schwartz
Sherwood Chillingworth	Jon & Sarah Kelly	Edward P. Swyer
Ron Crockett	Louisa W. Lenehan	William W. Thomason, Jr.
CTBA PAC	Terence J. Meyocks	Robert B. Trussell, Jr.
Everett R. Dobson	Jerome S. & Ann Moss	

SUPPORTERS – UP TO \$999

Stephen & Laura Avakian	Gary E. Biszantz	Allen & Susan Branch
John H. Barr	Frank A. Bonsal, Jr.	Niall Brennan
Robert & Mina Berger	James C. Brady	Glenn S. Bromagen
Steven Bertrando	Nicholas F. Brady	Bob R. Brooks, Jr.

2013 HORSE PAC CONTRIBUTORS

SUPPORTERS – UP TO \$999

Magalen O. Bryant	Howard & Susan Kaskel	Reuben Richards
Robert DeWitt	Alan I. Kirschner	Dr. J. David Richardson
Lou Dunn Diekemper	J. Michele & John Kuelbs	J. Kirk & Judy Robison
David M. DiPietro	Dr. David L. Kyger	Thomas F. Ryan
Orlando N. Di Renzo	William & Sally Landes	Curtis A. Sampson
Deborah A. Easter	Peter Leidel	Clarence Scharbauer, Jr.
Dr. Rolf & Claire Embertson	Wayne Lobdell	Peter Schiff
Marne Fauber	Harry J. Loso	Allen & Margie Schubert
Terrence Finley	Preston Madden	Sue Sedlacek
Anthony Foglia	Robert T. Manfuso	Michael Simpson
Donna J. Freyer	John McDaniel	William S. Sparks
Jack Garey	Kieran McLaughlin	Beverly R. Steinman
Dr. Carl Gessler, Jr.	Greg Means	Norma Lee Stockseth
Louis Lee Haggin III	A. Stevens Miles, Jr.	Jack Swain
Margaret E. Hendershot	Leverett S. Miller	Mark & Julia Taylor
Carolyn Hine	Maurleen Miller	Gene Tenbrink
Clement Hirsch, Jr.	William I. Mott	Patricia A. Thompson
Ronna Hoffman	Edmund T. Mudge IV	Robert M. Watt III
Sam Huff	Howard C. Nolan, Jr.	Wheelock Whitney
Joseph A. Iola	Audrey W. Otto	Peter & Michele Willmott
Mary S. Iselin	William Parsons, Jr.	Eric J. Wirth
Russell B. Jones, Jr.	John Phillips	Frank P. Wright
Robert F. Kaiser	Tom Ramsey	

NTRA ADVANTAGE

Contributors to Horse PAC receive exclusive equine discounts on programs and services from nationally known companies like John Deere, Sherwin-Williams, OfficeMax, Valvoline, UPS 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!

2013 HORSE PAC DISBURSEMENTS

Federal Candidates by Amount*

State	Amount	Rank
KY	\$50,000	1
NY	\$30,000	2
TX	\$20,000	3
AR	\$17,500	4
CA	\$14,000	5
LA	\$11,000	6
MI	\$10,000	7
OH	\$10,000	8
FL	\$7,500	9
NE	\$5,000	10
NJ	\$5,000	11

State	Amount	Rank
OR	\$5,000	12
VA	\$5,000	13
IA	\$2,500	14
IL	\$2,500	15
IN	\$2,500	16
NV	\$2,500	17
WA	\$2,500	18
MT	\$2,000	19
MS	\$1,000	20
Total	\$205,500	

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

2013 HORSE PAC DISBURSEMENTS

Federal Candidates by State*

State	Amount	Rank
AR	\$17,500	4
CA	\$14,000	5
FL	\$7,500	9
IA	\$2,500	14
IL	\$2,500	15
IN	\$2,500	16
KY	\$50,000	1
LA	\$11,000	6
MI	\$10,000	7
MS	\$1,000	20
MT	\$2,000	19

State	Amount	Rank
NE	\$5,000	10
NJ	\$5,000	11
NV	\$2,500	17
NY	\$30,000	2
OH	\$10,000	8
OR	\$5,000	12
TX	\$20,000	3
VA	\$5,000	13
WA	\$2,500	18
Total	\$205,500	

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

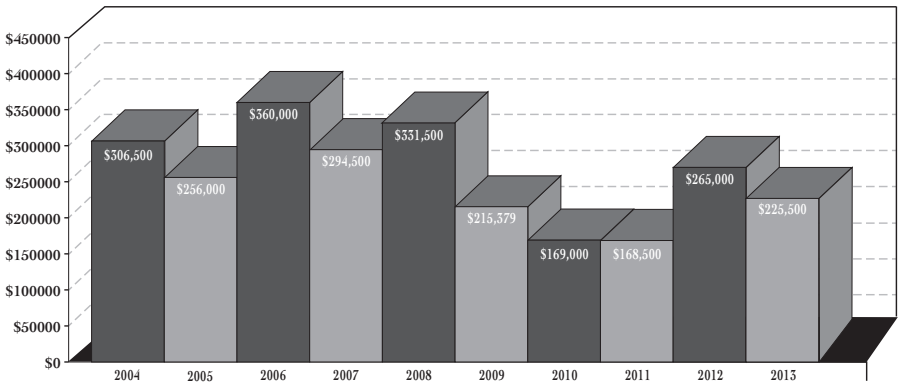
2013 HORSE PAC DISBURSEMENTS

Federal Contributions: \$225,500

House Candidates/PACs	80 percent	\$180,000
Senate Candidates/PACs	20 percent	\$45,500
Democratic Candidates	26 percent	\$59,500
Republican Candidates	74 percent	\$166,000

From inception through December 31, 2013, Horse PAC has disbursed \$2,725,879.09. The committee disbursed \$438,500 for the 2011/2012 election cycle and \$225,500 midway through the 2013/2014 election cycle.

HORSE PAC DISBURSEMENTS OVER THE LAST 10 YEARS



Total Disbursements to Date

\$2,725,879.09

2013 HORSE PAC DISBURSEMENTS

The following candidates and political committees received Horse PAC funds in 2013:

United States House of Representatives

House of Reps	State	Re-election Year	2013 Disbursed	Congressional Committee(s)
Tim Griffin (Retired)	R AR	2014	\$2,500	Ways & Means
Tom Cotton	R AR	2014	\$2,500	Financial Services, Foreign Affairs
Jim Costa	D CA	2014	\$2,500	Agriculture, Natural Resources
Adam Schiff	D CA	2014	\$1,500	Appropriations
Vern Buchanan	R FL	2014	\$2,500	Ways & Means
Rich Nugent	R FL	2014	\$2,500	Armed Services, Administration, Rules
Tom Rooney	R FL	2014	\$2,500	Appropriations
Tom Latham (Retired)	R IA	2014	\$2,500	Appropriations
Todd Young	R IN	2014	\$2,500	Ways & Means
Andy Barr	R KY	2014	\$10,000	Financial Services, CHC Co-Chair
Brett Guthrie	R KY	2014	\$5,000	Energy & Commerce, CHC
Hal Rogers	R KY	2014	\$5,000	Appropriations Chairman
John Yarmuth	D KY	2014	\$5,000	Budget, CHC
Charles Boustany, Jr.	R LA	2014	\$5,000	Ways & Means
Cedric Richmond	D LA	2014	\$1,000	Judiciary
Dave Camp	R MI	2014	\$5,000	Ways & Means Chairman

Congressional Horse Caucus (CHC)

(Retired) Candidate retired/not seeking re-election.

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

2013 HORSE PAC DISBURSEMENTS

United States House of Representatives *(continued)*

House of Reps	State	Re-election Year	2013 Disbursed	Congressional Committee(s)
Frank Pallone	D NJ	2014	\$5,000	Energy & Commerce
Joe Crowley	D NY	2014	\$5,000	Ways & Means, CHC
Chris Gibson	R NY	2014	\$5,000	Agriculture
Steve Israel	D NY	2014	\$5,000	House Democratic Leadership
Tom Reed	R NY	2014	\$2,500	Ways & Means
Paul Tonko	D NY	2014	\$5,000	Energy & Commerce, CHC Co-Chair
Pat Tiberi	R OH	2014	\$5,000	Ways & Means, CHC
John Boehner	R OH	2014	\$5,000	House Speaker
Kurt Schrader	D OR	2014	\$5,000	Agriculture
Kevin Brady	R TX	2014	\$5,000	Ways & Means
Kenny Marchant	R TX	2014	\$5,000	Ways & Means
Lamar Smith	R TX	2014	\$5,000	Judiciary
Dave Reichart	R WA	2014	\$2,500	Ways & Means
NRCC	R n/a	2014	\$5,000	National Republican Congressional Committee
Total – House of Reps Candidates/PACs			\$122,500	

Congressional Horse Caucus (CHC)

2013 HORSE PAC DISBURSEMENTS

United States Senate

Senate	State	Re-election Year	2013 Disbursed	Congressional Committee(s)
Mark Pryor	D AR	2014	\$5,000	Appropriations
Thad Cochran	R MS	2014	\$1,000	Agriculture
Max Baucus (Retired)	D MT	2014	\$1,000	Finance, Agriculture, Taxation
Jon Tester	D MT	2018	\$1,000	Appropriations
Kirsten Gillibrand	D NY	2018	\$2,500	Agriculture
NRSC	R n/a	n/a	\$15,000	National Republican Senatorial Committee
Total – Senate			\$25,500	

(Retired) Candidate retired/not seeking re-election.

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

2013 HORSE PAC DISBURSEMENTS

Federal Leadership PACs

Associated Candidate	State	House/ Senate	2013 Disbursed	PAC
John Boozman	R	AR	\$2,500	Arkansas for Leadership PAC
Charles Boustany, Jr.	R	LA	\$5,000	Committee for Preservation of Capitalism (CPC)
Dave Camp	R	MI	\$5,000	Continuing a Majority Party (CAMPAC)
Eric Cantor	R	VA	\$5,000	Every Republican is Crucial (ERIC PAC)
Joe Crowley	D	NY	\$5,000	Jobs, Opportunities, & Education (JOE-PAC)
Brett Guthrie	R	KY	\$5,000	BRETTPAC
Dean Heller	R	NV	\$2,500	HellerHighWater PAC
Kevin McCarthy	R	CA	\$5,000	Majority Committee PAC
Mitch McConnell	R	KY	\$5,000	Bluegrass Committee
Mitch McConnell	R	KY	\$5,000	Republican Party of Kentucky (Federal Fund)
Devin Nunes	R	CA	\$5,000	NewPAC
Mark Pryor	D	AR	\$5,000	Priority PAC
Hal Rogers	R	KY	\$5,000	Help America's Leaders PAC (HALPAC)
Pete Roskam	R	IL	\$2,500	R.O.S.K.A.M. PAC
Peter Sessions	R	TX	\$2,500	People for Enterprise Trade & Economic Growth (PETE PAC)
Adrian Smith	R	NE	\$5,000	Concerned Americans for Freedom & Opportunity PAC
Lamar Smith	R	TX	\$2,500	Longhorn PAC
John Yarmuth	D	KY	\$5,000	Article 1 PAC
Total Leadership			\$77,500	

GRAND TOTAL

\$225,500

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

COMMITTEE PROFILES

As outlined in the Foreword, Horse PAC focuses on candidates who understand racing's issues, serve on committees that oversee the industry, have racetracks and other racing-related industries in their districts, serve in leadership roles, are members of the Congressional Horse Caucus or are emerging leaders meriting early support.

The majority of candidates supported by Horse PAC fit this profile in multiple ways. For example, individual candidates may serve on several different committees that oversee racing, have a racetrack or other equine venue in their district and serve in a leadership role within their party.

At the same time, Horse PAC may support candidates who understand horse racing's issues but do not have a substantial racing industry in their state or serve on a committee that has direct oversight of the industry. Each candidate is evaluated on his or her individual merits.

Key committees for Thoroughbred horse racing include the following:

Agriculture (House of Representatives and Senate)

Agriculture Committee (House)

- 46 Members/25 Republicans, 21 Democrats
- Rep. Frank D. Lucas (R-OK), Chair
- Rep. Collin C. Peterson (D-MN), Ranking Member

Agriculture, Nutrition and Forestry Committee (Senate)

- 20 Members/11 Democrats, 9 Republicans
- Sen. Debbie Stabenow (R-MI), Chair
- Sen. Thad Cochran (R-MS), Ranking Member

Both House and Senate Agriculture Committee members receive contributions from a range of the nation's crop producers, especially those that benefit from federal subsidies, such as sugar producers, cotton growers and dairy farmers. The Agriculture Committee also oversees poultry and meat producers and forest products. The Agriculture Committee regulates commodities as well, helping members draw contributions from the financial sector. For horse racing, the Agriculture Committees oversee matters such as equine disease, horse slaughter and other animal welfare issues, and the Farm Bill, which governs overall agricultural policy.

In 2013, Horse PAC supported three Representatives from the 46-member House Agriculture Committee. Candidates hailed from New York, California and Oregon. Horse PAC also supported five Senators from the 20-member Senate Agriculture, Nutrition and

COMMITTEE PROFILES

Forestry Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Kentucky, New York, Arkansas, Montana and Mississippi.

Appropriations (House of Representatives and Senate)

Appropriations (House)

- 51 Members/29 Republicans, 22 Democrats
- Rep. Hal Rogers (R-KY), Chair
- Rep. Nita M. Lowey (D-NY), Ranking Member

Appropriations (Senate)

- 30 Members/16 Democrats, 14 Republicans
- Sen. Barbara A. Mikulski (D-MD), Chair
- Sen. Richard C. Shelby (R-AL), Ranking Member

Every government agency depends on funding for its programs each year—funding that is determined by the Appropriations Committees in both the House and Senate. The Appropriations committee is also known as a source of bill riders—language inserted at the last minute and designed to block or halt regulatory actions opposed by a particular industry. Committee members attract donations from a wide spectrum of industries, especially those that benefit from government contracts.

In 2013, Horse PAC supported four Representatives from the 51-member House Appropriations Committee. Candidates hailed from Kentucky, Florida, California and Iowa. Horse PAC also supported four Senators from the 30-member Senate Appropriations Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Arkansas, Kentucky, Montana and Mississippi.

Banking

Banking, Housing, and Urban Affairs (Senate)

- 22 Members/12 Democrats, 10 Republicans
- Sen. Tim Johnson (D-SD), Chair
- Sen. Michael D. Crapo (R-ID), Ranking Member

The Senate Banking, Housing, and Urban Affairs Committee has jurisdiction over the nation's financial markets, banks and insurance companies. The banking functions that impact horse racing also include Internet wagering, which the sport has offered since 2000.

In 2013, Horse PAC supported two Senators from the 22-member Senate Banking Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Montana and Nevada.

COMMITTEE PROFILES

Commerce (House of Representatives and Senate)

Energy and Commerce Committee (House of Representatives)

- 55 Members/31 Republicans, 24 Democrats
- Rep. Fred Upton (R-MI), Chair
- Rep. Henry A. Waxman (D-CA), Ranking Member

The House Energy and Commerce Committee has broad authority over issues that include telecommunications and health care. Like its counterpart in the Senate, the committee also oversees professional sports and their related medication issues, as well as horse racing through the Interstate Horseracing Act (IHA), the federal law that governs interstate pari-mutuel horse racing.

In 2013, Horse PAC supported three of the 55-member House Energy and Commerce Committee, either through their re-elect campaigns or Leadership PACs. Members represented Kentucky, New Jersey and New York.

Commerce, Science and Technology (Senate)

- 23 Members/13 Democrats, 10 Republicans
- Sen. Jay Rockefeller (D-WV), Chair
- Ranking Member (Vacant)

The Senate Commerce, Science, and Transportation Committee has jurisdiction over telephone utilities, broadcast and cable companies, airlines, highways, computer companies, Internet commerce, professional sports and their related medication issues, as well as horse racing through the Interstate Horseracing Act (IHA).

In 2013, Horse PAC supported two of the 23-member Senate Commerce Committee either through their re-elect campaigns or Leadership PACs. The candidates represented Arkansas and Nevada.

Finance (also see section on Taxes, below)

Financial Services (House of Representatives)

- 61 Members/33 Republicans, 28 Democrats
- Rep. Jeb Hensarling (R-TX), Chair
- Rep. Maxine Waters (D-CA), Ranking Member

The Financial Services Committee has jurisdiction over commercial banks and savings and loans along with the insurance and securities industries. The committee's oversight of banking matters means that it has involvement with Internet gaming issues that impact horse racing.

COMMITTEE PROFILES

In 2013, Horse PAC supported three members of the 61-member Financial Services Committee, representing California, Kentucky and Arkansas.

Homeland Security

Homeland Security (House of Representatives)

- 32 Members/18 Republicans, 14 Democrats
- Rep. Michael McCaul (R-TX), Chair
- Rep. Bennie Thompson (D-MS), Ranking Member

As its name implies, the Homeland Security Committee has oversight responsibility for the Department of Homeland Security. For horse racing, the committee's work intersects with security measures for sporting events, anti-terrorism measures affecting consumers and businesses, and immigration.

In 2013, Horse PAC supported two members of the 32-member Homeland Security Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Texas and Louisiana.

Judiciary (House of Representatives and Senate)

Judiciary Committee (House)

- 40 Members/23 Republicans, 17 Democrats
- Rep. Robert W. Goodlatte (R-VA), Chair
- Rep. John Conyers (D-MI), Ranking Member

The House Judiciary Committee provides oversight of the U.S. legal system. Its oversight extends to bankruptcy, immigration, and copyright and antitrust law. For horse racing, the Committee's work impacts immigration and Internet gaming.

In 2013, Horse PAC supported two of the 40-member Judiciary Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Texas and Louisiana.

Judiciary Committee (Senate)

- 18 Members/10 Democrats, 8 Republicans
- Sen. Patrick Leahy (D-VT), Chair
- Sen. Chuck Grassley (R-IA), Ranking Member

Senate Judiciary Committee members attract donations from lawyers and interest groups that are impacted by the nation's justice system. The financial, computer, telecommunications, and entertainment industries give generously because of the committee's jurisdiction over issues like bankruptcy, immigration, copyright, and antitrust. Horse racing's interests before this committee include immigration and Internet gaming.

COMMITTEE PROFILES

In 2013, Horse PAC made no contributions to members of the Senate Judiciary Committee.

Taxes (House of Representatives and Senate)

Ways & Means (House)

- 39 Members/ 23 Republicans, 16 Democrats
- Rep. Dave Camp (R-MI), Chair
- Rep. Sander M. Levin (D-MI), Ranking Member

The powerful Ways & Means Committee is responsible for originating all tax bills in the House. Its work is considered so important that its members generally are prohibited from serving on other, competing Congressional committees. The Ways & Means Committee oversees tax legislation that is rolled into behemoth bills known as “legislative vehicles.” These vehicles contain thousands of provisions that impact virtually every industry. Members of the Ways & Means Committee typically attract generous donations from a variety of sources, including mega industries such as health care and insurance.

In 2013, Horse PAC supported 14 representatives from the 39-member Ways & Means Committee, either through their re-elect campaigns or Leadership PACs. Every candidate hailed from a racing state, including New York, California, Florida, Ohio, Louisiana, Illinois, Texas, Washington, Indiana, Arkansas, Michigan and Nebraska.

Finance Committee (Senate)

- 24 Members/13 Democrats, 11 Republicans
- Sen. Max Baucus (D-MT), Chair (retired)
- Sen. Orrin G. Hatch (R-UT), Ranking Member

The Finance Committee is the Senate’s counterpart to the House’s Ways & Means Committee, described above. Both are responsible for writing the nation’s tax policy. The Finance Committee also has jurisdiction over Medicare, Social Security, health care and international trade. Members of this committee typically attract campaign donations from interest groups that range from bankers and insurance representatives to real estate agents and investment advisors. Horse racing is most impacted by the committee’s tax work and its jurisdiction over employment matters such as health care.

In 2013, Horse PAC supported one member of the 24-member Finance Committee, who represented Montana.

(Committee analysis provided in part by OpenSecrets.org)

2013 LEGISLATIVE SUMMARY

Horse PAC is connected to the National Thoroughbred Racing Association (NTRA). 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 horse racing, breeding and pari-mutuel wagering. With the American Horse Council, the NTRA also supports Congressional education programs on issues such as agricultural matters and immigration, which affect the horse industry as a whole. Below is a summary of the major legislative issues for horse racing in the first half of the 113th Congress.

Taxes

In 2013—as in every other year—dozens of tax benefits expired. Congress typically renews these provisions and makes them retroactive to the expiration date.

One expired provision of interest to horse racing was legislation that provided a three-year depreciation period for Thoroughbreds. The NTRA's lobbying team has sought a renewal for that provision in a "tax extenders" package that would include numerous other lapsed provisions. While the schedule for Congress to consider a tax extenders package remains uncertain, it appears that such a package might be considered in the first half of 2014. The three-year depreciation provision is contained in the Race Horse Cost Recovery Act, introduced in the spring of 2013.

The tax extenders package also includes a renewal of the 50 percent bonus depreciation and an expense allowance of \$500,000 under Section 179.

Extenders aside, Congress has all of 2014 to consider tax reform, including other issues unique to the horse racing industry. By way of background, horseplayers wagering on pari-mutuel races currently are subject to reporting of winnings of \$600 or more and automatic federal tax withholding on pari-mutuel winnings of \$5,000 or more at odds of at least 300-1.

Withholding reduces players' liquidity during handicapping and adversely impacts pari-mutuel handle and purses. Withholding levels for pari-mutuel winnings were last changed (from \$1,000 to \$5,000) in 1992. Reporting levels have not changed since the mid-1970s. Securing legislative or regulatory language to address these twin issues is among the NTRA's top priorities in the 2013/2014 Congressional session.

Similarly, tax reform may extend to legislation that would reduce the capital gains holding period for horses from two years to one, giving the industry greater parity with other investments. The Equine Tax Parity Act, introduced in March 2013, would reduce the capital gains holding period for horses from 24 months to 12 months.

2013 LEGISLATIVE SUMMARY

Online Gambling

Several bills were introduced and hearings held to address whether the federal government should tax and regulate online gambling other than pari-mutuel wagering on horse racing, which is already regulated under the federal Interstate Horseracing Act (IHA). This process continues the wrangling over online gaming that began a decade ago and has produced little to satisfy states that seek to offer online wagering.

“We expect the federal government to do what they’ve traditionally done on gambling issues: kick them back to the states,” said Alex Waldrop, president and CEO of the NTRA, which has lobbied on I-gaming issues since 2000 and was instrumental in securing the IHA amendment that enabled online pari-mutuel wagering.

Faced with uncertainty at the federal level, three states have put laws in place to allow intrastate wagering: Nevada, New Jersey, and Delaware. California and Illinois have it under consideration.

At the same time, the horse racing industry continues to play a central role in the debate over a federal apparatus for online gambling and the debate is far from over. PAC spending by organizations and businesses with interests in gaming matters (including Horse PAC) reached \$1.2 million in the last election.

Animal Welfare

For the last decade, horse slaughter legislation has been introduced at the federal level. Efforts to secure an outright federal ban on horse slaughter have failed for a variety of reasons; more recently, proponents of a ban have used the appropriations process to block or defund federal inspections needed to process horses for meat. A few states, including New Mexico, remain interested in providing horse slaughter facilities, further complicating the issue and moving the fight over horse slaughter into the judicial system as well.

The Horseracing Integrity and Safety Act, introduced in 2013, would provide the U.S. Anti-Doping Agency with authority to regulate and enforce medication usage for racehorses competing in races with simulcast wagering. Several Congressional hearings were held on the bill but the legislation saw little floor action.

2013 LEGISLATIVE SUMMARY

Immigration

In 2013, the Senate approved a plan to rewrite the nation's immigration laws and sent it to the House, where it faces a difficult path due to conservative opposition. In particular, the House is grappling with the controversial question of whether and how to extend citizenship for existing illegal aliens already residing in the U.S.

One provision of the Senate immigration bill would require all employers within five years to use a federal electronic system to verify the legal eligibility to work of every new hire, including American citizens. Employers throughout the racing industry, not just trainers or farms using immigrant workers, will be affected by this provision.

Horse racing has long relied on the H-2A and H-2B visa programs for farm and backstretch workers and the current bill includes elements that could have some bearing on the industry. For example, the new approach would replace the current H-2A program with a new program that would provide additional work visa options and extend workers' visas for up to three years. Similarly, the new proposal would alter certain elements of the H-2B program by improving wage methodology and exemptions from annual caps for returning workers. While the bill is by no means perfect, it contains major improvements for the horse racing industry.

2014 Outlook

Horse PAC continues its strategy of bipartisan support, giving highest priority to Senate candidates who are up for re-election in 2014 and to 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.

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

Gary Bizantz
Alexander G. Campbell
Bill Casner
John C. Harris
Mrs. Robert Lewis

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

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