



POLITICAL ACTION COMMITTEE
HORSE PAC

2014

Horse PAC Annual Report

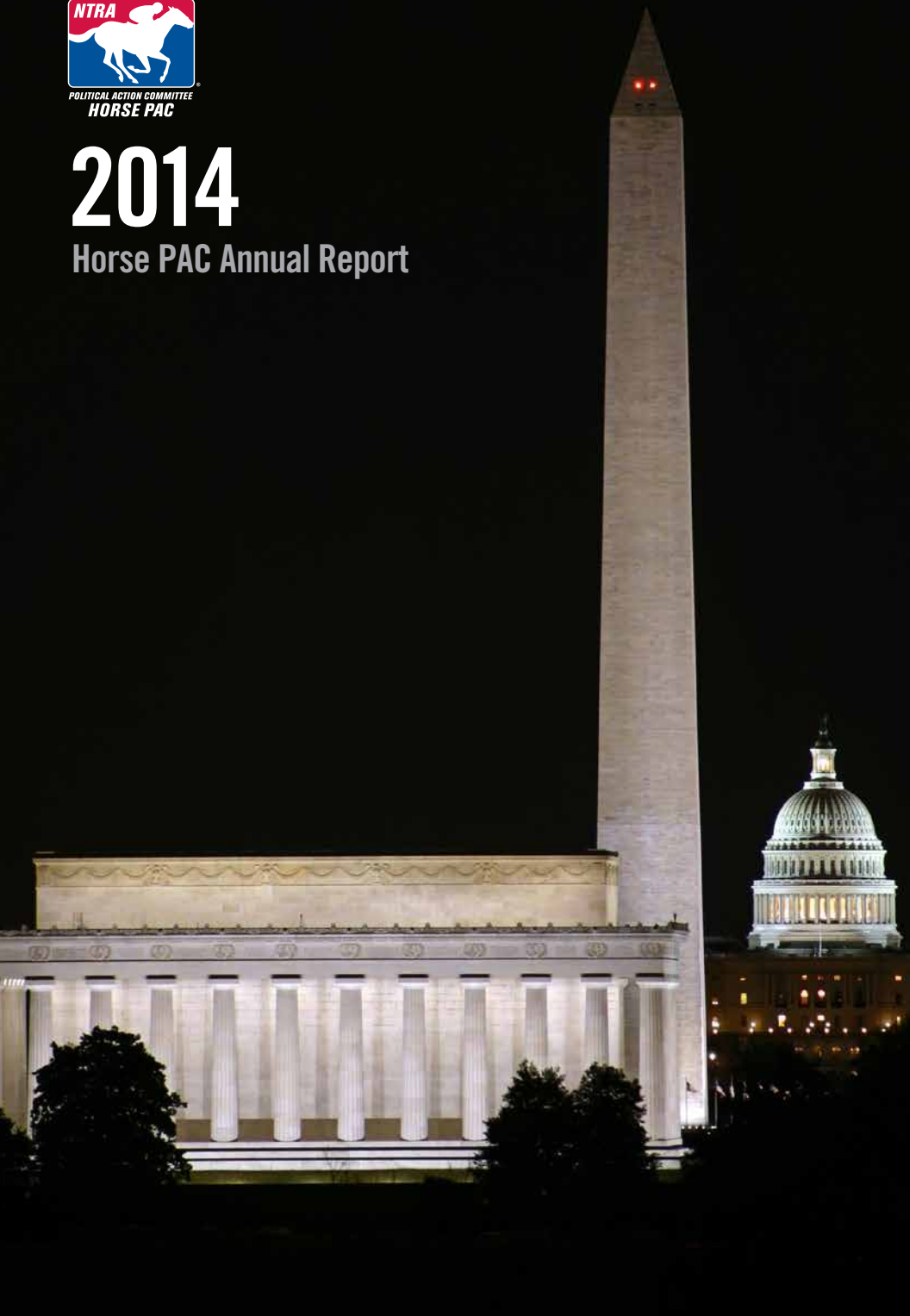


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FOREWORD

This annual report summarizes the 2014 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 15, 2015

Horse PAC's successes in 2014 included a return to pre-recession contribution and disbursement levels as well as passage of tax legislation benefitting the Thoroughbred industry.

The PAC ended 2014 with \$293,405 in contributions – an increase of \$48,485 over the prior year's mark and the largest amount raised since 2007. Taken as a whole, the 2013/2014 election cycle produced \$538,325 in Horse PAC contributions. A 10-year summary of PAC contributions appears on page 4.

Horse PAC disbursed \$227,000 in 2014, edging the \$225,500 given in the prior year for a total of \$452,500 over the 2013/2014 cycle. This amount represents the largest two-year disbursement since the 2007/2008 cycle. Since its inception in 2002, Horse PAC has disbursed \$2,952,879. A summary of Horse PAC disbursements begins on page 7.

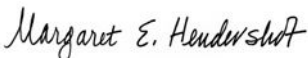
Horse PAC supported 43 candidates and 16 leadership and Congressional PACs in 2014. Horse PAC-supported candidates won all 39 of their House contests and 3 of 4 Senate races for an impressive 97.6 percent success rate in the 2014 elections. The list of candidates supported appears on pages 10-12. The roster of Leadership PACs supported appears on page 13.

While racing's 2013/2014 legislative agenda included numerous bills on issues ranging from immigration to Internet gaming and medication, the Congressional session as a whole produced little action. An important exception to this was the extension of several tax provisions germane to the horse racing industry, including accelerated depreciation for racehorses, bonus depreciation and higher levels for the Sec. 179 expense allowance. A summary of legislative issues impacting our industry begins on page 19.

More than 165 NTRA members – including 34 first-time donors – contributed to Horse PAC in 2014. Forty-four donors gave at the maximum level of \$5,000, a 25 percent increase over 2013. A list of donors appears on pages 5-6.

The success of Horse PAC is due not only to the 500-plus donors who have contributed since 2002, but also to the fundraising efforts of the Horse PAC Board of Directors, led by Chairman William S. Farish, Jr. Together, our donors and directors have made Horse PAC the racing industry's largest, most influential federal PAC. As we enter the 114th Congress in 2015, our industry is well-positioned to meet the challenges and opportunities that arise with every new legislative session.

Sincerely,



Margaret E. Hendershot
Horse PAC President

2014 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 2014 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

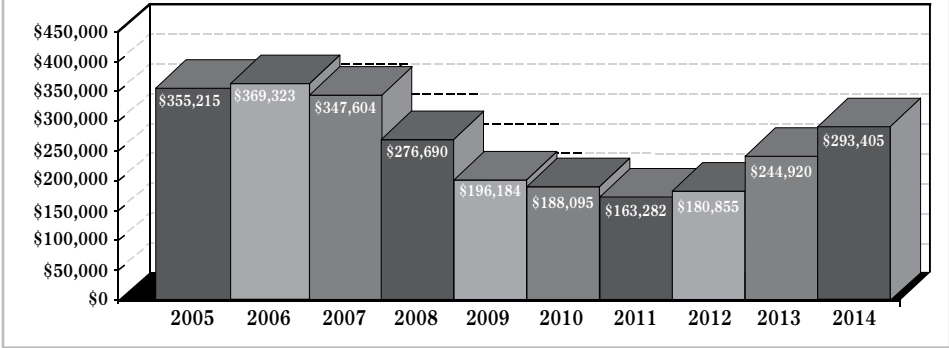
^Resigned August 31

*Resigned April 2

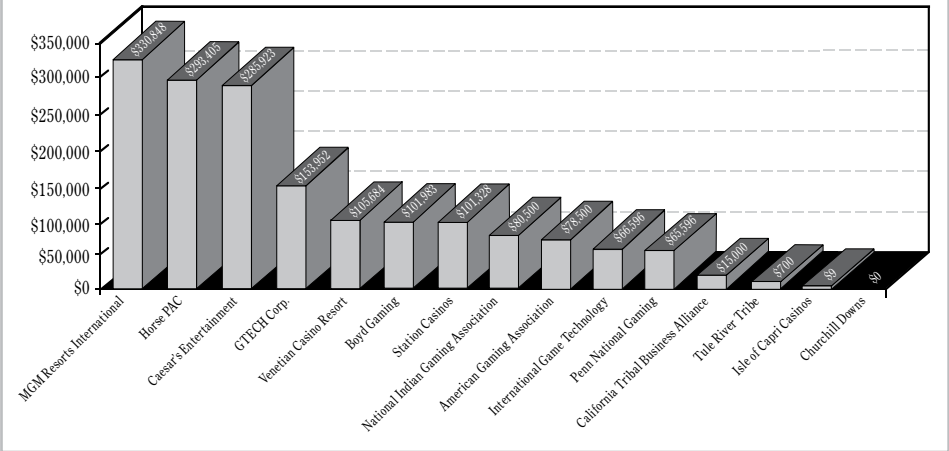
RECEIPTS

From inception through December 31, 2014, Horse PAC has raised: \$3,386,401. The committee raised \$344,137 for the 2011/2012 election cycle, and \$538,325 for the 2013/2014 election cycle.

HORSE PAC RECEIPTS OVER THE LAST 10 YEARS



GAMING PACS RECEIPTS



2014 HORSE PAC CONTRIBUTORS

CHAMPIONS – \$5,000

Josephine E. Abercrombie	William S. Farish, Jr.	Lisa Orth
John W. Amerman	Gerald & Kelli Ford	Ogden M. Phipps
Barbara Banke	Clay Hancock	Anne & Richard Poulson
Ramona Seeligson Bass	Deborah R. Hancock	Arthur Preston
George B. Bolton	Seth Hancock	Andrew Rosen
Alex G. Campbell, Jr.	Waddell W. Hancock II	Richard Santulli
William A. Casner	John C. Harris	Ernie Semersky
Cornelia G. Corbett	G. Watts Humphrey, Jr.	Joseph V. Shields, Jr.
Jenny Craig	David Ingordo	Maury Shields
Adele B. Dilschneider	Seth Klarman	Samantha Siegel
Donald R. Dizney	W. Bruce Lunsford	Stella Ferguson Thayer
Irene S. Dizney	Richard & Sue Ann Masson	Kenny A. Troutt
Richard L. Duchossois	Elizabeth R. Moran	Lisa C. Troutt
Sarah Farish	Dory Newell	Charlotte C. Weber
William S. Farish	Justin Nicholson	

WINNERS – \$2,500 - \$4,999

CTBA PAC	Wilhelmina McEwan	William W. Thomason, Jr.
Emory A. Hamilton	Carl F. Pollard	Alexander M. Waldrop

LEADERS – \$1,000 - \$2,499

Madeline Auerbach	Helen K. Groves	Jerome S. & Ann Moss
Craig & Holly Bendoroff	Kostra Hronis	Nick & Susan Nicholson
Danzel Brendemuehl	R. D. Hubbard	J. Michael O'Farrell, Jr.
Chester & Mary Broman	Robert G. Irvin	Paul Oreffice
Bob R. Brooks, Jr.	Brereton C. Jones	Audrey W. Otto
Ellen MacNeille Charles	Kathy Jones	John C. Oxley
Diane Connell	Louisa W. Lenehan	Allen & Marjorie Schubert
Everett R. Dobson	Beverly J. Lewis	Barry K. Schwartz
Terrence P. Finley	Jeffrey & Margery Lewis	Stuart Subotnick
Joe T. Ford	Earle I. Mack	E. Duncan Taylor
E. K. Gaylord II	Terence J. Meyocks	Robert B. Trussell, Jr.

2014 HORSE PAC CONTRIBUTORS

SUPPORTERS – UP TO \$999

John H. Barr	C. Edward Glasscock	Howard C. Nolan, Jr.
P. Headley Bell	Roy D. Gottlieb	William Parsons, Jr.
Gary E. Biszantz	Anthony & Rebecca Greco	Dr. Hiram C. Polk, Jr.
P. L. & Shirley Blake	Bruce R. Grossman	Diana P. Pulito
Danny & Cindy Bockmon	William & Frances Hartwell	David W. Purcell
Charles H. Boden	Thomas & Paula Haughey	Tom Ramsey
Anthony J. Braddock	Margaret E. Hendershot	C. Bradford Ray
James C. Brady	Charles L. Hicks	Reuben F. Richards
Allen & Susan Branch	Carolyn Hine	Dr. J. David Richardson
Niall J. Brennan	Ronna & Eric Hoffman	Dr. Jack K. Robbins
Keith Chamblin	Carol Holden	Curtis Sampson
Patricia Chapman	Russell B. Jones, Jr.	Peter G. Schiff
Helen B. Chenery	Howard & Susan Kaskel	Lloyd Schwartz
Irving Cowan	Lora Jean Kilroy	Lane Seliger
Dr. John F. Crowe	Dr. David L. Kyger	Patricia K. Shirley
Thomas A. Davis	Peter Leidel	Michael Simpson
John C. Davison	Wayne H. Lobdell	Gary P. Snoonian
Art DeNio	Preston Madden	William S. Sparks
Lou Dunn Diekemper	Richard E. Mandella	Edwin Spaunhurst
David Di Pietro	Robert T. Manfuso	Beverly R. Steinman
Orlando N. Di Rienzo	Don & Pam Mattox	Eugene & Charlene Tenbrink
Deborah A. Easter	John McDaniel	Mr. & Mrs. John T. Ward
Morton Fink	Tim McMurry	Robert M. Watt III
Bertram & Diana Firestone	Greg Means	Wheelock Whitney
Vincent J. Foglia	Tony Metaxas	Eric J. Wirth
Donna Freyer	Maurleen Miller	Frank Wright
Dr. Susan Galandiuk	Herbert & Miriam Mittenhall	
Carl J. Gessler	William I. Mott	

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/OfficeMax, 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!

2014 HORSE PAC DISBURSEMENTS

Federal Candidates by Amount*

State	Amount	Rank
KY	\$42,500	1
NY	\$26,000	2
CA	\$17,500	3
AR	\$15,500	4
FL	\$15,000	5
VA	\$15,000	6
TX	\$12,500	7
LA	\$10,000	8
OH	\$10,000	9
OR	\$10,000	10
NJ	\$7,500	11

State	Amount	Rank
IL	\$5,000	12
NE	\$5,000	13
DE	\$2,500	14
IN	\$2,500	15
MA	\$2,500	16
NV	\$2,500	17
WI	\$2,500	18
WA	\$2,000	19
MS	\$1,000	20
Total	\$207,000	

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

2014 HORSE PAC DISBURSEMENTS

Federal Candidates by State*

State	Amount	Rank
AR	\$15,500	4
CA	\$17,500	3
DE	\$2,500	14
FL	\$15,000	5
IL	\$5,000	12
IN	\$2,500	15
KY	\$42,500	1
LA	\$10,000	8
MA	\$2,500	16
MS	\$1,000	20
NE	\$5,000	13

State	Amount	Rank
NJ	\$7,500	11
NV	\$2,500	17
NY	\$26,000	2
OH	\$10,000	9
OR	\$10,000	10
TX	\$12,500	7
VA	\$15,000	6
WA	\$2,000	19
WI	\$2,500	18
Total	\$207,000	

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

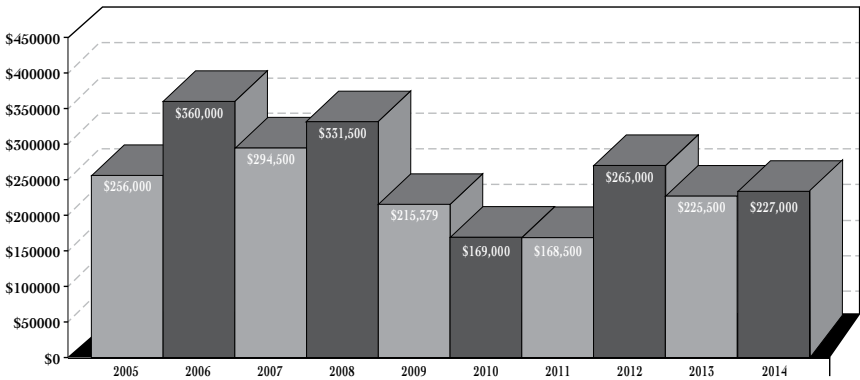
2014 HORSE PAC DISBURSEMENTS

Federal Contributions: \$227,000

House Candidates/PACs	76 percent	\$173,000
Senate Candidates/PACs	24 percent	\$54,000
Democratic Candidates	29 percent	\$65,000
Republican Candidates	71 percent	\$162,000

From inception through December 31, 2014, Horse PAC has disbursed \$2,952,879.09. The committee disbursed \$438,500 for the 2011/2012 election cycle and \$452,500 for the 2013/2014 election cycle.

HORSE PAC DISBURSEMENTS OVER THE LAST 10 YEARS



Total Disbursements to Date

\$2,952,879.09

2014 HORSE PAC DISBURSEMENTS

The following candidates and political committees received Horse PAC funds in 2014:

United States House of Representatives

House of Reps	Party	State	Re-election Year	2014 Disbursed	Congressional Committee(s)
Jim Costa	D	CA	2014	\$2,500	Agriculture, Natural Resources
Jeff Denham	R	CA	2014	\$2,500	Agriculture
Devin Nunes	R	CA	2014	\$5,000	Ways & Means
Adam Schiff	D	CA	2014	\$1,500	Appropriations
Vern Buchanan	R	FL	2014	\$5,000	Ways & Means
David Jolly	D	FL	2014	\$2,500	Transportation & Infrastructure
Rich Nugent	R	FL	2014	\$2,500	Armed Services, Administration, Rules
Tom Rooney	R	FL	2014	\$5,000	Appropriations
Todd Young	R	IN	2014	\$2,500	Ways & Means
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, Energy & Commerce
Charles Boustany, Jr.	R	LA	2014	\$5,000	Ways & Means
Richard E. Neal	D	MA	2014	\$2,500	Ways & Means
Adrian Smith	R	NE	2014	\$5,000	Ways & Means
Frank Pallone	D	NJ	2014	\$5,000	Energy & Commerce

Congressional Horse Caucus (CHC)

2014 HORSE PAC DISBURSEMENTS

United States House of Representatives *(continued)*

House of Reps	Party	State	Re-election Year	2014 Disbursed	Congressional Committee(s)
Bill Pascrell	D	NJ	2014	\$2,500	Ways & Means
Chris Gibson	R	NY	2014	\$5,000	Agriculture
Steve Israel	D	NY	2014	\$5,000	House Democratic Leadership
Gregory Meeks	D	NY	2014	\$1,000	Financial Services
Tom Reed	R	NY	2014	\$5,000	Ways and Means
Paul Tonko	D	NY	2014	\$5,000	Energy & Commerce, CHC Co-Chair
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	\$2,500	Judiciary
Eric Cantor	R	VA	2014	\$5,000	House Majority Leader
Bob Goodlatte	R	VA	2014	\$5,000	Judiciary Chairman, Agriculture
Dave Reichart	R	WA	2014	\$2,000	Ways & Means
Paul Ryan	R	WI	2014	\$2,500	Ways & Means, Budget Chairman
NRCC	R	n/a	n/a	\$5,000	National Republican Congressional Committee
Total – House of Reps Candidates/PACs				\$127,000	

Congressional Horse Caucus (CHC)

2014 HORSE PAC DISBURSEMENTS

United States Senate

Senate	Party	State	Re-election Year	2014 Disbursed	Congressional Committee(s)
Tom Cotton	R	AR	2014	\$5,000	Non-incumbent
Mark Pryor	D	AR	2014	\$4,000	Appropriations
Chris Coons	D	DE	2014	\$2,500	Budget, Judiciary
Rand Paul	R	KY	2016	\$2,500	Health, Education, Labor & Pensions
Thad Cochran	R	MS	2014	\$1,000	Agriculture
NRSC	R	n/a	n/a	\$15,000	National Republican Senatorial Committee
Total – Senate				\$30,000	

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.

2014 HORSE PAC DISBURSEMENTS

Federal Leadership PACs

Associated Candidate	Party	State	House/ Senate	2014 Disbursed	PAC
John Boozman	R	AR	S	\$1,500	Arkansas for Leadership PAC
Charles Boustany, Jr.	R	LA	H	\$5,000	Committee for Preservation of Capitalism (CPC)
Eric Cantor	R	VA	H	\$5,000	Every Republican is Crucial (ERIC PAC)
Joe Crowley	D	NY	H	\$5,000	Jobs, Opportunities, & Education (JOE-PAC)
Brett Guthrie	R	KY	H	\$5,000	BRETTTPAC
Dean Heller	R	NV	S	\$2,500	HellerHighWater PAC
Kevin McCarthy	R	CA	H	\$5,000	Majority Committee PAC
Mitch McConnell	R	KY	S	\$5,000	Louisville & Jefferson County Rep. Party
Mitch McConnell	R	KY	S	\$5,000	Republican Party of Kentucky (Federal Fund)
Mark Pryor	D	AR	S	\$5,000	Priority PAC
Hal Rogers	R	KY	H	\$5,000	Help America's Leaders PAC (HALPAC)
Pete Roskam	R	IL	H	\$5,000	ROSKAM PAC
Linda Sanchez	D	CA	H	\$1,000	Democrats Reshaping America (DREAMPAC)
Pat Tiberi	R	OH	H	\$5,000	Pioneer PAC
Ron Wyden	D	OR	S	\$5,000	Holding Onto Oregon's Priorities PAC
John Yarmuth	D	KY	H	\$5,000	Article 1 PAC
Total Leadership				\$70,000	

GRAND TOTAL

\$227,000

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, administrative expenses, consultants, polling and other non-campaign expenses.

COMMITTEE PROFILES

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.

Most candidates supported by Horse PAC meet these criteria in multiple ways by serving on several committees that oversee different aspects of the racing industry, having equine industries in their districts or by belonging to an influential leadership group.

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 producers of agricultural and forestry 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, animal welfare issues and the Farm Bill, which governs the nation's agricultural policy and farm conservation programs.

In 2014, Horse PAC supported five Representatives from the House Agriculture Committee. Candidates hailed from California, New York, Oregon and Virginia. Horse PAC supported three Senators from the Senate Agriculture, Nutrition and Forestry Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Kentucky, Mississippi and New York.

COMMITTEE PROFILES

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

The Appropriations committee determines annual funding for every government agency. As “must pass” legislation, appropriations bills often are a source of bill riders containing language to block or halt regulatory actions opposed by a specific industry or to hasten measures supported by an industry. Committee members attract donations from a wide spectrum of industries, especially those that benefit from government contracts.

In 2014, Horse PAC supported three Representatives from the House Appropriations Committee. Candidates hailed from California, Florida and Kentucky. Horse PAC also supported four Senators from the Senate Appropriations Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented Arkansas, Kentucky 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. Banking functions that impact horse racing include Internet wagering, which the sport has offered since 2000.

In 2014, Horse PAC supported one Senator from the Senate Banking Committee, through his Leadership PAC. The candidate represented 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 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 2014, Horse PAC supported four members of the House Energy and Commerce Committee. 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 2014, Horse PAC supported two members of the Senate Commerce Committee through their re-elect campaigns and/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 is involved with Internet gaming issues that impact horse racing.

In 2014, Horse PAC supported two members of the Financial Services Committee, representing California and New York.

COMMITTEE PROFILES

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

The Homeland Security Committee oversees 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 2014, Horse PAC supported two members of the Homeland Security Committee, representing California and Texas.

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 oversees all aspects of the U.S. legal system, including bankruptcy, immigration, and copyright and antitrust law. For horse racing, the Committee's work impacts immigration and Internet gaming.

In 2014, Horse PAC supported two members of the House Judiciary Committee. Candidates represented Texas and Virginia.

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 other interest groups—including the financial, computer, telecommunications, and entertainment industries—that are impacted by the nation's justice system and issues such as bankruptcy, immigration, copyright and antitrust. Horse racing's interests before this committee include immigration and Internet gaming.

In 2014, Horse PAC supported one member of the Senate Judiciary Committee, representing Delaware.

COMMITTEE PROFILES

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 Ways & Means Committee is responsible for originating all tax bills in the House. The scope and influence of its work is so great that its members generally are prohibited from serving on other 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, making them attractive to lobbyists and industries seeking “must pass” legislation to move a particular bill. Members of the Ways & Means Committee typically attract donations from a variety of sources, including mega industries such as health care and insurance.

In 2014, Horse PAC supported 15 members of the Ways & Means Committee, either through their re-elect campaigns or Leadership PACs. Candidates represented California, Florida, Illinois, Indiana, Louisiana, Massachusetts, Nebraska, New Jersey, New York, Ohio, Texas, Washington and Wisconsin.

Finance Committee (Senate)

- 24 Members/13 Democrats, 11 Republicans
- Sen. Ron Wyden (D-OR), Chair
- 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. Horse racing is most impacted by the committee’s tax work and its jurisdiction over employment matters such as health care.

In 2014, Horse PAC supported one member of the Finance Committee, who represented Oregon.

(Committee analysis provided in part by OpenSecrets.org)

2014 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 racehorse 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 second half of the 113th Congress.

Taxes

In a year marked by Congressional stalemates, the post-election lame duck session proved the most fruitful for the horse racing industry.

On December 16, a provision that retroactively extended three-year tax depreciation for all racehorses was passed by the United States Senate as part of H.R. 5771, the Tax Increase Prevention Act of 2014. The House of Representatives overwhelmingly passed H.R. 5771 earlier that month to extend retroactively through the end of 2014 numerous provisions that expired or were reduced at the end of 2013.

With the support of Senator Mitch McConnell (R-KY), the three-year depreciation schedule originally passed into law as part of the 2008 Farm Bill, giving the provision a five-year life span. In anticipation of the bill's sunset, Rep. Andy Barr (R-KY) in 2013 introduced the provision in a standalone bill, the Race Horse Cost Recovery Act, which became part of H.R. 5771.

"The renewal of three-year tax depreciation for racehorses indicates that lawmakers understand the contributions our industry makes to job creation and the country's overall economic health," said Alex Waldrop, NTRA President and CEO. "We are especially grateful to Senate Minority Leader Mitch McConnell and Rep. Andy Barr for their leadership and support of this provision, which is so important to horse owners and breeders."

The provision allows taxpayers to depreciate racehorses 24 months of age and younger when purchased and placed into service on a three-year schedule as opposed to a seven-year schedule. The accelerated schedule better reflects the length of a typical racehorse's career and is more equitable for owners.

H.R. 5771 also retroactively extends two other provisions that spur investment in racehorses:

"Bonus depreciation" permits taxpayers to depreciate in the first year 50 percent of qualified new depreciable property purchased and placed into service. Yearlings that an owner purchases and puts into a training program are one example of eligible property.

2014 LEGISLATIVE SUMMARY

The "Section 179 expense allowance" remains set at \$500,000, with a \$2 million threshold for qualified new or used property purchased and placed in service. Total purchases of qualified property that exceed \$2 million reduce the taxpayer's expense allowance dollar for dollar. This provision applies to numerous businesses and activities within the Thoroughbred industry, including broodmare purchases; mares are eligible as used property because of their prior use as a racehorse or broodmare.

Tax reform that would have reduced the capital gains holding period for horses from two years to one and given the industry greater parity with other investments did not pass in 2014. The Equine Tax Parity Act, introduced in March 2013, received no further action in the 113th Congress but remains a priority for the NTRA in the 114th Congress.

IRS Reporting and Withholding Thresholds

In 2014, 17 members of Congress joined in supporting another key initiative of the NTRA, a move to request that the IRS clarify its definition of the "cost of a wager" in determining whether a winning horse player is subject to IRS reporting and withholding.

Senior members of the Department of Treasury subsequently met with the NTRA and other industry participants to learn more about the withholding issue. Also in attendance was Rep. John Yarmuth (D-KY), who has been instrumental in building support for modernizing current withholding rules to better and more fairly represent today's wagering menu.

Treasury Department officials indicated that action may be forthcoming as part of a review of IRS Form W2-G, used by taxpayers to report gambling winnings and any federal income tax withheld on those winnings. NTRA continues to work with the Treasury Department as well as supporters on Capitol Hill to change the definition of a bet or a wager.

By way of background, horse players 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. The "cost of a wager," now defined simply 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. 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.

As we go to press, this matter remains under review by Treasury officials. Visit the NTRA's Web site, NTRA.com, for updates.

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Farm Bill

Congress passed a Farm Bill in 2014 whose provisions included expanded crop insurance in lieu of direct payment programs; restored and made permanent livestock disaster assistance (retroactive to 2011), which applies to horses, among other forms of livestock; consolidated conservation programs to improve local accountability and address regional priorities; authorized \$880 million in funding for on-farm energy programs; and authorized \$100 million for the Beginning Farmers and Ranchers Development Program.

Online Gambling

The question of whether to provide a federal tax and regulatory structure for online gambling (other than pari-mutuel wagering on horse racing, which is already regulated under the federal Interstate Horseracing Act), remained unresolved at the end of 2014. Bills that would have provided a federal apparatus languished while on the opposite end of the spectrum, casino mogul Sheldon Adelson sought an outright ban on online gambling.

In the meantime, states forged ahead with plans to allow online wagering with varying degrees of success. Nevada and Delaware created an interstate compact to allow online poker; New Jersey is offering online gaming but has stumbled with implementation of sports betting, which is opposed by most major sports leagues. The issue remains mired in the courts. Other states, including California, have online gambling under consideration, with online poker considered the most viable option. Several states, including Illinois, have also moved into online lottery sales, with Kentucky expected to join this growing list.

Animal Welfare

For over a decade, a variety of efforts have been made to secure a federal ban on horse slaughter with mixed results. No ban currently exists but states have shown little sustained interest in having equine slaughter facilities and currently none operate in the U.S. A chief proponent of efforts to ban horse slaughter, Sen. Mary Landrieu (D-LA), lost her re-election bid in 2014.

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 a truncated Congressional calendar, occasioned by the 2014 elections, and a plethora of Congressional issues resulted in little action for the bill in the second half of the 113th Congress.

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Immigration

Efforts at comprehensive immigration reform begun by the U.S. Senate in 2013 floundered in the House of Representatives in 2014. The White House responded to the impasse with an Executive Order (EO) in late November 2014 that would have extended legal rights to several million undocumented aliens.

According to the White House, the EO would help secure the border; prioritize deportations to focus on terrorists and felons; hold undocumented immigrants accountable by requiring them to pass a criminal background check and pay their fair share of taxes; and modernize the legal immigration system.

More than 20 states have joined efforts to overturn the EO, saying it is unconstitutional. The issue is likely to remain in the judicial system for the next several months.

2015 Outlook

Horse PAC continues its strategy of bipartisan support, giving highest priority to Senate candidates who are up for re-election in 2016 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. Renewal of the three-year depreciation schedule for racehorses remains a priority, spelling continued focus on disbursements to members of the tax-writing committees in the House and Senate.

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

Gary Bisantz
Alexander G. Campbell, Jr
Bill Casner
John C. Harris
Mrs. Robert 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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