



POLITICAL ACTION COMMITTEE
HORSE PAC.

2015

Horse PACSM Annual Report



TABLE OF CONTENTS

Foreword	1
Message from the Horse PAC SM President.....	2
2015 Horse PAC SM Board of Directors	3
Receipts	4
2015 Horse PAC SM Contributors.....	5
2015 Horse PAC SM Disbursements	7
Congressional Committee Profiles	14
2015 Legislative Summary.....	20

FOREWORD

This annual report summarizes the 2015 activities of Horse PACSM, 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 PACSM PRESIDENT

February 10, 2016

In a non-election year that portended modest Congressional action, 2015 proved remarkably strong for the horse racing industry. Matching the Congressional fervor that grew throughout 2015, Horse PACSM stepped up its own activity, producing a third straight year of increased disbursements to federal political candidates and parties.

Horse PACSM disbursed \$288,500 in 2015, an increase of 27 percent over the prior year's total of \$227,000. This amount represents the largest disbursement since 2008 and the second-largest disbursement for a non-election year (the record, \$294,500, was set in 2007). Horse PACSM supported 45 candidates and 22 Leadership and Congressional PACs; the list of candidates supported begins on page 10 and the roster of Leadership and Congressional PACs appears on pages 12-13.

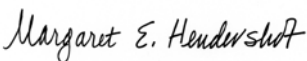
Contributions to Horse PACSM dipped slightly over 2014 but showed continuing signs of recovery after the 2008 recession. The PAC ended 2015 with \$276,742 in contributions, the second-largest amount raised since 2008 and just off the pace set in 2014, when the PAC raised \$293,405. One-hundred-sixty-six NTRA members – including 36 first-time donors and 40 donors who gave at the maximum level of \$5,000 – contributed to Horse PACSM in 2015. A list of donors appears on pages 5-6.

The Congressional year brought a considerable number of benefits to horse racing, beginning with steps toward modernization of income tax withholding and reporting for horseplayers. There is still work to be done at the Treasury Department and the IRS, but with the support of our Congressional allies, a critical issue for our customers and racetracks received much more attention than ever before.

At year's end, Congress also passed a massive bill, H.R. 2029, that included the Protecting Americans from Tax Hikes (PATH) Act of 2015 and a related omnibus appropriations bill, both of which carried provisions backed by the National Thoroughbred Racing Association (NTRA). The new legislation, signed into law by the President, includes three-year tax depreciation for racehorses, bonus depreciation of 50 percent, the Section 179 expense allowance for major purchases – now made permanent and indexed for inflation – and relief for H-2B visa employers such as horse trainers. A legislative summary begins on page 20.

Our industry's legislative achievements would not be possible without the dynamic interplay of NTRA's federal lobbying and Horse PACSM. As a PAC supporter, you play an important role in that process. On behalf of the Horse PACSM Board of Directors and Chairman William S. Farish, Jr., thank you.

Sincerely,



Margaret E. Hendershot, Horse PACSM President

2015 HORSE PACSM BOARD OF DIRECTORS

Horse PACSM by-laws allow up to 25 members on the Board of Directors. Board members are appointed by the Horse PACSM President. The 2015 Board of Directors consisted of:



William S. Farish, Jr., Chairman

George B. Bolton
Terrence P. Finley
John C. Harris
Wilhelmina McEwan
Terence J. Meyocks
Anne W. Poulson
Joseph V. Shields, Jr.
Alexander M. Waldrop

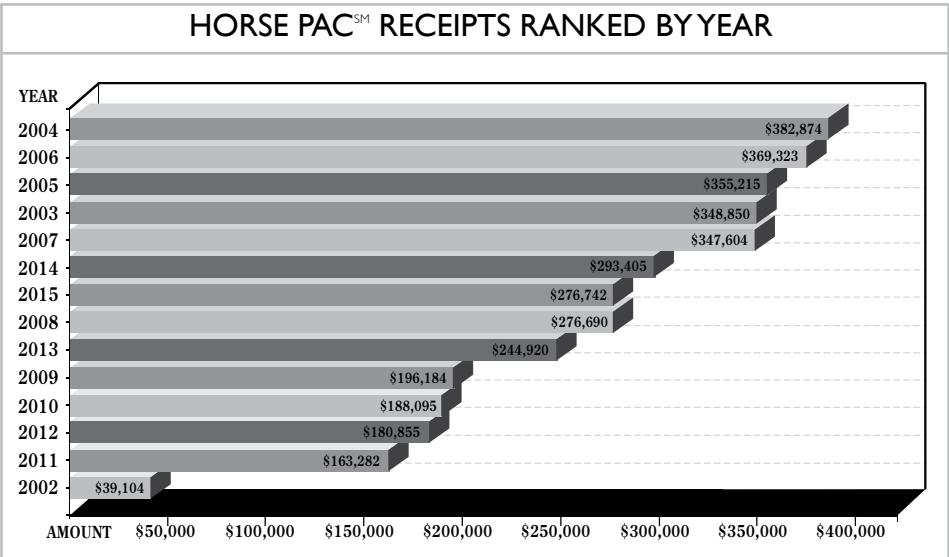
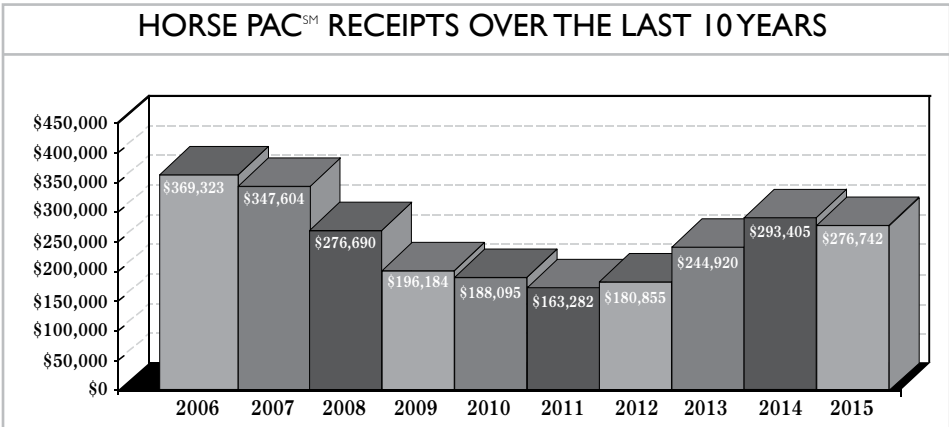
Margaret E. Hendershot
President

Amber Florence
Treasurer

Barbara Fossum
Assistant Treasurer

RECEIPTS

From inception through December 31, 2015, Horse PACSM has raised \$3,663,143. The committee raised \$344,137 for the 2011/2012 election cycle, \$538,325 for the 2013/2014 election cycle and \$276,742 midway through the 2015/2016 election cycle.



Horse PACSM receipts for 2015 were the seventh-largest in the committee's 14-year history, showing signs of continued growth after several sluggish years in the wake of the 2008 recession.

2015 HORSE PACSM CONTRIBUTORS

CHAMPIONS – \$5,000

Josephine Abercrombie	William S. Farish, Jr.	Arthur F. Preston
John W. Amerman	E. K. Gaylord II	Andrew Rosen
Barbara Banke	Clay Hancock	Ernie D. Semersky
Ramona Seeligson Bass	Deborah R. Hancock	Joseph V. Shields, Jr.
George B. Bolton	Seth W. Hancock	Maury Shields
Alexander G. Campbell, Jr.	G. Watts Humphrey, Jr.	Samantha Siegel
Cornelia G. Corbett	Brereton C. Jones	Stella Ferguson Thayer
Jenny Craig	Seth A. Klarman	Kenny A. Troutt
Adele B. Dilschneider	W. Bruce Lunsford	Lisa C. Troutt
Donald R. Dizney	David & Sue Ann Masson	Charlotte C. Weber
Everett R. Dobson	Elizabeth R. Moran	Marylou Whitney
Richard Duchossois	Justin Nicholson	Warren B. Williamson
Sarah S. Farish	Ogden M. Phipps	
William S. Farish	Anne & Richard Poulson	

WINNERS – \$2,500 - \$4,999

CTBA PAC	John C. Harris	William W. Thomason, Jr.
Hugh A. Fitzsimons, Jr.	Robert V. LaPenta	Alexander M. Waldrop
Peter J. Fluor	Earle I. Mack	Kane C. Weiner
Emory A. Hamilton	Thomas L. McGrath	
Waddell W. Hancock II	Carl F. Pollard	

LEADERS – \$1,000 - \$2,499

Craig & Holly Bendoroff	Terrence P. Finley	Terence J. Meyocks
Angela Beck	Gerald & Kelli Ford	Dana P. Myers
P. L. Blake	Joe T. Ford	J. Michael O'Farrell, Jr.
Perry & Aurelia Bolton	Helen C. Groves	Audrey Otto
Mary & Chester Broman	Betty F. Irvin	Jeffrey & Pamela Pankow
Keith Chamblin	Beverly J. Lewis	Nancy K. Polk
Ellen M. Charles	Jeffrey & Margery Lewis	Barry K. Schwartz
Jerry Durant	Glenn Lostritto	Paul & Betty Weitman

2015 HORSE PACSM CONTRIBUTORS

SUPPORTERS – UP TO \$999

Jose Acevedo	Clifford J. Grum	Beth Muirhead
Carl W. Asmus	Casey Hamilton	James Mulvihill
Stephen & Laura Avakian	Seth Walker Hancock, Jr.	Joseph B. Nicholson
Joe Bacigalupo	William & Frances Hartwell	Nick Nicholson
John H. Barr	Thomas & Paula Haughey	Howard C. Nolan, Jr.
P. Headley Bell	Margaret E. Hendershot	John C. Oxley
Gary Bizantz	Carolyn Hine	William Parsons, Jr.
Danny Bockmon	Stuart E. Huston	Michele Ravencraft
Peter Bradley	Russell B. Jones, Jr.	Dr. J. David Richardson
James C. Brady	Patricia L. Keeline	Larry Roth
Niall Brennan	Stephen I. Koch	Curtis Sampson
Jeffrey I. Burch	Karl Krieg	Peter G. Schiff
W. Cothran Campbell	David Kyger	R. Allen Schubert
Peter Canzone	Joan Lawrence	Michael Simpson
Patricia L. Chapman	Peter Leidel	Gary P. Snoonian
Helen B. Chenery	Donald V. Little, Jr.	Anthony Spadea
Ronald D. Crockett	Wayne H. Lobdell	Beverly R. Steinman
Orlando N. Di Rienzo	Preston Madden	William Stringfellow
Lou Dunn Diekemper	Robert T. Manfuso	Lori Tackett
David M. DiPietro	Susan Masters	Mark & Julia Taylor
Donnell Echols	Bill Mathis	Charlene Tenbrink
John W. Elder	Jenny McCoy	Sandra E. Thomason
Danica Fick	Wilhelmina McEwan	Donald Valpredo
Bertram & Diana Firestone	Tim McMurry	Dr. Paul Warfield
David Fite	Greg Means	Robert M. Watt III
Jack Garey	Maurleen Miller	Wheelock Whitney
Carl Gessler, Jr.	Anthony Mitola	Ward Williford
C. Edward Glasscock	Ed Moger	Eric J. Wirth
Anthony & Rebecca Greco	Mark R. Moran	Frank P. Wright
Curtis C. Green	William I. Mott	

NTRA ADVANTAGE

Contributors to Horse PACSM receive exclusive equine discounts on programs and services from nationally known companies like John Deere, Nationwide, Sherwin-Williams, Office Depot/OfficeMax, 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!

2015 HORSE PACSM DISBURSEMENTS

Federal Candidates by Amount*

State	Amount	Rank
KY	\$55,000	1
CA	\$25,500	2
NY	\$25,000	3
TX	\$22,500	4
LA	\$20,000	5
OH	\$20,000	6
FL	\$12,500	7
OR	\$12,500	8
WI	\$11,000	9
AR	\$10,000	10
NJ	\$10,000	11

State	Amount	Rank
WA	\$6,000	12
IL	\$5,000	13
IN	\$5,000	14
NE	\$5,000	15
NV	\$5,000	16
MA	\$2,500	17
MT	\$2,500	18
PA	\$2,500	19
DE	\$1,000	20
Total	\$258,500	

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

2015 HORSE PACSM DISBURSEMENTS

Federal Candidates by State*

State	Amount	Rank
AR	\$10,000	10
CA	\$25,500	2
DE	\$1,000	20
FL	\$12,500	7
IL	\$5,000	13
IN	\$5,000	14
KY	\$55,000	1
LA	\$20,000	5
MA	\$2,500	17
MS	\$2,500	18
NE	\$5,000	15

State	Amount	Rank
NJ	\$10,000	11
NV	\$5,000	16
NY	\$25,000	3
OH	\$20,000	6
OR	\$12,500	8
TX	\$2,500	19
VA	\$22,500	4
WA	\$6,000	12
WI	\$11,000	9
Total	\$258,500	

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

2015 HORSE PACSM DISBURSEMENTS

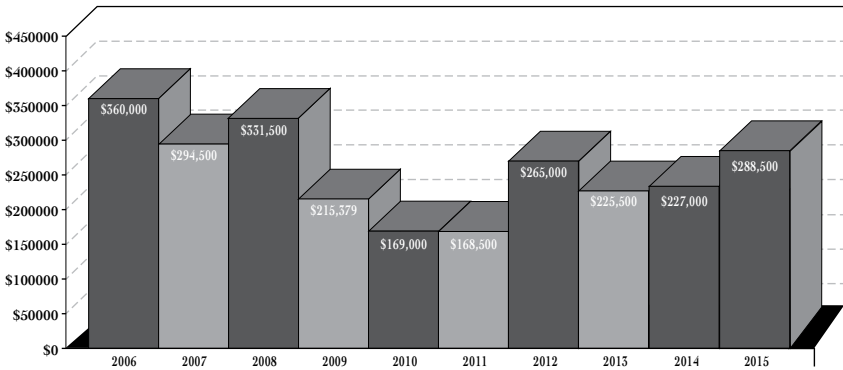
Federal Contributions: \$283,500*

House Candidates/PACs	76 percent	\$215,000
Senate Candidates/PACs	24 percent	\$68,500
Democratic Candidates	25 percent	\$71,000
Republican Candidates	75 percent	\$212,500

*Excludes disbursements to committees that are not associated with any political party.

From inception through December 31, 2015, Horse PACSM has disbursed \$3,241,379.09. The committee disbursed \$438,500 for the 2011/2012 election cycle, \$452,500 for the 2013/2014 election cycle, and \$288,500 midway through the 2015/2016 election cycle.

HORSE PACSM DISBURSEMENTS OVER THE LAST 10 YEARS



Total Disbursements to Date

\$3,241,379.09

2015 HORSE PACSM DISBURSEMENTS

The following candidates and political committees received Horse PACSM funds in 2015:

United States House of Representatives

House of Reps	Party	State	Re-election Year	2015 Disbursed	Congressional Committee(s)
Jim Costa	D	CA	2016	\$2,500	Agriculture, Natural Resources
Devin Nunes	R	CA	2016	\$5,000	Ways & Means
Scott Peters	D	CA	2016	\$2,500	Judiciary
Linda Sanchez	D	CA	2016	\$2,500	Ways & Means
Adam Schiff	D	CA	2016	\$1,500	Appropriations
Juan Vargas	D	CA	2016	\$1,500	Financial Services
Vern Buchanan	R	FL	2016	\$5,000	Ways & Means
David Jolly	D	FL	2016	\$2,500	Appropriations
Tom Rooney	R	FL	2016	\$5,000	Appropriations
Todd Young	R	IN	2016	\$5,000	Ways & Means
Andy Barr	R	KY	2016	\$5,000	Financial Services, CHC Co-Chairman
Brett Guthrie	R	KY	2016	\$5,000	Energy & Commerce, CHC
Hal Rogers	R	KY	2016	\$5,000	Appropriations Chairman, CHC
John Yarmuth	D	KY	2016	\$5,000	Budget, Energy & Commerce, CHC
Charles Boustany, Jr.	R	LA	2016	\$10,000	Ways & Means
Richard E. Neal	D	MA	2016	\$2,500	Ways & Means
Adrian Smith	R	NE	2016	\$5,000	Ways & Means, CHC
Donald Norcross	D	NJ	2016	\$2,500	Budget
Frank Pallone	D	NJ	2016	\$5,000	Energy & Commerce, CHC
Bill Pascrell	D	NJ	2016	\$2,500	Ways & Means, CHC
Steve Israel	D	NY	2016	\$5,000	Appropriations

Congressional Horse Caucus (CHC)

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

2015 HORSE PACSM DISBURSEMENTS

United States House of Representatives *(continued)*

House of Reps	Party	State	Re-election Year	2015 Disbursed	Congressional Committee(s)
Gregory Meeks	D	NY	2016	\$1,500	Financial Services, CHC
Tom Reed	R	NY	2016	\$5,000	Ways & Means
Paul Tonko	D	NY	2016	\$3,500	Energy & Commerce, CHC Co-Chairman
John Boehner	R	OH	2016	\$5,000	House Speaker (Retired)
James Renacci	R	OH	2016	\$2,500	Ways & Means
Pat Tiberi	R	OH	2016	\$5,000	Ways & Means, CHC
Kurt Schrader	D	OR	2016	\$5,000	Agriculture
Greg Walden	R	OR	2016	\$2,500	Energy & Commerce
Pat Meehan	R	PA	2016	\$2,500	Ways & Means
Kevin Brady	R	TX	2016	\$5,000	Ways & Means Chairman
Mike Burgess	R	TX	2016	\$2,500	Energy & Commerce, CHC
Kenny Marchant	R	TX	2016	\$5,000	Ways & Means
Pete Sessions	R	TX	2016	\$2,500	Rules Chairman
Lamar Smith	R	TX	2016	\$2,500	Judiciary
Danny Heck	D	WA	2016	\$1,000	Financial Services
Dave Reichert	R	WA	2016	\$2,500	Ways & Means
Cathy M. Rodgers	R	WA	2016	\$2,500	House Leadership/Energy & Commerce
Ron Kind	D	WI	2016	\$1,000	Ways & Means
Paul Ryan	R	WI	2016	\$5,000	House Speaker
Total – House of Reps				\$147,500	

Congressional Horse Caucus (CHC)

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

2015 HORSE PACSM DISBURSEMENTS

United States Senate

Senate	Party	State	Re-election Year	2015 Disbursed	Congressional Committee(s)
John Boozman	R	AR	2016	\$5,000	Agriculture/Appropriations
Kirsten Gillibrand	D	NY	2018	\$2,500	Agriculture
Mitch McConnell	R	KY	2020	\$5,000	Senate Majority Leader
Rob Portman	R	OH	2016	\$2,500	Finance
Charles Schumer	D	NY	2016	\$5,000	Finance, Banking
Jon Tester	D	MT	2018	\$2,500	Appropriations
Total – Senate				\$22,500	

Congressional PACs

Congressional PAC	2015 Disbursed
National Republican Congressional Committee	\$10,000
National Republican Senatorial Committee	\$15,000
Total – Congressional PACs	\$25,000

Congressional PACs, such as the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC) and their Democratic counterparts, the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC) work to increase their respective party's presence in the U. S. House and Senate by helping candidates secure (re)election. Congressional PACs assist current and prospective candidates with fundraising, research, strategy, communications, planning and election law compliance.

Industry PACs

Industry PAC	2015 Disbursed
California Thoroughbred Breeders Association (CTBA) PAC	\$5,000
Total – Industry PACs	\$5,000

PAC-to-PAC giving expands opportunities for an industry to support federal candidates within a specific geographical region or to reach a particular Congressional constituency based on shared interests. PACs may give other PACs up to \$5,000 per year.

2015 HORSE PACSM DISBURSEMENTS

Federal Leadership PACs

Associated Candidate	Party	State	House/ Senate	2015 Disbursed	PAC
Andy Barr	R	KY	H	\$5,000	Barr PAC/Financial Services/CHC Co-Chairman
Charles Boustany, Jr.	R	LA	H	\$5,000	Committee for Preservation of Capitalism/ Ways & Means
Chris Coons	D	DE	S	\$1,000	Blue Hen PAC/Budget, Judiciary
John Cornyn	R	TX	S	\$5,000	Alamo PAC/Finance
Tom Cotton	R	AR	S	\$5,000	Republican Majority Fund/Senate Banking
Brett Guthrie	R	KY	H	\$5,000	BRETPAC/Energy & Commerce & CHC
Dean Heller	R	NV	S	\$5,000	HellerHighWater PAC/Senate Finance
Steve Israel	D	NY	H	\$2,500	New York Jobs PAC/Appropriations
Kevin McCarthy	R	CA	H	\$5,000	Majority Committee PAC/Majority Leader, Financial Services
Mitch McConnell	R	KY	S	\$5,000	Bluegrass Committee/Senate Majority Leader
Mitch McConnell	R	KY	S	\$5,000	Republican Party of Kentucky Federal PAC/ Senate Majority Leader
Devin Nunes	R	CA	H	\$5,000	NewPAC/Ways & Means
Hal Rogers	R	KY	H	\$5,000	HALPAC/Appropriations Chairman/CHC
Pete Roskam	R	IL	H	\$5,000	ROSKAM PAC/Ways & Means
Paul Ryan	R	WI	H	\$5,000	Prosperity PAC/House Speaker
Steve Scalise	R	LA	H	\$5,000	Scalise Leadership Fund/House Majority Whip
Pat Tiberi	R	OH	H	\$5,000	Pioneer PAC/Ways & Means/CHC
Ron Wyden	D	OR	S	\$5,000	Holding Onto Oregon's Priorities PAC/ Budget, Finance
John Yarmuth	D	KY	H	\$5,000	Article 1 PAC/Budget/CHC
Total Leadership				\$88,500	

GRAND TOTAL

\$288,500

Congressional Horse Caucus (CHC)

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

CONGRESSIONAL COMMITTEE PROFILES

Horse PACSM 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 PACSM meet these criteria in multiple ways by serving on various 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 PACSM 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.

In 2015, Horse PACSM focused largely on supporting members of the tax writing committees (Ways & Means in the House, Finance in the Senate) and on the Appropriations and Energy & Commerce committees.

Key committees for Thoroughbred horse racing include the following:

Agriculture (House of Representatives and Senate)

Agriculture Committee (House)

- 45 Members/26 Republicans, 19 Democrats
- Rep. K. Michael Conaway (R-TX), Chair
- Rep. Collin C. Peterson (D-MN), Ranking Member

Agriculture, Nutrition and Forestry Committee (Senate)

- 20 Members/11 Republicans, 9 Democrats
- Sen. Pat Roberts (R-KS), Chair
- Sen. Debbie Stabenow (D-MI), Ranking Member

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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported one member of the House Agriculture Committee: Jim Costa (D-CA); and three members of the Senate Agriculture, Nutrition and Forestry Committee: John Boozman (R-AR), Kirsten Gillibrand (D-NY) and Mitch McConnell (R-KY).

CONGRESSIONAL COMMITTEE PROFILES

Appropriations (House of Representatives and Senate)

Appropriations (House)

- 52 Members/30 Republicans, 22 Democrats
- Rep. Harold Rogers (R-KY), Chair
- Rep. Nita M. Lowey (D-NY), Ranking Member

Appropriations (Senate)

- 30 Members/16 Republicans, 14 Democrats
- Sen. Thad Cochran (R-MS), Chair
- Sen. Barbara A. Mikulski (D-MD), 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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported five members of the House Appropriations Committee: Steve Israel (D-NY), David Jolly (D-FL), Harold Rogers (R-KY), Tom Rooney (R-FL), and Adam Schiff (D-CA); and two members of the Senate Appropriations Committee: John Boozman (R-AR) and Jon Tester (D-MT).

Banking

Banking, Housing, and Urban Affairs (Senate)

- 22 Members/12 Republicans, 10 Democrats
- Sen. Richard C. Shelby (R-AL), Chair
- Sen. Sherrod Brown (D-OH), Ranking Member

The Senate Banking 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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported four members of the Senate Banking Committee: Tom Cotton (R-AR), Dean Heller (R-NV), Charles Schumer (D-NY) and Jon Tester (D-MT).

CONGRESSIONAL COMMITTEE PROFILES

Commerce (House of Representatives and Senate)

Energy and Commerce Committee (House of Representatives)

- 54 Members/31 Republicans, 23 Democrats
- Rep. Fred Upton (R-MI), Chair
- Rep. Frank Pallone, Jr. (D-NJ), Ranking Member

The House Energy & 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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported nine members of the House Energy & Commerce Committee: Michael Burgess (R-TX), Brett Guthrie (R-KY), Frank Pallone (D-NJ), Cathy Rodgers (R-WA), Steve Scalise (R-LA), Kurt Schrader (D-OR), Paul Tonko (D-NY), Greg Walden (R-OR) and John Yarmuth (D-KY).

Commerce, Science and Technology (Senate)

- 24 Members/13 Republicans, 11 Democrats
- Sen. John Thune (R-SD), Chair
- Sen. Bill Nelson (D-FL), Ranking Member

The Senate Commerce 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).

Through his re-elect campaign and/or Leadership PAC, in 2015 Horse PACSM supported one member of the Senate Commerce Committee: Dean Heller (R-NV).

Finance (also see section on Taxes, below)

Financial Services (House of Representatives)

- 60 Members/34 Republicans, 26 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.

CONGRESSIONAL COMMITTEE PROFILES

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported four members of the House Financial Services Committee: Andy Barr (R-KY), Denny Heck (D-WA), Gregory Meeks (D-NY) and Juan C. Vargas (D-CA).

Homeland Security

Homeland Security (House of Representatives)

- 30 Members/18 Republicans, 12 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.

Through his re-elect campaign and/or Leadership PAC, in 2015 Horse PACSM supported one member of the Homeland Security Committee: Lamar Smith (R-TX).

Judiciary (House of Representatives and Senate)

Judiciary Committee (House)

- 39 Members/23 Republicans, 16 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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported two members of the House Judiciary Committee: Scott Peters (D-CA) and Lamar Smith (R-TX).

Judiciary Committee (Senate)

- 20 Members/11 Republicans, 9 Democrats
- Sen. Charles E. Grassley (R-IA), Chair
- Sen. Patrick J. Leahy (D-VT), Ranking Member

The Senate Judiciary Committee oversees the nation's justice system and matters such as bankruptcy, immigration, copyright and antitrust issues. Horse racing's interests before this committee include immigration and Internet gaming.

CONGRESSIONAL COMMITTEE PROFILES

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported two members of the Senate Judiciary Committee: Chris Coons (D-DE) and Charles Schumer (D-NY).

Taxes (House of Representatives and Senate)

Ways & Means (House)

- 39 Members/ 24 Republicans, 15 Democrats
- Rep. Kevin Brady (R-TX), Chair
- Rep. Sander M. Levin (D-MI), Ranking Member

With jurisdiction over all tax and finance issues, the Ways & Means Committee is one of the most powerful in Congress and attracts the interest of a wide range of businesses and industries.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported 17 members of the Ways & Means Committee: Charles Boustany, Jr. (R-LA), Kevin Brady (R-TX), Vern Buchanan (R-FL), Ron Kind (D-WI), Kenny Marchant (R-TX), Patrick Meehan (R-PA), Richard Neal (D-MA), Devin Nunes (R-CA), Bill Pascrell (D-NJ), Tom Reed (R-NY), Dave Reichert (R-WA), James Renacci (R-OH), Pete Roskam (R-IL), Linda Sanchez (D-CA), Adrian Smith (R-NE), Pat Tiberi (R-OH) and Todd Young (R-FL).

Finance Committee (Senate)

- 26 Members/14 Republicans 12 Democrats
- Sen. Orrin G. Hatch (R-UT), Chair
- Sen. Ron Wyden (D-OR), Ranking Member

The Finance Committee is the Senate counterpart to the House 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.

Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported six members of the Senate Finance Committee: John Cornyn (R-TX), Dean Heller (R-NV), Rob Portman (R-OH), Charles Schumer (D-NY), Patrick Toomey (R-PA) and Ron Wyden (D-OR).

CONGRESSIONAL COMMITTEE PROFILES

House and Senate Leadership

Horse PACSM supports candidates who serve in leadership capacities within their respective parties. Through their re-elect campaigns and/or Leadership PACs, in 2015 Horse PACSM supported the following House and Senate leaders:

House

- John Boehner (R-OH), Speaker (resigned in October)
- Kevin McCarthy (R-CA), Majority Leader
- Cathy M. Rodgers (R-WA), Republican Conference Chair
- Paul Ryan (R-WI) Speaker (elected October 29)
- Steve Scalise (R-LA), Majority Whip

Senate

- John Cornyn (R-TX), Majority Whip
- Mitch McConnell (R-KY), Majority Leader
- Charles E. Schumer (D-NY), Democratic Policy Committee Chair

(Committee analysis provided in part by OpenSecrets.org)

2015 LEGISLATIVE SUMMARY

As the trade association for the Thoroughbred industry, NTRA focuses its lobbying on legislation having direct and material effect on its members and their business activities as they relate to race horse racing, breeding and pari-mutuel wagering. With the American Horse Council, the NTRA also supports Congressional education programs on issues such as agricultural matters and immigration, which affect the horse industry as a whole. Below is a summary of the major legislative issues for horse racing in the first half of the 114th Congress.

Taxes

In December, important tax incentives for horse owners, including a key provision that extends three-year tax depreciation for all racehorses through 2016, were passed by Congress as part of an omnibus bill. The Protecting Americans from Tax Hikes (PATH) Act of 2015 maintains the three-year recovery period for racehorse purchases that has been a top legislative priority for the NTRA since the provision's initial enactment as part of the 2008 Farm Bill. NTRA previously secured inclusion of three-year depreciation in the 2014 tax extenders package that expired at the end of 2014.

The provision allows taxpayers to depreciate, on a three-year schedule, racehorses 24 months of age and younger when purchased and placed into service, 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.

The PATH Act also retroactively extends two other provisions that spur investment in racehorses and depreciable farm equipment:

Bonus depreciation will remain set at 50 percent and may be used by business owners who purchase and place in service qualified new depreciable property. Yearlings that an owner purchases and puts into a training program are one example of eligible property. Bonus depreciation is set at 50 percent for 2015, 2016 and 2017, at 40 percent for 2018 and at 30 percent for 2019.

The Section 179 expense allowance will be set at \$500,000, with a \$2 million threshold for qualified new or used property purchased and placed in service by small business owners in many industries. Total purchases of qualified property that exceed \$2 million reduce the taxpayer's expense allowance dollar for dollar. Broodmares may be eligible for expensing and are an example of used property because of their prior use as a racehorse or broodmare. Additionally, Section 179 allowances are now both permanent and indexed for inflation.

2015 LEGISLATIVE SUMMARY

Legislation to reduce the capital gains holding period for horses from two years to one, H.R. 3672, the Equine Tax Parity Act, would eliminate a longstanding tax provision that discourages investment in the equine industry. Introduced by Rep. Andy Barr (R-KY), the bill received little action in 2015 but remains a priority for the NTRA in the second half of the 114th Congress.

IRS Reporting and Withholding Thresholds

In 2015, NTRA made significant progress in its ongoing effort to secure a clarification from the IRS regarding its definition of the “cost of a wager.” This seemingly arcane point is critical to determining whether a winning horse player is subject to IRS reporting and withholding.

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 have been pegged at \$5,000 since 1992. Reporting levels have not changed since the mid-1970s.

With this background, Rep. John Yarmuth (D-KY) arranged a meeting between senior members of the Department of Treasury and several industry representatives to discuss the issues in early 2015. Following the meeting, NTRA facilitated the filing of more than 12,000 public comments in favor of new language to define the “cost of a wager.” Throughout the comment period, the NTRA legislative team also worked with elected officials who voiced their support for the proposed change via letters, phone calls and discussions with Treasury officials. Members of the House and Senate—along with Kentucky Governor Steve Beshear – helped build the case for tax reform.

By mid-2015, Treasury Department officials had received sufficient public input to move forward on the issue, thought to be part of a comprehensive review of IRS Form W2-G, used by taxpayers to report a variety of gambling winnings and any federal income tax withheld on those winnings. There is no timeline for this process or guarantee that the regulators will accede to our requests. We remain optimistic that the officials will see the merits of our proposal and heed the messages of support from both the public and Members of Congress. NTRA will post any updates at its Web site, NTRA.com.

2015 LEGISLATIVE SUMMARY

Farm Bill

Congress passed a Farm Bill in 2014 whose provisions were subsequently impacted by the omnibus appropriations bill passed in 2015. The appropriations bill maintained 2014 funding levels for the Conservation Stewardship Program but cut the Environmental Quality Incentives Program by 19 percent, impacting farm owners seeking financial and technical assistance to conserve water, soil and other natural resources on their farms. The appropriations bill also slightly increased the budget for the USDA's Conservation Operations program, which offers conservation technical assistance to farmers, ranchers and foresters.

Online Gambling

In 2015, Sen. Lindsey Graham (R-SC) reintroduced a bill to ban Internet gaming. The Restoration of America's Wire Act is a companion bill to the House version introduced earlier in the year by Rep. Jason Chaffetz (R-UT). Both bills were introduced in the last Congress but saw little activity.

The bills essentially would ban Internet gaming and reverse a Department of Justice opinion released in late 2011 clarifying its interpretation of the Wire Act and affirming that the Wire Act would not ban many types of Internet gaming as long as they were permitted by states. Casinos, state lotteries, Indian tribes, law enforcement and conservative pro-states' rights groups generally oppose efforts to ban Internet gaming, while Rep. Joe Barton (R-TX) went so far as to reintroduce a federal bill to legalize online poker.

Complicating matters, online sports fantasy games have come under intense scrutiny in several states, including New York and Illinois, and Congress has requested hearings and investigations into fantasy sports markets. While that issue does not affect our industry directly, it could fuel efforts at the federal level to ban online gaming and have unintended consequences for our industry's ability to offer Internet gaming on pari-mutuel racing under the Interstate Horseracing Act. While we do not anticipate activity on the federal bills in the near future on this issue, we remain vigilant on this matter.

Animal Welfare

Three bills have been introduced aimed at regulating the industry and/or providing new structures for regulation of the industry with respect to medication. Separately, Congress also acted to add another year to the long-running *de facto* ban on horse slaughter.

Shortly before the Kentucky Derby, Sen. Tom Udall (D-NM) and Rep. Joe Pitts (R-PA) introduced legislation to eliminate most wagering on horse racing. According to the

2015 LEGISLATIVE SUMMARY

sponsors, the legislation is designed to “encourage the sport to end doping and crack down on cheaters. Horse racing is the only sport specially permitted by federal law to offer online gambling and interstate betting, yet widespread corruption has stained the industry.” No further activity has been recorded on the bill to date and passage seems unlikely. Numerous industry organizations have condemned the bill as well.

A second bill, H.R. 2641, The Horseracing Integrity and Safety Act, is largely identical to legislation introduced in the last Congress and is sponsored by Reps. Joe Pitts (R-PA), Anna G. Eshoo (D-CA) and Jan Schakowsky (D-IL). The bill would provide the non-profit, non-governmental U.S. Anti-Doping Agency (USADA) with authority to regulate the sport and enforce anti-doping standards in races with simulcast wagering.

A third bill, the Thoroughbred Horseracing Integrity Act of 2015, was introduced on July 16 with bipartisan support by Reps. Andy Barr (R-KY) and Paul Tonko (D-NY), who co-chair the Congressional Horse Caucus. The legislation grants authority for rulemaking, testing and enforcement of drug and medication use in Thoroughbred racing to an entity created by the U.S. Anti-Doping Agency (USADA).

USADA would create the Thoroughbred Horseracing Anti-Doping Authority (THADA), to be governed by a board of six USADA board members and five independent individuals from the Thoroughbred racing industry. THADA would work with state racing commissions and be funded by the racing industry. The THADA anti-doping program would go into effect nationwide on January 1, 2017, following a period of input from the Thoroughbred industry and the public. The legislation has seen little action thus far in the 114th Congress.

The omnibus appropriations bill passed in December included language defunding horse slaughter inspections by the United States Department of Agriculture for one year – the standard duration of an appropriations bill. Numerous efforts to secure an outright federal ban on horse slaughter have fallen short; however, the defunding mechanism produces a *de facto* “ban.”

Immigration

Provisions backed by the NTRA that offer relief for H-2B visa employers were approved by Congress as part of the omnibus appropriations bill passed in December. The H-2B visa program is used by many industries, including horse racing, to access temporary seasonal workers when domestic help is unavailable. Horse trainers typically use the program to hire grooms and other barn help. The lack of documented H-2B workers has significantly hindered the ability of horsemen to hire qualified backstretch employees.

2015 LEGISLATIVE SUMMARY

The following provisions in the bill are of particular interest to trainers and others in the Thoroughbred industry who rely on H-2B workers:

- H-2B returning workers are exempt from the annual 66,000 H-2B cap;
- Those paying H-2B wages are allowed the use of private wage surveys, which are not allowed under current H-2B rules;
- Seasonal employment is clearly defined as 10 months of employment, as opposed to nine months in the current H-2B rules;
- The Department of Labor (DOL) is prevented from implementing the provisions of current H-2B rules related to corresponding employment and the 3/4 guarantee requiring a set number of work hours; and
- DOL is prohibited from implementing a burdensome new enforcement scheme related to auditing of employers and certifying officer (CO) assisted recruitment.

“Thoroughbred racing and breeding still need comprehensive immigration reform,” said NTRA President and CEO Alex Waldrop, “but these changes to the H-2B visa program are a step in the right direction.”

2016 Outlook

Horse PAC’s strategy is grounded in timely, bipartisan support for Senate candidates who are up for re-election and for House members who serve on the committees that oversee key business areas for horse racing and breeding, such as taxes, Internet gaming, immigration and agriculture. With a foreshortened Congressional calendar in 2016 due to the elections, we nonetheless anticipate additional work by the tax-writing committees in the House and Senate, which remain focused on tax reform. Through our Congressional allies, we will also continue to press senior officials at the Treasury Department and the IRS to consider our request for equitable changes to reporting and withholding requirements for horseplayers.

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

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

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

Horse PACSM, 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 PACSM 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 PACSM will be used to support or oppose candidates for public office. Contributions to Horse PACSM are not tax-deductible.

FOR MORE INFORMATION CONTACT:

Margaret E. Hendershot
President, Horse PACSM

(859) 621-6929



2525 Harrodsburg Road, Suite 510
Lexington, KY 40504
Phone: (859) 245-6872
Fax: (859) 422-1230