



June 7, 2017

To the Leadership and Members of the Massachusetts State Senate and House of Representatives:

At its public meeting on Thursday, May 25, 2017, the Massachusetts Gaming Commission voted unanimously to express to the Legislature our opinion about pending legislation to divert monies from the Race Horse Development Fund to other worthy causes.

As you know, the Gaming Commission generally does not take positions on public policy questions, unless specifically requested by the Legislature. As we have repeatedly said, "the Legislature makes law; the Gaming Commission implements it." However, in this case, the Gaming Commission has taken a series of steps, pursuant to legislative mandates, that put it clearly on the record in support of a comprehensive strategy designed by the Legislature to support its long standing public policy decision: that is, to enhance and strengthen the horse racing industry in Massachusetts, because of its contribution to jobs, economic development, open space and agriculture. As stewards of that legislative strategy embodied in the Expanded Gaming Act, we believe it is appropriate to register our thoughts with you on this important issue.

The Expanded Gaming Act, Chapter 194 of the Acts of 2011, set out a strategy to enhance and strengthen the horse racing industry in Massachusetts – both its thoroughbred and standardbred (harness racing) divisions. That strategy consisted of three key elements. The legislation:

1. Moved regulatory authority for the racing industry from the Racing Commission to the Massachusetts Gaming Commission (Section 2 of Chapter 23K);
2. Sunset the existing racing regulations (MGL Chapters 128 A and C) at July 31, 2014, and directed the Gaming Commission to file recommendations and new legislation for regulation of horse racing by January 2014 (Section 104 of Chapter 194);
3. Established the Race Horse Development Fund for the principal purpose of augmenting purses for thoroughbred and standardbred races, as a means of building and strengthening the horse racing industry in Massachusetts (Section 60 of Chapter 23K).

As directed, the Gaming Commission took over regulation of the racing industry in 2013, and in March 2014 the Gaming Commission filed comprehensive reform legislation with the Legislature.

The reform legislative package submitted to the Legislature in 2014 was not passed by the Legislature and the sunset provision has twice been extended. Subsequently, at the urging of legislators in both the House and Senate, the Gaming Commission filed a second regulatory reform package in 2015 and again in 2016. This latter regulatory reform package was based on the 4-5 year experience of the Gaming Commission and its staff, including working with all the constituents of the horse racing industry. As was anticipated by the Legislature in 2011, the need for regulatory reform for the racing industry is a critical element of the strategy to sustain horse racing, which the Legislature embodied in law.



Massachusetts Gaming Commission

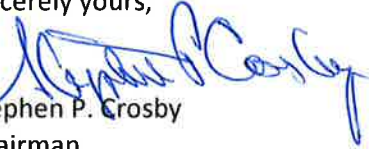
Beginning with the operation of Plainridge Park Casino (PPC), the Gaming Commission accepted the assessment of 9% of PPC gross gaming revenue for purse and other uses from the Race Horse Development Fund, a total of nearly \$30M. Subsequent events have demonstrated conclusively that the Race Horse Development Fund can act as a principal means of enhancing and strengthening standardbred racing; the standardbred track at Plainridge Park Casino is now running 125 racing days, up from 80; purses have increased from \$2.6M in 2014 to \$7.4M in 2017; live racing handle has more than doubled from \$7.6M to \$18M; and annual registered yearlings (1 year old Standardbred horses) have increased from 36-51.

Similarly, though thoroughbred racing is in the process of losing its one operative race track with its minimal number of racing days, there is reason to believe that the thoroughbred industry in Massachusetts can be resurrected, if all of the strategic tools the Legislature envisioned are put into play. It is the Commission's belief that with a reorganized regulatory structure, and empowering the Gaming Commission to strategically manage all the thoroughbred revenue streams – including the Race Horse Development Fund, that there is a legitimate chance of designing a sustainable strategy, for thoroughbred racing in Massachusetts.

In any event, unless the Legislature decides to change its long standing policy commitment in support of sustaining thoroughbred and standardbred racing in Massachusetts, it would be unfortunate to divert significant portions of the Race Horse Development Fund before the full legislative strategy to sustain horse racing has been implemented and tested—notwithstanding that we fully appreciate that these are very difficult fiscal times.

If the Legislature continues its public policy commitment to sustaining the horse racing industry, the Gaming Commission stands ready to work with the Legislature and with all the horse racing constituents to design and implement a sustainable strategy for re-generating and maintaining this important and exciting industry.

Sincerely yours,

  
Stephen P. Crosby  
Chairman



Massachusetts Gaming Commission