



The Horsemen's Newsletter

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Tax Break on Racehorses Passes Congress

A provision that retroactively extends three-year tax depreciation for all racehorses was passed by the United States Senate Dec. 16 as part of bill H.R. 5771.

The bill, which extends retroactively through the end of 2014 numerous provisions which expired or were reduced at the end of 2013, passed the House of Representatives with overwhelming support and is expected to pass into law with President Obama's approval.

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Construction of New Barns Begins at Laurel Park

Construction equipment rolled into the barn area at Laurel Park the week before Christmas as Maryland Jockey Club has broken ground for the building of long-promised new stalls at the racetrack.

"I think there is definitely a buzz, a new enthusiasm around here, because after all the promises over all the months and years, it appears things are happening," MTHA President Tim Keefe said of Laurel Park's uplifted atmosphere.

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Sinatra, Ritvo Take Helm at MJC

STRONACH GROUP TOTALLY FOCUSED ON MARYLAND RACING'S REVIVAL

Ask Salvatore "Sal" Sinatra (pictured), the Maryland Jockey Club's new vice president and general manager, if he's related to late singer Frank Sinatra and he'll laugh.

"No," he said. "I'm not related and you don't want to hear me sing. But I do have blue eyes."

And as Sinatra casts his eyes over his new domain at Pimlico Race Course and Laurel Park, they brighten in anticipation of what he hopes will come to be.

"I'm not overwhelmed by what's ahead," said Sinatra, who spent 15 years building the racing product at Parx Racing in Pennsylvania. "I'm excited. Maryland has a good foundation with good horses and good horsemen. Maryland is a horse-friendly state. Its citizens are proud of the Preakness."

"I'm here to try to build handle and to get more people into our buildings. I have to figure out why our signal isn't as well received as it should be. We have generations of horsemen of terrific quality; we have a racing secretary in Georganne Hale who does a great job. It's a much better product here than I had at Parx. It should be doing much better and I'm here to help find a way to make that happen."

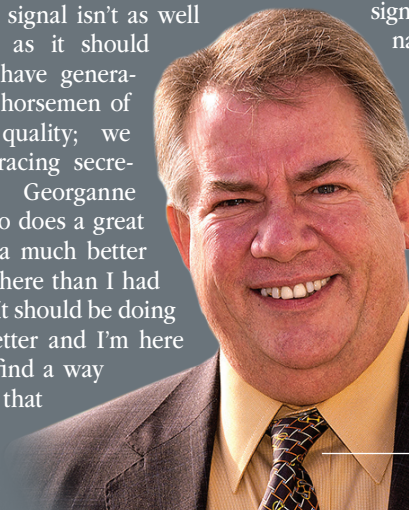
Helping him get acclimated here is Tim Ritvo, chief operating officer of The Stronach Group, which owns the Maryland racetracks.

Ritvo was a former jockey and trainer before becoming director of east coast racing for MI Developments in 2011. Now, besides being the COO for The Stronach Group, he is also the president of Gulfstream Park in Florida. He helped oversee the redevelopment of that track and Santa Anita in California, before being sent to Maryland this month to oversee the redevelopment of Maryland racing.

"I'm here to help Sal develop the right structure," said Ritvo, a 30-year veteran in the sport. "He's coming in from Parx Racing, and I'm teaching him how to structure Maryland racing for the Stronach Group. He's general manager, handling the day-to-day operations, and I'm overseeing from corporate."

The arrival of Sinatra and Ritvo signal a new focus by the Stronach Group on Maryland racing. Ritvo said since 2010, when all the Stronach Group-owned racetracks became a separate entity, breaking away from MID, a publicly traded company, the handcuffs have been taken off and Stronach Group has been able to move forward with rede-

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Christmas Party, Toy Drive Both a Phenomenal Success

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Maintaining the three-year recovery period for racehorse purchases has been a top legislative priority for the National Thoroughbred Racing Association since the provision's initial enactment as part of the 2009 Farm Bill.

"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.

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" remains set at 50%. This investment incentive permits taxpayers to depreciate in the first year 50% of qualified property purchased and placed into service. Yearlings that an owner purchases and puts into a training program are one example of eligible property.

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 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.

Information on H.R. 5771 can be found on the U.S. Congress website by clicking here. The sections of key interest to the Thoroughbred industry are Item 121 (racehorse depreciation), Item 125 (bonus depreciation) and Item 127 (expense allowance).

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A record crowd of over 350 horsemen danced the night away and enjoyed the festivities at the MTHA Christmas Party Awards Ceremony on Monday, December 15 in the Carriage Room at Laurel Park.

Receiving awards on the night were Richard and Karen Papiese's Midwest Thoroughbreds (Outstanding Owner), Phil Schoenthal (Outstanding Trainer) and Backstretch Employees-of-the-Year Ronald Singh (Pimlico), Dottie Jones (Bowie) and Victor Garcia (Laurel Park).

In addition, scores of toys were collected at the door of the event for the 1st annual

MTHA Toy Drive, which was a brainchild of MTHA's Race-track Representative Diana Pinones.

Santa visited the Laurel Park track kitchen on December 23 and distributed the toys collected to children of backstretch workers employed at Laurel Park, Pimlico and Bowie Training Center.

A special thank you goes out to horsemen who donated toys and/or money for this occasion as well as those who helped wrap and distribute the gifts.

velopment at Gulfstream Park and Santa Anita in California. Those tracks are now functioning soundly, and The Stronach Group is now entirely focused on improving Maryland racing.

"That could take a while," Ritvo said. "Fortunately, Maryland is rich in history and culture. It's a key state where Thoroughbred racing should thrive. We're digging into the weeds to find out why it isn't and we're going to put in place a structure that we hope will make Maryland's signal the fourth strongest in the country behind only Florida, California and New York."

Ritvo said he wants to make the Maryland signal more interesting to fans around the country and already sees two ways he wants to start working on that—by increasing field sizes and by lowering takeout rates to make wagering on Maryland races more enticing.

He said management will weigh a lot of issues and run financial models and look at some complicated formulas to evaluate and determine "what moves the needle" in terms of increasing handle and revenue and lowering takeout rates. He also said corporate is in touch with other tracks in Delaware, Pennsylvania and Virginia to talk about a cooperative schedule that could help all the tracks with field sizes and increase payouts by lessening the competition among them for the same horses on the same race dates.

"We think we were successful in Florida [working out a cooperative agreement with Calder Casino & Race Course]," Ritvo said. "We want to say to other tracks that we can use one racing office, one management staff. We can condense into one for cost saving and the burden of expenses will come down."

While Ritvo is working on track cooperation and takeout rates, Sinatra is busy working on plans for getting people to the racetracks and showing them a good time once they come.

"We have to get young people here," Sinatra said from his Laurel Park office. "We need to be on people's minds as a start. As I've been driving around the area looking for an apartment, I've discovered Pimlico is known, but Laurel is not known, and this is by people who are located no more than 30 minutes from here.

"We've got to let people know we're here; give them something—hats, T-shirts—something they will wear that will be visible to others. We've got to be out there."

While Ritvo hopes to have a "clear picture of the future" for modernizing Pimlico "within the next month or so," Sinatra is working on making other improvements almost immediately at Laurel Park.

"We will be beautifying some spots within the next few months, spots that need attention—some new TVs, carpeting, fresh-

ening it up," Sinatra said. "We want to offer people something when they come here. The Preakness is a great event, but we want to be able to offer our fans something the next day, too. We want to try not to be stale. We want life here."

Together, Ritvo and Sinatra are working on a process that they hope will bring change to all of Maryland racing.

Ritvo believes one of his strengths is that he knows all aspects of the sport. He knows the back side of a racetrack as well as the corporate offices. What his experience has taught him is that "without the horsemen, breeders and tracks working together, there will never be success.

"What we're building is a win, win, win program," he said. "In it, the breeders win, the horsemen win and the track wins."

How long it will take is an open-ended question. Both Sinatra and Ritvo say their office doors are open to all and that they will be as forthright as possible with anyone who has questions for them.

Right now they are both settling in, apartment hunting. Sinatra said he hopes to be here for another 15 years, "long enough to see a Maryland horse win the Kentucky Derby and the Preakness." Meanwhile, Ritvo said he'll be here until Maryland racing is rebuilt and back at the top of the sport.

"I will be here seven days a week, as long as it takes," Ritvo said. "I'm a horseman. Horsemen work seven days and so do I. But getting it all done will take time, maybe even years."



Tim Ritvo

Perryville Casino to Eliminate More Than 300 Slot Machines

Hollywood Casino Perryville won approval in late December to eliminate 308 of its 1,158 slot machines. The Maryland Lottery and Gaming Control Commission voted 4-2 to grant the request.

"It's a temporary reduction request," casino general manager Matthew Heiskell told the commission at its monthly meeting.

The state is expected to take a short-term revenue hit of about \$1.2 million, according to projections released at the meeting.

But Heiskell said the move would help in the long run. "We're trying to open up some space for additional amenities," he said.

The casino leases some slots machines, while others are state-owned. The state will need to find a buyer for those that are returned.

The casino generated \$6.2 million from slots and table games in November, down 6.9 percent from November 2013. The Casino generates on average about \$1.1-million a month for Thoroughbred Purses.

It was the first casino to open in the state after voters endorsed slots in 2008, but it has faced increased competition from newer, larger casinos including Maryland Live in Hanover and Horseshoe Casino Baltimore.





Recreation Report

Donations

Thanks to all who provided gifts for our Toy Drive. Additionally, we received donations from the following generous people during the month of December: Mark Lapidus, Molla Sletzinger, Jason Egan, Pheobe Hayes, Eugene Gillooly, Maryland Racing Media Association - represented by Laurie Asseo, J. D. Brown, Tim Ritvo and Jack Adamecz.

Bowling

The next Bowling Outing will not be held until February.

Winter Clothes Drive

The MTHA is still seeking warm clothing, blankets, gloves, hats, etc for the cold winter months approaching. Please contact Dan.

Texas Hold'em

The next Texas Hold Em Mock Poker Tournament will be held on January 17th at noon in the Bowie Kitchen.

Basketball League

Basketball is scheduled to start on Sunday, January 11, 2015 at Meade High School. Anyone interested in playing should contact Dan Mangum at (410) 802-5798.



Join MTHA President Tim Keefe along with MTHA's David Richardson and MJC's Karin De Francis to raise money for Thoroughbred Aftercare and Special Olympics at the Polar Bear Plunge on January 24 at Sandy Point State Park. To join Keefe's team or to make a donation please visit plungemd.com or call 410-902-6842.



MTHA

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According to the 10-year deal among industry stakeholders signed in 2012, the MJC is to erect a minimum of 300 new stalls as part of a backstretch revitalization project designed to replace stalls that could be lost by the closing of the Bowie Training Center.

The Stronach Group chief operating officer Tim Ritvo said the infrastructure for the construction of the 300 stalls is underway.

"One hundred and fifty of them will be finished and horses will be in them by April," said Ritvo, who is now on-site in Maryland to spearhead The Stronach Group's restructuring and updating of Maryland racing.

It appears, as The Stronach Group focuses on Maryland racing, Ritvo's to-do list is long. He said he also hopes within the month

to have a plan for facility improvements at Pimlico, whether it is a new facility or at least a major updating.

"Tim Ritvo has indicated his eagerness for the opportunity to come to Maryland to fix the model and make it better," Keefe said. "They've broken ground for the stables and they're preparing the area—grading and filling, getting ready for the foundation. Ultimately, we have to make sure we have enough stabling to ensure year-round racing. You have to have the inventory. If you don't have the stables, you can't have the inventory. I'm very hopeful. For years, we've heard a lot of stuff and now we actually have work being done and corporate management on-site."