



SPRING 2012

Dear Friend,

This time of year is a favorite for many in the Thoroughbred racing industry. While the new foal crop is hitting the ground, Triple Crown contenders are sorting themselves out and the breeding shed is busy with the promise of next year. In our industry, the optimism that stems from these events helps balance the inevitable challenges that are part of horse racing. The National Thoroughbred Racing Association joins you in working every day to capitalize on opportunities and weather any unforeseen setbacks.

### **How can the NTRA help you on this journey?**

One of the NTRA's primary areas of focus is representing you and your industry peers in Washington, D.C. The NTRA's federal legislative advocacy team puts our industry in the best position to benefit on Capitol Hill by coordinating research efforts, preparing legislative strategies, developing relationships with law makers and their staff and educating members of Congress about the important contributions that horse racing makes to the national economy. All of this is done to preserve, protect and advance Thoroughbred racing's interests and we are proud to serve in this role.

### **The NTRA has methodically grown the industry's presence on Capitol Hill.**

For more than a decade, the NTRA has served the Thoroughbred industry in Washington, D.C. and achieved a string of legislative successes. Starting in 2000 with an amendment to the Interstate Horseracing Act (IHA) to protect horse racing's primary growth strategy, online pari-mutuel wagering, the NTRA has been at the forefront of federal legislative issues for the industry.

Most recently, the NTRA's dedication to improving the tax landscape for owners and breeders led to the passage of the Equine Equity Act (EEA) which created a uniform three-year accelerated depreciation schedule for all racehorses. This change means that racehorses are now depreciated over a period of time that better reflects their prime earning years on the track – a major improvement over the long, seven-year schedule before EEA.

### **What are the NTRA's federal legislative expectations in 2012?**

This presidential election year will make for a short Congressional calendar to allow time for the campaign trail; nonetheless, our federal legislative team is focused this year on the expansion of online gambling and horseplayer tax issues.

#### *Online Gambling*

Three different bills were introduced in 2011 to create a federal structure to tax and regulate online gambling. The NTRA has been active in the development of each of these and, although none has passed, we must

continue this effort if horse racing is to achieve certain benefits and secure protections should online gambling be legalized at the federal level.

#### *Horseplayer Tax Treatment*

The NTRA continues to push for improved tax treatment for horseplayers. Currently, racing's customers are charged an automatic 25 percent federal withholding tax when they win \$5,000 or more on a wager with odds of 300-1 or higher. They also must report to the IRS when they win \$600 or more at those same odds.

These tax requirements are not in line with other forms of wagering like casino gambling whose customers are not subjected to such onerous tax rules – a strange inequity considering the many racino properties whose customers may participate in both activities.

Understand that automatic withholding in particular directly and negatively impacts the economics of horse racing. When winnings are withheld, horseplayers have less to re-bet and handle suffers. Lower handle leads to lower purses and breeder incentives and less investment in Thoroughbreds, as owners grow more concerned about racing's economics.

The NTRA continues its work to secure language that would eliminate the automatic withholding as described above and to double the IRS reporting requirements. Our work on this will continue in 2012 and beyond if necessary.

**We are asking you to help support our legislative effort by participating in the NTRA ¼% Check-off program.**

In 2011, we surpassed the amount raised through the Check-off program in 2010. Please help us keep this momentum for 2012. Whether you sell just one or many more yearlings this year, we ask that you “check off” when completing your pre-sale paperwork with your consignor. Your contribution to the NTRA's Legislative Action Campaign is based on the sale price of your horse (¼% is the equivalent of \$2.50 for every \$1,000). You may choose to check off on every yearling you sell or just on selected yearlings. It's your decision.

Keeneland, Fasig-Tipton, OBS, Barretts, Washington Thoroughbred Breeders and Owners Association and Louisiana Breeders Sales Company all partner with the NTRA on this initiative. Please contact me directly with questions at [joeb@NTRA.com](mailto:joeb@NTRA.com) or 859-422-2677.

With Appreciation,

Joe Bacigalupo  
Director of Membership Development

P.S. If you would like to read more about the work of the NTRA's federal legislative team, visit [www.SupportHorseRacing.org](http://www.SupportHorseRacing.org) to download the 2011 Legislative Annual Report.

**Please notify your consignor or the sales company today of your intention to contribute to the ¼% Check-off Program at the 2012 yearling sales. Thank you! - Joe**