



**Board of Trustees
Evening Zoom Video Conference**

**March 11, 2021
6:00 p.m.**

PRESENT

President Tom Goncharoff, 1st Vice President Mike Logan, 2nd Vice President Verner R. Query and Trustees Vanessa Alexander, Norma Alvarez, Mark Brown, C. Warren Franklin, Annette McCloy, Mac Murray, Helen Nave, Susie Prather, & Nancy Summers, and guests Debra J. Laney & Jason Thompson

ABSENT

None

QUORUM

President Goncharoff acknowledged a quorum present.

SENATE BILL 378

President Goncharoff acknowledged that Lobbyist Jason Thompson was in the meeting and asked him to let us know his thoughts about Senate Bill 378.

Jason Thompson reported that the political process is kind of complicated and difficult to explain the system. The clock is in our favor. The session will end at noon next Saturday, March 20th. If it was to get through this current committee, then it would have to go to the Senate Floor and it would be at least 48 hours before being heard. It could also be slowed down due to all the opposition to this bill. Then it would have to go to at least one committee in the House and if it got through that it would go to the House floor. The final stop would be to go to the Governor. It is not impossible, but it will most likely not even make it out of the Senate Judiciary Committee, where it is now, since they are really backed up and there are a lot of important bills they need to get to. The industry opposition from the breeders & horsemen will also really help to keep it from passing. Some of the people on the first committee said the only reason they were voting for the bill was in hopes that we could negotiate and potentially come to a compromise. Looking at the meeting that was held last night with Mr. Blanchard, it does not look like there will be a compromise. It is very unlikely that it will get through this session.

President Goncharoff stated that the Trustees will be voting tonight on whether to accept the new proposed changes to SB378 or not. He thanked Jason Thompson for joining the meeting and giving us his opinion on the situation. He asked him to keep us apprised of any new developments.

Jason Thompson left the meeting.

President Goncharoff had invited Debra Laney to the meeting, and she has found some interesting information on how this whole 10% Breeder Award started and was structured. He then yielded the floor to Debra.

Debra J. Laney explained that she had talked to someone today and found out that originally before gaming, what the track retained from the simulcast, was 50% of the net retainage and 50% went to the horsemen. When that happened, the racetrack would take the 10% off the top before splitting those funds. Once we got gaming, it no longer covered this fund, and the racetracks are having to take part of it out of their own pocket. This is in statute and you can find it under 60-1a-19 article G of the Horse Racing Act. There was no back door agreement on this with the horsemen. It was just being taken off the top of the simulcast funds. This has been going on since the late 70s and has never been changed. The 10% comes from the racetrack and they decided to take it from simulcast funds before being split. So now that this fund is not covering it fully, they want to take it 100% out of the purse fund. Of course, when you go from making about \$1 million a year without gaming and then they got gaming and started making \$20 million a year, it does not seem like much of a hit.

President Goncharoff thank Debra J. Laney for finding that out for us. It has been a bit of a mystery, so it is good to be able to understand how this worked.

Mac Murray asked if there was ever an agreement with the horsemen to pay half of the 10%? Debra J. Laney explained that at that time the retainage was all they got. The racetracks never talked to the horsemen. They just decided to take the fund off the top of the retainage before splitting the fees. That is how they figured out how to fund the 10% Breeder Awards for the breeder of any New Mexico Bred that wins a race. Mack Murray had heard that there had been an agreement, but nobody seemed to know. Debra J. Laney had checked with everyone she could think of and everyone knows the horsemen pay half of it but until now, nobody knew how it came to be. In reality now, she does not think the horsemen pay half of it anymore. They only pay 5% from the retainage from simulcast. Mac Murray thinks that Mr. Blanchard said at the meeting last night that they are only getting 3.8% of the funds from the retainage now.

President Goncharoff thanked Debra for the information and for coming to the meeting. Debra J. Laney then left the meeting.

President Goncharoff asked Mary Barber if we had received any other emails from the members other than the two that she had shared with the Trustees. Mary Barber reported that Gerald Marr had called her to say that he is friends with Senator Pirtle and spoke with him about this bill and asked him to vote against it.

Nancy Summers commented that she was here twenty five years ago when we all went to the state capitol to help get casinos at the racetracks and some of the old timers had predicted that the racetracks would try to squeeze us out and that is exactly what is happening.

Mark Brown thinks that if the two other bills that are on hold would pass, it would really help the racetracks and maybe even pay for this fund. The racetracks are making more than anyone else and yet they are trying to make more. The proposal is more agreeable, but it is just a way of holding us hostage.

President Goncharoff thinks there needs to be some outreach after this is over to see if we can improve our relationships with track management. He has had some conversations with Mike Logan about how to go about that and he thinks it is important that we make that effort.

Mac Murray asked if there were any new concessions or tradeoffs to support this bill? He had heard that they offered for our 8% to go to 10% for our operating expenses. Mary Barber had heard that from Billy Smith earlier that day. She explained that those funds come from par-mutuel and goes on restricted overnight races, restricted stakes races and also on our awards. This would not come to a lot of money for office expenses and would just lower the funds we have for purses and awards. That would just be taking money from ourselves.

Norma Alvarez asked if we could have those numbers in a better format so that it would be easier to understand. It is hard to know how much money we are talking about when it is 5/8ths of a percent. After a short discussion, Mary Barber offered to send out the chart that she had done earlier when we were looking at the ADW Bill that showed how much the breeders received in 2019 for the unclaimed tickets, breakage, win, place, & show, and exotic handles and she would be happy to send that out to the Trustees again. It also shows how much we made from the 8% off the top for the administration fees. President Goncharoff that would be a good idea. Maybe we can post those for everyone to see it.

Vanessa Alexander stated that Billy Smith made the comment that this would crush the breeders if this went through. Horse racing is the third largest industry in the state and what would happen if the breeders disappeared. So that is something she thinks we could actually use in our favor to gain some leverage. This has created a feeling of animosity towards the racetracks. We definitely need to find common ground with the horsemen and build on that and not be caught with our pants down again with this bill. If this does fail, they are going to come back again next year. Publicity wise and revenue wise, the politicians will see that this would hurt the third largest industry in New Mexico as a whole and that will be detrimental to Mr. Blanchard's cause.

Mac Murray would like to understand exactly what we are going to be voting on. Mary Barber explained the original bill has four changes, the number of breeders on the Commission, this would cut the unclaimed ticket funds we receive, it would cut the 10% awards, and a reduction to the simulcast. The new proposal would change two of these items. The number of breeders on the Commission would change to at least two and the 10% Breeder Awards would stay the same, but all of the funds would come from the horsemen's purse fund.

President Goncharoff stated that there are two issues we are looking at. Mac Murray explained that his understanding is if we vote against the bill, we are voting against the changes they proposed. There is already \$1.7 million that will be taken out of the purse fund for the jockey's insurance. He thinks we should accept the changes to SB 378. We will not lose anything if the updated bill goes through.

Mike Logan thinks we should take two votes. One for the proposed changes to the bill and then also a vote to oppose or support SB 378 as currently written. Norma Alvarez agrees. She sees this as using a threat that if we do not support the lesser of the two evils, then they will go back to the original bill.

Warren Franklin asked if we vote to approve these changes, what concessions are they asking us to make. Just shut up and allow the bill to go through? And then fight against the bill? President Goncharoff thinks that if we vote to agree to the proposed changes, then we would not fight the bill.

President Goncharoff stated that there is a third option of remaining neutral. The other Trustees did not think that would be a good idea.

Susie Prather commented that she has a good customer named Pat Aguilar. He is a breeder and an owner but could not make the meeting last night. He wants to know why Munoz agreed to carry this bill.

Mac Murray was appalled by this bill at first but if we agree to the proposed changes and it either goes through or not, we do not lose anything. He really thinks they are going to be able to get this bill through. They have a lot of pull with this legislature and the Governor.

Vanessa Alexander thinks that if we agree to this it will pit us against the horsemen and this will be used against us in the future whether it goes through or not. It could take years to overcome that. Mac Murray commented that the horsemen did not consult us on not paying the jockey's insurance and never even responded to the letter we sent asking them to drop the lawsuit they have against the Commission. Mr. Blanchard said that if this goes through, he will run more breed races.

Annette McCloy stated that she goes back and forth. She understands the feeling that we should take what we can get but she does not trust them. She is not for this at all but may have to stomach it. She is disappointed that the ADW has not gone through.

Mike Logan stated again that he thinks this necessitates two votes. One is to oppose or support SB 378 as written and the second vote is to oppose or support SB 378 with the amendments.

Helen Nave thinks we should be supporting our membership and it sounded like they are very much against this. President Goncharoff stated that he was impressed with the turnout to our meeting last night on such short notice but that was the reason for the meeting was to hear how they felt about this.

Mark Brown thinks this is a losing situation. He asked if we could go to Paul Blanchard and ask him to postpone this until we can all come together to work on this? Does this have to be decided tonight? Are we just out of time?

Norma Alvarez totally agrees with Helen Nave. She did not hear anyone support this at our meeting. She thinks the lobbyist is right and we should not do anything out of fear.

Nancy Summers said the horsemen are breeders and the breeders are horsemen. We need to show a united front and not be divided.

Vanessa Alexander said that if Blanchard had the power to get the other bills through that would have helped to compromise.

Mac Murray thinks that if we vote to support this and it fails to go through, one thing is for certain, they will be back next year and try it again. Mark Brown is right. Maybe we can work together on this. He thinks that Ralph Vincent had some great ideas to change the division of the awards and maybe we could work on that.

President Goncharoff thinks that even if we oppose this bill, we could try to get together to figure out a solution in the future.

Helen Nave made the motion to vote on Senate Bill 378 as written, seconded by Mac Murray. 11:0 voted to oppose SB 378.

Norma Alvarez made the motion to vote on Senate Bill 378 as amended, seconded by Warren Franklin. 10:1 voted to oppose the amended SB 378 with Mac Murray voting in favor.

Warren Franklin asked that now that we have voted no, what are we going to do? He thinks we really need to start bombarding the Senators and ask them to vote against this. Mary Barber will send another email blast with the Judiciary Committee members contact information and the entire list of all state legislators.

Mark Brown asked if it would be beneficial for us to approach those guys and ask them to put this on hold. If we could even delay for a couple of days, that could help. President Goncharoff suggested we ask them to table the bill and have a discussion. Mac Murray stated that they have been asked that several times and will not budge.

Annette McCloy made a motion to adjourn the meeting, seconded by Vanessa Alexander. Motion carried 11:0.

Tom Goncharoff
NMHBA President

Mary M. Barber
Attest