

Pennsylvania Breeders Awards: *It's As Simple As 7-2-1 !!!*



Standardbred Breeders Association of Pennsylvania (SBAPA) projects that when slots revenue has fully funded the program, as much as \$10,000,000 per year may be available for Breeders Awards!

This means: \$7,000,000 goes to the Resident mare pool: "PA Sired AND Bred"

\$2,000,000 goes to the Non-Resident mare pool: "PA Sired"

\$1,000,000 goes to the Stallion Award pool

Eligible horses include all horses aged 2 - 5 by PA – eligible sires that earn money in Pennsylvania races. Every eligible Breeder receives a share of the funds available in the pool to which his horse is qualified according to the equation:

$$\frac{\text{Horse's earnings}}{\text{Total earnings of ALL horses in pool in Pennsylvania races}} \times \text{Total funds in pool}$$

SO LET'S FOLLOW THE MONEY!!! (NOTE: examples are based upon conservative projections that present purses will at the very least TRIPLE when the slots program is fully operational. Breeders Award pools are based on projections that, when fully funded, the Breeders Award program will distribute \$10,000,000 in Breeders Awards annually).

Example 1:

Breeder 1 has two PA – eligible horses racing that qualify for Breeders Awards. One horse qualifies for the "PA Sired and Bred" Award and earned \$75,000 in Pa. races; the other qualifies for the "PA Sired" Award and earned \$150,000 in PA races. For simplicity, we will say that all horses in the "PA Sired and Bred" pool earned \$15,000,000 in PA races, and all horses in the "PA Sired" pool earned \$15,000,000 in PA races. There is \$7,000,000 in the "PA Sired and Bred" pool to be divided, and \$2,000,000 in the "PA Sired" pool.

Applying the formula for his horse that qualifies for the "PA Sired and Bred" Award:

$$\frac{\text{Horse's earnings}}{\text{Total earnings of ALL horses in "PA Sired and Bred" pool in Pennsylvania races}} \times \text{Total Breeders Awards for "PA Sired and Bred" Pool} = \frac{\$75,000}{\$15,000,000} \times \$7,000,000 = \$35,000$$

Applying the formula for his horse that qualifies for the "PA Sired" Award:

$$\frac{\text{Horse's earnings}}{\text{Total earnings of ALL Horses in "PA Sired" pool in Pennsylvania races}} \times \text{Total Breeders Awards for "PA Bred" Pool} = \frac{\$150,000}{\$15,000,000} \times \$2,000,000 = \$20,000$$

Breeder 1 profited richly from the Breeders Award program, but also learned a big lesson:

- **It PAYS to qualify your horse for the "PA Sired and Bred" Breeders Award by foaling and boarding your mare in Pennsylvania. Although this breeder's "PA Sired and Bred" horse won half as much money as his "PA Sired" horse, the Breeder's Award for the "PA Sired and Bred" horse was 75% HIGHER.**

Example 2:

Breeder 2 owns a PA – eligible stallion whose qualified racehorses earned \$300,000 in PA races. All PA - eligible horses aged 2 – 5 earned \$30,000,000 in PA races. There is \$1,000,000 in the Stallion Award pool. How much is Breeder 2's Stallion award?

Applying the formula to calculate his Stallion Award:

$$\frac{\text{Stallion's qualified earnings}}{\text{Total qualified earnings of ALL Pennsylvania Stallions}} \times \text{Total Breeders Awards in PA Stallion pool} = \frac{\$300,000}{\$30,000,000} \times \$1,000,000 = \$10,000$$

Example 3:

Breeder 3's PA – eligible horse just won the \$450,000 Adios at The Meadows. He excitedly asks how much money he will get as a Breeders Award as a result of this race.

The correct answer is: **No specific dollar amount is won by a Breeder as a result of his horse's finish in a particular race. Breeders Awards are calculated ONLY at the end of the year, when the earnings of all horses in each pool are known.**

Example 4:

Breeder 4 has a good PA – eligible horse that qualifies for the "PA Sired and Bred" Breeders Award, and has won \$100,000 in PA races so far that year. Another PA – eligible horse that qualifies for the "PA Sired" Breeders Award wins the \$450,000 Adios.

Breeder 4 laments that his Breeders Award will be lessened by the other horse that just won the Adios. There goes his chance to buy more yearlings at Harrisburg!

Is Breeder 4 correct? NO – the “PA Sired and Bred” and “PA Sired” Breeders Award pools are entirely separate. Breeders Awards are distributed according to a ratio of an individual horse’s earnings to the total earnings of all the horses within his own pool. Earnings of horses in the other pool do not affect these calculations.

Example 5:

Breeder 5 has a good PA – eligible horse that qualifies for the “PA Sired and Bred” Breeders Award, and Breeder 6 has a good PA – eligible horse that qualifies for the “PA Sired” Breeders Award. Both horses earned \$50,000 each in PA – races. They just watched the \$450,000 Adios, which was won by a New Jersey sired horse. Breeders 5 and 6 lament that their Breeders Awards are now down the drain.

Are Breeders 5 and 6 correct? NO – earnings by non-PA eligible horses in PA races do not affect Breeders Award calculations in any of the pools.

Example 6:

Breeder 7 bred a PA – eligible horse which was foaled in Pennsylvania, and whose dam spent 180 continuous days boarding in Pennsylvania around the time of foaling. This horse would normally qualify his breeder for the richer “PA Sired and Bred” Awards. The horse wins \$100,000 and Breeder 7 anxiously waits for his Breeders Award check to arrive.

However, Breeder 7 failed to file ANY of the required forms with the Pennsylvania HRC.

How much Breeders Awards will Breeder 7 receive? NONE – sadly, because Breeder 7 failed to properly complete a “Pennsylvania Breeders Fund Breeders Registration Sheet” that would register him as a Pennsylvania Breeder in the year that the horse raced. He also failed to complete the “Declaration of 180 Day Residency Requirement” form for the dam that would properly register his horse for the “PA Sired and Bred” award in the year that the mare foaled. His horse therefore did not qualify for any Breeders Awards!

The hard lesson Breeder 7 learned:

- **Breeders MUST complete the required forms available from the Pennsylvania Harness Racing Commission, or from the SBAPA website, in a timely manner.**

Example 7:

Breeder 8 bred a PA – eligible horse which was foaled in Pennsylvania, and whose dam spent 180 continuous days boarding in Pennsylvania around the time of foaling. This horse would normally qualify the breeder for the richer “PA Sired and Bred” Award. The horse wins \$100,000 in his 2 YO season, and Breeder 8 anxiously awaits his Breeders Award check to arrive the following Spring. When the check arrives, it looks a lot smaller than he thought it would be. Breeder 8 calls the Pennsylvania HRC to complain.

Does he have a case? NO – Breeder 8 completed his “Pennsylvania Breeders Fund Breeders Registration Sheet” to register him as a Pennsylvania Breeder in the year that the horse raced. However, he failed to complete the “Declaration of 180 Day Residency Requirement” form for the dam that would register his horse for the “PA Sired and Bred” award in the year of foaling (two years before!). His horse was therefore assigned to the less lucrative “PA Sired” pool, and his resultant Breeders Award was much smaller.

The hard lesson Breeder 8 learned:

- **Breeders MUST complete ALL the required forms in order to qualify for the maximum Breeders Award.**

GETTING THE “FAQ”S ABOUT THE PENNSYLVANIA BREEDERS AWARD PROGRAM: A BREEDER’S PRIMER

1. In addition to the information disseminated by the Standardbred Breeders Association of Pennsylvania via various brochures and their website, where can I get answers to other questions I may have about the slots program?

Contact Gerry Connors, Breeders Fund Director of the Pennsylvania Harness Racing Commission at 717-787-5539 and/or email Gerry at: gconnors@state.pa.us

2. If I am going to board "outside" mares on my farm that owners want to qualify for the 180-day residency requirement, must I do anything to qualify my farm for the program?

Yes, you must immediately file the Official Farm-Authorized Signature Sheet form, which authorizes up to 3 people to act as an agent for your farm to sign the Official Certificate Broodmare Residence form, which you should verify that the owner of the mare has filed within 30 days after any mare's residency begins on your farm.

3. If I am only going to breed my own mares on my farm to qualify for the 180-day residency requirement, is there anything I must do?

Yes, you must file the official “Declaration of 180-day Residency Requirement” form on each mare within 30 days of when the residency begins, and also file the Certificate of Residency form within 60 days of when the mare fulfills the residency requirement.

4. If I am the owner of a mare that I am going to board in Pennsylvania in order to qualify for the 180-day residency requirement, what must I do?

First, verify that the boarding farm has filed the Official Farm – Authorized Signature Sheet. As the breeder you must file the “Declaration of 180-day Residency Requirement” form no later than 30 days after the mare's residency begins, and file the official Certificate of Broodmare Residence form within 60 days after fulfilling the residency requirement. Be advised that the 180-day requirement is for consecutive days, both pre and post foaling, with the birth during those 180 consecutive days.

5. Are there forms to file, or residency requirements, to qualify for the non-resident mare (“PA Sired”) program?

YES – but only the Registered Breeders Information Sheet, which registers you as a Breeder with the Pennsylvania Harness Racing Commission in the year that the horse races. The horse must be sired by a stallion registered and standing in PA on the conception date – a “PA – eligible stallion”; appropriate forms registering this stallion will be filed by the PA farm where the stallion is standing. The mare does not need to reside in PA, or foal in PA, to have the horse eligible for the “PA Sired” award.

6. If I am going to stand a stallion in PA in '06, what requirements must I meet?

You must file the Pennsylvania Breeders Fund/Sire Stakes Stallion Registration Form by February 1 of the year of mating, and be sure the stallion stands in PA for the entire breeding season. If the stallion is syndicated, a list of all syndicate members must accompany the registration form; and if the stallion is leased, a copy of the lease must also be attached.

7. Who administers the Pennsylvania Harness Breeders Fund?

The Pennsylvania Harness Racing Commission. Their decisions are final relative to all matters of the Pennsylvania Breeders Fund and the applicable Pennsylvania Sire Stakes supplemental funding.

8. Since PA - sired racehorses aged 2 to 5 will always qualify for Breeders Awards, how do they qualify in 2006 since no Residency requirements had been established when they foaled?

During this initial phase-in stage, horses aged 2 to 5 have not established their qualifications for the "PA Sired and Bred" Awards. Therefore, in 2006 the "PA Sired and Bred" Awards and the "PA Sired" Awards will be combined into one pool, which will represent 90% of the money available for Breeders Awards – a "90% pool".

Foals of 2006 will have the opportunity to qualify for the "PA Sired and Bred" Awards, and will be the first horses to race as 2 year olds in 2008 for the richer "PA Sired and Bred" Awards. Foals of 2001 to 2005 will continue to race for Breeders Awards in the 90% pool for the rest of their qualified racing life.

9. The Pennsylvania Race Horse Development Fund is funded from the applicable assessments from the various slots licensees. How are the proceeds distributed?

80% for Overnight Purses, 8% for additional (above current) PASS purses, 8% for Breeders' Awards and 4% for Hospitalization and Pensions for track industry workers.

10. How is the 8% of the Pennsylvania Race Horse Development Fund devoted to Breeders Awards distributed?

*70% to Breeders of PA – sired horses that were foaled in Pennsylvania, and whose dams met the 180-day residency requirement: "PA Sired and Bred" Award
20% to Breeders of horses whose dams did not meet the residency requirements: "PA Sired" Award
10% to Owners of PA - eligible stallions*

11. When the slots program is fully operational (probably not until 2008), what is the estimated amount of funds to be distributed through the Breeders Award program (8% of the proceeds of the Pennsylvania Race Horse Development Fund)?

The consensus of knowledgeable political slots program leaders, program administrators, and gaming industry leaders - all of whom have made public statements - is that about \$550,000 per day will go into the PA Race Horse Development Fund when the program is fully operational. This should equate to over \$100,000,000 for overnight purses, and over \$10,000,000 for Breeders Awards.

12. When can recipients of the Breeders Awards expect to receive their funds?

Not until after the calendar year, as each participant's share is calculated from a ratio

of his horse's earnings to the total earnings of all horses in his pool, times the amount of Breeders Awards available for distribution. These earnings are not determined until the end of the year, and are constantly changing with every race. PA Harness Racing Commission officials estimate that checks will be distributed the following Spring.

- 13. Will all applicable slots revenue generated each year be fully distributed in conformance with the slots legislation?**

Yes, all funds generated each year will be fully distributed.

- 14. Where can I get copies of all the forms that must be filed to qualify for the slots program?**

From active Standardbred tracks (currently The Meadows, Chester Downs, and Pocono), from the Standardbred Breeders Association of Pennsylvania website as a download (www.standardbredbreederspa.org) on bottom of the Development Fund page, or from the Pennsylvania Harness Racing Commission, Room 301, 2301 North Cameron St., Harrisburg, Pa 17110-9408, 717-787-5539. It is suggested that your most convenient source of forms should be the Breeders website, or other breeders who may have blank forms which can be easily copied.

- 15. What does "7 – 2 – 1" on the Breeders Association's logo represent?**

The Breeders Award distributions; i.e., 70% to PA – eligible horses aged 2 – 5 out of resident mares, 20% to PA – eligible horses aged 2 – 5 out of Mares that do not meet the 180 day residency requirements, and 10% to PA – eligible stallion owners.

- 16. If I buy a horse that is represented to be eligible for Pennsylvania Breeders Awards, how can I be sure it is?**

Follow the paper: are all required eligibility forms filed with the PA Harness Racing Commission for that horse and breeding farm? Contact the PA Harness Racing Commission for confirmation of all uncertain issues!

- 17. If I stand a stallion in PA, how is my share of the 10% Breeders' Awards calculated?**

As a ratio of your stallion's offspring's (aged 2 – 5) purse earnings in Pennsylvania races, to the earnings of all the offspring (age 2 – 5) of all PA – eligible stallions in Pennsylvania races, times the total Stallion Awards to be distributed.

- 18. How is the PA Fairs program augmented by the slots program?**

The PA Fair Stakes receive augmented purses through the slots program. Present legislation does not allow slots money to be used for purposes other than purses. Standardbred Breeders Association of Pennsylvania has been lobbying actively in Harrisburg to secure money to help with backstretch maintenance and expenses at the Fairs.

- 19. If I participate in different breeding partnership entities, must I complete more than one Registered Breeders Information Sheet to ensure that I am eligible for Breeders Awards for all my horses?**

YES – the PA Harness Racing Commission must have complete information about each breeding partnership for tax purposes. If individuals are breeders both in their own names and as part of larger groups, a form must be filed for each entity that supplies PA HRC with Social Security numbers or Federal Tax IDs to allow proper IRS reporting.