

BACKGROUND - RACING

Pari-mutuel horse racing, which includes off-track, inter-track and account wagering, is legal in 43 states and involves the racing of Thoroughbreds, Standardbreds, Quarter Horses, and Arabians. There are over 175 racetracks in the U.S.

Racing and racehorse breeding is a highly diverse industry that exists in all regions of the country. It is an industry that includes gambling, sport, recreation and entertainment and is built upon an agricultural base that involves the breeding and training of horses. It combines the fundamentally rural activities of breeding, maintaining and training horses with the more urban activities of operating racetracks and off-track wagering facilities.

Racing attracts many fans who appreciate it and follow it as a sport. Many spectators attend racing events simply to enjoy the excitement of the race and admire the athletic ability of the horses. The Triple Crown races in the spring of each year are shown on national television and widely-reported in the sports media. Individual stakes races are broadcast during the year and the Breeders' Cup World Thoroughbred Championships, the Breeders' Crown and the Racing Challenge are covered by television and the media as the championships of Thoroughbred, Standardbred and Quarter Horse racing, respectively. In addition, the sports pages of most major U.S. newspapers cover racing and print the results of the races at their local tracks, much like they print the box scores of other sports.

Economic Effect

Racing and breeding are labor-intensive. Hundreds of thousands of people work full- or part-time in the industry, including owners, trainers, grooms, jockeys, drivers and riders, veterinarians, van operators, racetrack employees or for supporting industries that depend on it. Some of these jobs involve unskilled or semi-skilled workers, who might be unemployable outside the horse industry.

Racing and racehorse horse breeding depend on other industries for services and supplies and those other industries and their employees depend on it. According to the study *The National Economic Impact of the Horse Industry*, done by Barents Group LLC, the total economic impact of racing and breeding on the U.S. economy is considerable. The size of the industry can be summarized in four categories.

Statistics:

Number of Horses	725,000
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Number of Participants	941,000
Impact on U.S. Economy	\$34.03 Billion
Total Full-Time Jobs	472,800

U.S. tracks and off-track facilities had an economic impact on the U.S. economy of \$9.89 billion and generated 131,600 full-time equivalent jobs. Racing and maintaining competing horses had an economic effect on the U.S. economy of \$16.71 billion and generated 214,300 full-time jobs. The U.S. breeding industry had an economic effect of \$7.42 billion and generated 126,900 full-time jobs.

Pari-mutuel and Other Taxes

Racing generates over \$421 million directly to states and local governments in the form of pari-mutuel taxes, track licenses, occupational licenses, admission taxes and miscellaneous fees. In addition to the state's share of the betting handle, tracks, horse owners and breeders and others in the industry also pay state and federal taxes and fees. U.S. racetracks paid \$511 million in such taxes and fees in 1995. The Barents Study did not break down what individuals pay by sector, such as racing, but all horse owners paid about \$1.38 billion.

Impact on States

There is an active racehorse breeding and training business in all 50 states. Many states have hundreds of breeding farms that are a source of pride for the entire state. These farms and training facilities protect the environment and provide green space, often in areas that are being threatened by encroaching urban growth. In many states horse farms place conservation easements on the property in return for accepting covenants that require the land to be kept as farm land.

In many states, the economic contribution of the racing and breeding industry to state and local economies is substantial and the industry ranks among the state's most significant economic entities. For example:

- California racing involves 69,000 horses, has a \$4.1 billion economic impact and supports 52,000 FTE jobs;
- Florida racing involves 37,000 horses, has a \$2.1 billion economic impact and supports 27,300 FTE jobs;
- Illinois racing involves 52,000 horses, has a \$2 billion economic impact and supports 30,700 FTE jobs;
- Ohio racing involves 40,000 horses, has a \$1.3 billion economic impact and supports 17,000 FTE jobs.

Socio-Economic Diversity

The Barents Study also provided some information about the economic status of families and individuals involved in racing and breeding. It concludes that while racing may be the “Sport of Kings,” one need not be a King to participate and most are not. The median income for all U.S. households is \$36,000 while the median income of racehorse-owning households is around \$60,000. In fact 60% of the families owning racehorses earn less than \$75,000 per year.

Racing and racehorse horse breeding have a tremendous economic effect in the US. They also provide sport and entertainment to tens of millions, protect open space and are an important part of the fabric of the country.