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***New report questions value of taxpayers' \$3 billion payment to the horseracing industry
\$240 million annual taxpayer subsidy provides little economic benefit to the state and
should come to an end***

HARRISBURG, PA (May 26, 2020) – The Pennsylvania Race Horse Development Fund provides little benefit to Pennsylvanians and should be eliminated, according to a new report released by Education Voters of Pennsylvania.

The Fund, created when the state authorized casino gambling in 2004, has distributed \$3 billion to horse owners and breeders since its inception. Despite this major investment, interest in the sport is minimal and betting amounts are down. The industry provides few full-time jobs and is only a small share of the overall equine economy.

At \$240.4 million in 2018 and \$3 billion overall, the Race Horse Development Fund is the state's single largest economic incentive program.

The subsidy to each horse that races in Pennsylvania is substantial - \$14,500 per horse - which is almost triple the amount the state invests in students at Pennsylvania state system colleges and universities.

"Taxpayers pay the cost of the state's horse racing industry while getting very little in return," said Sharon Ward, the report's author. "A small group of owners and breeders receive substantial benefits for their participation in a leisure activity that few Pennsylvanians can afford. The horsemen argue that the fund is needed for horse breeders and hay farmers. There are probably too many horse breeders for the market and racehorse owners can afford to pay for their own hay."

The Race Horse Development Fund was established in 2004 when the General Assembly authorized casino gambling, in part to prop up a struggling horseracing industry. It is funded through a portion of the state's 55% tax on revenue from slot machines, and is the second largest expenditure of those tax dollars after property tax relief.

This fund subsidizes every aspect of the racehorse industry, including cash purses paid to owners of winning horses, support for breeders, health and pension benefits for the horseman who run the races, drug test testing of horses and even the promotional costs of the race tracks.

"The racing industry produces very few jobs and little tourism. It is not only a small share of the overall economy, it is a small share of the equine economy," said Ward. "Public support for the horse racing industry is the very definition of wasteful spending. It's a bad bet for taxpayers."

Among the report's findings:

- Most benefits go out of state. At least 50% of purses, \$88 million in 2018, went to out-of-state owners, and a third of the funds to support breeders also went out of state.

- \$30.5 million in breeders programs support a very small number of individuals. There are only 47 harness breeding farms in the commonwealth and only 229 individuals accessed harness breeder awards in 2018. There are only 26 thoroughbred stallion farms in the state.

Pennsylvanians have little interest in Pennsylvania horse racing:

- The main audience for horse racing is out-of-state gamblers. The share of Pennsylvanians wagering on races at Pennsylvania tracks fell from 21% in 2006 to just 8% in 2018.
- The vast majority of wagers made by Pennsylvanians are on races run in other states.
- Track attendance is small. Average daily attendance at Pennsylvania's eight minor league ballparks is 5,027, compared to just 736 for its six race tracks.

Racing contributes little to the state's economy:

- Horseracing creates a total of 9,396 full- and part-time positions and 16,000 jobs overall, while tourism creates 310,000 direct jobs and 500,000 jobs while getting little taxpayer support.
- Only 25% of track jobs are full time.
- An American Horse Council found study found that racing generated \$314 million in economic activity, recreational riding generated \$329 million and competitive riding generated \$279 million. The state does not support recreational or competitive riding.
- The state's Independent Fiscal Office, in a 2017 report found that other uses, including elementary and secondary education and infrastructure expenditures, would generate greater economic returns.

The industry operates with little independent oversight or transparency:

- The thoroughbred horse breeders association gives out the breeders funds to its members in a sole source contract with minimal reporting requirements.
- The horsemen's associations dominate the regulatory body, the State Racing Commission and are allowed to own race horses and collect breeders funds and purses at the tracks they oversee.
- The Department of Agriculture stopped producing annual reports in 2016 and there is little public information available about the state's \$240 million expenditure.

The deaths at the Santa Anita race track in 2019 alerted most Americans to the issue of horse deaths at race tracks, which are common. The race track with the most horse deaths nationally in 2019 - 59 - was the Parx racetrack in Bensalem.

The report recommends ending the state subsidy and redirecting the funds to reducing college debt or helping students prepare for jobs of the future.

"Woefully inadequate state funding for education in Pennsylvania leaves our children in the dust," said Susan Spicka, executive director of Education Voters of PA. "More than half of preschoolers eligible for publicly funded, high-quality pre-k don't get to attend. Many of Pennsylvania's K-12 public schools are so profoundly underfunded that students are forced to go without even the most basic resources. And paltry state funding for higher education crushes Pennsylvania's college graduates under the second highest student debt load in the nation. It is time for state lawmakers to fund kids over horses."

For more information and to read the full report visit www.kidsoverhorses.com.

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