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• Standardbred Breeders Association of Pa. • Pa. Horse Breeders Association •
Meadows Standardbred Owners Association • Horsemen's Benevolent & Protective Association

PA Equine Coalition Response to Rep. Stephens Proposed Legislation to Transfer \$250 million from RHDF

(January 31, 2014)- The Pennsylvania Equine Coalition is fully opposed to the proposed legislation introduced by Representative Todd Stephens to transfer \$250 million annually from the Race Horse Development Fund (RHDF) to support traditionally underfunded schools. Representative Stephens has unfortunately chosen to propose this legislation as a means to score political points. While we agree that equitable and fair funding for all Pennsylvania schools is a necessity, we strongly encourage legislators to seek alternative funding sources so as to not decimate a burgeoning industry in Pennsylvania.

To be as clear and concise as possible, the proposed legislation introduced by Representative Stephens will effectively eliminate the RHDF and spell the end of thoroughbred and standardbred racing in Pennsylvania as we know it. To provide some context, the total allocation to the RHDF for Fiscal Year 2013 was \$264,200,662, which was a \$16 million decline from FY2012, the highest allocation on record for the RHDF. We have witnessed a steady decline in Pennsylvania slot revenues over the past 18 months, and the continued regional expansion of non-racetrack casinos (from which the RHDF receives NO percentage of slot revenue) will further dilute gaming revenue. While it is too early to predict the total allocation to the RHDF for 2014, we project it will remain stagnant or continue to fall below the \$260 million mark. Transferring \$250 million from the RHDF will effectively eliminate the fund and all affiliated programs it supports throughout the commonwealth. This elimination of funding will result in an exodus of breeders and racing professionals from our state, which can have catastrophic consequences for a number of sectors. The loss of farmland will lead to more residential development, which studies consistently show is actually a negative drain on municipal services (including education) versus open spaces.

The Pennsylvania equine industry contributes \$4.6 billion to the Pennsylvania economy each year, making it a major economic driver for the state. Live racing alone generates \$1.6 billion in economic activity and directly supports more than 23,000 jobs in casinos, racetracks, back stretches and more. The additional \$3 billion in annual economic impact is realized through the countless breeders, blacksmiths, trainers, veterinarians and other support industries scattered throughout the state.

Unfortunately Rep. Stephens chose to cite the exception within our industry rather than the rule when citing an example of who has won purse money. The vast majority of purse funds (over 90%) remain here in Pennsylvania, sustaining mom and pop farms who have invested their life savings into a passion for caring for and training our beautiful equine athletes. More important than residency of the owner is the residency of the horse itself, which in many cases could be considered the actual "job creator" i.e. the litany of services a racing horse requires support a robust local infrastructure in Pennsylvania. These are your neighbors who earn their living within the equine racing industry as growers, blacksmiths, breeders, trainers, groomers and more. They are preserving open space and providing a critical market for farmers to grow and sell feed, to stable horses, and invest in new breeding facilities, rivaling those found in Kentucky, California, and Florida.

Many of our newly elected legislators may not understand the nature and origins of Act 71 as it related to casino gambling in the state of Pennsylvania. The 12 percent cap to fund the RHDF was developed as a “statutory assessment” on casino operators that would otherwise have been seen as additional profit in their pockets. The agreement was struck on the basis that casino slot gambling in Pennsylvania would support the “enhancement of live horse racing, breeding programs, entertainment and employment in this Commonwealth” (Act 71, Section 1102). Additionally, the RHDF funding is pale in comparison to the “Commonwealth take” of approximately 42 percent of total casino slot revenues, a portion of which (approximately \$1 billion annually) actually DOES provide school funding relief through property tax subsidies to local municipalities. In short, casino gambling, and the subsequent predictable funding stream, would not exist in Pennsylvania had it not been for the work of Horsemen’s Organizations to negotiate such favorable terms for the Commonwealth.

The Racing Fund created by Act 71 is succeeding as intended. We have a successful, viable model thanks to Act 71 and the ongoing innovation, initiative and competitiveness it has spurred. To abandon this model now would spell disaster for the burgeoning breeding and racing industry in the commonwealth. We commend our legislators for devising creative solutions to the state education crisis, but would encourage them to do more research on the far-reaching implications of such legislation to many hard-working residents of Pennsylvania.

About the Pennsylvania Equine Coalition

The Pennsylvania Equine Coalition is a statewide group representing more than 10,000 owners and trainers of the horseracing industry in Pennsylvania. Members of the coalition include the Pennsylvania Harness Horsemen’s Association, the Pennsylvania Thoroughbred Horsemen’s Association, the Standardbred Breeders Association of Pennsylvania, the Pennsylvania Horse Breeders Association, the Meadows Standardbred Owners Association, and the Pennsylvania Horsemen’s Benevolent & Protective Association.

Contact:

Alex Styer

Bellevue Communications Group

astyer@bellevuepr.com

215-893-4293