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## **Pa. Equine Coalition Applauds Release of Auditor General Report Examining Diversion of Racing Funds**

**HARRISBURG, PA** – The Pennsylvania Equine Coalition today applauded the release of a report by Pennsylvania Auditor General Eugene DePasquale that detailed how \$6 million in inappropriate charges to State Racing Fund were the result of overbilling to cover budget shortfalls and personnel costs that were not related to the operations of the state's racing commissions. The report was also critical of the General Assembly's diversion of \$212 million from a separate fund, the Race Horse Development Fund (RHDF), since 2010 for purposes of addressing state funding shortfalls in other areas.

The Pennsylvania Equine Coalition is a statewide group representing more than 10,000 horse owners, trainers, and breeders that make up the horseracing industry in Pennsylvania.

"This report confirms what the Pennsylvania racing industry has been saying for a number of years: that money intended for the operation of the state's racing commissions and for breeders incentives was improperly diverted for other purposes," said Pete Peterson, spokesperson for the Pennsylvania Equine Coalition. "We greatly appreciate the efforts of Auditor General DePasquale in taking a closer look at this issue. These diversions resulted in less money being available for oversight of the industry and shortfalls in the operating budget of the commissions."

Peterson noted that last year, the Pennsylvania horsemen and breeders stepped up and urged the legislature to transfer funds intended for purses and breeders awards to address shortfalls in available funding from the State Racing Fund keep the racing commissions up and running. But in reality, this report shows that money from the Racing Fund was paying for far more than its intended purpose of covering racing commission operations.

Peterson also noted that the report highlights how – since 2010 -- an additional \$212 million was diverted from the Race Horse Development Fund, which provides money for purses and breeders incentives. The RHDF was created as part of Act 71, which legalized slot machine gaming in Pennsylvania. Monies to RHDF are generated by an assessment on casino slots revenues.

"Economic data from the Pennsylvania Department of Agriculture, released in 2010, shows that the live racing industry generates \$1.6 billion in annual economic activity and supports 23,028 jobs in Pennsylvania," said Peterson. "Every time that money intended for the industry is diverted, it creates uncertainty within the industry."

"When the amount of money available for purses and breeders incentives is in constant question, it discourages owners from making capital investments in their farms, it impacts the amount of money a buyer may pay for a Pennsylvania-bred horse and how many horses are bred in the state. Uncertainty results in less dollars invested in Pennsylvania, directly impacting more than 20,000 hard-working Pennsylvanians who rely on the industry for their jobs, including blacksmiths, stable hands, track workers, horse trainers, jockeys and drivers, veterinarians, and farmers who produce feed."

Peterson said the Pennsylvania Equine Coalition is reviewing the recommendations contained in the Auditor General's Report, but noted that the industry has urged lawmakers to establish independent thoroughbred and harness racing commissions, which would prevent funds intended for the oversight of racing from being diverted for other purposes.

A copy of the Auditor General's report and press statement is available online at <http://www.auditorgen.state.pa.us/Department/Press/PRHorse061814.html>

### About the Pennsylvania Equine Coalition

Member organizations that make up the Pennsylvania Equine 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.