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New Jersey Agricultural
Experiment Station

The Gaming Industry in New Jersey: The Present and the Future

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March 31, 2011



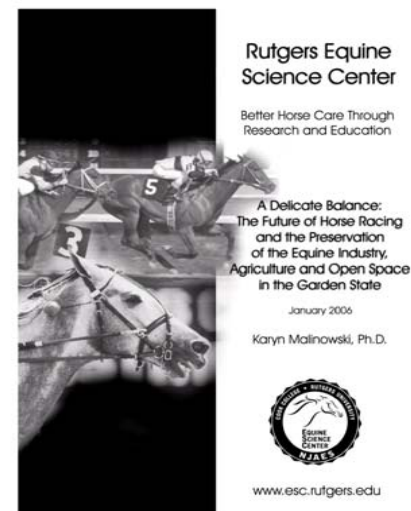
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THE NEW JERSEY EQUINE INDUSTRY 2007

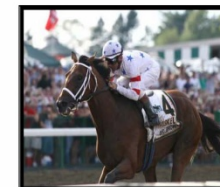
Economic Impact



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Impact of Slot Machines/Video Lottery Terminals (VLTs) on the Economy, Horse Racing and Breeding Industry, Agriculture and Open Space in States/Provinces where they Exist:
Why is this Important for New Jersey?



Photos Courtesy of Ed Korys, UETA, Equi Photo and Lisa Photo

Karyn Malinowski, Ph.D. and Ryan Avenatti, M.S.

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2009



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The New Jersey Equine Industry 2007 : Economic Impact



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- **Purposes of this study**

- Economic and land use impact assessment
- Begin regular benchmarking of the industry
- Profile all components of the state's equine industry, including pleasure & sport/recreation
- Provide insight into the number of dollars, jobs and ag acres in jeopardy if racing were to disappear
- Go beyond a simple enumeration

Industry in brief

- 42,500 equine animals housed in state
 - on 7,200 operations
 - 700 racing-related
 - 12,500 equine in racing-related activities
 - 8,200 racing-related Standardbreds
 - 4,300 racing-related Thoroughbreds
- \$4 billion equine-related assets
 - \$582 million in equine animals
 - \$3.5 billion in land and buildings (including racetracks)

New Jersey Economic Impacts



\$1.1 billion annually

- **Includes all sectors**
- **Includes direct and indirect spending**

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Breakdown of economic impacts (*racetracks excluded*)

- **Racing related operations - \$278.2 million total**
 - \$78.2 million additional
 - \$200 million direct
- **Non-racing related operations - \$262.4 million total**
 - \$187.9 million direct
 - \$74.5 million additional
- **Other horse owners - \$117.8 million total**
 - \$88.9 million direct
 - \$28.9 million additional

New Jersey Horse Racetrack Impacts



\$502.3 million annually

New Jersey economic impacts

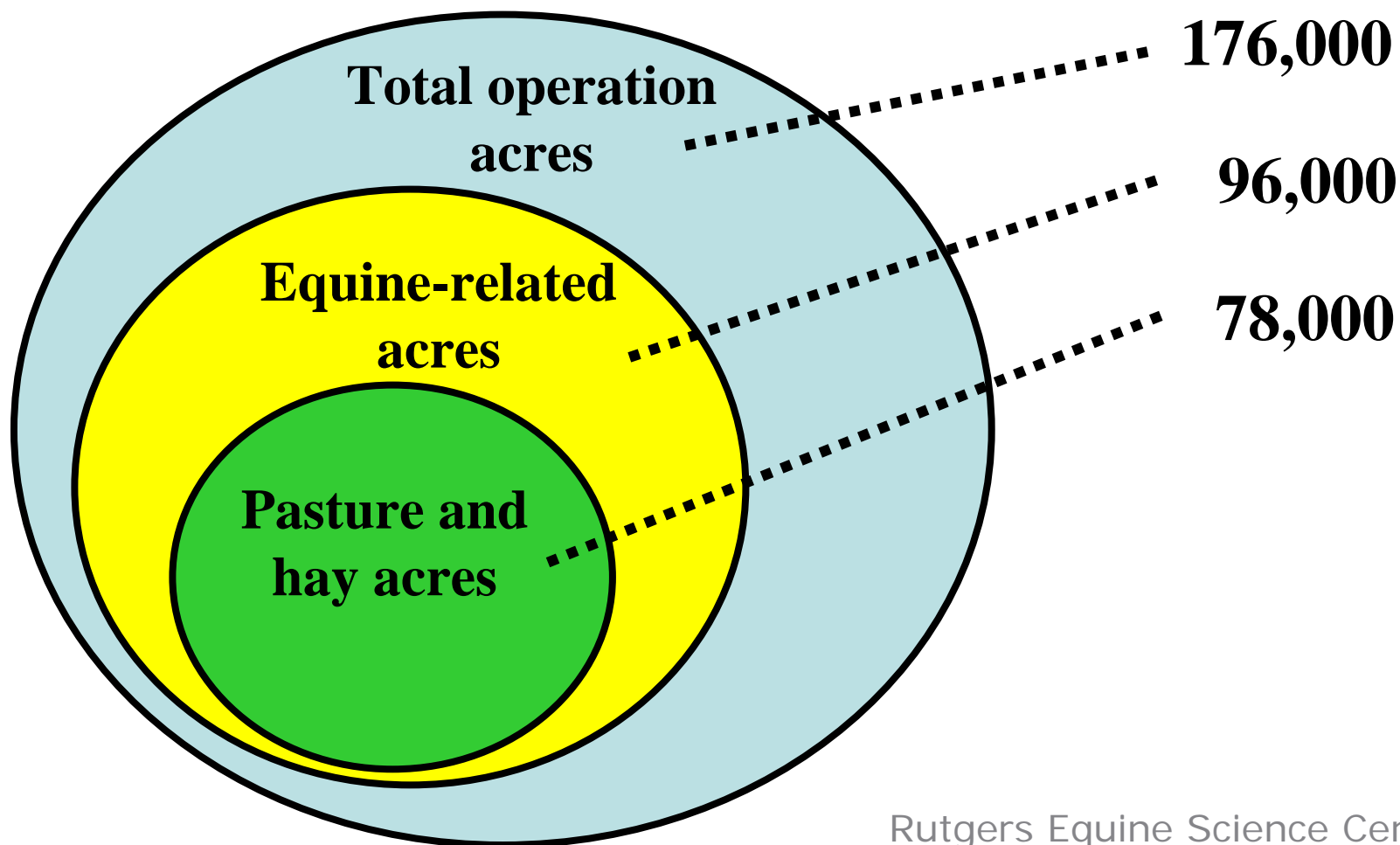
- **13,000 total jobs generated**
 - 3,191 jobs – racing-related operations
 - 3,820 jobs – racetracks
 - 6,000 jobs – non-racing operations



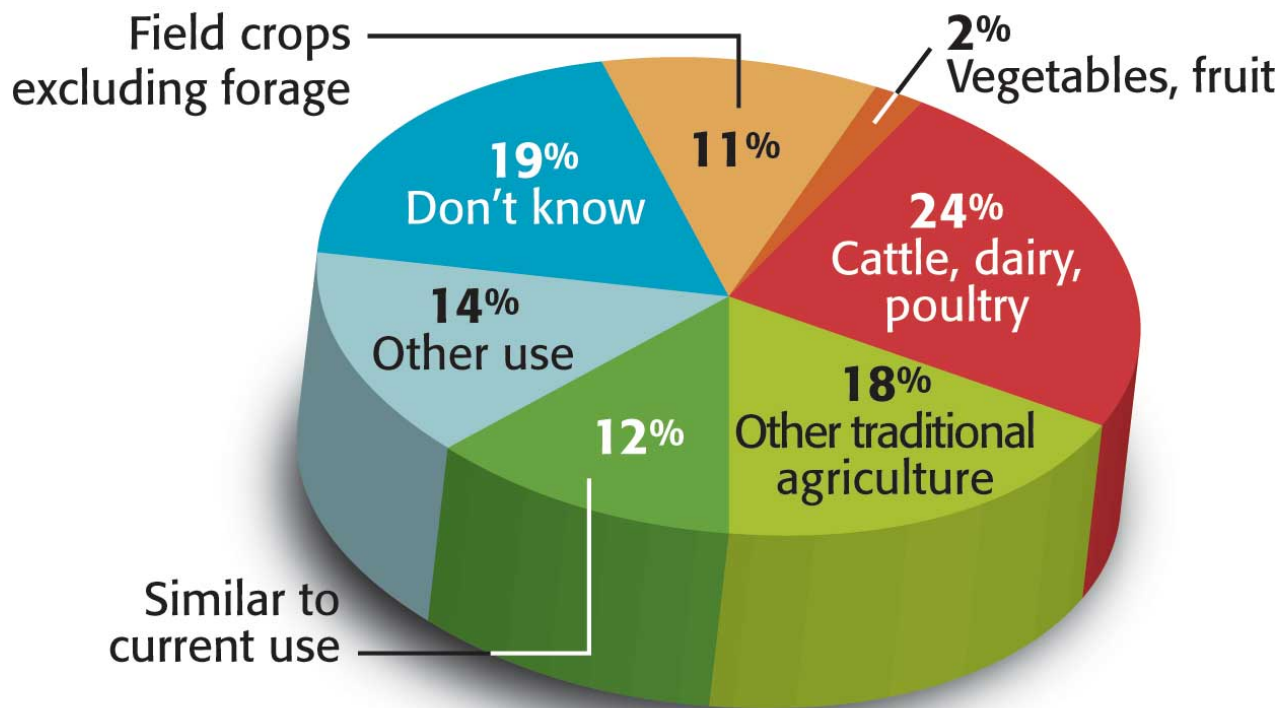
Land use impacts



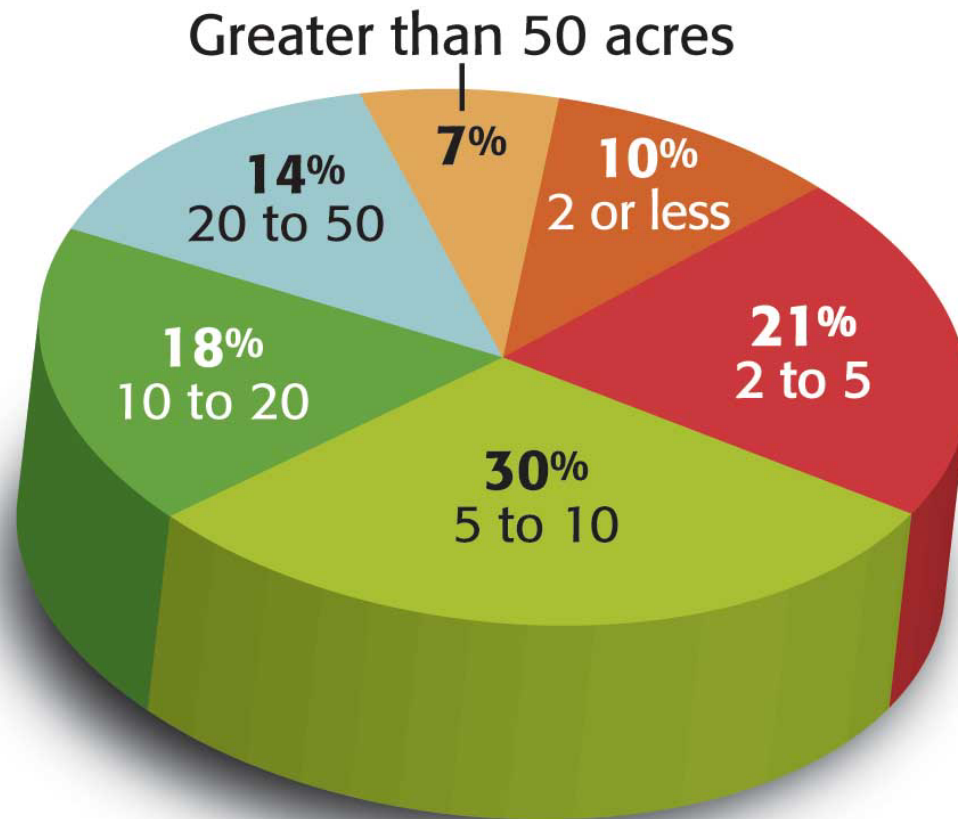
Acres on equine operations



Acres on equine operations by previous use



Operations by number of equine-related acres



222,000 Acres in NJ Supported by Horses

On equine operations

Equine facility acres

176,000

(34,000 racing-related)

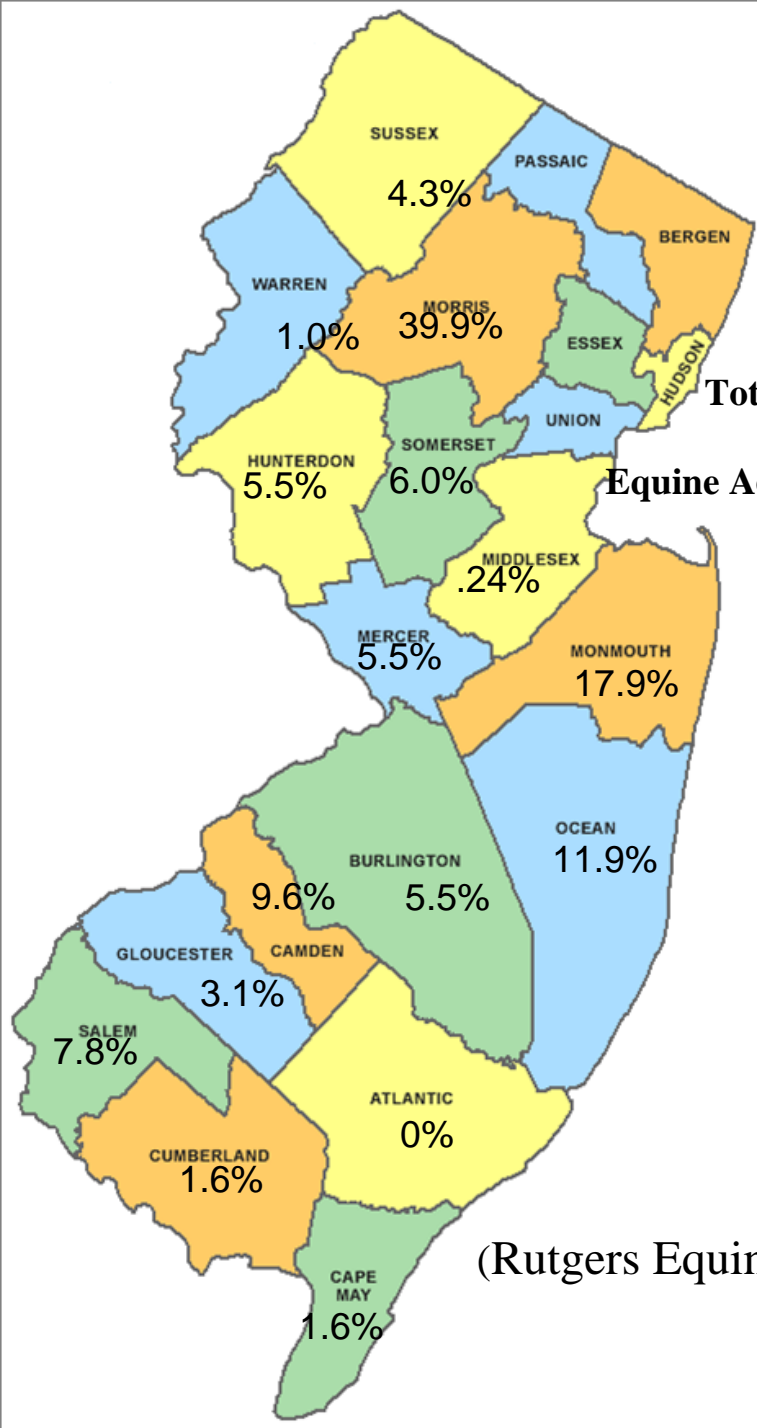
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*On other
agricultural operations*

**Hay, grain, straw,
etc. 46,000**

(22,000 racing-related)

Gaming in New Jersey Forum, 2011



**Total Equine Facility Acres
Compared to
Equine Acres in Farmland Preservation**

**% = preserved
equine acres out
of total equine
acres**

(Rutgers Equine Science Center, 2010)

County	Total Equine Acres	Preserved Equine Acres
Atlantic	3,100	N/A
Burlington	20,700	1,137
Camden	1,600	154
Cape May	2,500	39
Cumberland	8,200	135
Gloucester	6,200	191
Hunterdon	29,400	1,607
Mercer	3,500	192
Middlesex	4,200	10
Monmouth	27,300	4,886
Morris	3,700	1,476
Ocean	4,000	477
Salem	12,900	1,009
Somerset	7,600	454
Sussex	20,000	857
Warren	18,800	195

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New Jersey Gaming Industry

- **Status of Horse Racing:**
 - Current business model is no longer viable
 - Owners and breeders are reluctant to invest in NJ without a secure outlook for racing's future in the state
 - Pari-mutuel wagering is no longer adequate to fund purses or improve infrastructure
 - Off-track and internet wagering have undergone explosive growth

(Malinowski and Avenatti, 2009)

Survey of License Plates of Parked Cars at Gaming Facilities

Venue	Date	% In-State Cars	% NJ Cars	% Other
Harrah's Chester	12-Jul-09	73.7	13.8	12.4
Philadelphia Park	18-Jul-09	65.0	31.0	4.0
Sands Bethlehem	25-Jul-09	38.1	59.4	2.5
Empire City Gaming	25-Jul-09	82.5	10.0	7.5
Sugarhouse Casino	23-Sept-10	71.7	24.0	4.3

Number of Horses Registered for Sire Stakes

Year	New Jersey	New York	Pennsylvania
2010	774	1064	1700
2009	778	1285	1725
2008	975	973	1550
2007	1036	961	1550
2006	980	1231	1450
2005	1212	1118	1475
2004	1314	1144	1300
2003	1023	672	1250

(Personal Communications, 2011)

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Sire Stakes Purse Distributions

Year	New Jersey	New York	Pennsylvania
2010	6,217,900	19,549,767	12,737,064
2009	7,850,000	16,731,199	12,271,323
2008	7,239,267	14,453,633	8,742,424
2007	7,458,725	15,086,037	4,051,286

(Personal Communications, 2011)

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What Does NJ Stand to Lose?

- **If racing-related training and breeding farms leave NJ:**
 - One of the premier agribusiness will be put in danger
 - \$780 million of annual economic impact
 - 7,000 jobs
 - \$115 million in taxes
 - 56,000 acres of working agricultural landscape and open space
 - Traditional agricultural interests (i.e. grain, hay, and straw farmers) continue to survive due to horse owners
 - Services to horse enthusiast put at risk (i.e. veterinary clinics and feed and supply stores)
 - Lobbying support for the equine industry

What Does NJ Stand to Lose? (cont.)

- **If racing-related training and breeding farms leave NJ:**
 - Only 8% of the total acres in preserved farmland and 11% of the total number of farms in the program are equine-related
 - Only 7% of the total acres devoted to equine operations are preserved and 2.5% of the total number of equine operations are in the farmland preservation program
 - **Leaving over 163,000 acres vulnerable to future development.**
 - **34,000 acres are directly tied to the racing industry**

Moving Towards Sustainability of Horse Racing in New Jersey

- New business model is needed
- Horse racing, training, and breeding need an infusion of capital and a stable source of revenue
- Strategic opening of off-track wagering outlets
- The industry needs to define itself!
- Need to accommodate the next generation of fans while satisfying current customers!

Moving Towards Sustainability of Horse Racing in New Jersey (cont.)

- **Investments in:**
 - Marketing of live racing
 - Creation of a racing brand
 - Application of new technology to make it easier to research a horse and make wagers
 - Innovative wagers
 - Reduction in cost of regulation and the New Jersey Racing Commission
 - Capital improvements
 - The integrity of racing
 - Research for the benefit of the equine athlete

Closing Remarks

- The racehorse breeding, training and racing industry is worth saving in New Jersey
- Horse racing is the economic driving engine of the entire horse industry, and is extremely valuable to the quality of life in the form of agricultural working landscape which benefits all residents of New Jersey



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