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

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The New Jersey Equine Industry
2007
Economic Impact

Rutgers
New Jersey Agricultural Experiment Station

The Rutgers Equine Science Center
The New Jersey Equine Industry 2007: Economic Impact
• **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
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Acres on equine operations

Total operation acres: 176,000
Equine-related acres: 96,000
Pasture and hay acres: 78,000

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Acres on equine operations by previous use

- Cattle, dairy, poultry: 24%
- Other traditional agriculture: 18%
- Other use: 14%
- Don’t know: 11%
- Field crops excluding forage: 19%
- Vegetables, fruit: 2%

Similar to current use

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222,000 Acres in NJ Supported by Horses

On equine operations

Equine facility acres
176,000
(34,000 racing-related)

On other agricultural operations

Hay, grain, straw, etc.
46,000
(22,000 racing-related)
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Total Equine Facility Acres
Compared to Equine Acres in Farmland Preservation

% = preserved equine acres out of total equine acres

(Rutgers Equine Science Center, 2010)
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

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

(Malinowski and Avenatti, 2009)
### Number of Horses Registered for Sire Stakes

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

(Personal Communications, 2011)
# Sire Stakes Purse Distributions

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

(Personal Communications, 2011)
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!

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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
Equine Science Center
Better Horse Care Through Research and Education

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