

Testimony of

ROBERT T. MANFUSO

on the

Parimutuel Racing and Breeding Industry

before the

NATIONAL GAMBLING IMPACT STUDY COMMISSION

Del Mar, California

July 29, 1998

MY NAME IS BOB MANFUSO AND I OWN AND OPERATE CHANCELAND FARM, A COMMERCIAL BREEDING AND TRAINING FACILITY IN HOWARD COUNTY MARYLAND.

THIS COMMISSION WILL HEAR TESTIMONY AND ACCESS ECONOMIC DATA WHICH SUGGESTS THAT THE THOROUBHBRED RACING INDUSTRY CONTRIBUTES THOUSANDS OF JOBS AND BILLIONS OF DOLLARS TO THE ECONOMIC WELL BEING OF OUR COUNTRY. THE DATA IS REAL AND IN MY VIEW PROBABLY UNDERSTATED.

BUT TO UNDERSTAND OUR INDUSTRY, WHERE DOES IT START? FOR THOROUBHBRED RACING, IT ALL BEGINS ON THE FARM. LET ME WALK THE COMMISSION THROUGH CHANCELAND FARM AS A COMMERCIAL FACILITY THAT PROVIDES A VARIETY OF SERVICES TO OUR CLIENTS, THOROUBHBRED BREEDERS AND OWNERS, AND CONTRIBUTES SIGNIFICANTLY TO THE ECONOMIC WELL BEING AND THE QUALITY OF LIFE IN MARYLAND.

CHANCELAND IS LOCATED 40 MINUTES DRIVING TIME FROM THE NATION'S CAPITOL AND 25 MINUTES FROM THE INNER HARBOR IN BALTIMORE. IT'S 200 ACRES ARE PART OF AN AGRESSIVE LAND PRESERVATION PROGRAM THAT OUR STATE AND COUNTIES HAVE PURSUED FOR YEARS TO PROMOTE OPEN SPACES AND TO HELP PRESERVE THE QUALITY OF LIFE IN MARYLAND.

BREEDING/YEARLING DIVISION

WE PROVIDE A WIDE VARIETY OF SERVICES TO THOROUGHBRED OWNERS AND BREEDERS. WE MANAGE AND BOARD 20 TO 22 MARES A YEAR THAT PRODUCE 16 TO 18 FOALS. THESE FOALS ARE WEANED, SEPARATED FROM THEIR MOMS, IN LATE SUMMER OR EARLY FALL OF THE YEAR THEY ARE BORN. ON JANUARY 1, ALL WEANLINGS ARE CONSIDERED ONE YEAR OLD AND AS YEARLINGS START "PRE-SCHOOL" THAT WILL HELP TO PREPARE THEM FOR THEIR EVENTUAL COMPETITION AT THE RACES.

OUR CLIENTS MAY ELECT TO SELL THEIR YOUNG HORSES AS WEANLINGS OR AS YEARLINGS, OR TO TAKE THEIR YOUNG THOROUGHBREDS TO THE RACES.

TRAINING DIVISION

THIS DIVISION PROVIDES A VARIETY OF SERVICES THAT INCLUDES EARLY LESSONS FOR YOUNG ASPIRING RACE HORSES - EXTENDED CARE AND PHYSICAL THERAPY FOR THOSE ATHLETES COMING OFF INJURIES OR SURGERY AND INTENSIVE TRAINING FOR THOSE HORSES RACING AT TRACKS IN THE MID-ATLANTIC REGION.

ECONOMIC IMPACT

FOR FISCAL 1997 CHANCELAND'S OPERATING EXPENSES WERE JUST SHORT OF \$1,670,000. OF THAT, \$862,000 IN DIRECT SALARY AND EMPLOYEE EXPENSE. WE ARE A LABOR INTENSIVE BUSINESS THAT EMPLOYS BOTH SKILLED AND UNSKILLED LABOR. ALL EMPLOYEES LIVE WITHIN 20 MILES OR OUR FARM.

ANOTHER \$227,000 IN FEED, HAY AND BEDDING, WE DO
CONTRIBUTE TO OUR LOCAL AGRIBUSINESS -- \$82,000 IN
VETERINARY EXPENSE, \$68,000 IN BLACKSMITH EXPENSE. WE DO
SUPPORT LOCAL PROFESSIONALS, AND IN SOME CASES THEIR UNIONS.
AND CHANCELAND IS ONLY ONE OF 400 COMMERCIAL THOROUGHBRED
FARMS THAT ENCOMASS 250,000 ACRES OF GREEN SPACE IN MARYLAND,
AND THAT IS IN MARYLAND ALONE.

OUR CLIENTS INCLUDE LOCAL ENTREPRENEURS, A CEO OF A
SIGNIFICANT U.S. CONGLOMERATE, AND EMERGENCY CARE PHYSICIAN,
A PITTSBURG BASED DENTIST, A RETIRED EXECUTIVE WITH A MAJOR
COMMERCIAL REAL ESTATE FIRM, A LOCAL PAVING CONTRACTOR.

THEIR COMMON BOND IS THEIR PASSION FOR THE THOROUGHBRED
AND THEIR LOVE OF RACING. THE INVESTMENTS ARE HIGH RISK,
BUT IF SUCCESSFUL, RESULT IN ADDITIONAL INVESTMENTS WHICH
PROVIDE EVEN GREATER SUPPORT FOR THE FARM AND AGRIBUSINESS
INFRASTRUCTURE WHICH SUPPORTS RACING.

THOROUGHBRED RACING AT THE TRACKS

OUR GOAL IS TO DEVELOP SOLID RACING PROSPECTS THAT CAN
COMPETE AT THE RACES ANYWHERE IN THE WORLD.

WHAT PAYS THE BILLS ARE THE PURSES FOR WHICH OUR PROGENY
RUN, AND THOSE PURSES ARE FUNDED AS A PERCENTAGE OF THE
PARIMUTUEL WAGERING. PARIMUTUEL WAGERING PROVIDES OUR
FANS WITH A UNIQUE ROOTING INTEREST AND FOR A SPECIAL

MOMENT THE OPPORTUNITY TO "OWN" THEIR SELECTION IN A PARTICULAR RACE. THEY TRULY SHARE THE THRILL OF COMPETITION THE JOY OF WINNING AND YES, THE AGONY OF DEFEAT AS IF THEY ACTUALLY OWNED THE HORSE.

WHILE PARIMUTUEL WAGERING IS AN INTEGRAL PART OF THE THOROUGHBRED RACING EXPERIENCE, IT IS NOT THE EXPERIENCE. OUR SPORT ENTERTAINS AND IT THRILLS. OUR GAME DAY FEATURES MAJESTIC THOUSAND POUND ATHLETES PILOTED BY WONDERFULLY TALENTED 110 POUND JOCKEYS AS THEY RUN, OFTEN AT 40 MILES PER HOUR, IN INCREDIBLE RACES TO THE WIRE. OUR FANS COME FOR THE THRILL OF THE CONTEST, THE ATMOSPHERE, THE PARTY AND YES, THE FUN OF KNOWING THAT MY SELECTION BEAT YOURS AT THE WIRE AND PAID \$18.

THE BENEFITS OF RACING AND ITS SUPPORTING BREEDING EXTEND BEYOND THE RACE TRACK AND THE RACING CAREERS OF INDIVIDUAL HORSES. SOME THOROUGHBREDS ENJOY AN EXTENDED RACING LIFE THROUGH STEEPLECHASING, WHICH IS RACING OVER HURDLES (CALLED FENCES IN REFERENCE TO ITS ORIGINS AS A TRUE CROSS-COUNTRY EVENT). STEEPLECHASING OCCURS AT RACETRACKS, BUT EVEN MORE SO AT SO-CALLED "HUNT MEETS" AT FARM SETTINGS AND ON WHICH NO FORMAL WAGERING OCCURS. MANY STEEPLECHASE HORSES CONTINUE IN COMPETITION WELL BEYOND THE AGE AT WHICH MOST THOROUGHBREDS ENGAGE IN FLAT RACING.

FOR THOSE MEMBERS OF THE COMMISSION WHO HAVE NOT ATTENDED ONE OF THESE MEETS, I WOULD URGE YOU TO PICNIC WITH THE 40,000 PLUS FANS IN PLAINS, VIRGINIA ON THE FIRST SATURDAY IN MAY AND ENJOY THE EXCITEMENT OF THE VIRGINIA GOLD CUP AND ITS SUPPORTING RACES -- OR TRAVEL TO CAMDEN, SOUTH CAROLINA IN THE SPRING AND PICK YOUR FAVORITES AT THE CAROLINA CUP WITH THE OTHER 68,000 STEEPLECHASE FANS.

OTHER HORSES MOVE INTO OTHER ENDEAVORS AT YOUNGER AGES. A GREAT NUMBER OF SHOW AND DRESSAGE HORSES IN THIS COUNTRY ARE FORMER RACE HORSES OR HORSES BRED FOR RACING WHO NEVER COMPETED. MANY FAMILIES IN THIS COUNTRY DERIVE GREAT PLEASURE FROM THEIR THOROUGHBREDS, STANDARDBREDS AND QUARTER HORSES, WHO LIVE HAPPY LIVES LONG AFTER THEY HAVE LEFT TRAINING FOR RACING.

EXTENDED GAMBLING

HOW DOES OUR SPORT FIT INTO YOUR DELIBERATIONS OF EXTENDED GAMBLING? THAT IS A TOUGH, COMPLEX QUESTION AND IN MY VIEW VARIES FROM STATE TO STATE.

SATELITE FACILITIES

THOROUGHBRED RACING HAS EXTENDED THE THRILL OF OUR SPORT THROUGH THE USE OF SATELITE ENTERTAINMENT FACILITIES. TECHNOLOGY HAS ALLOWED US TO TRANSMIT OUR RACES AND DATA AT A REASONABLE COST AND PROVIDE OUR FANS WITH THE CONVENIENCE THAT TODAY'S PUBLIC DEMANDS. TODAY'S LIFE STYLES FORCE ANY

SPORT TO RECOGNIZE THAT THE PRICE OUR FANS ARE WILLING TO PAY TO PARTICIPATE, TO BE ENTERTAINED ARE NOT ALWAYS MEASURED IN DOLLARS. AS OFTEN THE PRICE IS MEASURED IN CONVENIENCE, ACCESSIBILITY, AND QUITE SIMPLY THE LACK OF AGGRAVATION GOING AND COMING FROM THE EVENT. THOSE OF YOU WHO ARE FAMILIAR WITH THE WASHINGTON AREA AND IT'S FREQUENT TRAFFIC NIGHTMARES HAVE THE OPTION TO ENJOY THE REDSKINS GAME ON THE TELLY AT HOME OR IN YOUR FAVORITE PUB AS OPPOSED TO TRAVELLING TO JACK KENT COOK STADIUM.

THE THOROUGHBRED RACING INDUSTRY MUST USE TODAY'S TECHNOLOGY CREATIVELY TO ACCOMODATE THE NEEDS OF OUR EXISTING FANS AND HELP US DEVELOP AN EVER BROADER BASE. WE ALL KNOW THE EXCITEMENT AND THRILL OF OUR TRIPLE CROWN AND IN PARTICULAR THE KENTUCKY DERBY. BUT ARE YOU AWARE THAT 20,000 FANS ENJOYED THE DAY AND PICKED THEIR FAVORITE AT KEENELAND, AN HOUR OR SO DRIVE FROM CHURCHILL DOWNS? JUST ONE EXAMPLE OF WHAT TODAY'S TECHNOLOGY ALLOWS.

OTHER FORMS OF GAMBLING

WHETHER OR NOT OTHER FORMS OF GAMBLING SHOULD BE PURSUED AT THOROUGHBRED RACE TRACKS CAN ONLY BE ANSWERED ON A STATE BY STATE BASIS. ALTHOUGH PARIMUTUEL WAGERING IS ONLY A PART OF THE THOROUGHBRED RACING EXPERIENCE, IT IS ON THE GAMBLING MENU. IF SLOTS, VIDEO POKER OR OTHER FORMS OF GAMBLING ARE SANCTIONED IN A PARTICULAR STATE, THE RACETRACKS WOULD BECOME ONE OF THE LOGICAL OUTLETS FOR SUCH ACTIVITY. ON ONE HAND, IT WOULD BE DIFFICULT TO ARGUE THAT MEAT AND CHICKEN COULD BE SERVED IN ONE RESTAURANT, BUT ONLY FISH AND PASTA AT ANOTHER.

ON THE OTHER HAND, THOROUGHBRED RACING DOES NOT NEED EXTENDED GAMBLING TO BROADEN AND GROW OUR FAN BASE IN THOSE STATES WHERE SUCH GAMBLING DOES NOT EXIST. WE NEED TO MARKET OUR SPORT AGGRESSIVELY AND DO A SUPERIOR JOB ENTERTAINING OUR FANS WHEN THEY VISIT OUR FACILITIES. ALL TOO OFTEN ACCESS TO OTHER FORMS OF GAMBLING PROVIDES NO MORE THAN A QUICK FIX. TRACK OPERATORS LOSE THEIR FOCUS ON RACING, AND SINCE NEW FORMS OF GAMBLING ARE MORE PROFITABLE, DIRECT A DISPROPORTIONATE PERCENT OF THEIR RESOURCES -- BOTH HUMAN AND FINANCIAL TO THE EXTENDED GAMBLING SIDE OF THEIR BUSINESS AT THE EXPENSE OF RACING, OUR FANS, AND ULTIMATELY THE FARMS SUCH AS CHANCELAND WHOSE SOLE OBJECTIVE IS TO PRODUCE SUPERIOR THOROUGHBRED ATHLETES.

PLEASE JOIN US FOR THE GUIDED TOUR OF DEL MAR THAT IS SCHEDULED AFTER YOUR FORMAL SESSION. I GUARANTEE THAT YOU WILL LOVE THE ATMOSPHERE, BE THRILLED AND ENTERTAINED AND HOPEFULLY JOIN ME IN ROOTING HOME A WINNER IN ONE OF THE LATE RACES.

AND, A SPECIAL THANKS FOR ALLOWING ME THIS OPPORTUNITY TO ADDRESS THE COMMISSION.