MR. FOREMAN: Good morning, Madam Chair and members of
the Commission. I would like to once again thank you for
offering me the opportunity to revisit with you issues related to
the thoroughbred industry.

In my appearance before this Commission last July and
my previous written testimony, I tried to impress upon you the
diverse nature of the racing industry and the vast network of
interrelated jobs and services that are required to present the
daily racing program.

Racing provides a significant positive economic impact
from rural communities to urban areas, to entire regions
throughout the country, to racing and the agribusiness of horse
breeding. This huge economic impact is generated because horse
racing, unlike any other sport or gambling activity, creates a
demand for horses and a need for an extensive network of people
who must breed, raise, train, and care for these animals each
day.

The lifeline of this vast network of people who work in
racing and related businesses is the dollar wagered at racetracks
and other wage-earning facilities each day.

A portion of each dollar wagered at one of these
facilities is allocated to purses, the prize money paid to
winning horse owners. Purse money filters from the owner down
through that vast network of workers and suppliers associated
with each horse and provides the capital for the owners to buy
from the breeder.
Purses are the economic engine of racing. A strong competitive purse structure preserves and creates jobs. Purses determine the quality of one’s racing product. It is well-established and uncontroverted that a dollar lost by the racing industry to competition is a dollar lost from handle, which translates into a dollar lost from purses and a dollar unavailable to those who work in and depend upon racing for their livelihood.

For the past 20 years, racing has faced increasing competition from lotteries; gaming; sporting and entertainment industries; and, quite frankly, from some of our very partners in the racing business, our own state governments. As a result, racing has experienced declining economics.

In the past 25 years, pari-mutuel wagering’s share of legalized wagering has declined from 28 percent to 7 percent. In particular, in communities where other forms of gambling have been introduced and competition with racing, racing has suffered crippling declines in business.

Racing has been struggling to deal with this phenomenon. And necessary steps are being taken to respond. In the past year, for example, the thoroughbred industry created the National Thoroughbred Racing Association to create economic growth, just as other sports have done in the past.

Some states and some racetracks have responded by seeking alternative forms of gaming as a way of meeting the stiff challenge created by casinos and lotteries.
My recommendation to the Commission relates to that aspect of your study dealing with alternative forms of gaming at racetracks. As I said last July and I reiterate today, there is no industry consensus on this issue.

What consensus there is is that the integration of alternative gaming at some racetracks can help racing in those venues survive and grow through the allocation of gaming revenues to enhance purses, preserve and protect live racing, preserve jobs, and rebuild or improve existing facilities.

Where alternative gaming has been introduced at racetracks, there has been a significant positive impact on racing through purse enhancement, preservation and growth of live racing, and rebuilt facilities.

In each instance where alternative forms of gaming have been authorized at racetracks, the decision was made by a state government based upon public policy considerations and its own needs. That is, quite frankly, how the racing industry itself evolved, from state to state throughout the history of our country.

State legislative debate and citizen input at the state and local level has determined whether racing should be permitted and whether alternative gaming at those racetracks should also be permitted.

In deciding whether and where to authorize other forms of gambling, states should not be prohibited or discouraged from including racetracks, which, quite frankly, are a logical venue in a potential mix of locations for such gambling.
Each state should retain its existing power to determine whether and how to authorize other forms of gambling at racetracks and its appropriate relationship to the preservation and promotion of racing.

Given their experience with managing wagering operations and a large fan base, racetracks should be allowed to participate in such growth where states decide to expand wagering.

In summary, decisions on whether to authorize other forms of gaming and where such activity should be permitted should be left to each state to decide for itself on an informed basis.

Once again, I thank you for affording me the opportunity to offer you my suggestions on behalf of the racing industry.