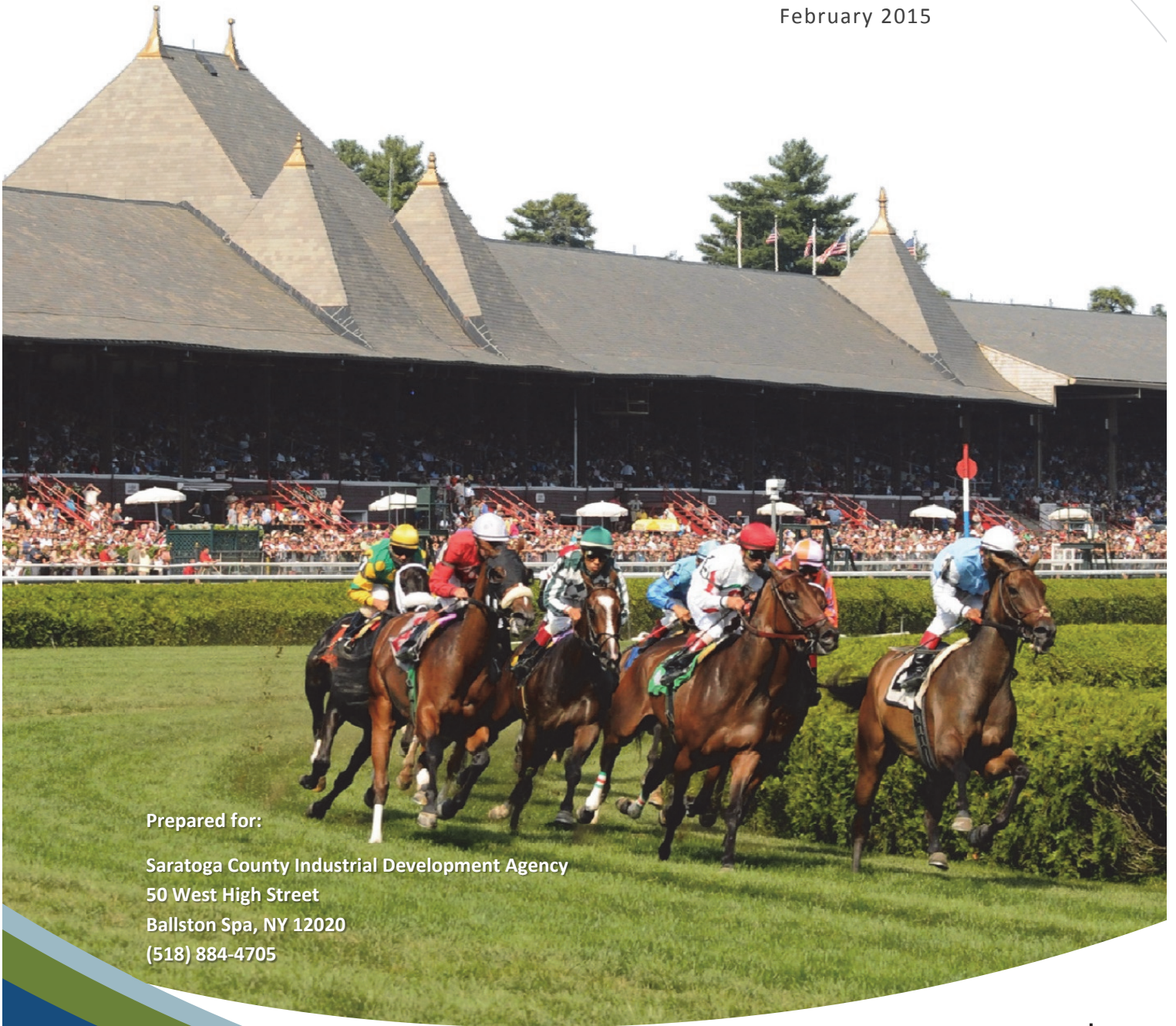


ECONOMIC AND FISCAL IMPACT ANALYSIS OF THE SARATOGA RACE COURSE: 2014 UPDATE

February 2015



Prepared for:

Saratoga County Industrial Development Agency
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About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in economic development planning, real estate market analysis and feasibility studies and economic and fiscal analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve economic development organizations (EDOs), local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty-two states and garnered attention from national media outlets including *Marketplace (NPR)*, *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

The Project Team

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A Message from the Chairman

This economic analysis of the impact of Saratoga Race Course was commissioned by the Saratoga County Industrial Development Agency, a Public Benefit Corporation, active in Saratoga County for over 35 years.

This study updates the economic data generated from two prior studies in 2006 and 2011 and provides a comparative analysis of economic impacts such as jobs, handle, attendance and spending.

There were several compelling reasons the board decided to undertake this effort. The recent approval of three upstate casinos will undoubtedly compete with race tracks for gambling dollars. NYRA is mandated to submit a reorganization plan in 2015 which will hopefully return the operation of New York's three primary racing facilities to the private sector. It has been suggested that NYRA begin to show an operational profit without the benefit of VLT revenues even though those revenues are both statutorily guaranteed and were the consideration in NYRA's decision to transfer title in all three race tracks to the State of New York. Another disturbing suggestion emanating from Albany was that Aqueduct racetrack was not needed and could be closed.

The Agency takes no position on the future operator of New York's Race Tracks but because of the concerns expressed above the Board wanted this study to closely examine the impact of VLT revenues on New York State's Thoroughbred Breeding Industry. We conducted extensive interviews with owners, trainers and breeders and it is clear that the State's investment of VLT revenues has had a significant and far reaching economic impact on New York's 2 billion dollar racing and breeding industry. Simply put, the VLT enhanced purse structure and breeders awards program has revitalized the industry and made the New York Breeding program the envy of the country.

The report is intended to assist elected officials, decision makers, and the public in understanding the economic significance of the Saratoga Race Course to the City of Saratoga Springs, Saratoga County, and the surrounding region. We hope that it will serve as a valuable tool to advocates of the thoroughbred racing and breeding industry to gain support of our legislature in Albany.

The results of the Economic Analysis of the Saratoga Race Course gives us a sense of optimism that the future of the racing and breeding industry which is such an integral part of our economy is finally after many troubled years on a sound financial path to success.

Raymond F. Callanan, Chairman
Saratoga County Industrial Development Agency
January 2015

Executive Summary

The Saratoga Race Course is an iconic New York State institution steeped in generations of sport and entertainment history. It is also a major state and regional economic generator and serves as the lifeblood of the City of Saratoga Springs economy. Camoin Associates conducted an update to a 2011 economic and fiscal impact analysis of the Saratoga Race Course and found that in 2014 it generated a regional economic impact of **2,590 jobs¹, \$101 million in wages and earnings, and \$237 million in sales (economic output) while contributing \$6.8 million in local government revenue and \$7.4 million in revenue for New York State government.**

Through numerous interviews with thoroughbred breeders and trainers in New York State the study also examined the ways that New York State's investment of revenue from new Video Lottery Terminals (VLTs) in the state's thoroughbred racing industry has had significant and far-reaching economic impacts. These revenues have revitalized the industry and provided a significant boost to the state's agriculture industry through major new investments by New York thoroughbred breeders and those attracted from out of state. In addition, it is clearly contributing to the preservation of productive farmland as these new investments have grown as exemplified by one interviewed breeder who bought a farm that had been slated for residential development.

Economic Impact of VLT Revenues

In 2011, Resorts World Casino in New York City began operation under contract giving New York State a significant portion of the revenue generated from the VLTs operating at the Aqueduct Racetrack facility. Through the legislation allowing for the VLT operation, New York State invests a portion of that revenue in the horse racing industry through purse supports (awards for race winners), and awards given to owners and breeders of New York State-bred thoroughbreds. The New York Racing Association (NYRA) also receives funds for operating and capital expenses. The impact of that investment has been significant:

- The "on-track handle" or amount of gambling on-site at New York State racetracks increased 16% between 2010 and 2013 while declining 1% nationally.
- Thoroughbred Race participation activity increased 8% between 2010 and 2013 measured by the number of licenses issued to race participants to operate in New York State.
- In 2013, New York State's thoroughbred foal crop was 400 horses larger than it would have been without VLT investment in horse racing.
- New York-bred yearlings sold for just over twice as much at auction in 2013 compared to 2010 and the number of New York-bred yearlings sold at auction increased 39% during this time.

Regional Economic Impact of the Saratoga Race Course

The economic impact of the Saratoga Race Course was analyzed to determine the jobs, earnings, and sales generated in the regional economy that would not exist without the track. The impacts result from spending by NYRA operating the race course, by race participants while in the region, and by visitors during the course of their trip to the race course. These are described further below:

¹ Jobs are reported as "Full-Time Equivalents" (FTEs). The actual number of jobs generated by the Saratoga Race Course is greater than shown because part-time and temporary jobs are counted as less than 1 FTE. For example, a full-time employee working only 6 months out of the year would be counted as ½ FTE.

- *Race Course Operations*: The New York Racing Association operates the Saratoga Race Course and employs hundreds of workers on-site who spend their wages in the regional economy. Additionally, NYRA makes purchases to operate, maintain, and improve the facility.
- *Race Course Participants*: Owners, trainers, and other race participants spend money in the region on training activities and race-related expenditures including boarding, feed, veterinary fees, and jockey fees. It also includes the wages paid to workers involved in these types of activities that are spent in the regional economy.
- *Race Course Visitors*: Nearly a million visitors attended race events at the Saratoga Race Course in 2014. These visitors spend money in the local economy on things such as food, lodging, gas, and retail goods. The facility has proved very successful in attracting visitors from throughout the state and across the country meaning a large portion of the money spent in the region from race course visitors is new money entering the regional economy.

As a result of these three types of spending impacts, the Saratoga Race Course had a total impact of 2,588 jobs, \$101 million in earnings, and \$237 million in sales in 2014. The sales impact is derived as new earnings cycle through the economy and from businesses affected by direct spending making purchases in the region.

Figure 1.

Regional Economic Impact Summary (2014)			
	Jobs	Sales	Earnings
Race Course Operations	638	\$42,835,539	\$19,133,074
Race Participants	769	\$52,097,354	\$28,466,668
Race Course Visitors	1,180	\$141,940,560	\$53,166,016
Total	2,588	\$236,873,453	\$100,765,758

Source: Camoin Associates, EMSI

Fiscal Impact

Each year the City of Saratoga Springs, Saratoga County, and New York State benefit from the economic activity generated by the Saratoga Race Course through increased tax revenues. Tax revenue is generated from property taxes from track properties, income taxes on wages generated as a result of the race course, room taxes paid by overnight visitors to the track, and sales tax from on and off-site spending attributable to the race course. Additionally, other statutory payments are made to New York State.

In 2014, the Saratoga Race Course generated \$7.4 million in revenue to New York State, \$3.1 million in revenue to Saratoga County, and revenue of \$3.7 million to the City of Saratoga Springs.

Figure 2.

Summary of Fiscal Impacts from Saratoga Race Course (2014)			
Tax Category	New York State	Saratoga County	Saratoga Springs
Income Tax Revenue*	\$2,379,052	--	--
Sales Tax Revenue	\$2,444,747	\$1,520,073	\$1,490,483
Room Tax Revenues	--	\$132,337	\$404,138
Property Tax Revenues**	(\$1,426,298)	\$170,300	\$1,255,998
Admissions Tax Revenue	--	\$563,400	\$563,400
OTB Surcharge Revenue***	--	\$704,943	--
NYRA Satutory Payments	\$3,978,599	--	--
Total	\$7,376,101	\$3,091,053	\$3,714,018

* Includes only income tax revenue generated by out-of-state visitors to the Saratoga Race Course

** Property Values represent a "loss" to New York State because it pays local property taxes on the Race Course properties

***2013 figure used because 2014 number not available at time of publication

Comparison of Results

In 2014 the on-track handle (wagering) at the Saratoga Race Course was higher than both 2006 and 2011 after adjusting for inflation. Attendance was higher in 2014 than 2011, but lower than in 2006.

Figure 3.

Saratoga Race Course: Handle & Attendance Comparison			
	2006	2011	2014
On-Track Handle*	\$130,019,432	\$147,045,725	\$150,387,443
Attendance**	966,033	871,772	945,833

Source: HR&A Advisors; Economics Research Associates; New York Racing and Wagering Board; Camoin Associates

Adjusted for inflation to 2014 dollars

**NYRA reported an official attendance of 972,000 during the 2014 Saratoga season; however, we estimate that the actual track attendance was 946,000.

The following table shows the direct spending for each of the three categories considered. These figures are the dollars spent because of the Saratoga race course and do not include the spillover economic impacts.

Figure 4.

Saratoga Race Course: Comparison of Direct Spending					
Expenditure Type	2006 Economic Impacts Study		2011 Economic Impacts Update		2014 Economic Impacts Update
	Low	High	Low	High	
Race Course Operations	\$54,170,348	\$54,170,348	\$60,737,533	\$60,737,533	\$29,238,778
Participant Activities	\$32,857,830	\$32,857,830	\$35,087,580	\$35,087,580	\$35,541,740
Off-Track Visitor Activities	\$50,787,177	\$68,744,383	\$42,456,928	\$59,576,634	\$96,742,789
Total	\$137,815,355	\$155,772,561	\$138,282,041	\$155,401,747	\$161,523,307

Source: HR&A Advisors; Economics Research Associates; Camoin Associates

Total Impacts inflated to 2014 dollars using Consumer Price Index

The following table shows the total regional economic impact of the Saratoga Race Course as calculated in the 2006 study and the 2011 and 2014 update studies. Note that the figures from previous years have been adjusted for inflation.

Figure 5.

Regional Economic Impact of Saratoga Race Course Comparison - Economic Output (Sales)					
Expenditure Type	2006 Economic Impacts Study		2011 Economic Impacts Update		2014 Economic Impacts Update
	Low	High	Low	High	
Race Course Operations	\$62,073,000	\$62,073,000	\$66,974,000	\$66,974,000	\$42,836,000
Participant Activities	\$65,231,000	\$65,231,000	\$62,835,000	\$62,835,000	\$52,097,000
Off-Track Visitor Activities	\$95,179,000	\$128,175,000	\$72,745,000	\$102,039,000	\$141,941,000
Total	\$222,483,000	\$255,479,000	\$202,554,000	\$231,848,000	\$236,800,000

Source: HR&A Advisors; Economics Research Associates; Camoin Associates

Total Impacts inflated to 2014 dollars using Consumer Price Index

Note: Totals may not sum due to rounding

The total job creation impacts of the Saratoga Race Course for each of the three studies is presented in Figure 6.

Figure 6.

Regional Economic Impact of Saratoga Race Course Comparison - Jobs					
Expenditure Type	2006 Economic Impacts Study		2011 Economic Impacts Update		2014 Economic Impacts Update
	Low	High	Low	High	
Race Course Operations	670	670	580	580	638
Participant Activities	810	810	630	630	769
Off-Track Visitor Activities	1,030	1,350	635	860	1,180
Total	2,510	2,830	1,845	2,070	2,588

Source: HR&A Advisors; Economics Research Associates; Camoin Associates

Note: Totals may not sum due to rounding

A comparison of the total fiscal impacts as calculated in each of the studies is shown in Figure 7 for Saratoga Springs and Saratoga County combined, along with New York State.

Figure 7.

Fiscal Impact of Saratoga Race Course Comparison					
Expenditure Type	2006 Economic Impacts Study		2011 Economic Impacts Update		2014 Economic Impacts Update
	Low	High	Low	High	
Saratoga Springs/Saratoga County	\$5,483,000	\$6,668,000	\$4,909,000	\$6,022,000	\$6,805,000
New York State	\$9,153,000	\$9,919,000	\$9,153,000	\$9,919,000	\$7,376,000
Total	\$14,636,000	\$16,587,000	\$14,062,000	\$15,941,000	\$14,181,000

Source: HR&A Advisors; Economics Research Associates; Camoin Associates

Total Impacts inflated to 2014 dollars using Consumer Price Index

Note: Totals may not sum due to rounding

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Introduction

The Saratoga Race Course is an iconic New York State institution steeped in generations of history. It is also a major generator of regional and state economic activity, with significant impacts on the racing, agriculture, and tourism industries. It also serves as the lifeblood of the Saratoga Springs economy.

Camoin Associates was commissioned by the County of Saratoga Industrial Development Agency (Saratoga IDA) to provide an update to the 2011 economic analysis of the Saratoga Race Course. This report focuses specifically on the economic impact of revenue from new downstate video-lottery terminals (VLTs) invested by New York State in the thoroughbred breeding and racing industry. The revenue funneled into the industry has been effective in leveraging new investment in New York's agriculture industry while supporting jobs, businesses, and tourism in the Saratoga Region and across the state. The VLTs have rejuvenated the horse racing and breeding industry in New York State, which had been in a state of decline along with the nation overall. According to interviews with owners and breeders, New York State now leads the industry nationally in attracting investment in this agriculture industry sector.

The investment of VLTs in horse racing has a significant, but complex "ripple effect" on New York's economy. The revenues have greatly increased purses (awards for race winners), making New York, and especially Saratoga, one of the most attractive places to race in the country. This has drawn out of state investment to New York as horse owners have boosted their activity in state. More thoroughbreds in New York has equated to new jobs and businesses in the State.

The VLTs have also dramatically improved the earning potential of New York-bred thoroughbreds through purse support restricted to New York-bred horses and larger awards for owners and breeders of winning New York-bred horses. This has led to a major upswing in breeding activity in New York State. The growth in New York's foal crop has led the country in recent years and New York has been able to attract some of the highest quality bloodlines helping to enhance the quality of New York thoroughbreds, further driving investment in the industry in New York. The impact on the breeding industry is significant because the industry supports a strong agriculture sector in New York State.

In this report we discuss in greater detail the impact that VLT gaming revenues have had on the horse racing industry, the agriculture and horse breeding industry, and on the tourism industry in New York State and the Saratoga Region. We then quantify the regional economic impact of the Saratoga Race Course generated from spending on operating the Race Course, spending by race participants, and spending by Race Course visitors at local businesses. The results show that as this money circulates throughout the regional economy it generates thousands of jobs, and millions of dollars in economic output and wages.

Project Background

As detailed throughout this report, the racing industry has significant and far-reaching economic impacts throughout New York State. Unlike traditional casino gambling operations, the racing industry provides significant value to the state's agriculture industry; however, the racing industry must compete against other forms of legalized gambling that do not provide such an extensive state-wide economic impact. Today the racing industry may be threatened by major new casino developments on the horizon in New York State putting in peril many farm operations as well as jobs and businesses across the state. New York's continued investment of VLT revenues from gambling in the horse racing industry is essential for

supporting jobs and businesses in the racing, agriculture, and tourism industries as well as those supported in numerous other industries in the state.

NEW YORK RACING ASSOCIATION

The New York Racing Association (NYRA), a not-for-profit Corporation, has been licensed to operate the three largest thoroughbred race tracks in New York State, including Saratoga, since 1955. It also conducts racing at Aqueduct and Belmont.

NYRA's franchise (i.e., right to conduct racing) was set to expire in 2007 spurring New York State to explore other franchise options aside from NYRA, which was experiencing financial difficulties. The not-for-profit had filed for bankruptcy protection in November 2006. An "Ad Hoc" committee recommended the selection of an alternative group, but that group was ultimately rejected by then governor Eliot Spitzer. NYRA was ultimately awarded a 25-year franchise in 2008.

In 2009, New York City Off Track Betting (NYCOTB) filed for bankruptcy and in 2010 ceased all operation. At the time it owed \$20 million to NYRA in the form of statutory payments. An additional \$7.5 million in annual contractual payments for the transmission of NYRA's live racing signal by NYCOTB was also lost. NYRA responded by opening a simulcast center at Belmont Park, operating shuttle buses from closed NYCOTB parlors to Aqueduct, obtaining State approval to stream races live over the internet; facilitating registration for internet accounts, and assuming operation of a NYC cable station to provide live racing and simulcast content to over 4 million homes in the City. By 2011 those efforts had recaptured almost all of the revenue which had been generated by NYCOTB operations.

VIDEO LOTTERY TERMINALS

Video Lottery Terminals (VLTs) were authorized for installation at Aqueduct Racetrack by the legislature in 2001. The immediate impact of the authorization was a significant increase in investment in the New York State thoroughbred breeding industry in anticipation of greater demand for New York-bred race horses. However a series of delays followed the authorization, beginning with several years of court challenges by opponents of casino-like gambling. MGM Mirage was eventually contracted to construct and operate the VLT gaming facility, but the approval of MGM Mirage by New York State was delayed due to unresolved franchise issues, including ownership of the race tracks and the state's interest in selling the franchise to the highest bidder. MGM withdrew in frustration 2007.

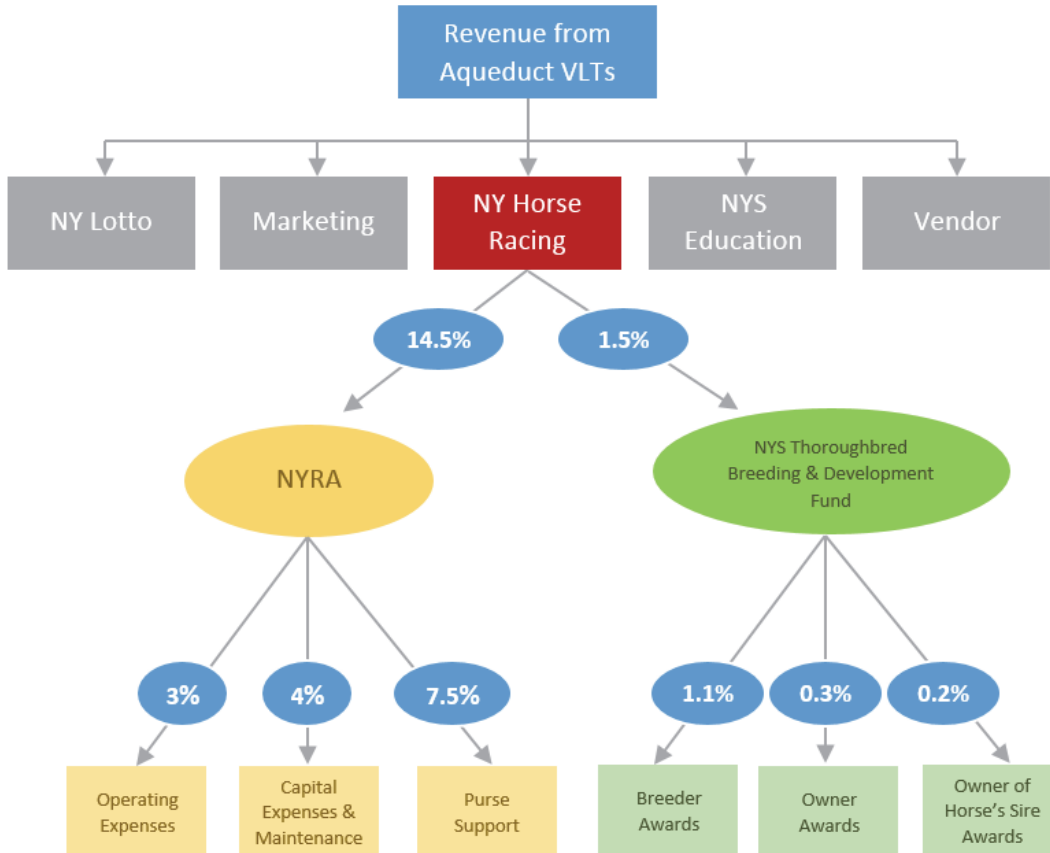
Subsequently, a competitive bidding process began and Delaware North was awarded the bid only to withdraw five months later in the midst of the recession. In 2010 the second competitive bidding process led to a politically connected firm receiving the award. After suspicions were raised, the selection process began again. In 2010, a Malaysian Gaming Giant named Genting was selected by default as the only bidder to meet the minimum qualifications.

In 2011, the VLT facility finally opened at the Aqueduct racetrack in Queens, New York. The facility (Resorts World Casino) currently features about 4,500 of the machines. As part of New York State's agreement with the company, a substantial portion of VLT revenue goes directly to New York State. NYRA made an arrangement with New York State to cede ownership of the Saratoga Race Course, Belmont Park and Aqueduct properties to the State in exchange for a share of those VLT revenues.

New York State receives the largest portion of the VLT Revenues from Aqueduct with 44% of revenues allocated for state education. The vendor, Genting New York, receives 22% plus another 8% for marketing. The New York Lottery receives 10%. The horse racing industry receives the remaining 16%.

NYRA receives the greatest portion of the revenue allocated for the horse racing industry. The organization currently receives 7.5% of revenues for purse support (awards to race winners) along with an additional 3% for operating expenses, and 4% for capital expenses and maintenance. Another 1.5% goes to the New York State Thoroughbred Breeding & Development Fund, which distributes awards to breeders and owners of New York-bred race horses. Figure 8 shows how VLT revenues are distributed to the horse racing industry.

Figure 8.



Note: Percent Distributions for awards through NYS Thoroughbred Breeding & Development Fund based on total overall distributions in 2013 and are not set by statute.

Figure 9 breaks down the revenue from VLTs to the horse racing industry. The VLT revenue stream has been significant since the Aqueduct operation began in 2011. Note that the revenue distribution percentages for purse support from Aqueduct were slightly less in previous years before they ramped up to current levels.

Figure 9.

VLT Revenue to Horse Racing			
	2011	2012	2013
NYRA Operating Expenses	\$ 2,696,000	\$ 20,129,000	\$ 23,554,000
NYRA Capital Expenses	\$ 3,594,000	\$ 26,839,000	\$ 31,405,000
NYRA Purse Support	\$ 5,841,000	\$ 43,981,000	\$ 55,202,000
NYS Thoroughbred Fund	\$ 2,792,363	\$ 9,023,015	\$ 12,192,002
Total	\$ 14,923,363	\$ 99,972,015	\$ 122,353,002

Source: NYRA; NYS Thoroughbred Breeding and Development Fund Corporation

With new casinos on the horizon in New York State as well as others in surrounding states, VLT revenues are in jeopardy. There is a limited amount of spending on gambling in the state. As more casinos come online, the pieces of that spending pie become smaller because overall spending on gambling is not expected to increase. The recent closure of Atlantic City casinos is additional evidence of how increased competition is impacting the industry. A decline in gambling at the Aqueduct (World Resorts) facility would translate into a direct decrease in VLT revenues invested in the horse racing, agriculture, and tourism industries. Furthermore, new casinos have the potential to directly impact existing race tracks as visitors may substitute trips to the casino instead of trips to the track. Impacts to one race track have the potential to create domino effects to other tracks and the industry overall. This relationship is explained in the following section.

INTERDEPENDENCY OF RACE TRACKS

The New York State horse racing industry depends on a complex balance. One of the best ways this is illustrated is by the interdependency of the thoroughbred tracks across the State. No facility is completely isolated from what happens at the others. This means that a major impact to one track, positive or negative, will have a ripple effect as other tracks are impacted.

For example, winter racing at Aqueduct allows for more races, race days, and race participants at the Saratoga Race Course because many New York thoroughbred race teams participate in winter racing, allowing them to remain profitable. Approximately 40% of horses running at Aqueduct are New York-breds indicating the importance of the Aqueduct Racetrack to the growing New York Bred Program.

The winter racing is especially critical for the smaller racing operations that cannot afford to race only at Saratoga and cannot afford to ship out of state during the winter months. As one New York thoroughbred trainer interviewed for this study put it, **“Aqueduct race meet is the meat and potatoes for all New York-bred owners. The winter meet provides the opportunity to stay level financially while other horses are rested.”** Therefore, without the income from winter racing, many operations in New York would cease to exist. This is significant because these operations function as small businesses that create jobs in New York and pump money into the local economy. The number of trainers at downstate tracks was estimated by one interviewee to be between 300 and 350. Stated simply by one trainer, **“Closing Aqueduct would have a devastating impact on the industry.”**

Additionally, if there were no winter racing, there would be fewer race horses in New York State because of the difficulty in running a profitable enterprise. Horses would be moved to other states and it would be difficult to get them back to New York State according to interviews. As a result, fewer horses would race at Saratoga, potentially impacting the length of the racing season and causing tourism, race participant, and operational spending to decrease.

The Finger Lakes racetrack is another example of how thoroughbred tracks are interdependent. As one interview breeder stated, **“The track is New York racing’s minor league for the New York-bred program and plays an important role.”** The track, however, is also under threat from casinos.

Overall, the success of the thoroughbred racing industry in New York depends on a circuit of race tracks operating throughout the year. Without sufficient racing in the state year round, racing-related jobs are lost, breeding farms will scale back or re-locate out of state, and the number of races run in the state would fall, reducing visitor spending on-track and at local businesses.

Video Lottery Terminals and the Impact to New York's Racing, Agriculture, and Tourism Industries

This section discusses the economic impact of VLT revenues on the racing, agriculture, and tourism industries in New York State and the Saratoga Region.

Racing Industry

Horse racing is a major industry in New York State and generates significant economic activity in other industrial sectors. According to a recent 2012 report, horse racing has a \$2.13 billion annual economic impact to New York State and is responsible for 17,400 jobs throughout the economy.² By allocating a percentage of VLT revenues to horse racing, New York State has helped protect and grow this economic benefit.

VLT revenues support larger purses for thoroughbred races in New York State. Larger purses are the driver of the racing industry by attracting more and higher-caliber competitors. These competitors are lured to New York State racetracks where the potential winnings are greater than other out-of-state tracks. As new VLT revenues have started flowing to horse racing in New York in recent years, race participants from around the country have been drawn to the state and the Saratoga Region in particular where there is access to the world class training facility at the Oklahoma Training Track. More horses are being trained in New York and racing teams are spending more time training in the state. More horses and more training time in New York means more in-state spending on veterinary services, farrier services, feed, labor, and other general needs like food, lodging, and retail goods.

Higher purses have also been shown to increase the amount of wagering on races as the field size of races are larger and races are more competitive. This helps increase purses, which further attracts competitors and generates additional spending in the economy. A portion of the handle (amount wagered on racing) also makes its way back to New York State breeders through the awards described in the breeding industry impact section of this report.

Purses, handle, and attendance are typical indicators of the racing industry. These performance indicators are discussed in further detail below.

PURSES

As discussed previously, VLT revenues to purse supports have driven the racing industry's comeback in New York State. The table below shows that NYRA's purses have gone from making up about 10% of all purses in the country to 14% between just 2011 and 2013. During this time national purses have remained relatively constant while NYRA purses increased 53%.

Figure 10.

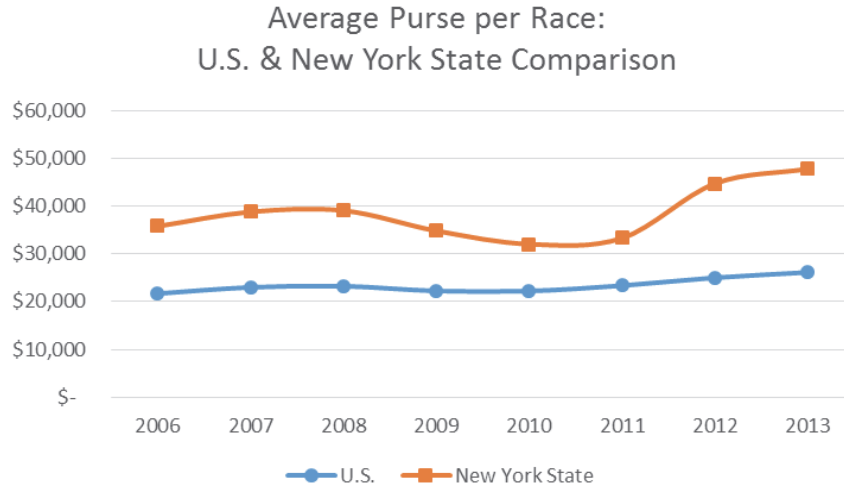
NYRA Purse Comparison			
	2011	2012	2013
U.S. Purses	\$ 1,057,051,236	\$ 1,124,254,126	\$ 1,123,856,097
NYRA Purses	\$ 103,261,090	\$ 148,840,590	\$ 157,686,450
NYRA % of Total	10%	13%	14%

Source: NYRA Financial Statements

² New York Horse Racing and Agriculture Industry Alliance, 2012. "New York State Equine Industry Economic Impact Study." Prepared by The Innovation Group.

In 2013 the average purse per race was about \$48,000 in New York State, compared to just \$26,000 in the U.S. overall. The graph below shows that starting in 2011, the first year of new VLT revenues invested in New York horse racing, the average purse per race increased significantly in New York State. The average purse per race in the U.S. overall remained relatively unchanged.

Figure 11.



Source: The Jockey Club

HANDLE

In New York State, thoroughbred races are run at four tracks while harness races are held at seven tracks across the state (see Figure 12).

Figure 12.

Horse Race Tracks in New York State	
Thoroughbred	Harness
Aqueduct Racetrack	Batavia Downs
Belmont Park	Buffalo Raceway
Saratoga Race Course	Monticello Raceway
Finger Lakes Racetrack	Saratoga Raceway
	Tioga Downs
	Vernon Downs
	Yonkers Raceway

Source: New York State Racing and Wagering Board

Visitors to these tracks can place bets on races occurring live. They can also place bets on races being held at other race tracks, including those around the country. These wagers are known as “simulcasts” referring to the simultaneous broadcasts of live races occurring off-site. Individuals can also visit Off-Track Betting Corporations (OTBs) in New York State and elsewhere to wager on horse races. Each of these revenue streams (“handles”) are considered below:

Live Handle: amount wagered by on-site visitors and on live races

Simulcast Export Handle: amount wagered on New York State racing simulcast at other New York State tracks

Simulcast Import Handle: amount wagered at a facility on races that are run at other tracks. For example, a simulcast import would occur when someone at the Saratoga races wagered on a race at Santa Anita. Tracks will typically provide people the opportunity to be on races other than those occurring at the track at which they are at in between or after live racing.

NYS OTBs Handle: amount wagered on New York State racing at non-track off-site locations in New York State.

Out-of-State OTBs: amount wagered on New York State racing at out-of-state locations.

As shown in Figure 13, the overall handle for horse racing (both thoroughbred and harness) in New York State was \$2.72 billion in 2013. The handle for thoroughbred racing is \$2.3 billion compared to the \$410 million handle for harness racing, a ratio of nearly 6 to 1 and illustrative of the importance of thoroughbred racing. Out-of-State OTBs have the greatest handle at almost \$2 billion representing 72% of the state total. In 2010, out-of-state OTBs represented only 64% of the total.

Figure 13.

Handle on New York State Racing in 2013			
Handle	Thoroughbred Racing	Harness Racing	Total
Live	\$ 319,187,387	\$ 32,702,908	\$ 351,890,295
Simulcast Exports (to NYS Tracks)	\$ 84,525,524	\$ 50,021,605	\$ 134,547,129
NYS OTBs	\$ 219,725,719	\$ 48,767,646	\$ 268,493,365
Out-of-State OTBs	\$ 1,687,592,459	\$ 278,276,968	\$ 1,965,869,427
Total Handle on NYS Racing	\$ 2,311,031,089	\$ 409,769,127	\$ 2,720,800,216

Source: New York State Racing and Wagering Board

Figure 14 summarizes the trends in the handle at New York State racetracks. Between 2008 and 2013, the overall handle at all New York State race tracks grew by 41 percent. There was also significant growth between 2003 and 2013 when the overall handle grew by 17%. The simulcast import handle rose a dramatic 161% at New York State thoroughbred race tracks between 2008 and 2013 and 112% in the period between 2003 and 2013.

Overall, the live handle was the weakest performer in terms of growth, but it has shown signs of improvement. It fell 12% between 2003 and 2013, but grew 4% from 2008 to 2013. At thoroughbred tracks, live handle was stronger, showing an increase of 6% from 2008 to 2013.

The period between 2010 and 2013 highlights the impact that VLT revenues have had. During this time, live handle at NYS Thoroughbred Tracks increased 16%. As previously discussed, higher purses are correlated with more competitive racing and increased handle.

Figure 14.

Handle at New York State Racetracks, Selected Years					
	2003	2008	2013	Percent Change 2003-2013	Percent Change 2008-2013
Handle at NYS Thoroughbred Tracks					
Simulcast Import Handle	\$ 172,615,875	\$ 140,313,543	\$ 365,728,271	112%	161%
Live Handle	\$ 350,722,597	\$ 300,668,674	\$ 319,187,387	-9%	6%
Handle at NYS Thoroughbred Tracks	\$ 523,338,472	\$ 440,982,217	\$ 684,915,658	31%	55%
Handle at NYS Harness Tracks					
Simulcast Import Handle	\$ 151,979,873	\$ 123,829,683	\$ 131,757,585	-13%	6%
Live Handle	\$ 50,349,859	\$ 39,093,110	\$ 32,702,908	-35%	-16%
Handle at NYS Harness Tracks	\$ 202,329,732	\$ 162,922,793	\$ 164,460,493	-19%	1%
Handle at NYS Racetracks					
Simulcast Import Handle	\$ 324,595,748	\$ 264,143,226	\$ 497,485,856	53%	88%
Live Handle	\$ 401,072,456	\$ 339,761,784	\$ 351,890,295	-12%	4%
Handle at all NYS Racetracks	\$ 725,668,204	\$ 603,905,010	\$ 849,376,151	17%	41%

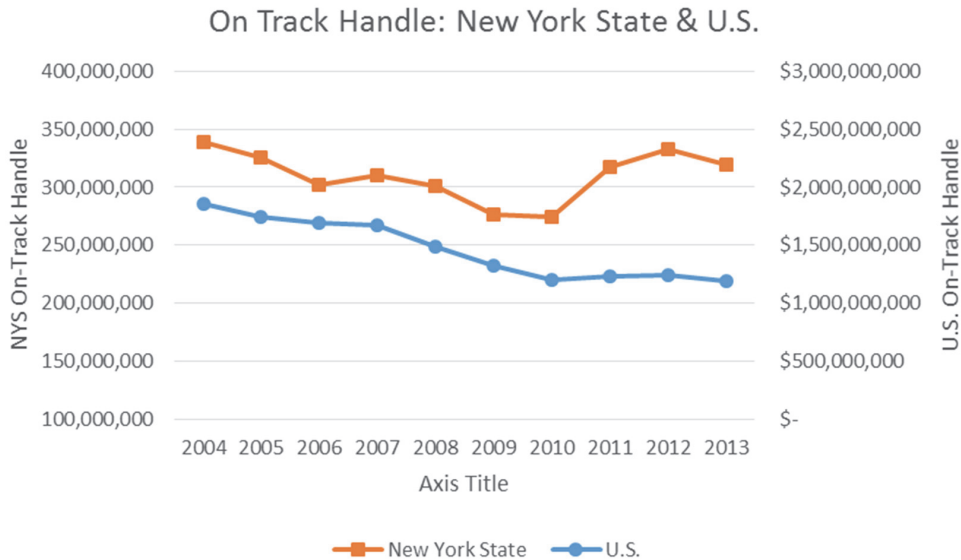
Source: New York State Racing and Wagering Board

The VLT effect is best highlighted by comparing New York State's performance to that of the rest of the country. Overall, on-track handle in New York State, despite dropping slightly overall between 2003 and 2013, has been much stronger than the rest of the country. As shown in Figure 15, on-track handle was following the downward trend of the U.S. until 2010. Then in 2011, the first year of VLT revenues, on-track handle rebounded and increased for two years before a modest drop between 2012 and 2013. On-track handle in New York was still well above what it would have been in 2013 if it had kept following the national trend, which stabilized in 2011, but never increased like it did in New York State.

VLT Impact

The on-track handle in New York State grew 16% between 2010 and 2013; in the U.S. it declined by 1% during the same period.

Figure 15.



Source: The Jockey Club

Figure 16 provides a more detailed look at the handle performance at each of the thoroughbred tracks in New York State. The total handle (simulcast and live handles) for thoroughbred racetracks grew 55 percent between 2008 and 2013 and has grown 31% in the period between 2003 and 2013.

Figure 16.

New York State Thoroughbred Racetrack Handle, Selected Years					
	2003	2008	2013	Percent Change 2003-2013	Percent Change 2008-2013
Simulcast Import Handle					
Aqueduct Racetrack	\$92,871,990	\$ 57,992,807	\$ 211,795,139	128%	265%
Belmont Park	\$46,399,021	\$ 56,615,197	\$ 121,194,567	161%	114%
Saratoga Race Course	\$18,724,173	\$ 10,813,740	\$ 19,177,065	2%	77%
Finger Lakes Gaming and Racetrack	\$15,862,723	\$ 14,891,799	\$ 13,561,500	-15%	-9%
Racetrack Simulcast Handle	\$ 173,857,907	\$ 140,313,543	\$ 365,728,271	110%	161%
Live Handle					
Aqueduct Racetrack	\$ 101,956,483	\$ 74,150,303	\$ 82,743,128	-19%	12%
Belmont Park	\$ 118,069,796	\$ 101,084,673	\$ 103,257,082	-13%	2%
Saratoga Race Course	\$ 117,408,241	\$ 114,563,754	\$ 126,044,515	7%	10%
Finger Lakes Gaming and Racetrack	\$ 13,288,077	\$ 10,869,944	\$ 7,142,662	-46%	-34%
Racetrack Live Handle	\$ 350,722,597	\$ 300,668,674	\$ 319,187,387	-9%	6%
Total "On-Track" Handle					
Aqueduct Racetrack	\$ 194,828,473	\$ 132,143,110	\$ 294,538,267	51%	123%
Belmont Park	\$ 164,468,817	\$ 157,699,870	\$ 224,451,649	36%	42%
Saratoga Race Course	\$ 136,132,414	\$ 125,377,494	\$ 145,221,580	7%	16%
Finger Lakes Gaming and Racetrack	\$ 29,150,800	\$ 25,761,743	\$ 20,704,162	-29%	-20%
Racetrack Total Handle	\$ 524,580,504	\$ 440,982,217	\$ 684,915,658	31%	55%

Source: New York State Racing and Wagering Board

In 2014, the total on-track handle at Saratoga increased to about \$150 million, up 3.6% from \$145 million the previous year. The Saratoga Race Course on-track handle had already grown 16% between 2008 and 2013 as the economy recovered and VLT revenues started flowing into horse racing.

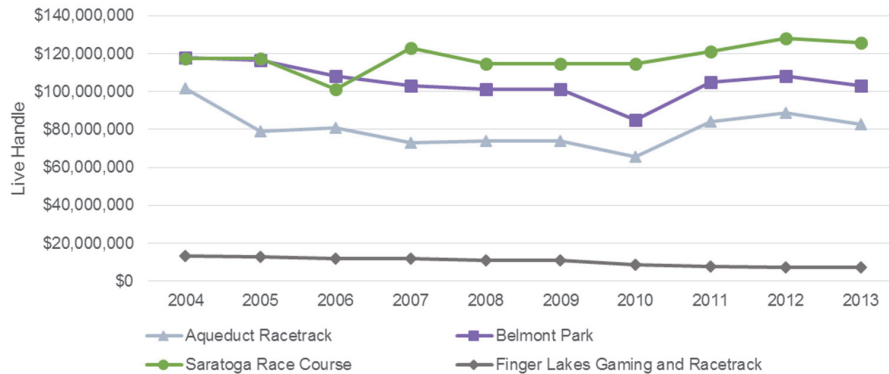
In the 10-year period between 2003 and 2013, only the Saratoga Race Course experienced positive growth in its live handle (7%) among New York State thoroughbred tracks reflecting its importance in the industry. Between 2008 and 2013 its live handle grew by 10%, and was second only to the growth at Aqueduct Racetrack (12%). Saratoga's live handle was the largest of the four thoroughbred tracks at \$126 million, about \$23 million above second highest, Belmont Park.

Figure 17 shows the live handle trend for each of the thoroughbred race tracks. Saratoga's live handle had been increasing since 2009 after a two-year decrease but saw a slight decrease between 2012 and 2013 similar to that of Belmont and Aqueduct. Saratoga Race Course's live handle has been the highest among the four tracks since 2007 when it passed Belmont Park.

The graph shows clearly the impact of VLT revenues as the three NYRA-operated thoroughbred race tracks, which receive VLT revenues for purse supports, saw an increase in live handle beginning in 2011, the first year of VLT revenue investment in horse racing. Finger Lakes Gaming and Racetrack, meanwhile, continued its modest downward trend without the benefit of VLT revenues.

Figure 17.

LIVE HANDLE AT NEW YORK STATE THOROUGHBRED RACETRACKS



ATTENDANCE

Nationally, horse racing attendance has been in general decline; however, attendance at thoroughbred race tracks in New York was relatively stable from 2009 to 2013, as shown in Figure 18. Saratoga Race Course attendance was also fairly stable between 2008 and 2013, dipping only 0.6% overall. The Saratoga Race Course continues to maintain much higher attendance figures than the other New York thoroughbred tracks. In 2013, Saratoga had an average daily attendance of about 21,700. The next highest average daily attendance was at Belmont with about 4,500.

Figure 18.

New York State Thoroughbred Racetrack Attendance					
	2009	2010	2011	2012	2013
Attendance					
Aqueduct Racetrack	281,713	337,807	472,311	497,833	446,372
Belmont Park	534,625	488,049	465,782	446,737	419,800
Saratoga Race Course	916,860	878,288	871,772	901,033	867,182
Finger Lakes Gaming and Racetrack	208,351	177,691	128,435	150,842	148,779
Total Racetrack Attendance	1,941,549	1,881,835	1,938,300	1,996,445	1,882,133
Race Days					
Aqueduct Racetrack	117	110	110	114	106
Belmont Park	97	92	91	91	93
Saratoga Race Course	36	40	39	40	40
Finger Lakes Gaming and Racetrack	163	163	160	161	161
Total Number of Race Days	413	405	400	406	400
Average Attendance Per Day					
Aqueduct Racetrack	2,408	3,071	4,294	4,367	4,211
Belmont Park	5,512	5,305	5,118	4,909	4,514
Saratoga Race Course	25,468	21,957	22,353	22,526	21,680
Finger Lakes Gaming and Racetrack	1,278	1,090	803	937	924
Average Attendance Per Day (All Tracks)	4,701	4,647	4,846	4,917	4,705

Source: New York State Racing and Wagering Board

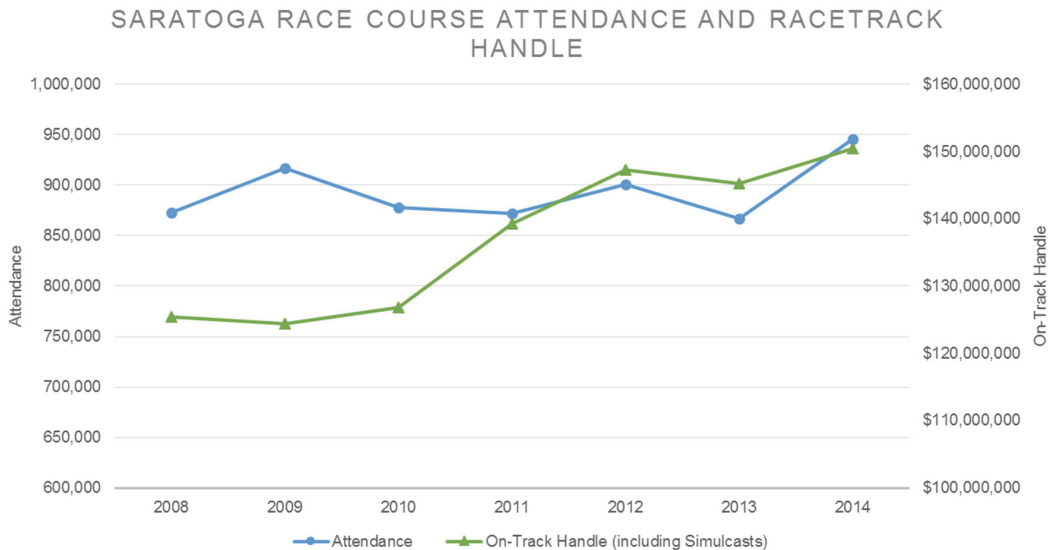
In 2014 NYRA reported an official attendance figure of 972,000. This figure, however, counts every season pass holder for each day of racing. We estimate that actual attendance was approximately

946,000 visitors based on the on-track handle and the average amount wagered per visitor at the track in 2014. For additional information on attendance at the Saratoga Race Course, please see the regional economic impact analysis section of this report.

The 2014 attendance of 946,000 still represents a significant 9% increase from the previous year. Attendance at Saratoga had dipped 4% between 2012 and 2013 making attendance in 2014 an especially strong rebound.

Figure 19 shows the seven-year trend for the Saratoga Race Course attendance and on-track handle. Attendance and handle are at their highest point in recent years. The 2014 on-track handle at Saratoga is 20% higher than it was in 2008 while attendance is 8.4% higher than it was in 2008.

Figure 19.



VLT revenues have helped Saratoga remain the top national performer in average daily attendance and live on-track handle. Compared to other major thoroughbred tracks shown in the chart below, Saratoga Race Course had the greatest average daily attendance with 21,680 in 2013 (which increased to about 23,600 in 2014). This was well above second place Del Mar that had an annual attendance of 17,656.

Figure 20.

U.S. Thoroughbred Track Comparison: 2013							
Track	State	Attendance	Days Raced	Average Daily Attendance	Live On-Track Handle	Average Daily Live On-Track Handle	Handle Per Capita
Saratoga Race Course	New York	867,182	40	21,680	\$ 126,044,515	\$ 3,151,113	\$ 145
Del Mar	California	653,259	37	17,656	\$ 76,332,280	\$ 2,063,035	\$ 117
Keeneland Race Course	Kentucky	544,881	32	17,028	\$ 37,063,939	\$ 1,158,248	\$ 68
Churchhill Downs	Kentucky	796,856	87	9,159	\$ 72,899,000	\$ 837,920	\$ 91
Santa Anita Park	California	749,519	95	7,890	\$ 104,654,387	\$ 1,101,625	\$ 140
Belmont Park	New York	419,800	93	4,514	\$ 103,257,082	\$ 1,110,291	\$ 246
Hollywood Park	California	283,983	76	3,737	\$ 41,177,975	\$ 541,815	\$ 145

Note: Data reported for 2013 unless otherwise noted

Source: New York State Racing and Wagering Board; California Horse Racing Board; Kentucky Horse Racing Commission

Saratoga Race Course also has the greatest average daily live on-track handle (\$3.15 million) and total live on-track handle (\$126 million). In terms of handle per-capita, Saratoga is tied for second (\$145 per visitor) behind only Belmont Park (\$246).

RACING PARTICIPANTS

As VLT revenues have increased purses for thoroughbred races in New York State, racing in the state has become much more popular. As a direct result, more race participants such as jockeys and trainers are active in New York State, spending more time and money in the state. As discussed in the next section in greater detail, race participants spend significant amounts of money related to racing. This spending circulates through the economy generating jobs and supporting local businesses. Without high purses to attract race participants, a large portion of this spending would not occur in New York State.

In New York State, racing participants are required to obtain an occupational license. Licenses provide a good indication of race participant levels each year although it should be noted that the same person may have multiple licenses and would be counted multiple times in that case. The number of licenses obtained for 2010, the last year before VLT revenues, and 2013 are shown in Figure 21. In 2013, the number of race participant licenses increased by 1,559 (8.1%). Of note, the jobs associated with taking care of horses increased significantly. There were 606 more Groom licenses issued in 2013. Grooms are stable hands that look after horses. Similarly, stable employee licenses increased by 404 licenses.

VLT Impact

Race participant activity increased 8% after New York began investing VLT revenues in horse racing

Figure 21.

New York State Thoroughbred Racing Participant Licensing		
License Type	2010	2013
Apprentice Jockey	39	51
Asst. Trainer	507	491
Authorized Agent	137	136
Cleaning Service	241	213
Exercise Rider	1,161	1,124
Farrier	83	96
Food Service	422	323
Gap Attendant	8	10
General Services	2,370	2,740
Groom	2,331	2,937
Jockey	267	269
Jockey Agent	85	69
Mutuel Clerk	1,500	1,583
Owner Original	1,330	1,311
Owner Renewal	5,500	5,307
Peace Officer	503	451
Private Trainer	5	3
Racing Official	76	86
Security	69	133
Stable Employee	1,610	2,014
TOTE Employee	28	520
TOTE Officer	-	12
TOTE OTB	-	11
Track Mgt.	74	80
Trainer	657	661
Vendor-Transporter	68	-
Veterinarian	101	100
Total	19,172	20,731
2010 to 2013 Percent Increase		8.1%

Note: figures include multi-year licenses that were active during the year. Individuals that hold licenses for more than one occupation are counted twice, once in each category.

Source: NYS Racing and Wagering Board Annual Reports

ECONOMIC IMPACT OF NEW YORK STATE THOROUGHBRED RACING INDUSTRY

A 2012 report, “New York State Equine Industry Economic Impact Study,” found that horse racing has a total economic impact of \$2.1 billion annually in New York State. That translates to an economic impact of \$92,000 per horse. The jobs created by the racing industry are also significant with 17,400 jobs in New York State generated from horse racing. Put another way, for every 100 horses there are 80 jobs created across the state. The tables below detail the full results of the report. The analysis took into consideration horse breeders, whom we consider separately in the following section.

Figure 22.

New York State Horse Racing Industry - Total Impact Summary			
Industry Component	Direct (\$000s)	Indirect & Induced (\$000s)	Total Impact (\$000s)
Major Racetracks	\$ 221,551	\$ 172,961	\$ 394,512
OTB Corporations	\$ 95,551	\$ 132,471	\$ 228,022
Breeders, Trainers, Owners of Racehorses	\$ 614,331	\$ 848,538	\$ 1,462,869
Fair Racing	\$ 3,784	\$ 6,863	\$ 10,647
Horsemen and Breeder Associations and NYSRWB	\$ 30,275	\$ 2,550	\$ 32,825
Total	\$ 965,492	\$ 1,163,383	\$ 2,128,875

Source: New York Horse Racing and Agriculture Industry Alliance, 2012. "New York State Equine Industry Economic Impact Study." Prepared by The Innovation Group.

Figure 23.

New York State Horse Racing Industry - Total Job Summary			
Industry Component	Direct	Indirect & Induced	Total Jobs
Major Racetracks	1,867	1,095	2,962
OTB Corporations	1,269	879	2,148
Breeders, Trainers, Owners of Racehorses	3,604	8,451	12,055
Fair Racing	21	51	72
Horsemen and Breeder Associations and NYSRWB	141	22	163
Total	6,902	10,498	17,400

Source: New York Horse Racing and Agriculture Industry Alliance, 2012. "New York State Equine Industry Economic Impact Study." Prepared by The Innovation Group.

Agriculture & Breeding Industry

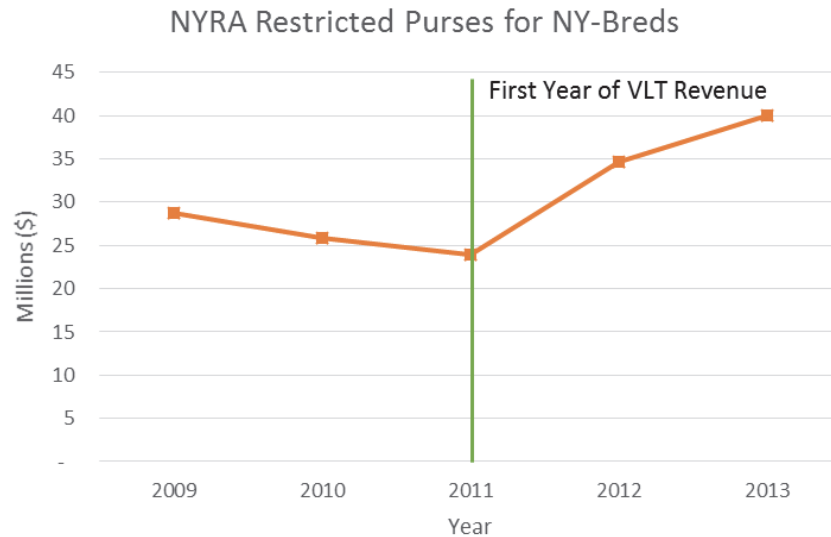
The arrangement between NYRA and New York State was designed to not only support the horse racing industry, but also to catalyze investment in New York's agriculture industry (which the Breeding Industry is part of). VLT funds generate high purses at the Saratoga Race Course, especially for New York State thoroughbreds. NYRA dedicates a portion of purses that only New York-bred thoroughbreds ("New York-breds") are eligible to win. This makes owning and training a New York thoroughbred much more advantageous since the earning potential of a New York-bred is so much greater.

VLTs also go to breeder awards which are distributed to the original breeder of a winning New York-bred, even after that horse has been sold to a new owner. Owners of winning New York-bred horses also benefit from VLT-supported awards specifically designated for New York-bred owners. The result has been an influx of demand for New York-bred horses, which has stimulated new investment in breeding and the agriculture industries.

RESTRICTED PURSES

The purses that NYRA restricts to New York-bred horses have been one of the major drivers of the demand for, and investment in New York-breds. Figure 24 shows the increase in these restricted purses. In 2013, NYRA's restricted purses in New York State totaled \$40.1 million, up from \$24 million in 2011. Also in 2013, NYRA ran 637 restricted races for New York-breds, above the statutorily required 600 restricted races, an indication of the popularity of New York-bred races.

Figure 24.



Source: New York Thoroughbred Breeders; The Jockey Club

NEW YORK-BRED AWARDS

In addition to NYRA purse support, VLT revenues flow to the New York State Thoroughbred Breeding and Development Fund (the “Fund”). The Fund promotes thoroughbred breeding and racing in New York State by distributing breeder, stallion-owner, and open-company (i.e., races open to any horses, not just NY-breds) owner awards. These awards are described briefly below:

Breeder Awards

Funds are paid to the breeders of registered New York-breds that finish first, second, or third. The original breeder receives the award, even if the horse was sold to a new owner. For breeders of New York-sired horses (New York-breds fathered by a New York horse), a first place finish translates to an award equal to 30% of the purse money award. Second and third place breeders receive a 15% award. Awards are currently capped at \$40,000. For Non-New York-Sired New York-breds, the award rates and award cap are halved. In 2013, \$11.3 million in breeder awards were paid to breeders of registered New York-breds.

Stallion Owner Awards

These awards are “paid to owners of registered New York-based (at the time of conception) covering stallions,” according to the Fund. Stallion owner awards are 10% of purses earned for any finish in the top three with a cap of \$10,000 per horse, per race. Nearly \$2.8 million was paid in 2013 stallion owner awards by the Fund.

Open-Company Owner Awards

The Fund also issues awards for owners of registered New York-breds that finish in the top three in open company races in New York State. New York-Sired winners generate an award of 20% for a top three finish with a cap of \$20,000. For non-New York Sired winners the award rate is 10% with the

cap remaining at \$20,000. About \$1.8 million in Open-Company Owner Awards were paid by the Fund in 2013.

These funds not only provide a strong incentive for investment in thoroughbred breeding in New York State, they also help enable breeders to invest in their operations including purchasing new farmland and hiring more workers.

IMPACT ON BREEDING ACTIVITY

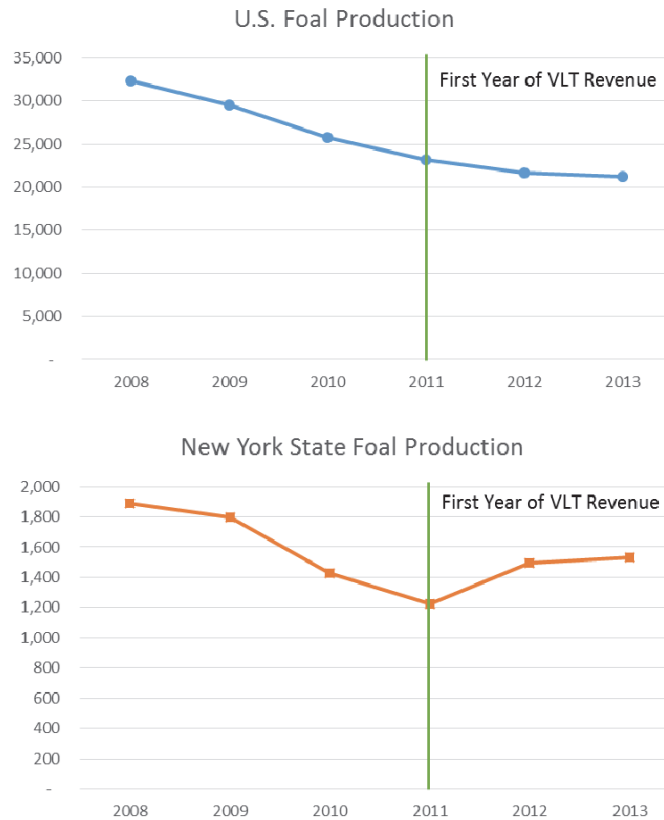
The impact of VLT revenues on the horse racing industry has been significant. Horse breeding activity has increased, thoroughbred farm operations have expanded and new farms established, auction prices for NY-bred horses have skyrocketed, breeding farms have hired new workers, and new agriculture-related businesses have been created.

This has all happened at a time when the national breeding industry has declined. As shown in Figure 25, the national trend in foal production has been declining. The same declining trend was seen in New York State until 2011 when VLT revenues started flowing. The impact can be seen clearly with New York foal production increasing 25% between 2011 and 2013. If New York had continued following the national downward trend in foal production, we estimate that in 2013 the state's foal crop would have been approximately 400 horses fewer if not for the investment of VLTs in horse racing.

VLT Impact

New York State's 2013 thoroughbred foal crop was 400 horses larger than it would have been without VLT investment in horse racing.

Figure 25.



Source: The Jockey Club; NYS Thoroughbred Breeding and Development Fund Corp.

The number of horses bred in New York is key to the industry's economic impact. Breeders invest significant sums of money in each foal that is bred and raised before being sold. The costs include breeding expenses such as veterinary examination fees. The mare (mother of the foal) also has to be taken care of during the pregnancy which means additional veterinary fees and typical fees such as farrier (shoeing) care. When the foal is born it too requires veterinary and farrier services. Both mare and foal also need to be fed, which is typically purchased from local suppliers.

Horse breeders also make capital investments in their farms which injects more money into the local economy through purchases of equipment and materials. New jobs are generated through both capital and operational spending. As more horses are on farms, more farm hands are required to care for them.

IMPACT ON NEW YORK-BRED VALUE

The value of a thoroughbred is directly linked with its earning potential. As the earning potential of New York-breds has increased, their value, and thus price, has risen along with demand. The higher selling price of NY-breds incentivizes investments in breeding in New York State. The higher revenue from horse sales is also significant because breeders reinvest much of this money in their operation, which further stimulates the agriculture industry.

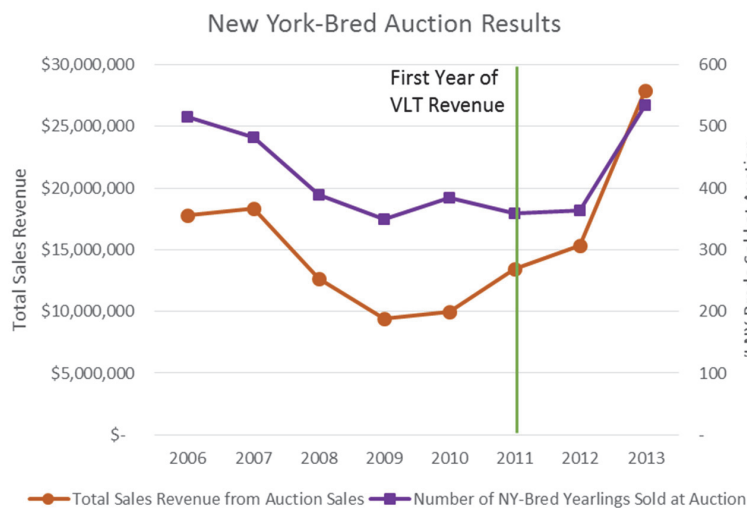
VLT Impact

New York-bred yearlings sold for just over twice as much at auction, on average, in 2013 compared to 2010, the last year before new VLT revenues

The number of New York-bred yearlings sold at auction increased 49% between just 2011 and 2013 while the total sales revenue from New York yearlings jumped 107%. In 2013 the average sale price of a New York-bred yearling at auction was \$52,300, representing a 39% increase over the 2011 average of \$37,500. Total auction sales of NY-bred

yearlings went from \$9.96 million in 2010 to \$27.9 million in 2013. Furthermore, the number of New York State breeders reversed a long period of decline and stabilized in 2013 indicating a strengthening breeding industry within New York State.

Figure 26.



Source: The Jockey Club

IMPACT ON EQUINE INDUSTRY

The upswing in the thoroughbred breeding industry supports a strong equine industry in New York State. The United States Department of Agriculture (USDA) conducts a Census of Agriculture every five years. The last census in 2012 showed a growing industry in New York State, and an industry growing above that of the U.S. overall. Between 2007 and 2012 the number of horse farm operations that recorded a sale rose by 24% to 2,414 while the number of horses sold increased 20% to 9,225. Nationally, the number of horse farm operations increased only 2% while the number of horses sold increased by 5%.

The results also show an especially strong horse industry in the Eastern District of New York, which includes Saratoga County.³ The District saw a 45% increase in equine operations and a 51% increase in horse sales. Saratoga County itself performed very strongly between 2007 and 2012 with sales increasing 124%, far outpacing the District, New York State, and the U.S. overall. The 660 horses sold in the County represented 48% of all horses sold in the Eastern District and 7% in New York State. Operations with sales also grew from 69 to 95, a 38% jump.

Figure 27 shows horse farm and horse sales trends in New York State between 2007 and 2012 (the most recent years of the Census of Agriculture).

Figure 27.

Horse Farm Operations and Sales Trends: 2007-2012				
Place	Category	2007	2012	Pct. Change 2007-2012
Saratoga County	Operations	69	95	38%
	Sales (head)	295	660	124%
Eastern District	Operations	247	357	45%
	Sales (head)	921	1,389	51%
New York State	Operations	1,953	2,414	24%
	Sales (head)	7,677	9,225	20%
United States	Operations	106,050	108,360	2%
	Sales (head)	400,845	418,968	5%

Source: USDA Census of Agriculture

Operations include only those that owned equine, horses or ponies and had equine sales during that year

Figure 28 provides a more detailed look at the Eastern District. Saratoga County has the greatest number of operations with horse sales (95), number of horses sold (660), and farm revenue from horse sales (\$7.27 million), which translates into an average of \$11,000 per horse sold (including all horses, not just thoroughbreds). This average ranks behind only Albany County and Rensselaer County in the District. The average of \$76,500 in horse-sale revenue per farm far exceeds any of the other Eastern District counties and is well above New York State (\$24,100) and the U.S. (\$12,700). Saratoga County's share of horse sales revenue is 52% of the District total and 13% of the entire New York State total.

³ The Eastern District includes the following counties: Saratoga, Fulton, Washington, Montgomery, Schoharie, Albany, Rensselaer, Schenectady

Figure 28.

Horse Farm Operations and Sales: 2012					
Area	Operations with Sales	Sales		Avg. Sales per Head	Avg. Sales per Operation
		Head	Revenue		
Saratoga County	95	660	\$ 7,271,000	\$ 11,017	\$ 76,537
Washington County	76	291	\$ 2,401,000	\$ 8,251	\$ 31,592
Albany County	39	131	\$ 1,994,000	\$ 15,221	\$ 51,128
Rensselaer County	34	74	\$ 947,000	\$ 12,797	\$ 27,853
Montgomery County	58	102	\$ 526,000	\$ 5,157	\$ 9,069
Schoharie County	19	59	\$ 354,000	\$ 6,000	\$ 18,632
Fulton County	22	54	\$ 330,000	\$ 6,111	\$ 15,000
Schenectady County	14	18	\$ 56,000	\$ 3,111	\$ 4,000
New York State	2,414	9,225	\$ 58,089,000	\$ 6,297	\$ 24,063
United States	108,360	418,968	\$ 1,376,793,000	\$ 3,286	\$ 12,706
Saratoga County's Share of Regional Equine Sales (Revenue):					52%
Saratoga County's Share of New York State Equine Sales (Revenue):					13%

Source: USDA Census of Agriculture

IMPACT ON FARMLAND

VLT revenues have made horse breeding a more profitable enterprise, allowing horse farms to grow and expand their acreage. This is especially important because thoroughbred horse farms often occupy agricultural land that would otherwise be too expensive for other types of farming activities. Rather than allowing vacant agricultural land to sit unproductively or be redeveloped for housing, horse farms are able to occupy that acreage for productive economic use.

One breeder interviewed for this study purchased a former farm that had been subdivided for residential development but was never built because of the recession. While the land was too expensive for other types of farming, it was able to be acquired for a productive horse farm rather than sit idle.

Saratoga County has 64 horse farm parcels according to property tax records. These parcels represent about 11% of all agricultural parcels in the County, a significantly higher concentration than the study region or the state. Within the nine-county study region horse farms account for 3.7% of the agricultural parcels while in New York State they account for only 2% of all agricultural parcels. Horse farms are the fourth most common type of agricultural property in the County behind vacant productive land, field crops and dairy products.

Figure 29 breaks out the number and type of agricultural parcels in Saratoga County, the Study Region, and New York State. The number of horse farm properties in Saratoga County grew 14% (8 parcels) between 2010 and 2013. Horse farms went from making up about 9% of all agricultural properties in 2010 to about 11% in 2013.

Figure 29.

Agricultural Parcels in Saratoga County and NYS (2013)			
Parcel Type	Saratoga County	Study Region	NYS
Agricultural Vacant Land (Productive)	195	2,466	36,639
Field Crops	139	1,407	17,273
Dairy Products: milk, butter and cheese	90	1,017	9,636
Horse Farms	64	215	1,509
Cattle, Calves, Hogs	25	243	2,499
Acquired Development Rights	11	12	1,059
Livestock and Products	10	52	781
Other Livestock: donkeys, goats	10	55	503
Apples, Pears, Peaches, Cherries, etc.	9	112	1,381
Nursery and Greenhouse	9	63	748
Poultry and Poultry Products: eggs, chickens, turkeys, ducks and geese	6	14	198
Orchard Crops	5	6	82
Sheep and Wool	4	36	228
Truck Crops - Not Mucklands	4	28	634
Fish, Game and Wildlife Preserves	3	4	156
Specialty Farms	2	6	46
Livestock: deer, moose, llamas, buffalo, etc.	2	8	45
Agricultural	1	19	318
Other Fruits	1	7	56
Pheasant, etc.	1	3	12
Honey and Beeswax	0	4	32
Truck Crops - Mucklands	0	7	2,096
Vineyards	0	4	1,630
Fur Products: mink, chinchilla, etc.	0	0	4
Aquatic: oysterlands, fish and aquatic plants	0	0	332
Total, All Agricultural Parcels	591	5,788	77,897
Percentage of Agricultural Parcels that are Horse Farms	10.8%	3.7%	1.9%

Source: New York State Department of Taxation and Finance, 2013

Figure 30 provides greater detail on horse farm and other agricultural property in Saratoga County. The total estimated market value of all agricultural land in the County is \$181 million. **Horse farm properties have a total estimated value of \$58.9 million, representing one-third of the entire value of agricultural land in the County despite accounting for 10% of the acreage.**

On a per-acre basis, horse farms are much more valuable than other farms at about \$15,000 per acre compared to \$3,400 for other farms. The average horse farm property is valued at \$880,000 compared to \$236,000 for other farms. Without VLT revenues, the number of horse farms would decrease and the value of that acreage would fall resulting in decreased property taxes and an economic loss to the agriculture industry.

Figure 30.

City/Town	# of Agricultural Parcels			Acreage			Estimated Total Market Value			Average Value per Acre		
	Horse Farms	Other Farms	Total	Horse Farms	Other Farms	Total	Horse Farms	Other Farms	Total	Horse Farms	Other Farms	Total
City of Saratoga Springs	2	9	11	145	360	505	\$ 15,816,750	\$ 3,532,563	\$ 19,349,313	\$ 109,081	\$ 9,819	\$ 38,332
Town of Ballston	0	22	22	-	1,228	1,228	\$ -	\$ 3,894,675	\$ 3,894,675	\$ -	\$ 3,173	\$ 3,173
Town of Charlton	4	61	65	212	4,314	4,526	\$ 1,922,479	\$ 15,402,271	\$ 17,324,750	\$ 9,068	\$ 3,570	\$ 3,828
Town of Clifton Park	3	25	28	49	1,065	1,114	\$ 870,862	\$ 7,275,344	\$ 8,146,206	\$ 17,773	\$ 6,830	\$ 7,311
Town of Corinth	1	0	1	10	-	10	\$ 129,200	\$ -	\$ 129,200	\$ 12,920	\$ -	\$ 12,920
Town of Galway	0	31	31	-	2,332	2,332	\$ -	\$ 6,026,874	\$ 6,026,874	\$ -	\$ 2,584	\$ 2,584
Town of Greenfield	6	4	10	349	242	591	\$ 3,532,584	\$ 970,700	\$ 4,503,284	\$ 10,122	\$ 4,013	\$ 7,621
Town of Halfmoon	0	45	45	-	2,603	2,603	\$ -	\$ 9,907,903	\$ 9,907,903	\$ -	\$ 3,807	\$ 3,807
Town of Malta	6	32	38	259	993	1,252	\$ 2,420,600	\$ 5,263,700	\$ 7,684,300	\$ 9,346	\$ 5,300	\$ 6,137
Town of Milton	8	23	31	298	1,524	1,822	\$ 2,237,989	\$ 3,090,233	\$ 5,328,222	\$ 7,510	\$ 2,028	\$ 2,924
Town of Moreau	6	64	70	468	3,722	4,190	\$ 4,107,100	\$ 11,738,900	\$ 15,846,000	\$ 8,776	\$ 3,154	\$ 3,782
Town of Northumberland	11	97	108	731	7,147	7,878	\$ 11,986,700	\$ 24,582,600	\$ 36,569,300	\$ 16,398	\$ 3,439	\$ 4,642
Town of Providence	0	1	1	-	55	55	\$ -	\$ 286,400	\$ 286,400	\$ -	\$ 5,182	\$ 5,182
Town of Saratoga	10	74	84	665	6,983	7,648	\$ 11,147,100	\$ 22,848,900	\$ 33,996,000	\$ 16,763	\$ 3,272	\$ 4,445
Town of Stillwater	9	25	34	694	2,713	3,407	\$ 3,989,897	\$ 6,805,155	\$ 10,795,052	\$ 5,749	\$ 2,509	\$ 3,169
Town of Waterford	0	1	1	-	24	24	\$ -	\$ 165,333	\$ 165,333	\$ -	\$ 7,035	\$ 7,035
Town of Wilton	1	3	4	24	196	220	\$ 782,200	\$ 338,900	\$ 1,121,100	\$ 32,592	\$ 1,729	\$ 5,096
Total	67	517	584	3,904	35,500	39,404	\$ 58,943,461	\$ 122,130,451	\$ 181,073,912	\$ 15,098	\$ 3,440	\$ 4,595

Note: The City of Mechanicville, Town of Day, Town of Edinburg, and the Town of Hadley have no agricultural parcels and are not shown in the chart
 Source: Saratoga County Planning Department

ECONOMIC IMPACT OF VLTS ON THE BREEDING INDUSTRY

As part of this report, Camoin Associates interviewed several New York State based breeders and trainers and distributed questionnaires to others to better understand the economic impacts of the VLT revenues invested in horse racing. The results indicate a significant positive impact on breeding operations in the state. Summarized by one New York Breeder, **“New York is one of few areas in country where people are looking to invest because it offers year round racing, high quality and a well-funded purse structure. New York is a strong agricultural state and great place to race horses.”**

VLTS have led to an increase in breeding activity. One New York State breeder interviewed for this study had cut his number of horses in half because of a bleak outlook before VLTS. However because of VLT’s purses are up, more mares are being bred, the horses are better quality, and sales have increased. More mares and foals has led to increased spending to breed and take care of those horses. Thoroughbred breeders reported spending approximately \$500 to \$1,000 per month to care for a mare or foal representing an annual investment of about \$6,000 to \$12,000 per horse.

As previously mentioned, there were an estimated 400 more foals in the 2013 crop than there would have been without the impact of VLTS. That means VLTS were responsible for about \$2.4 million to \$4.8 million in annual spending in foal care. Additionally, breeders spend substantial amounts of money just on the breeding process including stud fees and veterinary services. This expense can reach into the tens of thousands of dollars.

The high cost of doing business is another reason why VLTS have such a significant impact. Margins in the horse breeding and racing industry are slim. Additionally, breeders reported that operating costs in New York are on the rise, especially for workers compensation, which was consistently identified as a threat to the economic vitality of the breeding industry. VLTS therefore help enable breeders stay operational.

It isn’t just operational expenses where VLTS are having an impact. Breeders are also making significant capital investments. Some have reported investments totaling in the hundreds of thousands of dollars that would not have been invested, but for the VLT revenues. Most breeders reported a positive investment in their operation that would not have been made otherwise. Furthermore, some reported that without VLT revenues their operation would cease to be economical and would be forced to relocate out of state. **“If VLT revenue was lost farms would most certainly close”** according to one New York thoroughbred trainer.

Spending by breeders strengthens New York State’s agriculture industry by supporting operations such as farmers that grow feed and veterinarians caring for horses and other farm animals. The New York breeding industry has become strong enough to attract veterinarians and blacksmiths of a quality equal to Kentucky. One example of this is the Rood and Riddle Equine Hospital that recently opened in Saratoga as a branch of the premier equine hospital in Kentucky. As part of the announcement of the opening, Rood and Riddle stated that **“The strength of N.Y. racing and the increasing number of our clients opening N.Y. divisions of their operations and the expansion of training in the Saratoga area makes this a logical move for Rood and Riddle to provide the services and leverage their expertise that has been the backbone of the Lexington operation.”**

The breeders reached as part of this study indicated the majority of their spending stays within New York State. Typically 60-90% of spending stays within the state. Major out of state expenses include things such as stud fees. As the quality of New York-breds increases, it is likely more of that spending will be directed in-state.

At the same time, many breeders are also facilitating out-of-state investment in New York's agriculture industry. More than half of breeders interviewed indicated that they have developed business relationships with out of state breeding operations just in the past several years. Out of state breeders have also started shipping many more mares to New York State to breed. In 2013, about 1,000 mares from out of state were sent to New York to foal so that the foal could be registered as a New York-bred. Some out-of-state breeders have made equity investments in the New York Breeding Program through New York State breeding farms. One breeder in the process of discussing a partnership with a foreign investor reported that it would ultimately lead to four new jobs at their New York farm.

Additionally, VLTs have generated new jobs in New York's agriculture industry. Many breeding facilities operate as small businesses with a handful of employees. Several breeders reported hiring workers that they would not have, but for the VLTs specifically. Some operations reported hiring up to 10 additional workers. These are not minimum wage jobs either, as noted by interviewed breeders.

Furthermore, there are other benefits of VLTs that are less obvious but still significant. For example, Cornell University is one of the premier equine schools in the country featuring labs and a veterinary college. The school receives funding through the New York State Thoroughbred Breeding and Development Fund, which receives VLT revenues. The funding to Cornell enables it to remain as a top veterinary school.

Based on breeder interviews, VLTs have clearly had a substantial economic impact in New York State. As one breeder reported, **"the New York-bred program is the envy of the rest of the country."** The impact on the agriculture industry through New York Thoroughbred breeding has expanded since the State began investing the VLT revenues in horse racing. However, New York breeders and trainers reported that the full impact potential of VLTs is yet to be realized because **"people need to be confident that the state will maintain VLT support for the industry because investments made are for the long term."**

One out-of-state thoroughbred owner interviewed for this study summarized it this way: **"we will stay active in New York as it is the best program in the country"** but at the same time, **"you need confidence that the purse and award structure will be stable and the rug won't be pulled out from under you."** As the future of VLT investment in horse racing becomes more secure, interviewees expect more long term capital investments such out-of-state breeders buying farms will increase.

As the breeding industry continues to strengthen with VLT investment, it produces "ripple effects" through increased visitation, wagering and investment from spectators, enthusiasts and participants from outside the state. As such, New York State enjoys a unique competitive advantage explained one breeder, **"Because of the successful breeding program, New York has the potential to grow the racing industry that other states do not have."**

Tourism & Hospitality Industry

Horse racing has a major impact on not only the Saratoga Region's tourism industry, but also that of New York State. The Saratoga Race Course is a national visitor destination recognized in all corners of the country and around the globe. As such, it has become synonymous with New York's brand alongside things like the Statue of Liberty, Niagara Falls, the Empire State Building and the Adirondack Park.

VLT revenues help maintain the Saratoga Race Course as a world-renowned destination and a tourism magnet for the region and state. Higher purses draw more competitive racing, which means a better product and more visitors. The revenues also support breeding activity in New York State which is key to

having races throughout the year. Fewer races and race days would translate to fewer visitors and less visitor spending in local communities. Finally, because VLTs are re-invested in operating, maintaining, and improving facilities, they help ensure a positive visitor experience.

VISITORS

NYRA conducted a visitor-intercept survey at the Saratoga Race Course during the 2014 race season. Random visitors to the track were asked to complete a short survey with questions about their trip such as trip duration, where they are staying overnight, and how much are they planning to spend during their stay. A statistically significant total of 2,342 responses were received representing a confidence level of 99% with a margin of error of +/- 2.7%.

The results indicated that people come from all over the country to attend races at Saratoga. The majority (59%) of visitors to the track came from outside of the nine-county study region. **About 39% of visitors surveyed came from out of state.** The spending by these out-of-state visitors represents new money coming into the state economy. In this section we calculate the Saratoga Race Course's economic impact to New York State from out-of-state visitors. The average overnight track visitor (not on a day trip) spends \$227 per day at local businesses during their trip. See Appendix B for how per-visitor spending amounts are calculated.

We use the EMSI economic impact model, which allows the analyst to break down the total direct spending by NAICS code to get an accurate measure for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

As shown in Figure 31, out-of-state visitors generate an economic impact of 998 jobs, \$123 million in annual sales, and \$41 million in annual wages in New York State. These are benefits that would not exist without the Saratoga Race Course. In the Regional Economic Impact Analysis section of this report we calculate separately the impact of visitor spending on the 9-county Saratoga Region.

Figure 31.

New York State Economic Impacts from Out-of-State Visitor Spending On- and Off-Track (2014)

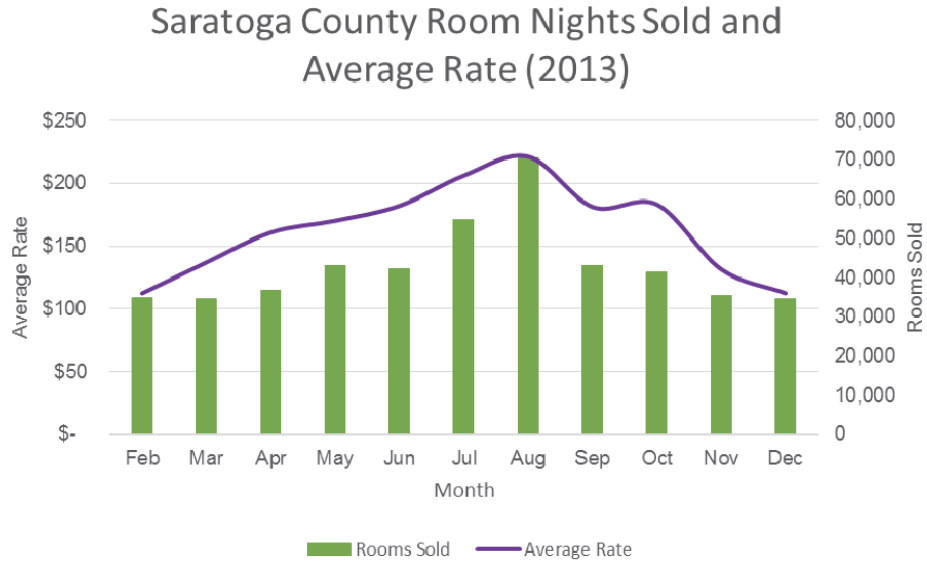
	Direct	Indirect	Total
Jobs			
Lodging	181	85	266
Meals	186	62	248
Entertainment/Attraction	84	37	121
Retail	193	114	307
Transportation	20	36	56
Total	664	334	998
Sales			
Lodging	\$24,315,029	\$14,345,788	\$38,660,817
Meals	\$12,727,057	\$11,253,254	\$23,980,311
Entertainment/Attraction	\$6,256,190	\$5,942,531	\$12,198,722
Retail	\$17,820,411	\$18,324,168	\$36,144,579
Transportation	\$6,256,190	\$6,064,948	\$12,321,138
Total	\$67,374,877	\$55,930,689	\$123,305,567
Earnings			
Lodging	\$4,822,525	\$5,304,777	\$10,127,302
Meals	\$4,890,374	\$4,059,011	\$8,949,385
Entertainment/Attraction	\$2,636,433	\$2,109,146	\$4,745,579
Retail	\$7,406,213	\$6,591,530	\$13,997,743
Transportation	\$613,482	\$2,184,313	\$2,797,795
Total	\$20,369,027	\$20,248,777	\$40,617,804

Source: EMSI; Camoin Associates

LODGING

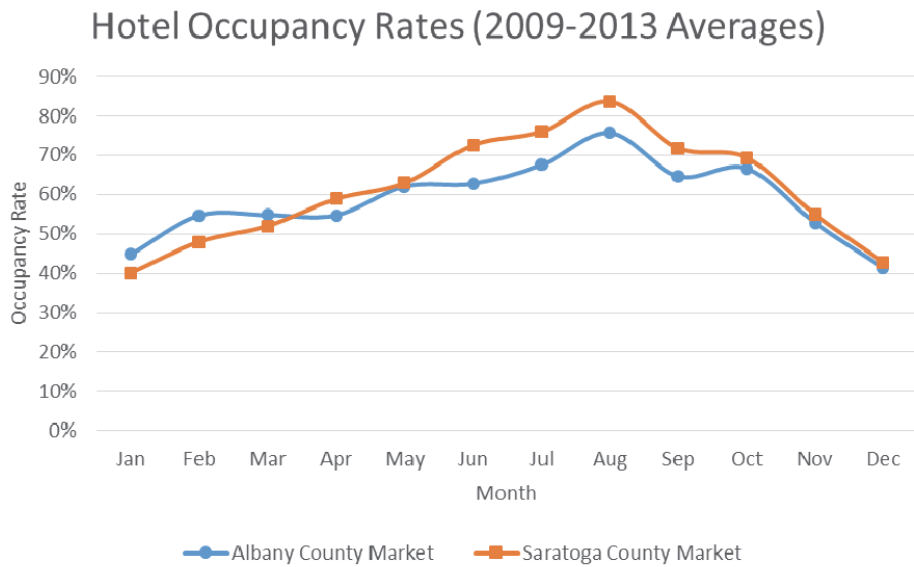
Occupancy rates at hotels and motels spike during track season in addition to the numerous private houses and rooms that are rented out. As shown in Figure 32, August is the peak month in Saratoga County in terms of rooms sold and the average rate per room. It is also the only month in which racing occurs during the entire month.

Figure 32.



As shown in Figure 33, the occupancy rate in Saratoga peaks above that of Albany County in the summer months when track season occurs.

Figure 33.



As shown in Figure 34, the average daily room rate in Saratoga County has experienced a dramatic spike in the month of August over the past few years. By comparison, the average daily room rate is relatively unchanged throughout the year in the Albany County market.

Figure 34.

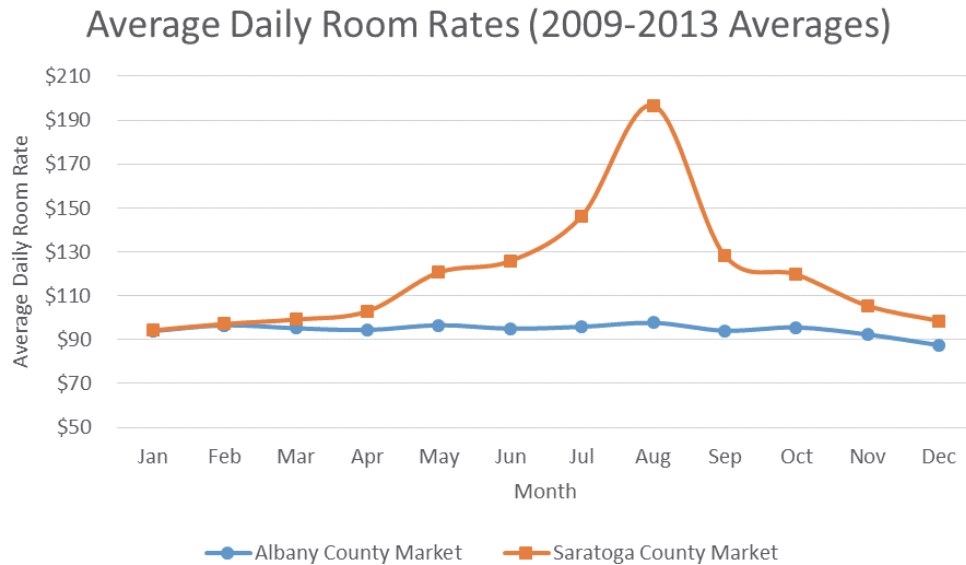
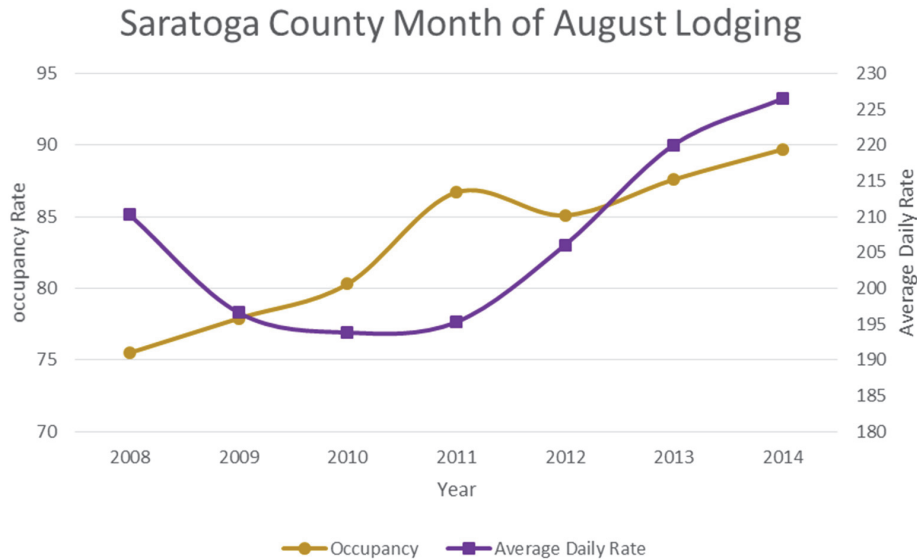


Figure 35 provides a closer look at the month of August lodging market in Saratoga County. As previously mentioned, August is the only month during which the racing season runs the entire month. The average occupancy rate in Saratoga County has climbed nearly continuously between 2008 and 2014. The 2014 average occupancy rate in the County was 89.7%, well above the 75.5% rate in 2008. The strong occupancy rate is especially significant given recent increases in inventory.

The average daily rate for rooms in the County has been more variable but was also well above 2008 levels in August of 2014. The average rate of about \$227 per room has grown 16% since a dip to \$194 in 2010. In the City of Saratoga Springs, the average daily rate is even higher. In August 2014, the average daily rate in the City was nearly \$264, up from \$254 in 2013.

Figure 35.



The strong lodging market in the Saratoga Region, due largely to the Saratoga Race Course, has resulted in significant investments in new hotel projects providing a boost to the construction industry. Since 2000 there have been five completed hotel projects in Saratoga Springs. There were also two rehabilitation projects. The Embassy Suites Hotel on Congress Street opened in 2014 with 149 rooms. Furthermore, a 112-room Homewood Suites was proposed for Saratoga Springs in 2013 and in 2014 the Rip Van Dam was approved for 176 rooms including 160 new rooms in an attached hotel to the rear of the building. Other hotels have invested in renovations, which also supports construction jobs and businesses. For example, the Holiday Inn in Saratoga Springs is undergoing a \$2.5 million-plus upgrade to its 168-room hotel in 2014 and 2015.

Regional Economic Impact of the Saratoga Race Course

As discussed in the previous section, thoroughbred racing has significant economic benefits throughout New York State. The analysis in this section takes a more detailed look at the regional impact of the Saratoga Race Course by determining the amount of new economic activity generated in the Saratoga Region attributable to the Saratoga Race Course and the Oklahoma Training Track (hereafter collectively referred to as “the facility”). This is the economic impact that would not occur, but for the Saratoga Race Course.

The facility is an economic driver attracting owners, trainers, employees, businesses, and visitors who would otherwise not be in the region. The result is a major infusion of new spending into the regional economy. As this spending circulates throughout the economy, it generates new jobs, wages, and additional spending in a variety of different industries.⁴ This section presents an overview of the analysis and a summary of the results. The full analysis methodology can be found in Appendix B.

Study Area

The impacts of the Saratoga Race Course extend well beyond the City of Saratoga Springs and Saratoga County. To better understand the total impact of the Race Course, the study examines the economic impacts to a nine-county study region that includes Albany, Columbia, Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, and Washington counties.

Figure 36.



⁴ Note that this study reports jobs as “Full-Time Equivalents” (FTEs). The actual number of jobs (full-time, part-time, and temporary) is higher than reported because part-time and temporary jobs are counted less than 1 FTE. Therefore, the number of people benefiting from employment resulting from the Saratoga Race Course is actually greater than the reported jobs number.

We considered spending from three sources attributable to the Saratoga Race Course:

- **Race Course Operations:** The New York Racing Association, Inc. (NYRA) is a not-for-profit corporation that operates three thoroughbred horse-racing tracks in New York State, including the Saratoga Race Course. Each year NYRA employs hundreds of workers on-site who spend their wages in the regional economy. Additionally, NYRA makes purchases to operate, maintain, and improve the facility. This spending circulates throughout the economy generating additional jobs and spending.
- **Race Course Participants:** This category includes expenditures made by owners and trainers on training activities and race-related expenditures. It includes expenses such as boarding, feed, veterinary fees, and jockey fees. It also includes the wages paid to workers involved in these types of activities that are spent in the regional economy. This regional spending supports many local businesses, especially agriculture-related businesses.
- **Race Course Visitors:** Nearly a million visitors attended race events at the Saratoga Race Course in 2014. These visitors spend money in the local economy on things such as food, lodging, gas, and retail goods. The facility has proved very successful in attracting visitors from throughout the state and across the country meaning a large portion of the money spent in the region from race course visitors is new money entering the regional economy. This spending supports local businesses and generates jobs within the study area, especially in the tourism and hospitality industries.

For each of these categories we measured the economic impact in terms of jobs, wages, and economic output (sales) that would not occur, *but for* the Saratoga Race Course. We calculate the direct, indirect, and total economic impacts. See Appendix A for the definition of direct and indirect effects.

We use the EMSI economic impact model, which allows the analyst to break down the total direct spending by NAICS code to get an accurate read for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

Summary of Results

Figure 37 summarizes the direct, indirect, and total regional economic impact of the Saratoga Race Course and Oklahoma Training Track. **The 2014 regional economic impact of the Saratoga Track is 2,588 jobs, \$237 million in sales, and \$101 million in earnings.** The results for each of the three sources of economic impact are discussed in the following sections. See Appendix B for the detailed analysis methodology.

Figure 37.

Regional Economic Impact Summary (2014)			
	Jobs	Sales	Earnings
Race Course Operations	638	\$42,835,539	\$19,133,074
Race Participants	769	\$52,097,354	\$28,466,668
Race Course Visitors	1,180	\$141,940,560	\$53,166,016
Total	2,588	\$236,873,453	\$100,765,758

Source: Camoin Associates, EMSI

Race Course Operations

NYRA’s operation of the Race Course requires millions of dollars of spending every year. This spending circulates through the economy generating additional economic benefits. Figure 38 summarizes annual operating expenditures to run the race course and training track. Stakes and purses are not considered in the Race Course Operations analysis because that spending is captured in the analysis of spending by race participants.

Figure 38.

NYRA's Saratoga Race Course and Oklahoma Training Track Gross Operating Expenses (2014)	
Expense Category	Expenditures
Stakes & Purses	\$ 25,591,562
Wages and Salaries	\$ 4,714,754
Facilities	\$ 2,808,433
Benefits	\$ 1,294,807
Temporary Help	\$ 2,468,472
Per Diem	\$ 2,207,132
Administration	\$ 2,145,986
Marketing & Advertising	\$ 1,109,377
Insurance & Licenses	\$ 425,610
Rentals and Leases	\$ 733,137
Customer Service	\$ 67,230
Racing	\$ 256,865
Security	\$ 23,526
Outside Services	\$ 1,552,876
Total	\$ 45,399,766

Source: NYRA

NYRA also hires workers throughout the year who spend a portion of their wages in the local economy. A number of NYRA jobs are off-site, but would not exist but for the Saratoga Race Course. Additionally, NYRA uses outside contracts for some services such as food concessions. Figure 39 summarizes these jobs, which are reported as “Full-Time Equivalent” jobs or “Job Years” which are equivalent to one full time job for one year.

Figure 39.

All Saratoga Race Course Direct Employment (FTE) (2014)	
On-Site NYRA Employment	281
Off-Site NYRA Employment related to Saratoga Race Course	68
Contracted Employment	185
Total Annual On-Site Employment	466
Total Annual Saratoga Race Course Employment	534

Source: NYRA, Camoin Associates

Based on NYRA’s spending to operate the Saratoga Race Course, **we estimate that race course operations have a total regional economic impact of 638 jobs, \$43 million in sales, and \$19 million in earnings and wages in 2014.** Figure 40 summarizes the economic impact of operations.

Figure 40.

Regional Economic Impact from Saratoga Race Course Operations (2014)			
	Direct	Indirect	Total
Jobs			
Facilities	355	57	412
Administration and Security	26	9	34
Advertising	5	4	10
Benefits and Insurance	20	7	27
Food Services (Concessions)	127	28	155
Total	534	105	638
Sales			
Facilities Costs	\$14,808,899	\$7,008,565	\$21,817,464
Administration and Security	\$2,169,511	\$1,053,992	\$3,223,503
Advertising	\$1,109,377	\$521,479	\$1,630,856
Benefits and Insurance	\$1,720,417	\$937,255	\$2,657,672
Food Services (Concessions)*	\$9,430,574	\$4,075,471	\$13,506,045
Total	\$29,238,778	\$13,596,762	\$42,835,539
Earnings			
Facilities Costs	\$9,049,874	\$2,624,464	\$11,674,338
Administration and Security	\$1,642,676	\$410,669	\$2,053,345
Advertising	\$436,086	\$196,239	\$632,325
Benefits and Insurance	\$519,609	\$384,511	\$904,120
Food Services (Concessions)	\$2,464,297	\$1,404,649	\$3,868,946
Total	\$14,112,543	\$5,020,531	\$19,133,074

* Note that Food Services is not a NYRA expense, but rather is the total spent on food concessions and collected by NYRA's outside contractor

Source: EMSI, Camoin Associates

CAPITAL INVESTMENTS

In addition to spending related to day to day operations of the Saratoga Race Course, NYRA also makes substantial investments in capital improvement projects. NYRA has invested \$19.2 million in capital improvements at the Saratoga Race Course and Oklahoma Training track from 2010 to 2014, an annual average of \$3.84 million. In 2014 capital spending is expected to reach nearly \$9 million by the end of the year, well above spending levels in other recent years due largely to the inflow of VLT revenues designed for capital spending and maintenance at NYRA operated racetracks.

Figure 41.

NYRA Capital Expenditures at Saratoga						
Capital Expenditure	2010	2011	2012	2013	2014*	Total
Master Planning	\$ -	\$ -	\$ 1,776,000	\$ 245,000	\$ 853,729	\$ 2,874,729
CAFO & Storm Water Management	\$ 687,000	\$ -	\$ -	\$ -	\$ -	\$ 687,000
Barn Area Construction/Upgrades	\$ 30,000	\$ 186,000	\$ 404,000	\$ 1,348,000	\$ 2,670,377	\$ 4,638,377
Patron Area Improvements	\$ -	\$ 269,000	\$ 674,000	\$ 1,015,000	\$ 3,594,313	\$ 5,552,313
Other Front Side Improvements	\$ 284,000	\$ 1,031,000	\$ 998,000	\$ 556,000	\$ 1,752,103	\$ 4,621,103
Shake Shack Improvements	\$ 814,000	\$ -	\$ -	\$ -	\$ -	\$ 814,000
Total	\$ 1,001,000	\$ 1,486,000	\$ 3,852,000	\$ 3,164,000	\$ 8,870,522	\$ 19,187,522

* 2014 figures are forecasted spending amounts

Source: NYRA

A portion of capital spending at the Saratoga Race Course remains in the region while some spending leaves the region when labor or materials are sourced from other places. Therefore, we cannot estimate the exact regional impact of this spending. However, we can calculate the economic impact of every dollar that is spent on capital expenditures. Using the EMSI model we calculate **that every \$1 million in capital expenditures at the Saratoga Race Course, that is new to the region and stays within the region, has a regional economic impact of 31 total jobs, \$788,000 in earnings, and a total sales impact of \$1.47 million.**

Race Course Participants

Race course participants include members of the thoroughbred race teams that train at the Oklahoma Training Track and compete at the Saratoga Race Course. The types of jobs under this category include jockeys, trainers, foremen, exercise riders, hot walkers, and grooms. The wages paid to these workers, in addition to other spending on training and racing, have an economic impact on the study region as they circulate throughout the economy.

Race participants are attracted by the growing purse levels at the Saratoga Race Course and the prestige of competing at the venue. As shown in Figure 42, over \$40 million was paid out in purses during the 2014 Saratoga season. That represents an average purse of \$98,000 per race. The 2014 gross purse amount was 63% greater than for the 2010 meet.

Figure 42.

Saratoga Purses and Race Statistics, 2013 and 2014					
Year	Gross Purses	Number of Races	Average Purse per Race	Starts	Average Field
2014	\$40,503,350	413	\$98,071	3,290	8.0
2013	\$39,181,660	420	\$93,290	3,417	8.1

Source: NYRA

The economic analysis takes into consideration the wages paid to race team workers involved in training and racing when they are working in the study region. Figure 43 summarizes the total number of job-years (i.e., the equivalent of one full time job for one year) generated from racing and training on-site. For methodology details see Appendix B.

Figure 43.

Training and Racing Employment	
Position	Job-Years
Jockey	13
Trainer	39
Assistant Trainer	39
Foreman	39
Exercise Rider	131
Hot Walker	131
Groom	196
Total	588

We also considered non-wage expenditures related to training and race days. Aside from wages for labor, training fees also include things such as boarding fees, feed, and vitamins. Included in race day expenditures are jockey fees, trainer fees, and pony to post (starting) fees. Veterinary and Farrier fees are calculated separately, as are race day expenditures. Figure 44 summarizes training and racing expenditures related to the Saratoga Race Course and Oklahoma Training Track.

Figure 44.

Training and Racing Aggregate Expenditures (2014)	
Ongoing Expenditures	Per Year*
Training Bill	\$ 19,604,200
Veterinary Fees	\$ 5,235,792
Farrier (Shoeing)	\$ 1,396,211
Race Day Expenditures	Per Year*
Jockey Fees	\$ 4,395,785
Trainer Fees	\$ 4,860,402
Lead to Post	\$ 49,350
Total	\$ 35,541,740

*Year refers to April to November Season at Saratoga

Based on the estimated annual expenditures calculated above, we estimate that **race participants have a total annual economic impact on the study region of 769 jobs, \$52 million in sales, and \$28 million in wages.** Figure 45 summarizes the economic impact of race participants.

Figure 45.

Regional Economic Impacts from Race Participant Activities (2014)			
	Direct	Indirect	Total
Jobs			
Training and Racing	588	85	673
Veterinary	51	18	69
Farrier (shoeing)	24	3	27
Total	663	107	769
Sales			
Training and Racing	\$28,909,737	\$13,920,402	\$42,830,139
Veterinary	\$5,235,792	\$2,060,697	\$7,296,489
Farrier (shoeing)	\$1,396,211	\$574,515	\$1,970,726
Total	\$35,541,740	\$16,555,614	\$52,097,354
Earnings			
Training and Racing	\$18,427,266	\$5,528,180	\$23,955,446
Veterinary	\$2,457,305	\$761,764	\$3,219,069
Farrier (shoeing)	\$1,076,794	\$215,359	\$1,292,153
Total	\$21,961,365	\$6,505,303	\$28,466,668

Source: Camoin Associates, EMSI

Race Course Visitors

The Saratoga Race Course is a major tourist destination during the racing season. In 2014, approximately 946,000 visitors attended races and track events.⁵ These visitors spent significant amounts of money in route to Saratoga Springs and at local businesses when not at the track. Off-site spending typically includes things such as lodging, food, gas, and retail goods.

During the 2014 racing season, NYRA conducted a visitor intercept survey that asked visitors to the track exactly how much they spent in these categories during their trip. Random visitors were surveyed at different times and days throughout the course of the meet. A total of about 2,340 surveys were conducted.

Based on these results we determined a spending profile of what a typical track visitor spends during their trip. To determine the economic impact of visitor spending we consider only spending by visitors from outside of the region. Spending by visitors who come from within the study area is likely to have occurred at other regional attractions and therefore cannot be attributed to the race course.

In 2014, approximately 59% of track visitors were from outside of the study region. Based on a season attendance of 946,000, we estimate about 559,000 visitor days were from out of the region (a person who comes to the track on three days would count as three visitor days). We multiply this number (accounting for differences in spending between day visitors and overnight visitors) by the typical daily spending amount for track visitors to determine the total expenditures for each spending category. Figure 46 summarizes the spending amounts.

⁵ NYRA reported an official attendance of 972,000 during the 2014 Saratoga season; however, this figure counted all season pass holders for every day of racing, regardless if the pass holder came to the track or not. We estimate that the actual track attendance was 946,000. For additional details on the methodology behind this figure please see Appendix B.

Figure 46.

Direct Off-Track Spending by Visitors from Outside Study Area		
Expenditure Category	Expenditures per Day/Night	Total Expenditures
Lodging	\$241 per room	\$37,490,137
Meals	\$25 per person	\$13,982,927
Entertainment/Attractions	\$17 per person	\$9,613,262
Retail/Other	\$47 per person	\$26,043,201
Transportation	\$17 per person	\$9,613,262
Total		\$96,742,789

Source: NYRA; Camoin Associates

Based on this spending, we estimate that **race course visitors have a total economic impact on the study region of 1,180 jobs, \$142 million in sales, and \$53 million in wages.** Figure 47 summarizes the economic impact of visitor spending by category of spending.

Figure 47.

Regional Economic Impacts from Off-Track Visitor Spending (2014)			
	Direct	Indirect	Total
Jobs			
Lodging	279	105	384
Meals	204	31	235
Entertainment/Attraction	129	27	156
Retail	283	81	364
Transportation	31	10	41
Total	926	254	1,180
Sales			
Lodging	\$ 37,490,137	\$ 17,621,853	\$ 55,111,990
Meals	\$ 13,982,927	\$ 5,612,884	\$ 19,595,811
Entertainment/Attraction	\$ 9,613,262	\$ 4,359,231	\$ 13,972,493
Retail	\$ 26,043,201	\$ 12,992,880	\$ 39,036,081
Transportation	\$ 9,613,262	\$ 4,610,922	\$ 14,224,184
Total	\$ 96,742,789	\$ 45,197,770	\$ 141,940,560
Earnings			
Lodging	\$12,573,164	\$6,412,314	\$18,985,478
Meals	\$5,395,841	\$1,996,461	\$7,392,302
Entertainment/Attraction	\$4,063,772	\$1,544,234	\$5,608,006
Retail	\$10,849,791	\$4,665,410	\$15,515,201
Transportation	\$3,989,457	\$1,675,572	\$5,665,029
Total	\$36,872,025	\$16,293,991	\$53,166,016

Source: EMSI; Camoin Associates

Fiscal Impact

Each year the City of Saratoga Springs, Saratoga County, and New York State benefit from the economic activity generated by the Saratoga Race Course through increased tax revenues. Tax revenue is generated from property taxes from track properties, income taxes on wages generated as a result of the race course, room taxes paid by overnight visitors to the track, and sales tax from on and off-site spending attributable to the race course. Additionally, other statutory payments are made to New York State.

Figure 48 provides a summary of the fiscal impacts from the Saratoga Race Course. These are benefits that would not occur, but for the Saratoga Race Course.

Figure 48.

Summary of Fiscal Impacts from Saratoga Race Course (2014)			
Tax Category	New York State	Saratoga County	Saratoga Springs
Income Tax Revenue*	\$2,379,052	--	--
Sales Tax Revenue	\$2,444,747	\$1,520,073	\$1,490,483
Room Tax Revenues	--	\$132,337	\$404,138
Property Tax Revenues**	(\$1,426,298)	\$170,300	\$1,255,998
Admissions Tax Revenue	--	\$563,400	\$563,400
OTB Surcharge Revenue***	--	\$704,943	--
NYRA Satutory Payments	\$3,978,599	--	--
Total	\$7,376,101	\$3,091,053	\$3,714,018

* Includes only income tax revenue generated by out-of-state visitors to the Saratoga Race Course

** Property Values represent a "loss" to New York State because it pays local property taxes on the Race Course properties

***2013 figure used because 2014 number not available at time of publication

Income Tax

To estimate the personal income tax (PIT) that New York State receives as a result of the Saratoga Race Course, we consider the net new spending of out-of-state visitors to the Race Course. This is spending that would not occur in New York State, but for the facility. We refer to this spending as "net new." Spending by in-state visitors is assumed to still occur within the state on other types of entertainment and trips.⁶

To estimate the personal income tax revenue attributed to the Saratoga Race Course we estimate the portion of the state's economy (measured by the State Gross Product) that out-of-state visitors to the Saratoga Race Course generate. We assume that those visitors are responsible for generating the same proportion of the state's personal income tax revenue. As shown in Figure 49, we estimate visitor spending to generate approximately \$2.4 million in annual personal income tax revenue to New York State.

⁶ We do not estimate how much spending from Saratoga Race Course operations and participants is "net new" to New York State. It is expected a portion of that spending is net new to New York, so our calculation is likely to underestimate the "true" personal income tax benefit to New York State from the Saratoga Race Course.

Figure 49.

New York State Personal Income Tax (PIT) 2014	
New York Gross State Product (2013)	\$1,226,619,000,000
Net New Sales in NYS Attributable to Race Course	\$102,381,877
Proportion of Gross State Product Attributable to Race Course	0.0083%
NYS Personal Income Tax Revenue (FY 2013-14)	\$28,503,000,000
NYS PIT Revenue Attributable to Race Course	\$2,379,052

Source: U.S. Bureau of Economic Analysis; New York Senate Finance Committee; Camoin Associates

Sales Tax

The City of Saratoga Springs, Saratoga County, and New York State benefit from sales tax revenues attributable to the race course from visitors who make purchases at the track and at local businesses during their trip. Figure 50 summarizes the different sales tax rates.

Figure 50.

Sales Tax Rates	
State Sales Tax	4.0%
County Sales Tax	1.5%
City of Saratoga Springs Sales Tax	1.5%
Total	7.0%

County sales tax is 3% outside of City of Saratoga Springs

To calculate the sales tax impact to the City, County, and State, we consider only the spending that would not occur in each geography, but for the Saratoga Race Track. This is because, for example, a resident of Saratoga County would still spend the money that they would have spent during their trip to the Saratoga Race Course elsewhere in Saratoga County on other types of entertainment.

Therefore, for Saratoga Springs we consider spending by visitors from outside of the City, for Saratoga County we consider spending by visitors from outside of the County, and for New York State spending is considered only by out-of-state visitors. As previously discussed, this concept is referred to as “net new.”

We consider sales tax revenue from visitor spending at the track on taxable items (such as food concessions and retail) and at off-track businesses.

Figure 51 summarizes the net new sales tax revenue to New York State, the County, and City from taxable spending at the Saratoga Race Course (on-track sales).

Figure 51.

Net New On-Track Sales Tax Revenues (2014)							
Revenue Source	Total Revenue	Revenue from Out of State Visitors	Revenue from out of County Visitors	Revenue from out of City Visitors	Net New Sales Tax Revenue		
					New York State	Saratoga County	Saratoga Springs
Food Services	\$9,430,574	\$3,627,144	\$8,175,391	\$8,996,271	\$145,086	\$122,631	\$134,944
Program Sales	\$939,070	\$361,181	\$814,082	\$895,823	\$14,447	\$12,211	\$13,437
Newstand Sales	\$389,454	\$149,790	\$337,619	\$371,519	\$5,992	\$5,064	\$5,573
Parking Revenues	\$357,760	\$137,600	\$310,143	\$341,284	\$5,504	\$4,652	\$5,119
Retail Revenues	\$580,453	\$223,251	\$503,197	\$553,722	\$8,930	\$7,548	\$8,306
Total	\$11,697,311	\$4,498,966	\$10,140,432	\$11,158,619	\$179,959	\$152,106	\$167,379

Figure 52 shows the net new sales tax revenue from visitor spending at off-track locations (off-track sales). For the lodging category we first determined the total lodging spending by visitors from outside of each geography. For Saratoga County and Saratoga Springs we assigned lodging expenditures only to those visitors from outside of the study region. Visitors from within the study region are assumed to be day-trip visitors.

Then we adjusted the lodging spending by the percent of visitors actually staying in each geography. For example, not all visitors from outside of the study region stay in Saratoga County. According to NYRA's 2014 visitor survey, 19% of overnight visitors stay in Saratoga Springs while 12% stay elsewhere in Saratoga County. About 10% of overnight visitors stay out of state. Only spending actually occurring within each geography on lodging is used to calculate sales tax revenue. The spending amounts shown below for lodging reflect this adjustment.

Figure 52.

Net New Sales Tax Revenues from Off-Track Visitor Spending (2014)							
Spending Category	Total Spending	Direct Spending from Out of State Visitors	Direct Spending from Out of County Visitors	Direct Spending from Out of City Visitors	Net New Sales Tax Revenue		
					New York State	Saratoga County	Saratoga Springs
Lodging*	\$41,664,263	\$24,315,029	\$13,233,729	\$8,082,755	\$972,601	\$275,771	\$121,241
Meals	\$23,659,775	\$9,099,913	\$20,510,726	\$22,570,180	\$363,997	\$307,661	\$338,553
Attractions	\$16,266,095	\$6,256,190	\$14,101,124	\$15,516,999	\$250,248	\$211,517	\$232,755
Retail	\$44,066,330	\$16,948,589	\$38,201,226	\$42,036,960	\$677,944	\$573,018	\$630,554
Total	\$125,656,463	\$56,619,721	\$86,046,805	\$88,206,893	\$2,264,789	\$1,367,967	\$1,323,103

* Lodging expenditures are only considered from out of study region visitors because visitors from within the Region are assumed to be day trip visitors. Spending amounts shown are adjusted for spending that occurs in each geography.

Room Tax

Many visitors to the Saratoga Race Course stay at lodging establishments in the City and surrounding region. NYRA's visitor survey found that of overnight visitors, 19% stay in Saratoga Springs, 12% stay elsewhere in Saratoga County, 30% stay in the Capital Region, and about 9% stay in the Lake George/Glens Falls Region. This analysis calculates the occupancy tax from rooms rented in Saratoga County and Saratoga Springs.

Renting a room is subject to several room (occupancy) taxes in addition to sales tax. Figure 53 summarizes the room tax rates in Saratoga County and the City of Saratoga Springs.

Figure 53.

Occupancy Tax Rates	
Saratoga County Room Tax	1.0%
Saratoga County Convention and Tourism Bureau Room Tax	2.0%
City of Saratoga Springs Room Tax	1.0%
City of Saratoga Springs City Center Tax	2.0%
Total	6.0%

Room tax payments are critically important to the funding of the Saratoga Convention and Tourism Bureau. The most recent quarterly room tax payments collected by the City (June 1, 2014-August 31, 2014) shows a total room tax revenue of \$1.3 million to the City and \$378,000 to Saratoga County over the 3-month period. The third quarter of 2014, during which nearly all of the Saratoga Race Season occurred, generated about \$518,000 each for the Saratoga County Convention and Tourism Bureau and the City of Saratoga Springs City Center (a major conference complex in the City). These funds are invested in promoting the region. This investment would not be possible without the strength of the racing industry during the summer months.

The analysis below calculates the total amount of the City and Occupancy taxes that can be attributed to the Saratoga Race Course. That is, without the race course, this revenue would be lost to the City and County.

Figure 54 down the calculation of net new lodging spending in the City of Saratoga Springs (spending on lodging that would not occur in the City if not for the Race Course). The number of overnight visitor days from outside of the study region is used because visitors from within the study region are assumed to be day visitors. We then account for the fact that only 75% of overnight visitors pay for lodging (the remaining primarily stay with friends and family according to the NYRA 2014 visitor survey). We also account for the fact that a little over 19 percent of overnight visitors stay within the City of Saratoga Springs.

Based on the number of visitors per room and average rate night (both discussed in the visitor spending section) we arrive at a figure of \$8 million net new lodging expenditures in Saratoga Springs in 2014.

Figure 54.

Net New Lodging Expenditures in Saratoga Springs (2014)	
Overnight Visitor Days	460,526
% Paying for Accommodations	75.1%
Paying Overnight Visitor Days	345,691
% Staying in Saratoga Springs	19.4%
Paying Overnight Visitors Days in Saratoga Springs	67,077
Number of Visitors per Room	2
Number of Room Nights	33,538
Average Rate per Night	\$241
Net New Lodging Expenditures in Saratoga Springs	\$8,082,755

Figure 55 presents a similar analysis for the rest of Saratoga County, specifically excluding the City of Saratoga Springs. The net new lodging expenditures to the County outside of the City is estimated to be about \$5 million in 2014.

Figure 55.

Net New Lodging Expenditures in Saratoga County (Excluding Saratoga Springs) (2014)	
Overnight Visitor Days	460,526
% Paying for Accommodations	75.1%
Paying Overnight Visitor Days	345,691
% Staying Elsewhere in Saratoga County (not Saratoga Springs)	12.4%
Paying Overnight Visitors Staying Elsewhere in Saratoga County	42,747
Number of Visitors per Room	2
Number of Room Nights	21,373
Average Rate per Night	\$241
Net New Lodging Expenditures in Saratoga County (not Saratoga Springs)	\$5,150,975

Figure 56 shows the total room tax revenue for each of the types of room taxes based on the net new lodging calculations above. Occupancy tax revenues that would not be received, but for the Saratoga Race Course are estimated to be about \$536,000 in 2014.

Figure 56.

Net New Occupancy Tax Revenue: Saratoga County & Saratoga Springs (2014)		
	Rate	Revenue
Saratoga County Room Tax	1.0%	\$132,337
Saratoga County Convention and Tourism Bureau Room Tax	2.0%	\$161,655
City of Saratoga Springs Room Tax	1.0%	\$80,828
City of Saratoga Springs City Center Tax	2.0%	\$161,655
Total	6.0%	\$536,475

Statutory Payments

This section considers other revenues attributed to the Saratoga Race Course. NYRA is required under New York State Law to make various payments to municipalities and other entities. Payments to local municipalities are generated from a track admissions tax and property taxes paid to Saratoga County, the City of Saratoga Springs, and the Saratoga Springs School District.⁷ Payments are also made to New York State, the New York State Thoroughbred Breeding and Development Fund, and the New York State Racing and Wagering Board. Figure 57 summarizes these payments.

⁷ New York State has continued to pay property taxes on track properties after taking ownership from NYRA in 2008

Figure 57.

Statutory Payments Attributable to the Saratoga Race Course (2014)	
NYS Parimutuel Commission and Breakage	\$ 2,212,986
NYS Thoroughbred Breeding and Development Fund	\$ 1,023,608
New York State Racing and Wagering Board	\$ 742,005
Saratoga County Admissions Tax	\$ 563,400
Saratoga County Property Tax	\$ 170,300
City of Saratoga Springs Admissions Tax	\$ 563,400
City of Saratoga Springs Property Tax	\$ 342,789
Property Tax to School District	\$ 913,209
Total	\$ 6,531,697

Source: NYRA; Saratoga County Treasurer

Appendix A: What is An Economic Impact Analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the “Indirect Effects” of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will “leak out” of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the “Induced Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect and induced economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in

the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

Appendix B: Regional Economic Impact Analysis Methodology

Race Course Operations

NYRA’s operation of the Saratoga Race Course and Oklahoma Training Track has significant economic impacts. Each season hundreds of people are hired to run the facilities who then spend a portion of their wages in the study region. Additionally, NYRA’s local purchases of goods and services contributes to the regional economy.

REVENUE

NYRA’s revenue from the Saratoga Race Course comes from a variety of sources. Revenues of \$21.7 million from wagering represents the largest revenue source. Revenue is also generated from admissions and group sales. A portion of revenue from concessions and other sales is paid to NYRA by the contracted concessionaire as rent payments. As shown in Figure 58, 2014 annual revenue from the Saratoga Race Course is estimated to be \$37.8 million.

Figure 58.

NYRA's Saratoga Race Course and Oklahoma Training Track Gross Revenue (2014)	
Revenue Category	Revenue
Revenue from Wagering ¹	\$ 21,666,219
Admissions ²	\$ 7,115,250
Group Sales	\$ 2,551,680
Concessions ³	\$ 2,269,223
Program Sales	\$ 939,070
Newstand Sales	\$ 389,454
Parking Revenue	\$ 357,760
Retail Revenue (Store Commission)	\$ 139,972
Training Activities (Stall rental)	\$ 380,875
Other Revenue	\$ 2,010,015
Total	\$ 37,819,518

¹ Includes On-Track commission, On-Track Rewards Commission, Breakage (net of import host fee, import host fee rewards, minus pool)

² Includes Admissions, Box Seats, Reserved Seats, and Season Passes

³ NYRA's food service

Source: NYRA

EXPENSES

The economic impact of operating the race course and training track is best measured by spending on operations rather than revenues. Spending better represents the benefit to the local economy because a portion of revenues from the race course are sent elsewhere in the state and have no impact on the study region whereas spending in the study region has a direct regional impact. The table below summarizes annual operating expenditures to run the race course and training track.

As shown in Figure 59, Stakes & Purses represent the largest expenditure related to the Saratoga Race Course. In total, NYRA’s operating expenses for the Race Course and Training Track are estimated to be \$45.4 million for 2014.

Figure 59.

NYRA's Saratoga Race Course and Oklahoma Training Track Gross Operating Expenses (2014)	
Expense Category	Expenditures
Stakes & Purses	\$ 25,591,562
Wages and Salaries	\$ 4,714,754
Facilities	\$ 2,808,433
Benefits	\$ 1,294,807
Temporary Help	\$ 2,468,472
Per Diem	\$ 2,207,132
Administration	\$ 2,145,986
Marketing & Advertising	\$ 1,109,377
Insurance & Licenses	\$ 425,610
Rentals and Leases	\$ 733,137
Customer Service	\$ 67,230
Racing	\$ 256,865
Security	\$ 23,526
Outside Services	\$ 1,552,876
Total	\$ 45,399,766

Source: NYRA

EMPLOYMENT

Figure 60 shows the number of people employed by NYRA at the Saratoga Race Course during the course of the year. These workers include both full-time and seasonal workers in Saratoga. Full-time employees include staff based in New York City as well as full-time staff working at the Saratoga Race Course. Seasonal workers typically work 40 hours per week for the period that they are hired. The table below reports employment as “Full-time Equivalent” or “FTE.” One worker employed seasonally for one month would count as 1/12th of one FTE.

Based on the 2011 Economic Analysis and confirmation from NYRA, we estimate that 68 off-site administrative positions are required to manage the Saratoga Race Course. NYRA sends 20 administrative staff to Saratoga for the duration of the meet. These are subtracted from the Administrative Positions (Off-Site) category for the time that they are in Saratoga. For the time that they are on-site and Saratoga they are included in the “Other” category.

Figure 60.

NYRA Employment at Saratoga Race Course and Oklahoma Training Track (2014)													
Job Position	Number of Employees During Month												FTE Employment
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Administrative Positions (Off-Site)	68	68	68	68	68	68	58	48	65	68	68	68	68
Mutuels	15	0	0	0	0	0	64	64	3	3	2	3	13
Security	6	16	21	43	61	123	331	374	301	64	53	21	118
Sales	11	1	0	1	2	2	101	107	85	2	1	0	26
Other	26	38	45	84	115	114	316	353	140	94	93	74	124
On-Site NYRA Employment	58	55	66	128	178	239	812	898	529	163	149	98	281
Total, NYRA Employment	126	123	134	196	246	307	870	946	593	231	217	166	349

Source: NYRA, Camoin Associates

In addition to NYRA employees, several contractors are hired to provide additional workers for things such as concessions, retail, and mutuels (betting). According to figures provided by NYRA, contracted staffing totals approximately 1,500 during the season. As shown in the table below, that employment represents 185 FTE jobs annually. When NYRA and contracted staffing is added together and adjusted for the seasonality of racing at Saratoga, 466 on-site plus 68 off-site jobs (FTEs) are generated by operating the Saratoga Race Course each year.

Figure 61.

All Saratoga Race Course Direct Employment (FTE) (2014)	
On-Site NYRA Employment	281
Off-Site NYRA Employment related to Saratoga Race Course	68
Contracted Employment	185
Total Annual On-Site Employment	466
Total Annual Saratoga Race Course Employment	534

Source: NYRA, Camoin Associates

ECONOMIC IMPACT

To calculate the economic impact of operating the Saratoga Race Course we rely on data provided by NYRA on expenditures related specifically to the Saratoga Race Course and Oklahoma Training Track in 2014. These operating expenses are assumed to occur within the Study Region. NYRA's spending on stakes and purses is not considered in this estimate of direct spending because these payments are captured as spending by Saratoga Race Course participants.

As shown in the table below, NYRA's 2014 direct spending in the study region on facilities, administration and security, advertising, and benefits and insurance, is estimated to be approximately \$19.8 million (before counting food services revenue, which is not a NYRA expense as explained below). It should be noted that NYRA provided line by line spending items for the Saratoga Race Course in 2014. We re-organized those line-item figures into the summary categories that were used in the 2011 analysis presented in the table below.

Following the methodology for the 2011 analysis, we also include spending on food services at the Saratoga Race Course as part of the regional economic impact attributable to Saratoga Race Course operations. These revenues, realized by NYRA's food services concessionaire, were \$9.4 million in 2014.

As shown in Figure 62, the direct effects of operations add to about \$29.2 million within the study region.

Figure 62.

Direct Effects from Operations (2014)	
Expenditure Type	Direct Effects
Facilities Costs	\$ 14,808,899
Administration and Security	\$ 2,169,511
Advertising	\$ 1,109,377
Benefits and Insurance	\$ 1,720,417
Food Services (Concessions)	\$ 9,430,574
Total	\$ 29,238,778

Source: EMSI, Camoin Associates

The total economic impact of Saratoga Race Course operations is approximately 638 jobs, \$42.8 million in sales, and \$19.1 million in earnings. The following table breaks down the economic impact for each spending category associated with operating the facility. The direct jobs were adjusted downward to match the FTE employment calculated above. Indirect effects were calculated based on the revised direct figures.

Figure 63.

Regional Economic Impact from Saratoga Race Course Operations (2014)			
	Direct	Indirect	Total
Jobs			
Facilities	355	57	412
Administration and Security	26	9	34
Advertising	5	4	10
Benefits and Insurance	20	7	27
Food Services (Concessions)	127	28	155
Total	534	105	638
Sales			
Facilities Costs	\$14,808,899	\$7,008,565	\$21,817,464
Administration and Security	\$2,169,511	\$1,053,992	\$3,223,503
Advertising	\$1,109,377	\$521,479	\$1,630,856
Benefits and Insurance	\$1,720,417	\$937,255	\$2,657,672
Food Services (Concessions)*	\$9,430,574	\$4,075,471	\$13,506,045
Total	\$29,238,778	\$13,596,762	\$42,835,539
Earnings			
Facilities Costs	\$9,049,874	\$2,624,464	\$11,674,338
Administration and Security	\$1,642,676	\$410,669	\$2,053,345
Advertising	\$436,086	\$196,239	\$632,325
Benefits and Insurance	\$519,609	\$384,511	\$904,120
Food Services (Concessions)	\$2,464,297	\$1,404,649	\$3,868,946
Total	\$14,112,543	\$5,020,531	\$19,133,074

* Note that Food Services is not a NYRA expense, but rather is the total spent on food concessions and collected by NYRA's outside contractor

Source: EMSI, Camoin Associates

Race Participants

HORSES ON SITE

Horses are on site at the Oklahoma Training Track beginning in April. The following table shows the number of horses on site for each month. During the Saratoga meeting there were over 1,900 horses on site. Based on the number of horses on site, the number of horse days was calculated. A “horse day” is equivalent to one horse on-site for one day. As shown in Figure 64, horse days total just over 196,000 in 2014.

Figure 64.

Training and Racing Days and Horses (2014)			
Month	Days	Average Daily Horses on Site	Horse Days
April	30	341	10,230
May	31	602	18,662
June	30	703	21,090
July	13	766	9,958
July*	18	1,937	34,866
August*	31	1,959	60,729
September*	5	1,638	8,190
September	25	547	13,675
October	31	402	12,462
November	30	206	6,180
Training/Racing Season (2014)			196,042

* Race Dates

Source: NYRA, Camoin Associates

EMPLOYMENT

The employment associated with Race Course participants is estimated using the same industry-standard ratios of per-start and per-horse employment used by the 2006 and 2011 economic impact studies. These were confirmed through interviews with thoroughbred trainers. Jockey work days are calculated based on the number of race starts during the 2014 Saratoga meet. The employment of trainers, assistant trainers, foremen, exercise riders, hot walkers, and grooms is calculated based on the estimated 196,000 horse days.

Figure 65 breaks down the employment calculation for each type of position. Employment days are calculated based on the ratio of horses or horse starts per employee. These days are then converted to hours, which are finally converted to FTE (Full-Time Equivalent) positions. Full-time-equivalents assume employment of 2,000 hours per year. Based on this analysis, the Saratoga Race Course generated 588 jobs (FTEs) for race participants in 2014.

Figure 65.

Training and Racing Employment (2014)				
Position	Horses/Horse Starts Per Employee	Employee Days	Employee Hours	FTEs
Jockey	1 horse start	3,290	26,320	13.16
Trainer	20 horses	9,802	78,417	39
Assistant Trainer	20 horses	9,802	78,417	39
Foreman	20 horses	9,802	78,417	39
Exercise Rider	6 horses	32,674	261,389	131
Hot Walker	6 horses	32,674	261,389	131
Groom	4 horses	49,011	392,084	196
Total		147,054	1,176,433	588

Source: Horses/Horse Starts per Employee from 2011 Economic Analysis of the Saratoga Race Course. Jockey Days are equal to the number of horse starts. Employee days for other positions calculated by dividing number of horse days by number of horses per employee

RACE PARTICIPANT EXPENDITURES

Figure 66 shows the estimated training and race day expenditures per horse. These are based on the figures used in the 2011 analysis and adjusted for inflation. The training bill includes things such as boarding fees, feed, vitamins, and labor. It excludes purse winnings. The estimated training bill is about \$3,200 per horse per month. Veterinary fees are estimated to be about \$800 per month and farrier (shoeing) fees are estimated to be about \$214 per month. Note that veterinary and farrier spending averages were updated from the 2011 report to account for inflation. The training bill was confirmed through interviews to be \$100 per day, the same as reported in the 2011 study.

Race day fees include a flat fee paid to Jockeys of \$105 per start. Jockeys also receive 10% of the owner's share of purse winnings. The head trainer receives 10% of the owner's share of purse winnings and the assistant trainer and groom receive 1% each (12% in total). There is also a flat fee charged to participants of \$15 per horse per start.

Figure 66.

Training and Racing Expenditures Per Horse (2014)		
Ongoing Expenditures	Per Month	Per Day
Training Bill	\$3,000	\$100
Veterinary Fees	\$801	\$26.71
Farrier (Shoeing)	\$214	\$7
Race Day Expenditures	Per Month	
Jockey Fees	\$105 per start	
	10% of owner's share of purse winnings	
Trainer Fees	12% of owner's share of purse winnings	
Lead to Post	\$15 per start	

Source: 2011 Economic Analysis of the Saratoga Race Course; Interviews with Trainers

To calculate the total spending associated with race participants, the ongoing expenditures are multiplied by the number of horse days (196,000). Race day expenditures are calculated based on 2014 gross purses of \$40.5 million and 3,290 horse starts. The total spending is presented in Figure 67. The results show that race participants spend \$36.9 million on an annual basis. This is direct spending attributable to the Saratoga Race Course.

Figure 67.

Training and Racing Aggregate Expenditures (2014)	
Ongoing Expenditures	Per Year*
Training Bill	\$ 19,604,200
Veterinary Fees	\$ 5,235,792
Farrier (Shoeing)	\$ 1,396,211
Race Day Expenditures	Per Year*
Jockey Fees	\$ 4,395,785
Trainer Fees	\$ 4,860,402
Lead to Post	\$ 49,350
Total	\$ 35,541,740

*Year refers to April to November Season at Saratoga

ECONOMIC IMPACT

The total economic impact of race course participants is approximately 769 jobs, \$52 million in annual sales, and \$28 million in earnings. Figure 68 breaks out the direct, indirect, and total impact. The direct Training and Racing jobs were adjusted to match the FTE employment calculated above. Indirect effects were calculated based on the revised direct figures.

Figure 68.

Regional Economic Impacts from Race Participant Activities (2014)			
	Direct	Indirect	Total
Jobs			
Training and Racing	588	85	673
Veterinary	51	18	69
Farrier (shoeing)	24	3	27
Total	663	107	769
Sales			
Training and Racing	\$28,909,737	\$13,920,402	\$42,830,139
Veterinary	\$5,235,792	\$2,060,697	\$7,296,489
Farrier (shoeing)	\$1,396,211	\$574,515	\$1,970,726
Total	\$35,541,740	\$16,555,614	\$52,097,354
Earnings			
Training and Racing	\$18,427,266	\$5,528,180	\$23,955,446
Veterinary	\$2,457,305	\$761,764	\$3,219,069
Farrier (shoeing)	\$1,076,794	\$215,359	\$1,292,153
Total	\$21,961,365	\$6,505,303	\$28,466,668

Visitor Spending

From 2010 to 2014 the Saratoga Race Track has averaged about 900,000 visitors each season. These visitors spend significant amounts of money in local communities when not at the track. Visitors spend money at local businesses on things such as food, lodging, retail goods, gas, and entertainment. This spending, in turn, circulates throughout the local economy creating additional economic benefits. For example, a portion of money that a track visitor spends at a local business is used to pay employees. Those employees then spend a portion of their wages locally on things like groceries, retail goods, and other goods and services.

Without the Saratoga Race Course, a substantial amount of spending that currently exists would not occur in the study area. To estimate how much annual visitor spending can be attributed to the Race Course we consider only those visitors who come to the track from outside of the study region. This is because visitors from within the study area would likely spend the money they would have spent during their visit to the track at other businesses within the study area.

VISITATION

NYRA reported attendance of about 972,000 for the 2014 season; however, this figure counts every season pass holder every day of the season. In 2014 there were about 6,700 season passes sold. We would expect that a portion of season pass holders would not attend races every day of the season. To calculate how many visitors actually attended races we consider the average amount gambled (on-track handle) per person. Based on the visitor survey conducted by NYRA during the 2014 track season, an average track visitor spent \$159 wagering per day. Based on a total on track handle of approximately \$150 million in 2014, we estimate a season attendance of about 946,000.

Figure 69.

Estimated Track Attendance (2014)	
On Track Handle	\$150,387,442
Per-Person On Track Gambling	\$159
Estimated Season Attendance	945,833

Source: NYRA; Camoin Associates

The NYRA visitor survey indicated that 48.7% of all visitors to the track are overnight visitors. Applying this ratio to total track attendance we find that there were about 461,000 overnight visitor days during the 2014 track season. We assume that all overnight visitor days are attributed to those from outside of the study region. That is, all visitors from within the study region are assumed to be day trip visitors.

The visitor intercept survey also found that about 59% of visitors to the track are from outside of the study area resulting in a calculation of about 559,000 total visitor days from visitors coming from outside of the study region area (a person who visits the track on three different days would count as three visitor days). Of those visitor days, 461,000 are the previously calculated overnight visitor days. The remaining 99,000 are therefore visitor days attributed to day trip visitors from outside of the study region. These figures are shown in Figure 70.

Figure 70.

Saratoga Race Course Visitors	
Total Visitor Days	945,833
Percent from out of study region	59.1%
Visitor Days from out of study region	558,987
Overnight Visitor Days (82.4%)	460,621
Day Visitor Days (17.6%)	98,367

Source: NYRA; Camoin Associates

VISITOR SPENDING

The 2014 NYRA Visitor Survey also asked track visitors how much they plan to spend per-person per-day in the Saratoga region. A separate question asked visitors how much they plan to spend at the track. To estimate spending by each visitor in the Saratoga Region that is not at the track, we adjusted the daily non-lodging spending amounts down by the percentage of off-track spending relative to all daily non-lodging spending. That is, off-track spending accounted for 31% of all daily non-lodging spending so we calculated off-track spending by multiplying all daily non-lodging spending by 31%. This adjustment was not made to the per-person lodging estimate because it is not possible to spend money on lodging at the track and therefore all lodging expenditures are made off-track.

We assume the reported daily expenditure of \$241 for lodging is per room and not per person. This is a reasonable assumption because the average daily room rate in Saratoga County was \$226 during the month of August 2014.⁸ This assumption was also confirmed through conversations with local hospitality experts. Following the methodology of the 2011 analysis, we assume two visitors per room.

The visitor survey also indicated that about 10% of overnight visitors did not stay in the study area. We only count the lodging spending by visitors who stayed in the study area. Finally, the visitor survey indicated that about 25% of overnight visitors either go camping or stay with friends or family. Therefore we do not applying the lodging spending figure to those visitors.

Figure 71 shows the estimated total expenditures by visitors from outside of the study area. All expenditures per day/night were applied to overnight visitors, while all except lodging were applied to day visitors. Based on this analysis, the Saratoga Race Course generates approximately \$96.7 million in visitor spending in the study region that would not occur, but for the Saratoga Race Course.

Figure 71.

Direct Off-Track Spending by Visitors from Outside Study Area		
Expenditure Category	Expenditures per Day/Night	Total Expenditures
Lodging	\$241 per room	\$37,490,137
Meals	\$25 per person	\$13,982,927
Entertainment/Attractions	\$17 per person	\$9,613,262
Retail/Other	\$47 per person	\$26,043,201
Transportation	\$17 per person	\$9,613,262
Total		\$96,742,789

Source: NYRA; Camoin Associates

⁸ Smith Travel Research, August 2014

ECONOMIC IMPACT

Figure 72 breaks down the direct, indirect, and total regional economic impact of Saratoga Race Course from visitor spending. The results show that visitor spending generates about 1,180 jobs, \$142 million in annual sales, and \$53 million in earnings.

Figure 72.

Regional Economic Impacts from Off-Track Visitor Spending (2014)			
	Direct	Indirect	Total
Jobs			
Lodging	279	105	384
Meals	204	31	235
Entertainment/Attraction	129	27	156
Retail	283	81	364
Transportation	31	10	41
Total	926	254	1,180
Sales			
Lodging	\$ 37,490,137	\$ 17,621,853	\$ 55,111,990
Meals	\$ 13,982,927	\$ 5,612,884	\$ 19,595,811
Entertainment/Attraction	\$ 9,613,262	\$ 4,359,231	\$ 13,972,493
Retail	\$ 26,043,201	\$ 12,992,880	\$ 39,036,081
Transportation	\$ 9,613,262	\$ 4,610,922	\$ 14,224,184
Total	\$ 96,742,789	\$ 45,197,770	\$ 141,940,560
Earnings			
Lodging	\$12,573,164	\$6,412,314	\$18,985,478
Meals	\$5,395,841	\$1,996,461	\$7,392,302
Entertainment/Attraction	\$4,063,772	\$1,544,234	\$5,608,006
Retail	\$10,849,791	\$4,665,410	\$15,515,201
Transportation	\$3,989,457	\$1,675,572	\$5,665,029
Total	\$36,872,025	\$16,293,991	\$53,166,016

Source: EMSI; Camoin Associates

Total Economic Impact

Figure 73 shows the total regional economic impact of the Saratoga Race Course and Oklahoma Training Track in 2014. Overall, the Site generates about 2,590 jobs, \$101 million in annual earnings, and \$237 million in annual sales (economic output).

Figure 73.

Regional Economic Impacts of Saratoga Race Course and Oklahoma Training Track (2014)			
	Direct	Indirect	Total
Jobs			
Race Course Operations	534	105	638
Race Participants	663	107	769
Race Course Visitors	926	254	1,180
Total	2,122	465	2,588
Sales			
Race Course Operations	\$29,238,778	\$13,596,762	\$42,835,539
Race Participants	\$35,541,740	\$16,555,614	\$52,097,354
Race Course Visitors	\$96,742,789	\$45,197,770	\$141,940,560
Total	\$161,523,307	\$75,350,146	\$236,873,453
Earnings			
Race Course Operations	\$14,112,543	\$5,020,531	\$19,133,074
Race Participants	\$21,961,365	\$6,505,303	\$28,466,668
Race Course Visitors	\$36,872,025	\$16,293,991	\$53,166,016
Total	\$72,945,933	\$27,819,825	\$100,765,758

Source: Camoin Associates, EMSI

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