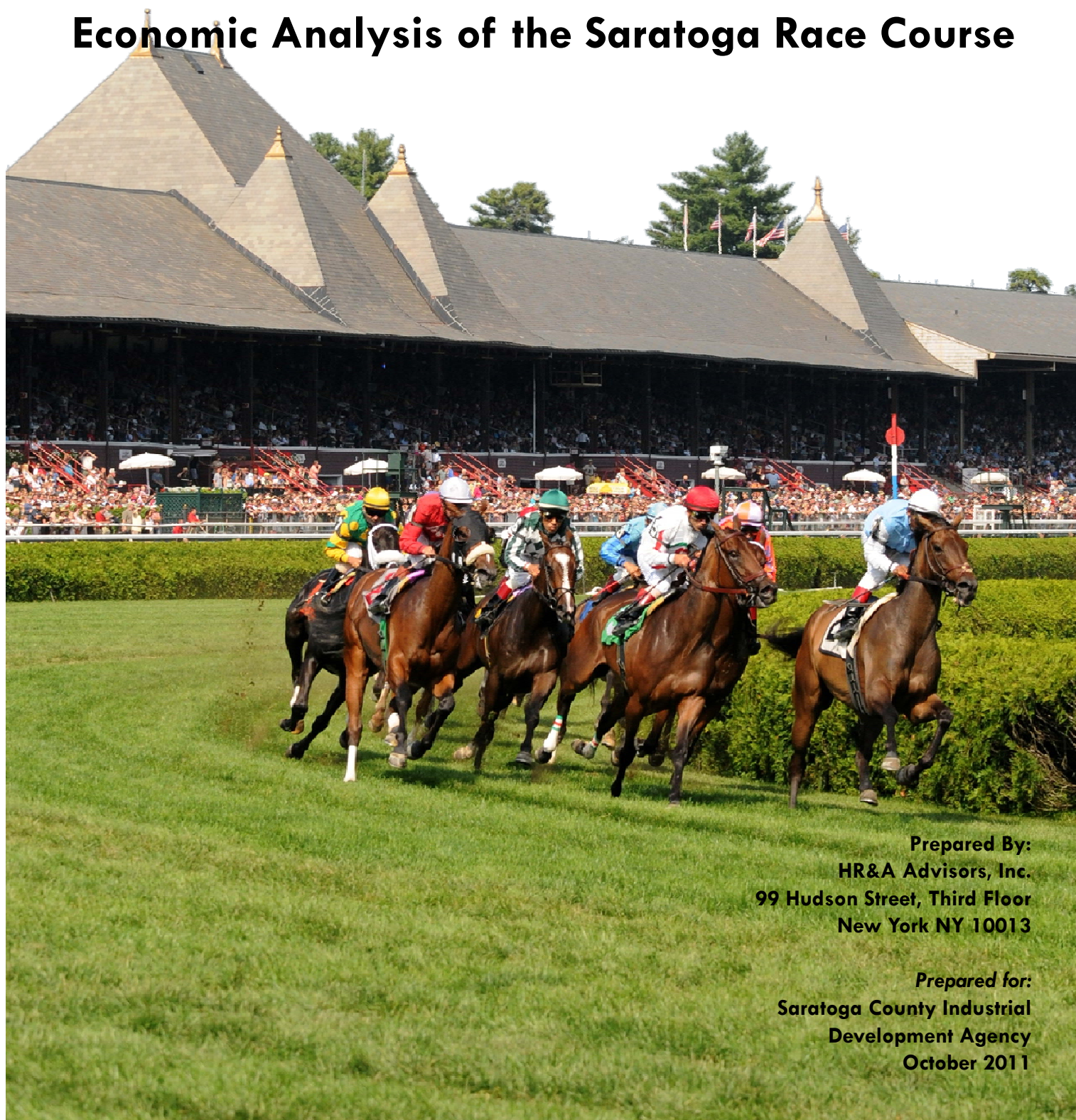


## **Economic Analysis of the Saratoga Race Course**



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**Prepared for:**  
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# Economic Analysis of the Saratoga Race Course

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*Study commissioned by the Saratoga County Industrial Development Agency: Board Members: Raymond F. Callanan, Richard E. Dunn, Rodney J. Sutton, Arthur J. Johnson, Charles E. Hanehan, Michael Mooney, Glenn C. Rockwood, and Lawrence D. Benton, CEO*

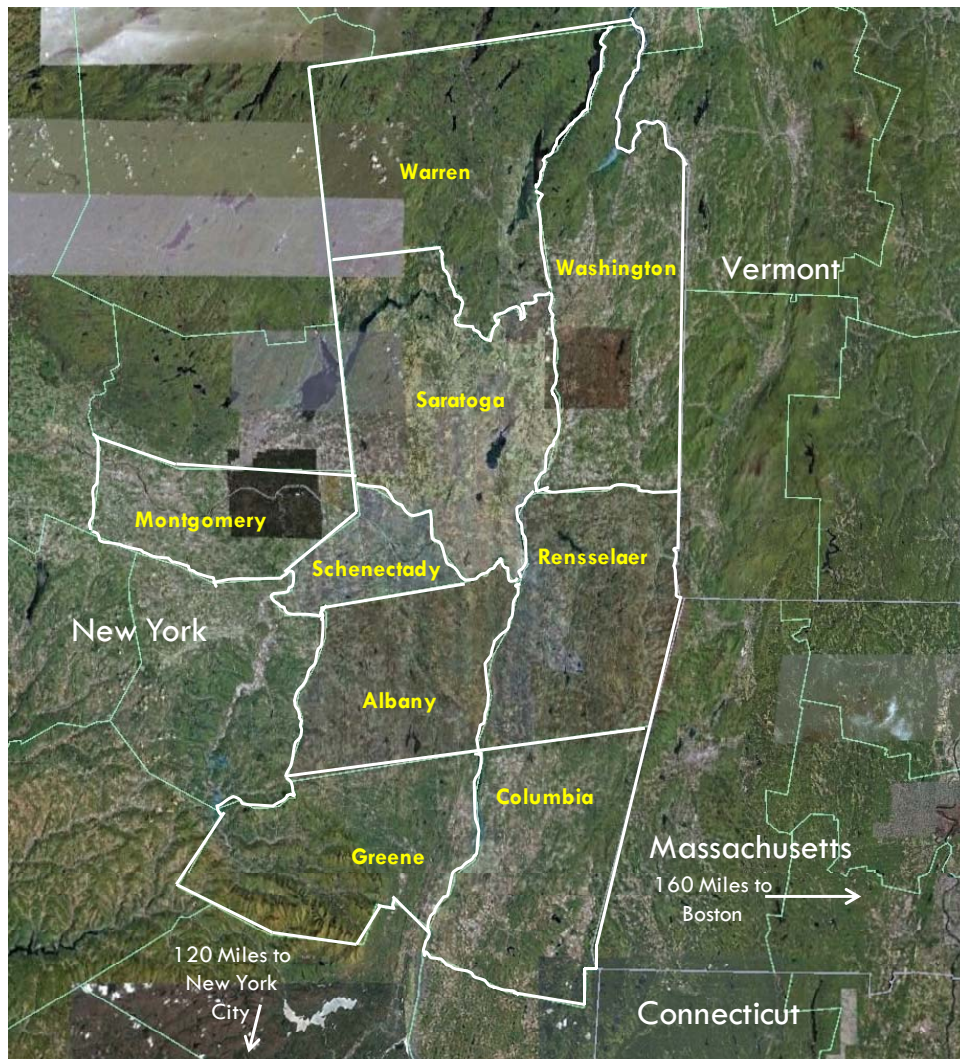
*Cover photo courtesy of Adam Coglianese, The New York Racing Association (NYRA)*



## Executive Summary

The Saratoga County Industrial Development Agency retained HR&A Advisors, Inc. to update an economic impact analysis of the Saratoga Race Course conducted by Economics Research Associates in 2006. This study measures economic impacts in terms of economic output and employment attributable to the Saratoga Race Course, and includes several considerations including the onset of the late-2000s recession, the extension of the race meet in 2010 from 36 to 40 days, and continued residential and hotel growth in Saratoga County. It measures the economic benefits accrued to a nine county study region that includes Albany, Columbia, Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, and Washington counties, illustrated in Figure 1. It also measures fiscal impacts such as income tax, sales tax, and property tax revenues generated by Race Course operations.

Figure 1: Study Region



## Background

The New York Racing Association (NYRA) is a not-for-profit association with an exclusive franchise to operate three major thoroughbred racetracks in New York State: Saratoga Race Course, Aqueduct Racetrack, and Belmont Park. In 2008, NYRA reached an agreement with state officials to extend its franchise to operate these facilities until 2033.

The Saratoga Race Course, opened in 1863, is the longest continuously operating thoroughbred racetrack in the United States. After holding a 36 day meet of racing for many years, in 2010 the Saratoga meet was extended to 40 days, beginning in late July and concluding on Labor Day. The main event of the summer race season is the Travers Stakes, the oldest thoroughbred horse race in the United States.

The Saratoga Race Course is set on a 350-acre plot of land and includes three separate race courses:

- A dirt track with a 1 1/8 mile circumference;
- An outer turf course with a 1 mile circumference; and
- An inner turf course with a 7/8 mile circumference.

Seating is available in the grandstand, the clubhouse, at picnic tables, and in luxury suites. The Race Course provides formal and casual dining options including The Turf Terrace Dining Room, The Club Terrace, The At the Rail Pavilion, The Carousel Restaurant, The Porch, and the Jim Dandy Bar.

Thoroughbred racing teams come to Saratoga Race Course to train and compete. The facility opens to race teams in mid-April. By June, 800 horses are in training at the Saratoga Race Course and Oklahoma Training Track. During the height of the Saratoga meeting in August, 1,800 horses are present on-site. NYRA also provides dorm housing for employees working as horse grooms or hot walkers.

Visitors continue to flock to the Saratoga Race Course for the annual meeting, drawn by some of the highest quality thoroughbred racing in the country. While attendance has declined with the onset of the late-2000s recession, the Saratoga Race Course continues to outdraw NYRA's other thoroughbred racetracks by a considerable margin. In addition, Saratoga also has higher daily and annual attendance than other nationally prominent thoroughbred tracks that host five or more Grade I stakes races per year. Capitalizing on the popularity of racing at Saratoga, in 2011 NYRA and the television network NBC began a partnership to broadcast eight hours of live racing from the Saratoga Race Course over seven weekends, titled "Summer at Saratoga."

In addition to the racing meet, the Saratoga Race Course hosts a pair of significant horse shows each year. In May, the two-week St. Clement's Horse Show draws horses and participants to compete in hunter and jumper events. During the month of June, Skidmore College hosts the two-week Saratoga Classic Horse Show, which draws significant numbers of participants for its hunter and jumper events. While this analysis does not quantify the economic impact of these non-race events on the Study Region, their economic significance is discussed qualitatively.

Saratoga's role in supporting thoroughbred sales is also important. While the Jockey Club data on equine auctions does not break out by county, the density of farms within the study region implies that it is a significant source of economic activity. The recession has had significant negative impact on equine sales.

In 2010, 385 New York-bred yearlings were sold at auction, an increase of over 70 percent above the number sold in 1995, but a decrease of about 24 percent below the number sold in 2005. Initial reports indicate that 2011 was a significantly better year. According to a report in the August 23, 2011 *Thoroughbred Times*, the two day sales of selected yearlings at the Fasig-Tipton's auctions in Saratoga were improved over the previous years. The total sales of \$32.9 million were a record increase of 1.2% over the previous year with a 15.9% increase in the average price (\$319,340) and a 4.2% increase in the median price (\$250,000). Much of the increase was driven by the sale of several high quality horses, a further testament to the strength of the industry in New York State.

### **Saratoga Race Course Wagering, Attendance, and Purses**

By most measures, the Saratoga Race Course has performed significantly better than the other New York State thoroughbred racetracks in the past decade. Yet between 2005 and 2010, it did experience a decline in wagering and attendance levels.

- In 2010, the Saratoga Race Course's live handle (i.e. on-site wagering on live on-site races) of \$115 Million was the highest of any New York State thoroughbred racetrack by nearly \$30 million;
- At \$127 Million, total on-track handle (i.e. live handle plus on-site wagering on live off-site races) at Saratoga Race Course was five percent higher in 2010 than in 2000; in contrast, it was 13-45% lower at the other New York State thoroughbred racetracks;
- Saratoga Race Course attracted approximately 870,300 patrons in 2010, about 390,000 more than Belmont Park, which drew the second most patrons of New York State's thoroughbred racetracks;
- However, attendance at the Saratoga Race Course did fall by over 120,000 patrons between 2005 and 2010, with the decline concentrated between 2007 and 2008 and the onset of the recession;
- Despite this recent decline, Saratoga Race Course had higher annual attendance, average daily attendance, and average daily live handle than the other thoroughbred racetracks across the country hosting at least five Grade I stakes races in 2011 – Belmont Park in New York; Churchill Downs and Keeneland Race Course in Kentucky; and Santa Anita Park, Hollywood Park, and Del Mar in California;
- The average purse per race at the Saratoga Race Course was about \$62,880 in 2010, significantly higher than the New York State average of approximately \$32,030, but about \$9,000 less than its 2009 level.

### **Saratoga Race Course Economic and Fiscal Impacts**

The economic impact of the Saratoga Race Course on the study region includes NYRA spending on operations, race team spending on training and racing, and spectator spending. Direct expenditures made by NYRA, race participants, and race spectators "ripple" through the economy as initial changes in demand for goods and services stimulate more output and employment in sectors supplying these goods and services. Higher levels of employment lead to more household income and household spending in the region.

As shown below in Figure 2, the economic impact of the Saratoga Race Course on regional economic output is estimated to be between \$186 million and \$213 million annually:

- Race Course operations account for about \$61 million in output;
- Race team expenditures account for about \$58 million in output; and
- Off-track visitor spending accounts for between approximately \$67 million and \$94 million in output.

The 2006 Economic Impacts Study found a total regional impact of \$186 million to \$214 million, equivalent to \$204 million to \$235 million in 2010 dollars. While Race Course operations and race team expenditures had similar regional economic impacts in both studies after accounting for inflation, the previous study found that off-track visitor spending had a notably higher economic impact than is currently observed. This finding owes primarily to the aforementioned drop in attendance at the Saratoga Race Course of over 120,000 patrons between 2005 and 2010.

Figure 2: Economic Impacts of Racing on Output (2010\$)

<b>Expenditure Type</b>	<b>2011 Economic Impacts Update</b>		<b>2006 Economic Impacts Study</b>	
	<b>Total Impact on the Study Region</b>	<b>Total Impact on the Study Region<sup>1</sup></b>	<b>Total Impact on the Study Region</b>	<b>Total Impact on the Study Region<sup>1</sup></b>
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
Saratoga Race Course Operations	\$61,500,000	\$61,500,000	\$57,000,000	\$57,000,000
Participant Activities	\$57,700,000	\$57,700,000	\$59,900,000	\$59,900,000
Off-Track Visitor Activities	\$66,800,000	\$93,700,000	\$87,400,000	\$117,700,000
<i>Total</i>	<i>\$186,000,000</i>	<i>\$212,800,000</i>	<i>\$204,300,000</i>	<i>\$234,600,000</i>

Source: HR&A Advisors; Economics Research Associates;

<sup>1</sup> Total Impacts inflated to 2010 dollars using Consumer Price Index.

Note: Totals may not sum due to rounding.

As shown in Figure 3, the impact of the Saratoga Race Course on regional employment is estimated to be between 1,830 and 2,050 full-time-equivalent positions:

- Race Course operations account for about 575 FTE jobs;
- Race team expenditures account for about 620 FTE jobs; and
- Off-track visitor spending accounts for between approximately 635 and 855 FTE jobs.

The 2006 Economic Impacts Study found that the Saratoga Race Course supported between approximately 2,510 and 2,820 FTE jobs in the Study Region. For each category of expenditure, the number of jobs supported was found to be higher in the previous study, with the difference greatest in terms of the number of FTE jobs supported by off-track visitor activities. The decline in employment

attributable to activities at the Saratoga Race Course likely owes in part to inflation and productivity gains in recent years.<sup>1</sup>

Figure 3: Economic Impacts of Racing on Employment

<b>Expenditure Type</b>	<b>2011 Economic Impacts Update</b>		<b>2006 Economic Impacts Study</b>	
	<b>Total Impact on the Study Region</b>	<b>Total Impact on the Study Region</b>	<b>Total Impact on the Study Region</b>	<b>Total Impact on the Study Region</b>
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
Saratoga Race Course Operations	580	580	670	670
Participant Activities	630	630	810	810
Off-Track Visitor Activities	635	860	1,030	1,350
<i>Total</i>	<i>1,840</i>	<i>2,070</i>	<i>2,510</i>	<i>2,820</i>

Source: Economics Research Associates; HR&A Advisors

Note: Totals may not sum due to rounding.

As shown in Figure 4, the total fiscal impact of the Saratoga Race Course is estimated to be between approximately \$12.6 million and \$14.6 million. These tax revenues are generated from income taxes, sales taxes, room taxes on lodging, property taxes, admissions taxes, OTB surcharges, and NYRA statutory payments to New York State entities. Tax revenues accruing to New York State are estimated to be between about \$8.1 million and \$9.1 million, while tax revenues accruing to the City of Saratoga Springs and Saratoga County are estimated to range between about \$4.5 million and \$5.5 million.

The 2006 Economic Impacts Study found that the total fiscal impacts of the Saratoga Race Course ranged between approximately \$12.2 million and \$13.9 million, equivalent to between \$13.4 million and \$15.2 million in 2010 dollars. A particularly large disparity is observed between the current level of sales tax revenues accruing to New York State and the local governments versus the level estimated by the previous study. This finding owes primarily to a drop in spending attributable to visitors from outside the Study Region, which is driven by declining Race Course attendance.

<sup>1</sup> This analysis is conducted using RIMS multipliers from the Bureau of Economic Analysis. Inflation and productivity gains will lead to fewer jobs being associated with the same amount of nominal spending. This effect implies that employment multipliers for initial changes in spending will decrease over time.

Figure 4: Summary of Fiscal Impacts from Racing (2010\$)

	<i>2011 Economic Impacts Update</i>		<i>2006 Economic Impacts Study<sup>1</sup></i>	
	<b>Low Estimate</b>	<b>High Estimate</b>	<b>Low Estimate</b>	<b>High Estimate</b>
Saratoga Springs / Saratoga County	\$4,508,000	\$5,530,000	\$5,035,000	\$6,123,000
New York State	\$8,109,000	\$9,108,000	\$8,405,000	\$9,108,000
<i>Total</i>	<i>\$12,617,000</i>	<i>\$14,638,000</i>	<i>\$13,440,000</i>	<i>\$15,231,000</i>

Source: Economics Research Associates; HR&A Advisors

<sup>1</sup> Fiscal Impacts inflated to 2010 dollars using Consumer Price Index.

Note: Totals may not sum due to rounding.



## **Saratoga Region Socioeconomic Performance**

Saratoga County has experienced strong economic growth over the past decade in comparison to the State and Study Region, although like much of the country it has suffered in the wake of the late-2000s recession. The County also performs well in consideration of socioeconomic data like population growth, educational attainment, median household income, and median home values. As noted in the 2006 Economic Impact Study, Saratoga County's strong quality of life and cultural amenities make it an attractive place to live and work, bolstering the County's economic position. The Saratoga Race Course is a crucial contributor to the County's unique character. Moreover, high employment growth in Race Course-related industries relative to other private industries demonstrates the importance of the Race Course to the County and Region's economic health.

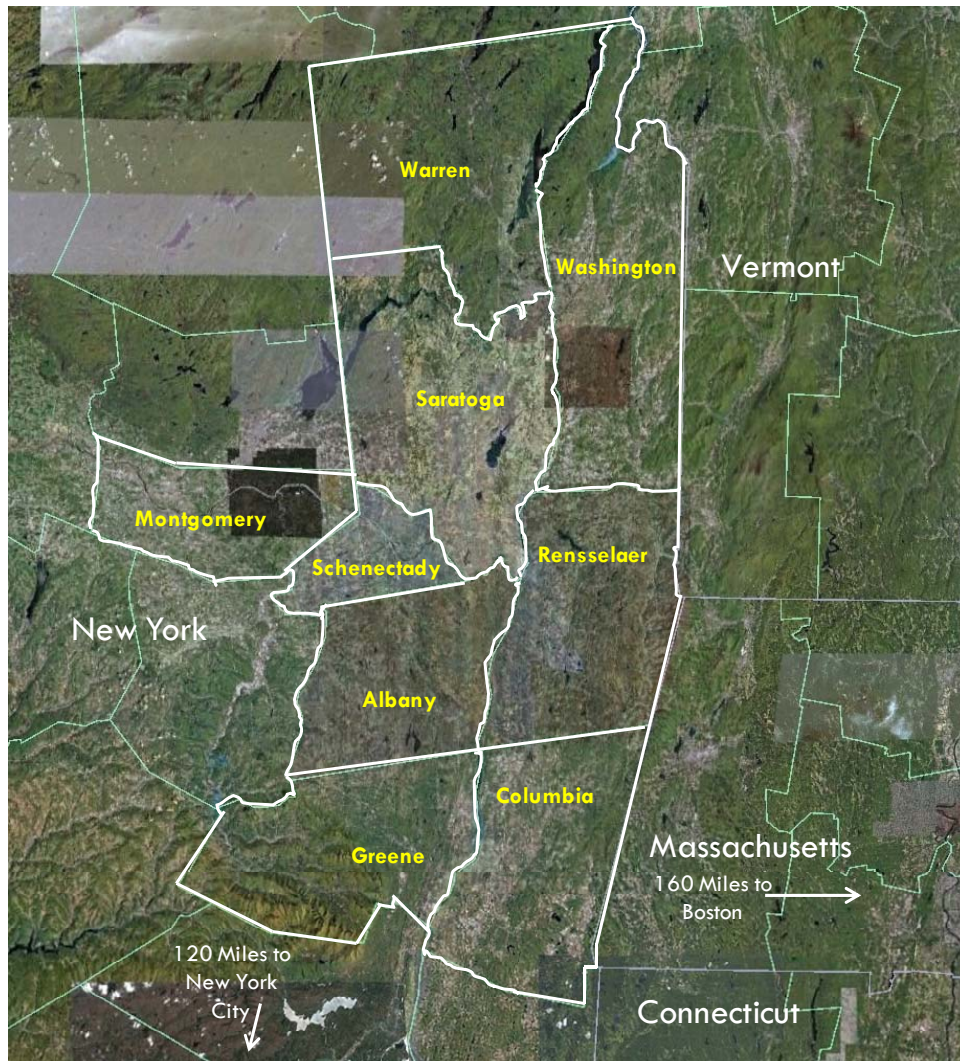
- Total employment in Saratoga County grew by about 13 percent between 2000 and 2010, compared with a slight decline in the Study Region and an approximate 2 percent decline in the State of New York over the same period;
- Saratoga County did lose some around 130 jobs between 2005 and 2010, faring slightly worse than the State as a whole in percentage of jobs lost;
- Between 2005 and 2010, employment in race course-related industries increased by 30 percent in Saratoga County and 5 percent in the Study Region, while other private sector employment increased by only 8 percent in Saratoga County and declined 2 percent in the Study Region;
- Saratoga County experienced population growth of 9 percent between the 2000 and 2010 Census, while the Study Region grew 5 percent and New York State grew 2 percent over that period;
- Median home value in Saratoga County was \$250,000 in 2010:
  - Median home value in Saratoga County was over \$50,000 greater than median home value in Columbia County, which had the second highest median home value in the Study Region; and
  - Home values in the area are likely buoyed by investments from individuals affiliated with the thoroughbred racing industry. An analysis of properties in Saratoga Springs revealed at least 175 properties, with a market value of \$107 million, belonged to persons connected to the thoroughbred racing industry.
- The Saratoga County hospitality industry has performed strongly in recent years, especially in comparison to the Albany/Schenectady market as a whole:
  - In Saratoga County, hotels either completed, under construction, or planned during the past five years represent 520 new hotel rooms and an investment of over \$40 million;
  - Between 2005 and 2010, the annual number of room nights demanded in Saratoga County increased by 3.1 percent per year, reaching about 525,000 room nights in 2010. By contrast, the annual number of room nights demanded in the larger Albany/Schenectady market increased by only 0.7 percent per year over this period; and
  - While occupancy rates in Saratoga County and the Albany/Schenectady market follow similar patterns during the summer months, average daily room rates in Saratoga County increase much more significantly. In August 2010, average daily room rates in Saratoga County reached \$192 compared to only \$117 in the overall market.
- Saratoga County continues to be an attractive location for thoroughbred breeding operations:

- Nine percent of agricultural parcels in Saratoga County were classified as horse farms in 2010, an increase from 2004, when 6 percent of agricultural parcels were classified as horse farms. The proportion of agricultural parcels classified as horse farms is much greater in Saratoga County than in the Study Region or New York State.

## Section 1: Introduction

The Saratoga County Industrial Development Agency retained HR&A Advisors to update an economic impact analysis of the Saratoga Race Course conducted by Economics Research Associates in 2006. This study analyzes the economic contribution of the Saratoga Race Course in terms of economic output and employment attributable to the Saratoga Race Course. It also measures fiscal impacts such as income tax, sales tax, and property tax revenues generated by Race Course operations and economic activity generated by visitors and thoroughbred owners and trainers. The Study Region – consisting of Saratoga County and the surrounding counties of Albany, Columbia, Greene, Montgomery, Rensselaer, Schenectady, Warren, and Washington – is displayed below in Figure 5.

Figure 5: Study Region



The Study Region chosen for this analysis corresponds with that used in the 2006 Economic Impacts Study. As was the case then, “it is intended to represent the regional economy that is influenced by activities at the Saratoga Race Course.” For instance, equine operations in the counties surrounding Saratoga County supply the thoroughbred racing teams competing at Saratoga Race Course with inputs such as horses and feed. These and similar expenditures on goods produced in the region represent an economic benefit to the region attributable to the Saratoga Race Course. The boundaries of the Study Region were defined based on an assessment of the density of thoroughbred horse breeding operations in New York State, as breeding operations are a principal supplier of inputs to the thoroughbred racing industry.

## **Background**

The New York Racing Authority (NYRA) is a not-for-profit association with an exclusive franchise to operate three major thoroughbred racetracks in New York State: Saratoga Race Course, Aqueduct Racetrack, and Belmont Park. In 2008, NYRA reached an agreement with state officials to extend its franchise to operate these facilities until 2033. This analysis is intended to demonstrate how the economic contributions of the Saratoga Race Course have changed since they were last assessed in 2006, in light of several considerations including the onset of the late-2000s recession, the extension of the race meet in 2010, and continued residential and hotel growth in Saratoga County.

## **Saratoga Race Course Description**

The Saratoga Race Course, opened in 1863, is the longest continuously operating thoroughbred racetrack in the United States. After holding a 36 day meet of racing for many years, in 2010 the Saratoga meet was extended to 40 days, beginning in late July and concluding on Labor Day. The main event of the summer race season is the Travers Stakes, the oldest thoroughbred horse race in the United States.

The Saratoga Race Course is set on a 350-acre plot of land and includes three separate race courses:

- A dirt track with a 1 1/8 mile circumference;
- An outer turf course with a 1 mile circumference; and
- An inner turf course with a 7/8 mile circumference.

The Saratoga Race Course offers a variety of seating and dining options for attendees. Seating is available in the grandstand, the clubhouse, at picnic tables, and in luxury suites. The Race Course also provides formal and casual dining options including The Turf Terrace Dining Room, The Club Terrace, The At the Rail Pavilion, The Carousel Restaurant, The Porch, and the Jim Dandy Bar.

Thoroughbred racing teams come to Saratoga Race Course to train and compete. The facility opens to race teams in mid-April. By June, 800 horses are in training at the Saratoga Race Course and Oklahoma Training Track. During the height of the Saratoga meeting in August, 1,800 horses are present on-site. NYRA also provides dormitory housing for employees working as horse grooms or hot walkers.

Visitors continue to flock to the Saratoga Race Course for the annual meeting, drawn by some of the highest quality thoroughbred racing in the country. Attendance at the Saratoga Race Course topped 850,000 during each of the last three meetings. Capitalizing on the popularity of racing at Saratoga, in

2011 NYRA and the television network NBC began a partnership to broadcast eight hours of live racing from the Saratoga Race Course over seven weekends, titled “Summer at Saratoga.”

In addition, the 40 day racing raises the profile of the region that drives economic activity over the rest of the year. According to the city center’s 2010 annual report, over 100 events were held for 18,000 convention overnight guests and 72,000 day guests over the course of the year. The City’s downtown commercial center remains healthy in no small part due to the aggressive and successful convention business that receives significant financial support from the Saratoga Racing Meet.

## **Report Organization**

This report is organized as follows: Section 2 presents an analysis of employment, socioeconomic, and real estate trends in Saratoga County, the Study Region, and New York State. Comparisons are drawn between these geographies in order to draw out meaningful differences in performance. HR&A also endeavors to disaggregate the performance of sectors influenced by the operation of the Saratoga Race Course from the overall performance of private sector industries in Saratoga County and the Study Region. This section provides valuable context for the subsequent analysis of the economic impacts of the Race Course.

In Section 3, HR&A evaluates data from a variety of sources in order to discern recent trends in the industries most directly influenced by activities at the Saratoga Race Course. The three sectors examined are:

- Thoroughbred racing;
- Equine operations (including thoroughbred breeding); and
- Tourism.

Section 4 presents HR&A’s analysis of the impacts of the Saratoga Race Course and Oklahoma Training Track on regional output and employment. These estimates are determined through a regional economic model that considers direct spending in the region attributable to the Saratoga Race Course and Oklahoma Training Track.

In Section 5, the fiscal impacts of the operations of the Saratoga Race Course on the City of Saratoga Springs, Saratoga County, and New York State are estimated.



## **Section 2: Regional Context**

This section examines recent trends in employment, socioeconomic characteristics, and the housing market in Saratoga County, the Study Region, and New York State. The section focuses on economic indicators that demonstrate the role of racing in Saratoga County. The indicators illustrate the impact of the racing industry, as well as complementary tourism and other support industries, on the overall economic performance of Saratoga County. The County economy has fared much better than the region and statewide economy through the recession because of the strength of these anchor activities.

### **Employment Trends**

Saratoga County's job growth strongly outperformed that of the region over the decade between 2000 and 2010. Total employment in Saratoga County grew 12.7 percent during this period, while employment in the Study Region declined 0.1 percent. Saratoga County's ability to grow despite stagnant regional growth is owed in part to strong growth in arts, entertainment, and recreation, information, and finance and insurance sectors. These sectors that grew significantly in the County, experienced job losses in the Study Region as a whole.

The late-2000s recession led to job declines in both Saratoga County and the Study Region, but these declines were relatively less severe in Saratoga County. Saratoga County lost about 130 jobs between 2005 and 2010, a decline of 0.2 percent; the Study Region lost approximately 12,790 jobs over the period, a decline of 2.4 percent. Employment data for Saratoga County and the Study Region is presented in Figures 6 and 7, respectively.

Figure 6: Saratoga County Employment 2000 – 2010

	Employment			Employment Change			
	2000	2005	2010	2000-2010		2005-2010	
				Cumulative	Annualized	Cumulative	Annualized
<i>Total Employment</i>	65,077	73,498	73,366	12.7%	1.2%	-0.2%	0.0%
<i>Total Government Employment</i>	11,442	12,285	12,409	8.5%	0.8%	1.0%	0.2%
<i>Total Private Employment</i>	53,635	61,213	60,957	13.7%	1.3%	-0.4%	-0.1%
<b>Private Sector Breakdown by Industry Group</b>							
Natural Resources and Mining	217	277	363	67.3%	5.3%	31.0%	5.6%
Utilities	266	249	200	-24.8%	-2.8%	-19.7%	-4.3%
Construction	3,125	4,313	3,647	16.7%	1.6%	-15.4%	-3.3%
Manufacturing	6,760	5,493	4,856	-28.2%	-3.3%	-11.6%	-2.4%
Wholesale Trade	2,829	3,538	3,238	14.5%	1.4%	-8.5%	-1.8%
Retail Trade	10,022	11,660	10,923	9.0%	0.9%	-6.3%	-1.3%
Transportation and Warehousing	1,191	1,438	1,612	35.3%	3.1%	12.1%	2.3%
Information	642	815	963	50.0%	4.1%	18.2%	3.4%
Finance and Insurance	2,723	3,507	4,046	48.6%	4.0%	15.4%	2.9%
Real Estate and Rental and Leasing	937	1,131	1,112	18.7%	1.7%	-1.7%	-0.3%
Professional and Technical Services	3,381	3,523	4,137	22.4%	2.0%	17.4%	3.3%
Management of Companies and Enterprises	613	726	705	15.0%	1.4%	-2.9%	-0.6%
Administrative and Waste Services	4,477	4,438	2,532	-43.4%	-5.5%	-42.9%	-10.6%
Educational Services	1,277	1,880	2,175	70.3%	5.5%	15.7%	3.0%
Health Care and Social Assistance	6,057	6,963	7,929	30.9%	2.7%	13.9%	2.6%
Arts, Entertainment, and Recreation	1,119	1,740	2,353	110.3%	7.7%	35.2%	6.2%
Accommodation and Food Services	5,500	6,605	7,280	32.4%	2.8%	10.2%	2.0%
Other Services	2,390	2,657	2,707	13.3%	1.3%	1.9%	0.4%
Unclassified	50	182	100	100.0%	7.2%	-45.1%	-11.3%

Source: New York Department of Labor, Quarterly Census of Employment and Wages; HR&A Advisors

Figure 7: Study Region Employment 2000 – 2010

	Employment			Employment Change			
	2000	2005	2010	2000-2010		2005-2010	
				Cumulative	Annualized	Cumulative	Annualized
<i>Total Employment</i>	511,284	523,436	510,647	-0.1%	0.0%	-2.4%	-0.5%
<i>Total Government Employment</i>	120,700	121,862	120,366	-0.3%	0.0%	-1.2%	-0.2%
<i>Total Private Employment</i>	390,584	401,574	390,281	-0.1%	0.0%	-2.8%	-0.6%
<b>Private Sector Breakdown by Industry Group</b>							
Natural Resources and Mining	2,601	3,105	2,807	7.9%	0.8%	-9.6%	-2.0%
Utilities	602	249	1,644	173.1%	10.6%	560.2%	45.9%
Construction	20,239	20,854	19,449	-3.9%	-0.4%	-6.7%	-1.4%
Manufacturing	43,247	36,770	31,525	-27.1%	-3.1%	-14.3%	-3.0%
Wholesale Trade	18,081	17,235	14,484	-19.9%	-2.2%	-16.0%	-3.4%
Retail Trade	61,008	63,396	59,717	-2.1%	-0.2%	-5.8%	-1.2%
Transportation and Warehousing	11,380	12,295	12,310	8.2%	0.8%	0.1%	0.0%
Information	14,186	12,399	10,238	-27.8%	-3.2%	-17.4%	-3.8%
Finance and Insurance	22,123	22,611	21,675	-2.0%	-0.2%	-4.1%	-0.8%
Real Estate and Rental and Leasing	5,856	6,485	5,304	-9.4%	-1.0%	-18.2%	-3.9%
Professional and Technical Services	26,995	27,900	30,269	12.1%	1.2%	8.5%	1.6%
Management of Companies and Enterprises	7,303	6,622	7,109	-2.7%	-0.3%	7.4%	1.4%
Administrative and Waste Services	20,149	21,303	17,915	-11.1%	-1.2%	-15.9%	-3.4%
Educational Services	12,303	14,591	16,521	34.3%	3.0%	13.2%	2.5%
Health Care and Social Assistance	65,623	70,683	74,984	14.3%	1.3%	6.1%	1.2%
Arts, Entertainment, and Recreation	6,151	6,895	7,685	24.9%	2.3%	11.5%	2.2%
Accommodation and Food Services	33,379	36,128	37,283	11.7%	1.1%	3.2%	0.6%
Other Services	17,646	18,927	18,257	3.5%	0.3%	-3.5%	-0.7%
Unclassified	279	1,062	546	95.7%	6.9%	-48.6%	-12.5%

Source: New York Department of Labor, Quarterly Census of Employment and Wages; HR&A Advisors

As shown in Figure 8, between 2000 and 2010 Saratoga County's employment growth outperformed that of the State of New York, which lost over 100,000 jobs during the decade. The County's rate of job loss, however, was comparable to that of the State over the past five years.

Figure 8: Comparison of Employment Trends

Region	Employment			Employment			
	2000	2005	2010	2000-2010		2005-2010	
				Cumulative	Annualized	Cumulative	Annualized
Saratoga County	65,077	73,498	73,366	12.7%	1.2%	-0.2%	0.0%
Study Region	511,284	523,436	510,647	-0.1%	0.0%	-2.4%	-0.5%
New York State	8,471,278	8,347,226	8,339,290	-1.6%	-0.2%	-0.1%	0.0%

Source: New York Department of Labor, Quarterly Census of Employment and Wages; HR&A Advisors

## **Race Course- Related Industries**

To isolate the economic performance of sectors influenced by operations of the Saratoga Race Course, we disaggregate private-sector employment in Saratoga County and the Study Region into race course-related employment and other private sector employment. NAICS Industry sectors identified as race course-related are:

- Crop production;
- Animal production;
- Agriculture and forestry support activities;
- Electronic and appliance stores;
- Food and beverage stores;
- Health and personal care stores;
- Gasoline stores;
- Clothing and clothing accessories stores;
- Sporting goods, hobby, book, and music stores;
- Miscellaneous store retailers;
- Performing arts and spectator sports;
- Amusements, gambling, and recreation;
- Accommodation; and
- Food services and drinking places.

Figure 9 reveals how essential the race course -related industries have been to Saratoga County's robust job growth. Between 2000 and 2010, employment in race course -related industries grew by about 4,260 jobs (30 percent) to 18,260; by contrast, employment in all other private industries increased by only about 3,060 jobs (8 percent). Moreover, over the past five years, employment in race course-related industries continued to grow, increasing by over 1,000 jobs, while other sectors lost about 1,350 jobs. Race course-related employment thus increased as a percentage of total private sector employment from 26.1 percent in 2000 to 30 percent in 2010.

Figure 9: Race Course-Related and Total Employment in Saratoga County

Industry Code and Title	Saratoga County Employment			Growth 2000 - 2010	
	2000	2005	2010	Cumulative	Cumulative (%)
NAICS 111 Crop Production	72	84	100	28	39%
NAICS 112 Animal Production	121	124	171	50	41%
NAICS 115 Agriculture & Forestry Support Activity	16	55	69	53	331%
NAICS 443 Electronics and Appliance Stores	112	220	227	115	103%
NAICS 445 Food and Beverage Stores	2,459	2,451	2,606	147	6%
NAICS 446 Health and Personal Care Stores	533	546	570	37	7%
NAICS 447 Gasoline Stations	865	813	699	-166	-19%
NAICS 448 Clothing and Clothing Accessories Stores	750	1,163	874	124	17%
NAICS 451 Sporting Goods/Hobby/Book/Music Stores	468	623	502	34	7%
NAICS 452 General Merchandise Stores	1,397	2,171	2,290	893	64%
NAICS 453 Miscellaneous Store Retailers	641	615	582	-59	-9%
NAICS 711 Performing Arts and Spectator Sports	503	890	546	43	9%
NAICS 713 Amusement, Gambling & Recreation	566	793	1,748	1,182	209%
NAICS 721 Accommodation	802	805	943	141	18%
<u>NAICS 722 Food Services and Drinking Places</u>	<u>4,698</u>	<u>5,801</u>	<u>6,337</u>	<u>1,639</u>	<u>35%</u>
<i>Racing-Related Industry Employment, Subtotal</i>	14,003	17,154	18,264	4,261	30%
<i>Other Private Sector Employment</i>	39,632	44,059	42,693	3,061	8%
<b>Total Private Sector Employment</b>	53,635	61,213	60,957	7,322	14%
<b>Total Public Sector Employment</b>	11,442	12,285	12,409	967	8%
<b>Total Employment</b>	65,077	73,498	73,366	8,289	13%
Racing-Related Share of Private Sector Employment	26.1%	28.0%	30.0%		
Racing-Related Share of Total Employment	21.5%	23.3%	24.9%		

Source: New York Department of Labor, Quarterly Census of Employment and Wages; HR&A Advisors

The difference between employment growth in race course-related industries versus other private sector industries was even starker in the Study Region. As shown in Figure 10, between 2000 and 2010, race course-related employment in the Study Region increased by about 4,580 jobs (5 percent) to 89,830; employment in other private sector industries in the region declined by about 4,880 jobs (2 percent). In the past five years, race course-related employment grew by about 450 jobs while other private sector employment declined by around 11,750 jobs. Race course-related employment therefore grew as a percentage of total private sector employment from 21.8 percent in 2000 to 23.0 percent in 2010. Job growth in sectors potentially influenced by the operations of the Saratoga Race Course was a bright spot for the relatively stagnant economy of the Study Region.



Figure 10: Race Course-Related and Total Employment in the Study Region

Industry Code and Title	Employment			Growth 2000 - 2010	
	2000	2005	2010	Cumulative	Cumulative (%)
<i>Racing-Related Industry Employment, Subtotal</i> <sup>1</sup>	85,246	89,364	89,828	4,582	5%
<i>Other Private Sector Employment</i>	305,338	312,210	300,453	-4,885	-2%
<b>Total Private Sector Employment</b>	390,584	401,574	390,281	-303	0%
<b>Total Public Sector Employment</b>	120,700	121,862	120,366	-334	0%
<b>Total Employment</b>	511,284	523,436	510,647	-637	0%
Racing-Related Share of Private Sector Employment	21.8%	22.3%	23.0%		
Racing-Related Share of Total Employment	16.7%	17.1%	17.6%		

<sup>1</sup> Crop Production; Animal Production; Agriculture & Forestry Support Activity; Electronics and Appliance Stores; Food and Beverage Stores; Health and Personal Care Stores; Gasoline Stations; Clothing and Clothing Accessories Stores; Sporting Goods/Hobby/Book/Music Stores; General Merchandise Stores; Miscellaneous Store Retailers; Performing Arts and Spectator Sports; Amusement, Gambling & Recreation; Accommodation; and Food Services and Drinking Places.

Source: New York Department of Labor, Quarterly Census of Employment and Wages; HR&A Advisors

## Socioeconomic Trends

Saratoga County outpaced all other counties in the Study Region and the State of New York in terms of population and household growth rates between 2000 and 2010. The County's population grew nine percent over the period, while the number of households grew 13 percent; in the Study Region and New York State the rates of population growth were five percent and two percent, and rates of household growth were 7 percent and 4 percent, respectively.

Saratoga County's median household income, \$64,964 in 2009, was higher than that of all the other counties in the Study Region. In fact, it was nearly \$10,000 higher than the overall median household income in New York State. While the median income is higher in Saratoga County, its growth rate of 31 percent over the past decade is similar to the surrounding counties and state overall.

Figure 11: Socioeconomic Summary by County

Geographic Area	Census 2000			Census 2010			Cumulative Change		
	Population	Households	Median Household Income (1999\$)	Population	Households	Median Household Income (2009\$) <sup>1</sup>	Population	Households	Median Household Income
Albany County	294,565	120,512	\$42,935	304,204	126,251	\$55,856	3%	5%	30%
Columbia County	63,094	24,796	\$41,915	63,096	25,906	\$53,160	0%	4%	27%
Greene County	48,195	18,256	\$36,493	49,221	19,823	\$46,165	2%	9%	27%
Montgomery County	49,708	20,038	\$32,128	50,219	20,272	\$42,114	1%	1%	31%
Rensselaer County	152,538	59,894	\$42,905	159,429	64,702	\$53,686	5%	8%	25%
<b>Saratoga County</b>	<b>200,635</b>	<b>78,165</b>	<b>\$49,460</b>	<b>219,607</b>	<b>88,296</b>	<b>\$64,964</b>	<b>9%</b>	<b>13%</b>	<b>31%</b>
Schenectady County	146,555	59,684	\$41,739	154,727	62,886	\$54,740	6%	5%	31%
Warren County	63,303	25,726	\$39,198	65,707	27,990	\$50,344	4%	9%	28%
<u>Washington County</u>	<u>61,042</u>	<u>22,458</u>	<u>\$37,668</u>	<u>63,216</u>	<u>24,142</u>	<u>\$46,729</u>	<u>4%</u>	<u>7%</u>	<u>24%</u>
Study Region	1,079,635	429,529	N/A	1,129,426	460,268	N/A	5%	7%	N/A
New York State	18,976,457	7,056,860	\$43,393	19,378,102	7,317,755	\$55,353	2%	4%	28%

<sup>1</sup> Median Household Income data derives from American Community Survey 2007-2009 3-Year Estimates as Census 2010 data were not yet available.

Source: U.S. Census Bureau; HR&A Advisors

As of 2010, Saratoga County's population was about 219,600, comprising approximately 19.4 percent of the Study Region's population and 1.1 percent of New York State's population. Saratoga County's 88,290 households amounted to 19.1 percent of the Study Region's households and 1.2 percent of New York State's households. At 40.9 years, the median age of the population was higher in Saratoga County than in the State of New York as a whole. Saratoga County's relatively strong economic performance may owe to its high educational attainment, defined as the proportion of the population age 25 and older with at least a Bachelors Degree. 34.2 percent of Saratoga County residents age 25 and over held at least a Bachelors degree, versus 29.8 percent in the Study Region and 32.2 percent in New York State.

Figure 12: Population and Housing Comparison

Characteristics	Saratoga County	Study Region	New York State
Population	219,607	1,129,426	19,378,102
Households	88,296	460,268	7,317,755
Median Income <sup>1</sup>	\$64,964	\$55,504	\$55,353
Median Age	40.9	40.6	38.0
Educational Attainment <sup>1 2</sup>	34.4%	29.8%	32.2%

<sup>1</sup> Median Household Income and Educational Attainment data derives from American Community Survey 2007-2009 3-Year Estimates.

<sup>2</sup> Proportion of the population over 25 with a bachelor's degree or higher.

Source: U.S. Census Bureau; HR&A Advisors

## Real Estate Trends

Home values are determined by a myriad of property-specific factors (e.g. lot size, square feet, number of rooms) and locational attributes (e.g. distance to employment centers, public school quality, community amenities). While determining the marginal effect of the Saratoga Race Course on home values is beyond the scope of this analysis, data on home values in the City of Saratoga Springs, Saratoga County, and the Study Region provided in this section offers additional insight into the local economy.

In 2008, 2009, and 2010, Saratoga County median home values were considerably higher than those in the other counties in the Study Region. This premium attests to Saratoga County's unique quality of life and cultural identity that makes it a desirable place to reside. The Saratoga Race Course and the complementary activities it sustains are inexorable parts of this unique identity.

As presented in Figure 13, the median home value in Saratoga County in 2010 was \$250,000, making it the only county in the Study Region with a median home value of over \$200,000. Despite the late-2000s recession's negative effects on the housing market, Saratoga County's median home value appreciated 2 percent between 2008 and 2010, based on sales data collected by the New York State Office of Real Property Tax Services.

Figure 13: Median Home Values within the Study Region

County	2008	2009	2010	Annual Price Appreciation
Albany County	\$ 195,000	\$ 195,000	\$ 195,000	0%
Columbia County	\$ 210,000	\$ 204,000	\$ 197,500	-3%
Greene County	\$ 175,000	\$ 165,000	\$ 157,500	-5%
Montgomery County	\$ 87,000	\$ 90,100	\$ 87,900	1%
Rensselaer County	\$ 165,592	\$ 165,000	\$ 165,000	0%
Saratoga County	\$ 240,000	\$ 237,950	\$ 250,000	2%
Schenectady County	\$ 155,500	\$ 153,500	\$ 160,900	2%
Warren County	\$ 189,000	\$ 172,000	\$ 180,399	-2%
Washington County	\$ 128,000	\$ 128,000	\$ 125,000	-1%

Source: New York State Office of Real Property Tax Services; HR&A Advisors

### Real Estate Sales to Racing Affiliates

Many individuals involved with the thoroughbred racing industry have chosen to invest in real estate located in the region. Jockeys, owners, trainers and other race participants have purchased homes and condominiums in and around Saratoga Springs for a number of years. Their significant investments have contributed in part to Saratoga County's relatively strong real estate market during a period when real estate markets across the county are struggling.

In order to develop a more robust understanding of racing's impact on the local real estate market, the Saratoga County Industrial Development Agency examined real estate data from the City of Saratoga Springs to identify title-holders known to be involved in horse racing. Despite the difficulty of identifying owners given the prevalence of limited liability corporations, this analysis conclusively identified approximately 175 properties with an aggregate market value of \$107 million dollars that belong to people directly involved in racing. Although the impact of the presence of the Race Course on the real estate market is not included in this analysis, it is fair to assume that the total impact of the Saratoga Race Course on the local real estate market is significant, as a number of owners, trainers, and racing enthusiasts have invested in real estate in the area.

### Summer Rentals

Hundreds of homeowners in Saratoga Springs and neighboring towns have traditionally taken advantage of the racing meet to rent their homes, condos and apartments to owners, trainers, jockeys, and track employees. A survey of three realtors in the area who rent properties during the meeting found a total of 232 properties rented for an aggregate cost of \$3 million. Weekly rental rates range from \$1,500 to as much as \$10,000 for a seven-day stay in or around Saratoga Springs. Rates for the full seven-week meeting range from \$3,500 for a small one bedroom home up to \$25,000 or higher for a trackside mansion.

## Condo and Hotel Construction Activity

While the condominium and hotel markets in Saratoga County have been slowed by the recession, several new condo and hotel developments have come online or have been planned in recent years. Local planning officials identify nine condo projects in the City of Saratoga Springs either approved, in development, or completed in recent years, representing over 300 units and \$30 million in investment.

The draw of the Saratoga Race Course has contributed to the growth of the regional hospitality industry in recent years. In Saratoga County, five new hotels have opened or have gone under construction since 2005. As shown in Figure 14, these projects represent 520 new hotel rooms and an investment of over \$40 million.

Figure 14: Saratoga County Hotel Projects since 2005

Name	Location	Number of Rooms	Investment (in Millions)
Hampton Inn & Suites	Saratoga Springs	123	\$12.3
Hilton Garden Inn <sup>1</sup>	Clifton Park	105	\$10.5
Holiday Inn Express	Clifton Park	76	\$5.4
Hyatt Place	Malta	120	\$6.2
Resident Inn by Marriott <sup>1</sup>	Clifton Park	96	\$7.7
<i>Total</i>		<i>520</i>	<i>\$42.1</i>

Source: Saratoga County Planning Department; HR&A Advisors

<sup>1</sup> Project is not yet completed.



## Section 3: Economic Context

This section describes trends in thoroughbred racing, equine operations, and tourism in the Study Region and New York State that provide invaluable context for understanding the Saratoga Race Course's economic impact on the regional economy and how it has changed over time.

Saratoga Race Course is a crucial actor in the New York State thoroughbred racing industry. In 2010, the Saratoga Race Course attracted more visitors and live-on track wagering than any other thoroughbred venue in New York State. The intensity of its operations creates great demand amongst race participants and spectators for goods and services provided by the equine operations and tourism industries.

For example, consider the implications of spending by a thoroughbred racing team competing at the Saratoga Race Course. These participants purchase goods and services from regional suppliers (e.g. trainers), who in turn purchase raw materials from other regional suppliers (e.g. feed from local farms). An increase or decrease in the amount of a good or service demand by thoroughbred racing participants will stimulate an increase or decrease in output and employment in these related supplier industries.

### Thoroughbred Racing

New York State is one of the country's leading thoroughbred racing locations. Within the State, racing enthusiasts have many options for on-track and off-track wagering. There are four thoroughbred racing tracks in the State:

- Aqueduct Racetrack in New York City;
- Belmont Park in Elmont;
- Saratoga Race Course in Saratoga Springs; and
- Finger Lakes Gaming and Racetrack in Farmington.

Fans at these facilities have the ability to wager on races occurring live on site and simultaneous broadcasts of live races occurring offsite (known as simulcasts). Fans can also patronize Off-Track Betting Corporations (OTBs) operating within and outside the State that allow wagering on thoroughbred races.<sup>2</sup>

The performance of the Horse Racing Industry is evaluated based on the level of wagering occurring. The total amount of wagering is known as the "handle." Figure 15 presents the total handle on New York State racing in 2010 broken down by source.

- The "live handle" represents the amount wagered on live races at New York State tracks;
- The "simulcast export handle" represents the amount wagered on New York State racing simulcast at other New York State tracks.
- The "simulcast import handle" is the 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 bet on races other than those occurring at the track at which they are at in between or after live racing.

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<sup>2</sup> Except for the New York City OTB, which closed in 2010.

- The “New York State OTBs” represent the amount wagered on New York State racing at non-track off-site New York State locations; and
- The “out-of-state” represent the amount wagered on New York State racing at out-of-state locations.

As shown in Figure 15, New York State Racing produced a total handle of about \$2.8 billion in 2010. Thoroughbred racing accounted for approximately \$2.3 billion of wagering, equivalent to 81 percent of the total handle on New York State Racing. This is down from \$2.9 billion of wagering on thoroughbred racing in 2004. Of the total wagering on New York State thoroughbred racing, only about 15 percent occurred on track (either live wagering or wagering on simulcast races at other State racetracks). In-State OTBs accounted for about 21 percent of the total handle on New York State thoroughbred racing, and out-of-state betting facilities accounted for about 64 percent of the handle on New York State thoroughbred racing. It is important to note these figures do not capture the impact of the December 2010 closure of the NYC OTB, which accounted for about 47 percent of the OTB handle in 2010.

Figure 15: Handle on New York State Racing in 2010

Handle (\$000s)	Thoroughbred Racing	Harness Racing	Total
Live	\$274,503	\$37,432	\$311,936
Simulcast Exports (to NYS Tracks)	\$57,022	\$8,152	\$65,174
NYS OTBs	\$481,035	\$100,674	\$581,709
<u>Out-of-State OTBs</u>	<u>\$1,474,750</u>	<u>\$376,564</u>	<u>\$1,851,314</u>
Total Handle on NYS Racing	\$2,287,310	\$522,823	\$2,810,133

Source: New York State Racing and Wagering Board

Handle trends indicate that thoroughbred racing in New York State is experiencing a steady decline, while harness racing has experienced a rebound in popularity more recently. As shown in Figure 16, the total handle at New York State thoroughbred racing tracks declined 23 percent between 2000 and 2010, with a 10 percent decline between 2005 and 2010. This decline owed largely to a significant drop in live handle from about \$540 million in 2000 to about \$416 million in 2010. While harness racing experienced a larger relative decline in total handle between 2000 and 2010, 31 percent, total handle actually rebounded 27 percent between 2005 and 2010. This increase is likely attributable to the addition of video slot machines at tracks, which broadened the attractiveness of attending harness track events. Overall, total handle at New York State race tracks fell by approximately one quarter of its value between 2000 and 2010, from \$760 million to \$570 million. Most of the decline occurred between 2000 and 2005.

Figure 16: Handle at New York State Racetracks, Selected Years (\$000s)

	2000	2005	2010	Percent Change 2000-2010	Percent Change 2005-2010
<b>Handle at NYS Thoroughbred Tracks</b>					
Simulcast Import Handle	\$146,447	\$135,701	\$141,280	-4%	4%
<u>Live Handle</u>	<u>\$393,294</u>	<u>\$326,020</u>	<u>\$274,503</u>	<u>-30%</u>	<u>-16%</u>
Handle at NYS Thoroughbred Tracks	\$539,741	\$461,721	\$415,784	-23%	-10%
<b>Handle at NYS Harness Tracks</b>					
Simulcast Import Handle	\$154,364	\$91,586	\$116,378	-25%	27%
<u>Live Handle</u>	<u>\$69,817</u>	<u>\$29,644</u>	<u>\$37,432</u>	<u>-46%</u>	<u>26%</u>
Handle at NYS Harness Tracks	\$224,182	\$121,230	\$153,811	-31%	27%
<b>Total Handle at NYS Racetracks</b>					
Simulcast Import Handle	\$300,811	\$227,287	\$257,659	-14%	13%
<u>Live Handle</u>	<u>\$463,112</u>	<u>\$355,664</u>	<u>\$311,936</u>	<u>-33%</u>	<u>-12%</u>
Handle at all NYS Racetracks	\$763,922	\$582,951	\$569,594	-25%	-2%

Source: New York State Racing and Wagering Board

Yet while the thoroughbred racing industry in New York has struggled in recent years, Saratoga Race Course has fared far better than the other three tracks. The total on-track handle at Saratoga Race Course increased 5 percent between 2000 and 2010, reaching approximately \$127 million in 2010. By contrast, total on-track handle declined between 13 percent and 45 percent at the other three thoroughbred tracks.

In the amount of live handle, however, the Saratoga Race Course has performed much more consistently than the other New York State courses. Total live handle at Saratoga only declined by 1% over the decade, in contrast to declines at other tracks ranging from 32 percent to 69 percent. The extension of the meet at Saratoga likely contributed to the stability of the live handle over this period.

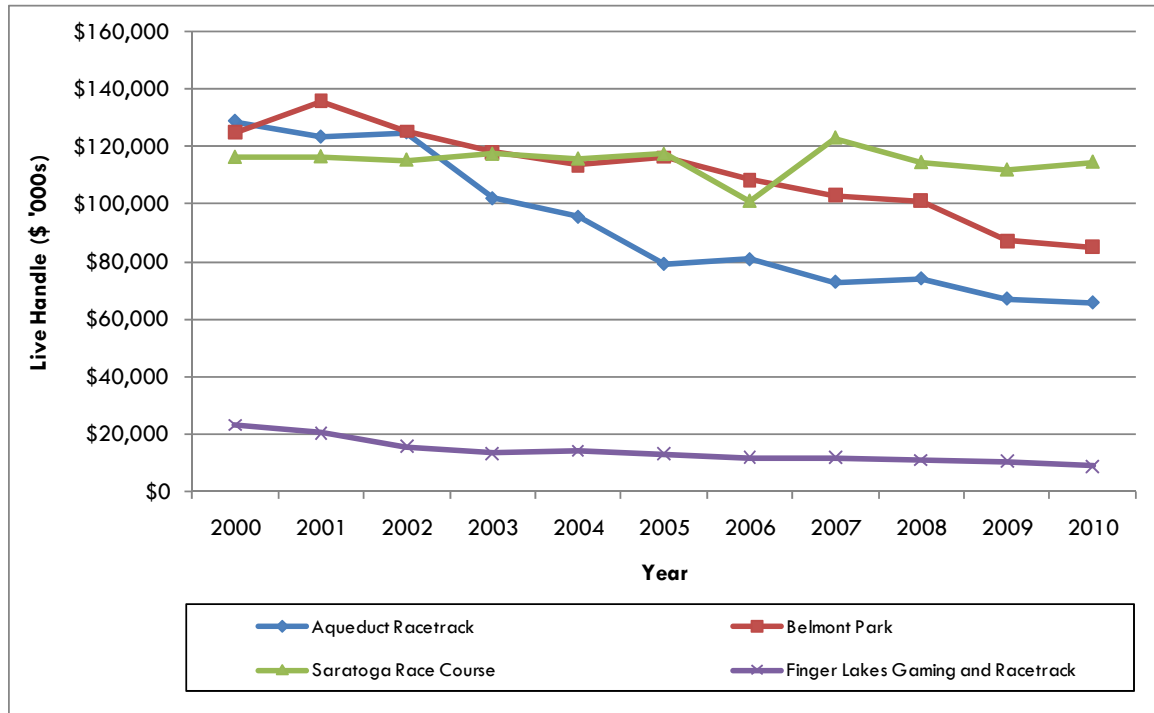
Figure 17: New York State Thoroughbred Racetrack Handle, Selected Years (\$000s)

	2000	2005	2010	Percent Change 2000-2010	Percent Change 2005-2010
<b>Simulcast Import Handle</b>					
Aqueduct Racetrack	\$96,934	\$65,593	\$59,444	-39%	-9%
Belmont Park	\$37,319	\$37,883	\$55,996	50%	48%
Saratoga Race Course	\$3,962	\$15,314	\$12,155	207%	-21%
<u>Finger Lakes Gaming and Racetrack</u>	<u>\$8,232</u>	<u>\$16,911</u>	<u>\$13,685</u>	<u>66%</u>	<u>-19%</u>
Racetrack Simulcast Handle	\$146,447	\$135,701	\$141,280	-4%	4%
<b>Live Handle</b>					
Aqueduct Racetrack	\$128,885	\$79,159	\$65,770	-49%	-17%
Belmont Park	\$124,896	\$116,487	\$85,165	-32%	-27%
Saratoga Race Course	\$116,357	\$117,379	\$114,693	-1%	-2%
<u>Finger Lakes Gaming and Racetrack</u>	<u>\$23,156</u>	<u>\$12,995</u>	<u>\$8,875</u>	<u>-62%</u>	<u>-32%</u>
Racetrack Live Handle	\$393,294	\$326,020	\$274,503	-30%	-16%
<b>Total "On-Track" Handle</b>					
Aqueduct Racetrack	\$225,820	\$144,752	\$125,214	-45%	-13%
Belmont Park	\$162,215	\$154,370	\$141,161	-13%	-9%
Saratoga Race Course	\$120,318	\$132,693	\$126,849	5%	-4%
<u>Finger Lakes Gaming and Racetrack</u>	<u>\$31,388</u>	<u>\$29,906</u>	<u>\$22,560</u>	<u>-28%</u>	<u>-25%</u>
Racetrack Total Handle	\$539,741	\$461,721	\$415,784	-23%	-10%

Source: New York State Racing and Wagering Board

Figure 18 graphically displays the trend in on-track live handle at the four New York State thoroughbred racetracks between 2000 and 2010. The Saratoga Race Course bucked the downward trend experienced by the other racetracks, and in 2010 had the largest on-track live handle of any thoroughbred track in the State by almost \$30 million.

Figure 18: Live Handle at New York State Thoroughbred Racetracks



Source: New York State Racing and Wagering Board

While Saratoga Race Course has avoided the precipitous declines in live handle that have plagued other New York State thoroughbred racetracks, it did not avoid falling attendance in the past five meets. Saratoga Race Course's attendance fell by 120,000 patrons from 999,200 in 2005 to 878,300 in 2010, with the decline concentrated after the onset of the late-2000s recession in 2008. This represents a 12 percent decline, which was not as severe as the 23 percent overall decline for thoroughbred racing attendance in the State, but still notable especially considering that the meet was extended by four race days in 2010. Given the longer meet and lower attendance, average daily attendance at Saratoga Race Course fell 26 percent from approximately 27,760 in 2005 to 21,960 in 2010. Nonetheless, the Saratoga Race Course outdrew the other thoroughbred racetracks in New York State by a considerable margin in 2010, attracting about 390,000 more patrons than Belmont Park, which drew the second most patrons.



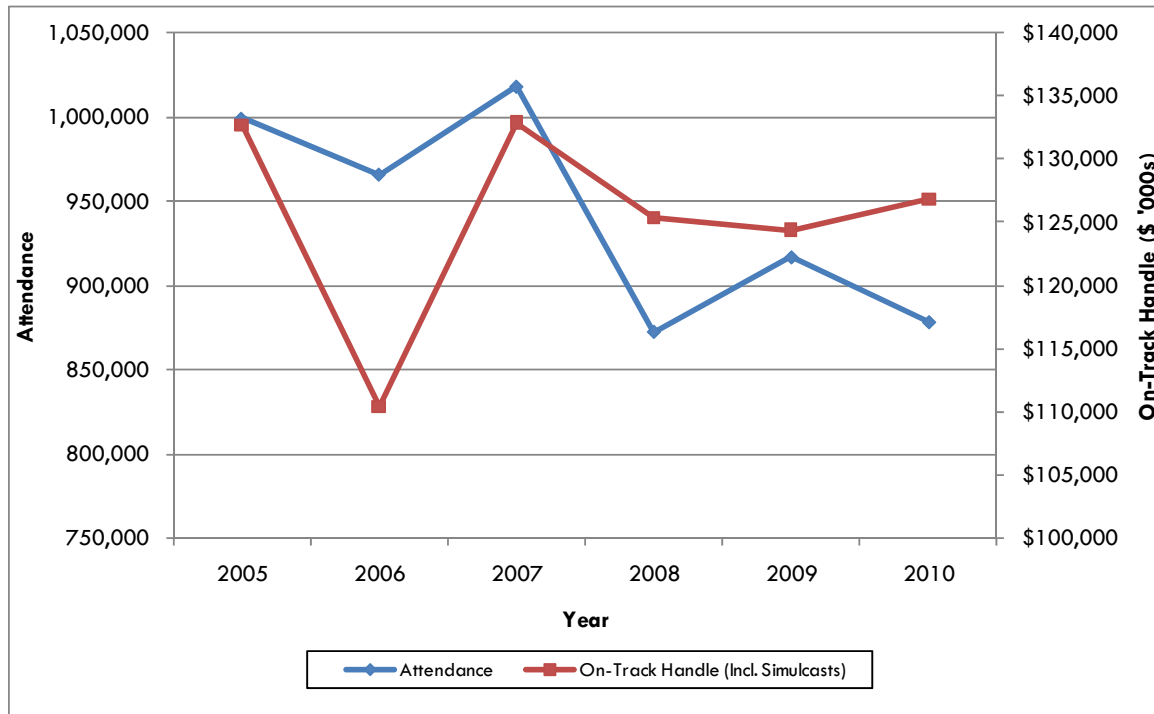
Figure 19: New York State Thoroughbred Racetrack Attendance

	2005	2006	2007	2008	2009	2010
<b>Attendance</b>						
Aqueduct Racetrack	371,012	369,874	319,614	326,557	281,713	337,807
Belmont Park	827,548	530,303	545,576	599,951	534,625	488,049
Saratoga Race Course	999,215	966,033	1,018,273	872,557	916,860	878,288
<u>Finger Lakes Gaming and Racetrack</u>	<u>241,270</u>	<u>233,218</u>	<u>231,722</u>	<u>207,725</u>	<u>208,351</u>	<u>177,691</u>
Total Racetrack Attendance	2,439,045	2,099,428	2,115,185	2,006,790	1,941,549	1,881,835
<b>Race Days</b>						
Aqueduct Racetrack	121	121	116	119	117	110
Belmont Park	97	92	92	95	97	92
Saratoga Race Course	36	35	36	35	36	40
<u>Finger Lakes Gaming and Racetrack</u>	<u>160</u>	<u>156</u>	<u>158</u>	<u>157</u>	<u>163</u>	<u>163</u>
Total Number of Race Days	414	404	402	406	413	405
<b>Average Attendance Per Day</b>						
Aqueduct Racetrack	3,066	3,057	2,755	2,744	2,408	3,071
Belmont Park	8,531	5,764	5,930	6,315	5,512	5,305
Saratoga Race Course	27,756	27,601	28,285	24,930	25,468	21,957
<u>Finger Lakes Gaming and Racetrack</u>	<u>1,508</u>	<u>1,495</u>	<u>1,467</u>	<u>1,323</u>	<u>1,278</u>	<u>1,090</u>
Average Attendance Per Day (All Tracks)	5,891	5,197	5,262	4,943	4,701	4,647

Source: New York State Racing and Wagering Board

Figure 20 graphically displays Saratoga Race Course's annual attendance and on-track handle between 2005 and 2010. As previously discussed, both indicators have fallen since 2005, with the declines concentrated post-2007. Yet both attendance and total on-track handle had recovered to be higher in 2010 than in 2008.

Figure 20: Saratoga Race Course Attendance and Racetrack Handle



Source: New York State Racing and Wagering Board

Despite falling attendance in recent years, the Saratoga Race Course continues to measure up well with other prominent thoroughbred racetracks in the county. As shown in Figure 21, of the thoroughbred racetracks in the United States hosting five or more grade I stakes races in 2011, Saratoga Race Course had the highest annual attendance, average daily attendance, and average daily live on-track handle. Only Santa Anita Park, which races 45 more days than Saratoga Race Course, had a higher total live-on-track handle.

Figure 21: U.S. Thoroughbred Tracks with Five or More Grade I Stakes Races in 2011

Track	State	Attendance	Days Raced	Average Daily Attendance	Live On-Track Handle	Average Daily Live On-Track Handle
Saratoga Race Course	New York	878,288	40	21,957	\$114,693,166	\$2,867,329
Del Mar	California	662,521	42	15,774	\$78,362,626	\$1,865,777
Keeneland Race Course <sup>1</sup>	Kentucky	432,966	32	13,530	\$36,581,162	\$1,143,161
Churchill Downs <sup>1</sup>	Kentucky	808,038	73	11,069	\$80,616,588	\$1,104,337
Santa Anita Park	California	610,153	85	7,178	\$116,078,732	\$1,365,632
Belmont Park	New York	488,049	92	5,305	\$85,164,690	\$925,703
Hollywood Park	California	419,731	101	4,156	\$89,719,866	\$888,316

Source: New York State Racing and Wagering Board; California Horse Racing Board; Kentucky Horse Racing Commission; HR&A Advisors

<sup>1</sup> Data from Kentucky race tracks reflects 2009, the most recent year for which data is available. All other data is from 2010.

## Equine and Equine Operations

This section analyzes the equine industry in New York State. HR&A utilizes data regarding equine population counts, equine operations, and breeding operations in the State and Study Region.

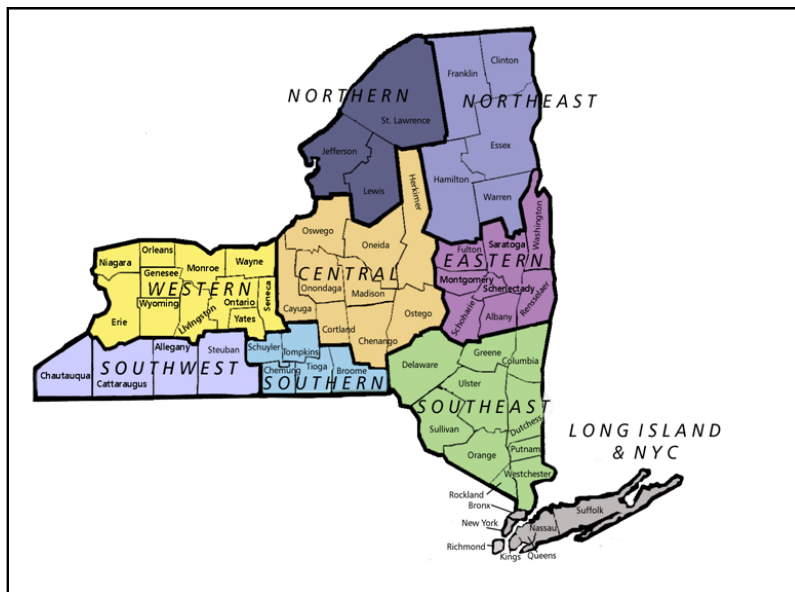
### Overview

In 2005, the New York Agricultural Statistics Service administered a survey of equine operations in the State. This survey updates the findings of the 2000 New York Equine Survey that informed the 2006 Economic Impacts Study. This updated study provides better context on the equine industry in New York State than is available from federal data on employment or agriculture.

According to the 2005 New York Equine Survey, there were 163,600 light-breed horses in New York State in 2005, an increase of 15 percent from the number counted in 2000. The survey finds that there were 4,700 boarding and training operations, 2,300 breeding operations, and 6,000 crop and livestock farms serving the equine industry in New York State in 2005.

As did the 2000 survey, the 2005 New York Equine Survey provides data on the geographic distribution of horses and equine operations by district. The nine districts are identified in Figure 22. Saratoga County is located in the Eastern District, along with Albany, Fulton, Montgomery, Rensselaer, Schoharie, Schenectady, and Washington Counties.

Figure 22: New York Equine Survey Districts

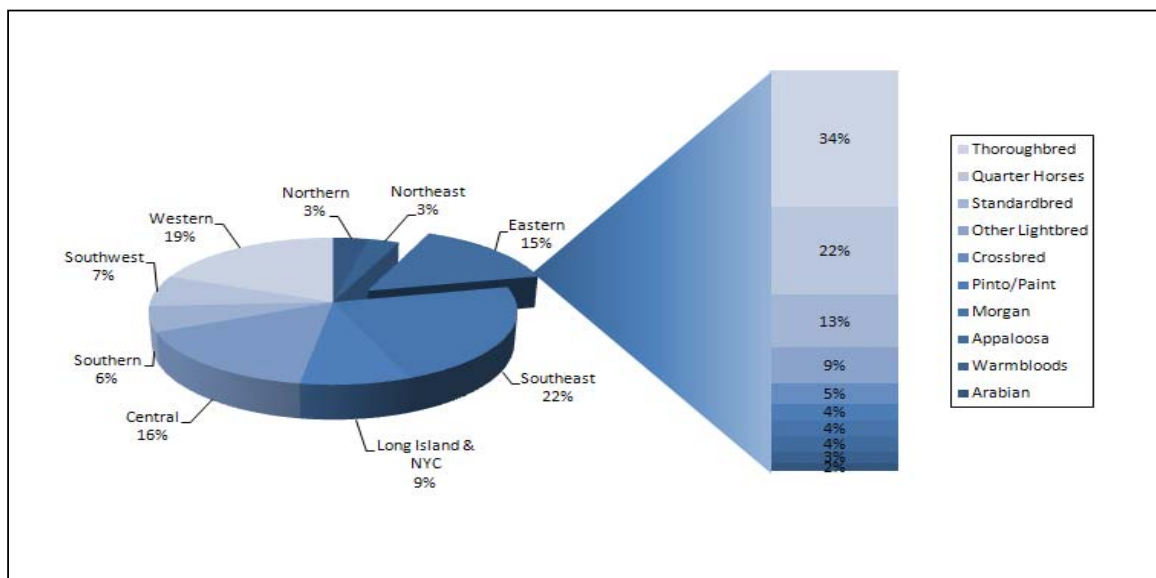


Source: New York Equine Survey (2000); Economics Research Associates

## Equine

According to the 2005 New York Equine Survey, the Eastern District was home to 24,600 light-breed equine, 15 percent of the State's total light-breed equine. In 2000, the Eastern District had been home to 23,580 light breed equine, which then represented 17 percent of the State's total light-breed equine. Of the 24,600 light breed horses in the Eastern District, 8,400 were thoroughbred horses. Figure 23 displays (1) the geographic distribution of all New York State light-breed equine and (2) the distribution of light breed horses by type in the Eastern District.

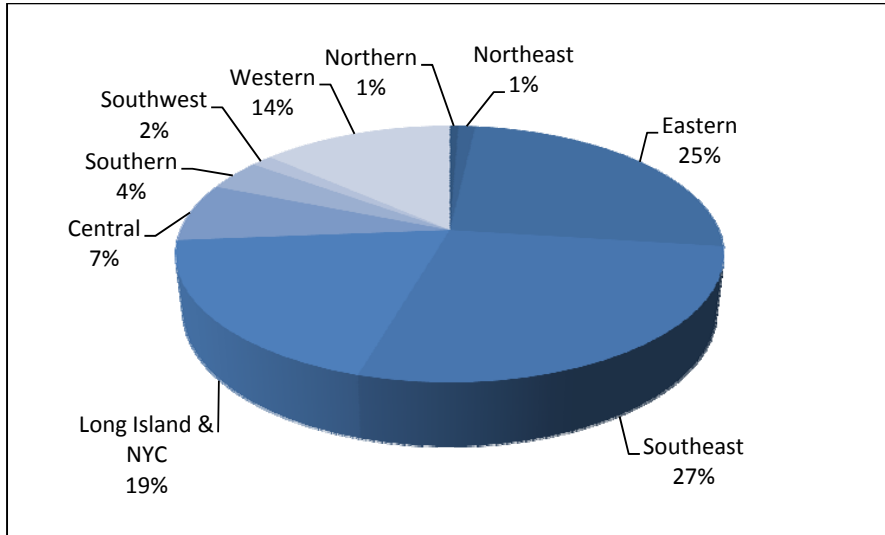
Figure 23: Number of Light-Breed Equine by District



Source: New York Equine Survey (2005); HR&A Advisors

The New York Equine Survey also reveals that over 70 percent of the State's 33,300 thoroughbred horses were located in three districts: the Southeast District, the Eastern District, and the Long Island and New York City District. As shown in Figure 24, these three districts contained 27 percent, 25 percent, and 19 percent of the thoroughbred horses in the State, respectively. With 25 percent of New York State's thoroughbred horses in 2005, the Eastern District's share of thoroughbred horses remained the same as it was in 2000.

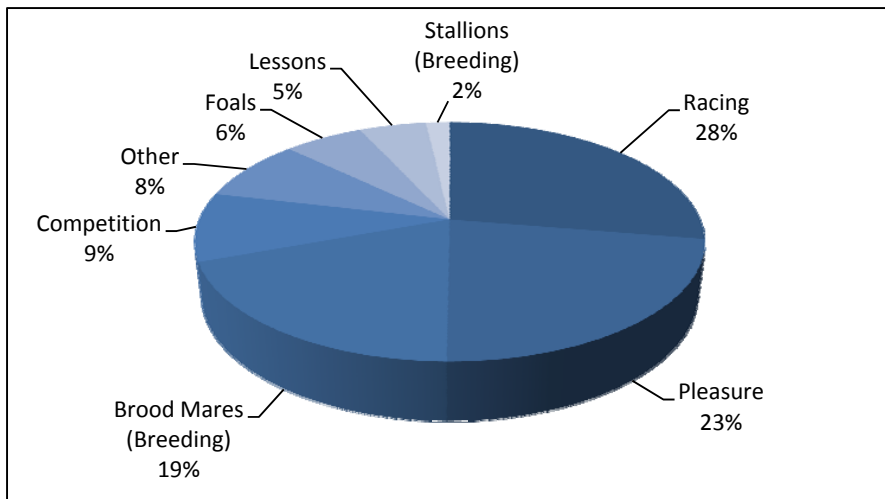
Figure 24: Number of Thoroughbreds by District



Source: New York Equine Survey (2005); HR&A Advisors

As displayed in Figure 25, in 2005 28 percent of New York State thoroughbreds were used for racing and 21 percent were used for breeding. The proportion of thoroughbreds in the State used for racing was down from 35 percent in 2000.

Figure 25: New York State Thoroughbreds by Primary Use

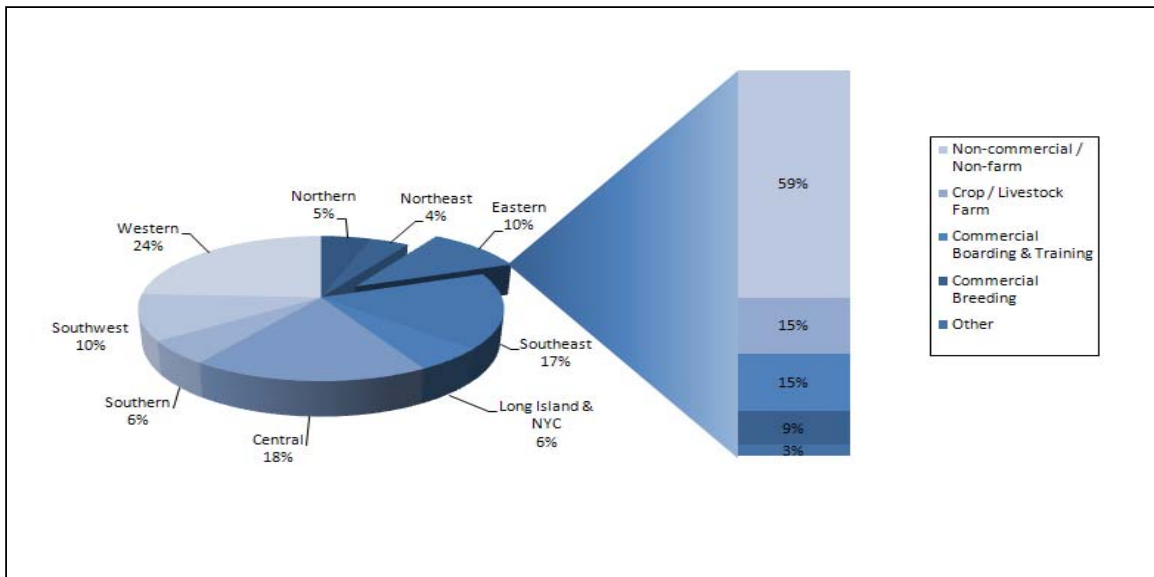


Source: New York Equine Survey (2005); HR&A Advisors

## Equine Operations

As shown in Figure 26, 10 percent of New York State's equine operations were located in the Eastern District in 2005, down from 15 percent in 2000. The majority of equine operations in the Eastern District were non-commercial / non-farms, about 15 percent were crop/ livestock farm, about 15 percent were commercial boarding and training operations, and about 9 percent were commercial breeding operations.

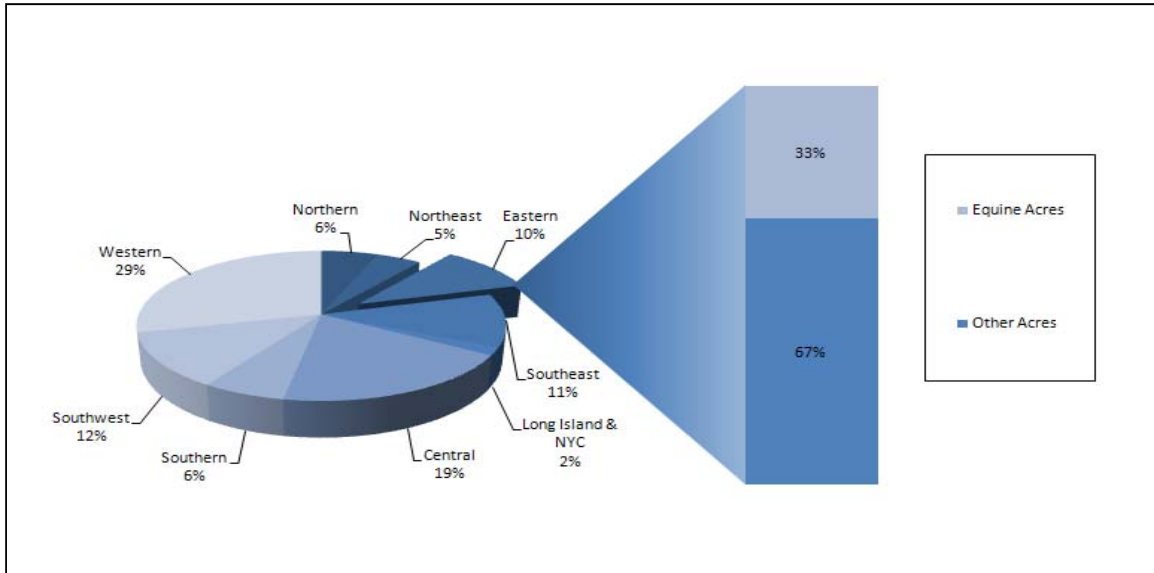
Figure 26: Equine Operations by District



Source: New York Equine Survey (2005); HR&A Advisors

New York State had roughly 3.1 million acres in equine-related usage in 2005, equal to about 10 percent of the State's land area. As shown in Figure 27, the Eastern District accounted for about 10 percent of the State's equine-related acreage, down from 14 percent in 2000. Of the Eastern District's 313,000 equine-related acres, 104,000 acres were used for horses, including 52,000 acres of fenced pasture.

Figure 27: Equine-Related Acres by District



Source: New York Equine Survey (2005); HR&A Advisors

According to the 2005 New York Equine Survey, the total value of equine land, fencing, and buildings in the State was approximately \$7.1 billion, equal to about \$7,180 per acre. The total value of equine land, fencing, and buildings in the Eastern District was about \$630 million, an increase of \$290 million from the value in 2000. The average value of an equine acre in the Eastern District was \$6,070 in 2005.

### Horse Farms

A valuable source of information on horse farms is the New York State Office of Real Property Tax Services, which maintains a database on parcels by detailed land use classification. These parcel classifications include agricultural uses and horse farms. As shown in Figure 28, in 2010 604 parcels in Saratoga County were classified as agricultural, with about 9 percent of these agricultural parcels being horse farms. This represents an increase from 2004, when 6 percent of the County's agricultural parcels were classified as horse farms. As was the case in 2004, in 2010 the proportion of agricultural parcels in Saratoga County classified as horse farms was greater than it was in the Study Region and New York State.



Figure 28: Agricultural Parcels in Saratoga County, the Study Region, and New York State (2010)

Parcel Type	Saratoga County	Study Region	New York State
Agricultural	1	21	293
Agricultural Vacant Land (Productive)	199	2,457	36,428
Livestock and Products	12	51	1,101
Poultry and Poultry Products: eggs, chickens, turkeys, ducks and geese	6	14	197
Dairy Products: milk, butter and cheese	98	1,077	10,249
Cattle, Calves, Hogs	24	238	2,569
Sheep and Wool	4	33	215
Honey and Beeswax	1	6	32
Other Livestock: donkeys, goats	17	65	564
Horse Farms	56	207	1,489
Field Crops	140	1,501	17,670
Acquired Development Rights	13	14	1,023
Truck Crops - Mucklands	0	1	2,131
Truck Crops - Not Mucklands	6	38	673
Orchard Crops	5	7	75
Apples, Pears, Peaches, Cherries, etc.	9	121	1,415
Vineyards	0	3	1,651
Other Fruits	0	6	48
Nursery and Greenhouse	8	65	750
Specialty Farms	2	6	44
Fur Products: mink, chinchilla, etc.	0	0	4
Pheasant, etc.	0	2	13
Aquatic: oysterlands, fish and aquatic plants	0	0	336
Livestock: deer, moose, llamas, buffalo, etc.	0	6	32
<u>Fish, Game and Wildlife Preserves</u>	<u>3</u>	<u>4</u>	<u>157</u>
<b>Total, All Agricultural Parcels</b>	<b>604</b>	<b>5,943</b>	<b>79,159</b>
<b>Percentage of Agricultural Parcels that are Horse Farms</b>	<b>9.3%</b>	<b>3.5%</b>	<b>1.9%</b>

Source: New York State Office of Real Property Tax Services, 2010 Annual Assessment Rolls; HR&A Advisors

As shown in Figure 29, the total estimated value of agricultural property in Saratoga County was approximately \$188 million. Properties designated as horse farms were valued at about \$58 million, while all other agricultural property in the County was valued at approximately \$130 million. Yet on a per parcel basis, horse farms were on average valued much higher than other agricultural parcels. On average, horse farms were valued at about \$1,030,000, while other agricultural properties were valued at about \$237,000. Moreover, the average value of horse farms in Saratoga County had grown 137 percent since 2004, while the average value of other agricultural parcels had grown only about 52 percent. At the municipal level, only eleven parcels in Saratoga Springs were designated as agricultural, with two of these categorized as horse farms.

Figure 29: Agricultural Parcels in Saratoga County

City/Town	Number of Agricultural Parcels			Estimated Total Market Value <sup>1</sup>			Estimated Average Market Value Per Parcel <sup>1</sup>		
	Horse Farms	Other Farms	Total	Horse Farms	Other Farms	Total	Horse Farms	Other Farms	Total
City of Mechanicville	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
City of Saratoga Springs	2	9	11	\$18,577,317	\$3,339,268	\$21,916,585	\$9,288,659	\$371,030	\$1,992,417
Town of Ballston	0	23	23	\$0	\$4,359,022	\$4,359,022	\$0	\$189,523	\$189,523
Town of Charlton	3	64	67	\$1,469,371	\$15,702,950	\$17,172,321	\$489,790	\$245,359	\$256,303
Town of Clifton Park	3	28	31	\$1,020,172	\$6,698,621	\$7,718,793	\$340,057	\$239,236	\$248,993
Town of Corinth	1	0	1	\$122,100	\$0	\$122,100	\$122,100	\$0	\$122,100
Town of Day	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
Town of Edinburg	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
Town of Galway	0	31	31	\$0	\$6,582,358	\$6,582,358	\$0	\$212,334	\$212,334
Town of Greenfield	1	5	6	\$779,000	\$1,726,200	\$2,505,200	\$779,000	\$345,240	\$417,533
Town of Hadley	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
Town of Halfmoon	1	50	51	\$505,000	\$11,758,673	\$12,263,673	\$505,000	\$235,173	\$240,464
Town of Malta	6	33	39	\$3,872,000	\$4,662,603	\$8,534,603	\$645,333	\$141,291	\$218,836
Town of Milton	4	17	21	\$1,309,032	\$2,409,462	\$3,718,495	\$327,258	\$141,733	\$177,071
Town of Moreau	6	65	71	\$4,120,000	\$12,513,400	\$16,633,400	\$686,667	\$192,514	\$234,273
Town of Northumberland	10	98	108	\$10,580,600	\$23,026,100	\$33,606,700	\$1,058,060	\$234,960	\$311,173
Town of Providence	0	1	1	\$0	\$297,792	\$297,792	\$0	\$297,792	\$297,792
Town of Saratoga	10	79	89	\$11,420,818	\$25,216,818	\$36,637,636	\$1,142,082	\$319,200	\$411,659
Town of Stillwater	9	29	38	\$4,073,895	\$7,867,158	\$11,941,053	\$452,655	\$271,281	\$314,238
Town of Waterford	0	1	1	\$0	\$182,353	\$182,353	\$0	\$182,353	\$182,353
Town of Wilton	0	15	15	\$0	\$3,717,800	\$3,717,800	\$0	\$247,853	\$247,853
<b>Saratoga County Total</b>	<b>56</b>	<b>548</b>	<b>604</b>	<b>\$57,849,306</b>	<b>\$130,060,579</b>	<b>\$187,909,885</b>	<b>\$1,033,023</b>	<b>\$237,337</b>	<b>\$311,109</b>

<sup>1</sup> Market values are estimated from assessed values using the City/Town's equalization rate.  
Source: New York State Office of Real Property Tax Services, 2010 Annual Assessment Rolls; HR&A Advisors

## New York-Bred Thoroughbred Sales

The Jockey Club provides data on equine auction results by breeding state for the past 20 years. This data offers insight into the number and price of New York-bred equine sold at auction over time. While this data does not report auction results for equine bred within the Study Region specifically, given the density of thoroughbred breeding farms within the Study Region (See the Appendix), it is reasonable to assume that these sales do provide significant income to operators within the Study Region.

Figure 30 reports the auction results for New York-bred yearlings in selected years between 1995 and 2010. Both volume and average price increased steadily until the mid 2000s before dropping significantly with the onset of the late-2000s recession. In 2010, 385 New York-bred yearlings were sold at auction, an increase of over 70 percent above the number sold in 1995, but a decrease of about 24 percent below the number sold in 2005. The average price of New York-bred yearlings in 2010 was about \$25,900, an increase of 20 percent over the average price observed in 1995, but a decrease of 23 percent below the price observed in 2005.

Figure 30: New York-Bred Yearlings Auction Results, 1995-2010

	Auction Results for New York-Bred Yearlings				Percent Change			
	1995	2000	2005	2010	1995-2010		2005-2010	
					Cumulative	Annualized	Cumulative	Annualized
Number Sold	225	354	504	385	71.1%	3.6%	-23.6%	-5.2%
Average Price	\$21,522	\$27,775	\$33,544	\$25,861	20.2%	1.2%	-22.9%	-5.1%

Source: The Jockey Club; HR&A Advisors

The annual yearling sales held by Fasig-Tipton Company, Inc. in Saratoga Springs provide further evidence of the importance of the thoroughbred breeding industry to the Saratoga region. Held annually (except during the two World Wars) since the early 1900s, this event is one of the county's premier thoroughbred sale events. In 2011, the preferred New York-bred sale posted strong results: total sales increased 83 percent over 2010 to \$6,725,000, and average sale price increased 39 percent to about \$54,200, and median sale price increased 17 percent to \$35,000.

## Tourism

Tourism has long been central to the economy of the Saratoga region. Saratoga Springs and the surrounding region first became a summer destination in the nineteenth century, drawing visitors seeking a pleasant respite from more urban areas. The mineral springs in Saratoga Springs and Ballston Spa were the region's initial drawing card. With the railroad age, Saratoga Springs became more accessible and attracted increasing numbers of wealthy tourists to its thriving hotels. In 1863, the Saratoga Race Course opened to take advantage of tourists' growing demand for entertainment. The Race Course is now the oldest thoroughbred racetrack operating in the United States, and the Saratoga region has become internationally renowned for thoroughbred racing.

Today, Saratoga Springs remains a popular tourist destination. In addition to the Race Course, the City's performing arts facilities, historic character, shopping and dining, and other entertainment options continue

to attract visitors. The Saratoga Performing Arts Center (SPAC), located in Saratoga Spa State Park, is a popular summer amphitheatre. The facility opened in 1966 and is the summer home of the New York City Ballet and Philadelphia Orchestra, in addition to hosting numerous other jazz, opera, and popular artists. Other popular attractions nearby include the Saratoga National Historical Park, the Saratoga Casino and Raceway, and the National Museum of Racing and Hall of Fame. Saratoga Springs also attracts meeting and convention business through the state-of-the-art Saratoga Springs City Center conference complex.

As shown in Figure 31, in 2008 the U.S. Census Bureau counted 70 arts, entertainment, and recreation businesses in Saratoga Springs. Moreover, there were 27 hotels and motels, 105 full-service restaurants, and 18 drinking places. There are also many retail establishments in Saratoga Springs. Excluding retailers selling goods that are not oriented towards tourists (e.g. durable goods, hardware and construction goods, and internet retailers), there were over 260 tourist-oriented retail establishments in the City in 2008.

Figure 31: Saratoga Springs Tourism-Related Establishments by Zip Code

Establishment Type	Zip Code			Area Total
	12866	12020	12833	
<b><u>Arts, Entertainment, and Recreation</u></b>				
Theater companies and dinner theaters	3	1	0	4
Racetracks	2	1	0	3
Other spectator sports	9	1	0	10
Promoters with facilities	3	1	0	4
Independent artists, writers, and performers	6	3	0	9
Museums	6	2	0	8
Historical sites	1	0	0	1
Amusement arcades	2	0	0	2
Golf courses and country clubs	4	2	0	6
Marinas	1	2	0	3
Fitness and recreational sports centers	7	6	1	14
Bowling centers	1	1	0	2
All other amusement and recreation industries	2	2	0	4
<b>Arts, entertainment, and recreation, Subtotal</b>	<b>47</b>	<b>22</b>	<b>1</b>	<b>70</b>
<b><u>Accommodation and Food Services</u></b>				
Hotels (except casino hotels) and motels	24	3	0	27
Bed-and-breakfast inns	8	1	0	9
RV (recreational vehicle) parks and campgrounds	1	1	0	2
Recreational and vacation camps (except campgrounds)	0	0	1	1
Full-service restaurants	75	29	1	105
Limited-service restaurants	48	20	0	68
Snack and nonalcoholic beverage bars	18	10	0	28
Food service contractors	3	4	0	7
Caterers	3	1	0	4
Drinking places (alcoholic beverages)	13	5	0	18
<b>Accommodation and food services, Subtotal</b>	<b>193</b>	<b>74</b>	<b>2</b>	<b>269</b>
<b><u>Tourism-Related Retail Trade</u></b>				
<b>Tourism-Related Retail Trade, Subtotal</b>	<b>215</b>	<b>50</b>	<b>2</b>	<b>267</b>
<b>Total, Tourism-Related Establishments</b>	<b>408</b>	<b>124</b>	<b>4</b>	<b>536</b>

Source: U.S. Census Bureau, 2008 data

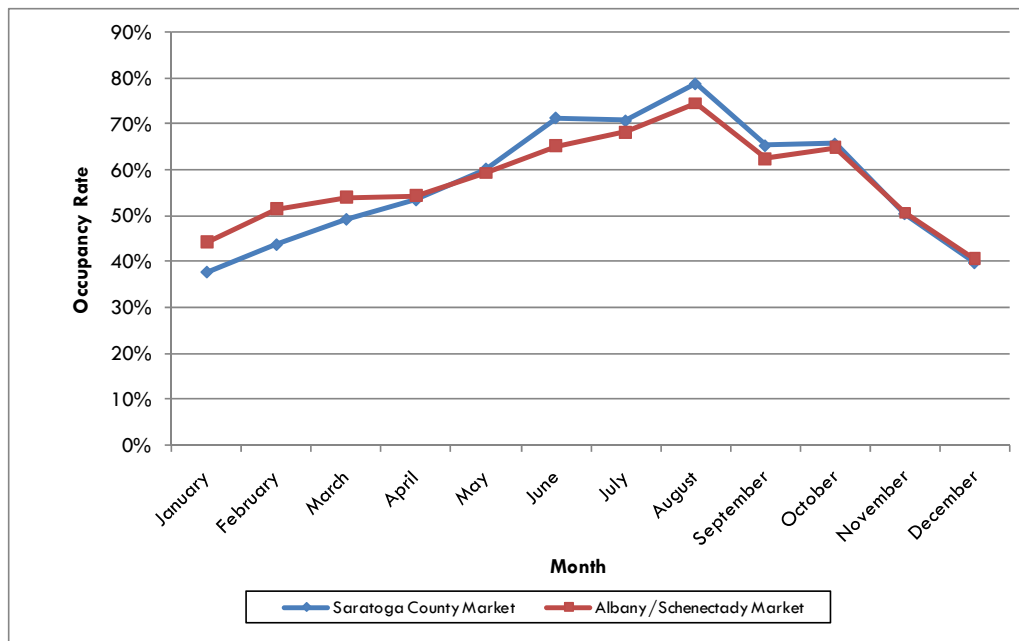
## Regional Lodging Market

Examining the market for lodging in both Saratoga County and the greater Albany/Schenectady region provides further evidence of the importance of tourism to the regional economy.<sup>3</sup> Specifically, HR&A evaluates tourist visitation patterns in both the County and larger region over recent years. According to data from Smith Travel Research, as of June 2011 there were 2,506 hotel rooms in Saratoga County, an increase of about 11 percent over the number measured in June 2006. Moreover, the Albany/Schenectady Market had 11,661 rooms as of June 2011, an increase of about 7 percent over the number of rooms in June 2006. Yet these figures underestimate the total number of lodging rooms available in the County and region, as they do not include rooms at the many bed and breakfasts and inns throughout the region.

## Occupancy and Room Nights Sold

The Saratoga County lodging market closely resembles the greater Albany/Schenectady lodging market of which it is part. Occupancy rates are highly seasonal, with highs at the time of the Saratoga Meet in August and lows in December and January. Figure 32 displays the average occupancy rate by month in Saratoga County and the Albany/Schenectady market over the years 2005 through 2010.

Figure 32: Hotel Occupancy Rates (2005 – 2010 Averages)

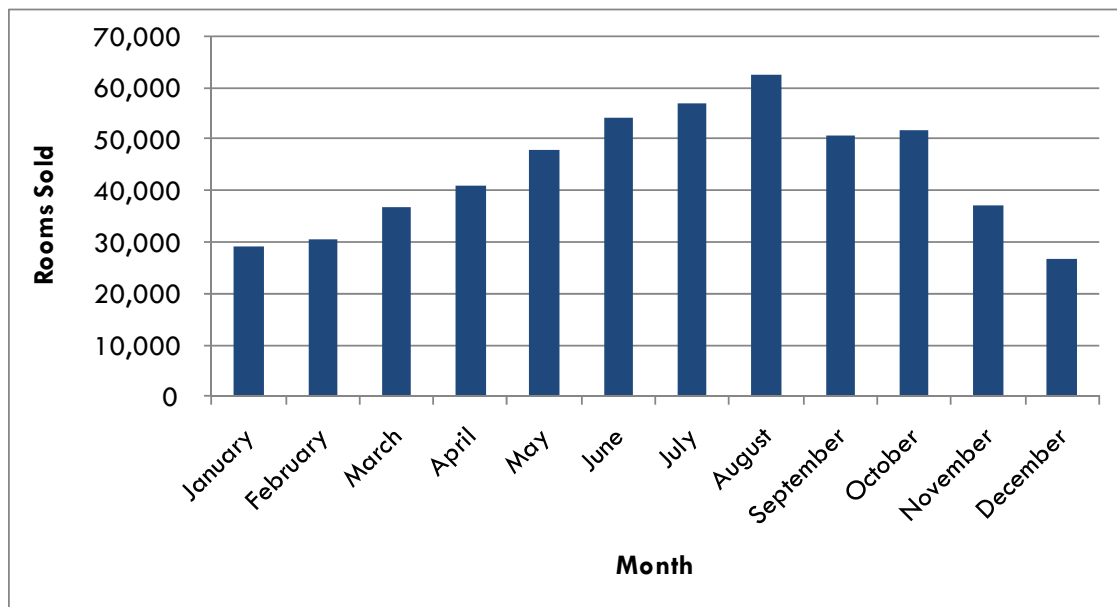


Source: Smith Travel Research

<sup>3</sup> Note that the Albany/Schenectady market does not correspond with the Study Region and is provided here for comparative purposes only. The Albany/Schenectady market includes Saratoga County.

Demand for room nights in Saratoga County totaled approximately 525,000 in 2010, an increase of approximately 12 percent over the number of rooms demanded in 2005 and 10 percent over the number demanded in 2009. The strong increase in demand in the past year may owe to a combination of an improving economy and the beginning of the Saratoga Meeting earlier in July; the month of July registered a 14 percent increase in rooms demanded in the past year. The monthly distribution of room nights sold in Saratoga County in 2010 is shown in Figure 33.

Figure 33: Room Nights Sold in Saratoga County by Month in 2010



Source: Smith Travel Research

As shown in Figure 34, in terms of room nights sold, Saratoga County's lodging market has grown faster than that of the Albany/Schenectady region. Between 2005 and 2010, the number of room nights sold in Saratoga County grew 3.1 percent per year, while the number of rooms sold in the larger Albany/Schenectady market grew by only 0.7 percent per year. During the months in which the Saratoga Meeting occurs—July, August, and September—the number of room nights sold in Saratoga County increased by 3.2, 2.5, and 2.9 percent respectively, versus increasing by 0.6, 0.8, and 0.4 percent respectively in the Albany/Schenectady market.

Figure 34: Room Nights Sold in the Albany/Schenectady Market 2005 – 2010

Date	2005		2010		Annual Change, 2005 - 2010	
	Saratoga County Market	Albany/Schenectady Market	Saratoga County Market	Albany/Schenectady Market	Saratoga County Market	Albany/Schenectady Market
January	24,342	149,890	29,046	149,861	3.6%	0.0%
February	23,946	150,426	30,449	159,497	4.9%	1.2%
March	31,522	180,782	36,862	186,130	3.2%	0.6%
April	35,589	182,045	41,087	180,530	2.9%	-0.2%
May	39,465	201,984	47,786	210,333	3.9%	0.8%
June	48,075	219,840	53,984	220,278	2.3%	0.0%
July	48,725	236,230	57,095	243,246	3.2%	0.6%
August	55,147	257,203	62,405	268,079	2.5%	0.8%
September	44,033	210,897	50,785	214,786	2.9%	0.4%
October	45,457	210,355	51,701	238,903	2.6%	2.6%
November	31,520	165,222	37,175	171,765	3.4%	0.8%
<u>December</u>	<u>23,386</u>	<u>132,050</u>	<u>26,730</u>	<u>135,916</u>	<u>2.7%</u>	<u>0.6%</u>
Annual Total	451,207	2,296,924	525,105	2,379,324	3.1%	0.7%

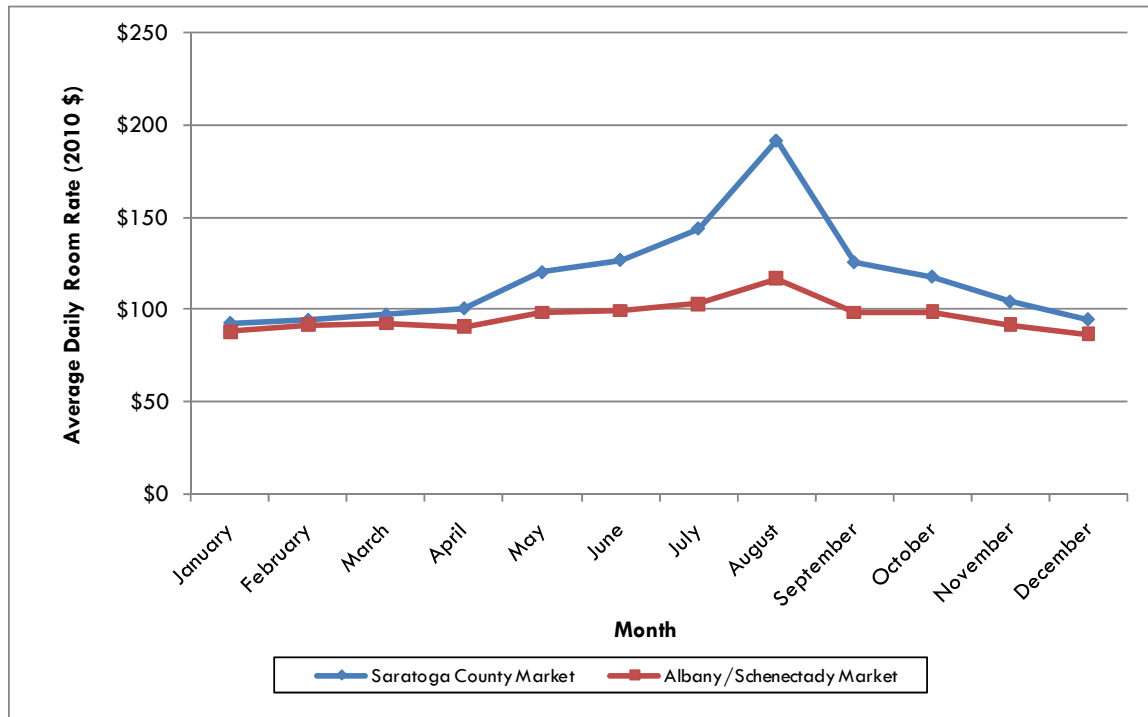
Source: Smith Travel Research; HR&A Advisors

### Lodging Room Rates

In 2010, average daily room rates in Saratoga County sharply diverged from those observed in the Albany/Schenectady region during the summer months. As shown in Figure 35, while average daily room rates were higher in Saratoga County than the larger regional market in every month of the year, the disparity was greatest in July and August. Saratoga County's average daily room rates were about \$192 in August 2010, unchanged from August 2005. This disproportionate spike in summer room rates in Saratoga County compared to the larger Albany/Schenectady region is in part a testament to the drawing power of the Saratoga Race Course.



Figure 35: Average Daily Room Rates, 2010



Source: Smith Travel Research

## Section 4: Regional Economic Analysis

In order to estimate the economic impacts of the Saratoga Race Course and Oklahoma Training Track in terms of output, earnings, and employment, HR&A conducts a regional economic analysis. The economic impacts reported are expected to occur within the Study Region, which includes Saratoga County and the surrounding counties of Albany, Columbia, Greene, Montgomery, Rensselaer, Schenectady, Warren, and Washington.

### Overview of Regional Economic Analysis

Regional economic analysis provides a means of estimating the significance of economic activity in a regional economy. Often, this analysis involves quantifying total changes in output and employment within the regional economy attributable to a discrete event (i.e. the closing of a thoroughbred racetrack). The concept of the “multiplier effect” is central to regional economic analysis. Since industries in a geographic area are interdependent, the total economic contribution of any one project will be larger than its individual (direct) effect on output and employment in the region. Within any given region, industries are interdependent in the sense that they both purchase output from and supply input to other industries in the region. For example, consider the implications of expenditures made by the Saratoga Race Course. The Race Course purchases goods and services from regional suppliers (e.g. advertising), who in turn purchase materials from other regional suppliers (e.g. paperboard wholesalers). An increase or decrease in the amount of a good or service demand by the operations of the Saratoga Race Course will stimulate an increase or decrease in output and employment in these related supplier industries.

HR&A employs an Input/Output (I/O) model in order to gauge how initial changes to one sector of the economy affect the entire regional economy through a multiplier effect. Specifically, the I/O model generates quantitative estimates of the amount of output, jobs, and earnings resulting from the specified change in the regional economy. The I/O model relies on multipliers that mathematically represent the relationship between a direct change in spending in one sector and the effect of that change on output, employment, and earnings in other sectors in the region. The total regional change in output, employment, and earnings resulting from the direct change in spending is calculated as the sum of changes it produces in all industry sectors in the region.

The economic impact analysis described here was conducted using the Regional Input-Output Modeling System (RIMS II), an I/O model maintained by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce. According to the BEA, “RIMS II is widely used in both the public and private sector” and “provides approximate order-of-magnitude estimates of impacts.”<sup>4</sup> The RIMS II model allows us to estimate the economic impacts resulting from the activities at the Saratoga Race Course and Oklahoma Training Track.

### Interpretation of Model Results

In order to estimate economic impacts using an I/O model, the analyst must first posit a change to output or employment in a sector of the regional economy. The model then translates this initial change into changes

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<sup>4</sup> Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMS II), Brief Description. Available at <https://www.bea.gov/regional/rims/brfdesc.cfm>.

in demand for output from other interdependent sectors, corresponding changes in demand for inputs to those sectors, and so on. These different types of effects are known as direct, indirect, and induced effects, and are defined as follows:

- The **direct effect** represents the initial change in output (i.e. spending) or employment attributable to a change in demand or supply. For example, if the Saratoga Race Course were to cease operations, the discontinued Race Course operating expenditures would be a negative direct impact to the Study Region economy.
- The **indirect effect** measures the change in output or employment of suppliers linked to the industry that is directly affected. For example, the Saratoga Race Course purchases goods and services from suppliers in the Study Region. If the Saratoga Race Course were to cease operations, then these suppliers would experience a decrease in demand for their goods and services, and correspondingly output and employment at these suppliers would be expected to decrease.
- The **induced effect** represents the change in output or employment owing to employee spending in the regional economy. Employees of directly and indirectly affected businesses contribute to this effect. For example, if the Saratoga Race Course were to cease operations, the employees of the Race Course would experience a decrease in disposable income and demand fewer goods and services. Output and employment would therefore be expected to decrease at businesses that supply households with goods and services.
- The **total impact** is the sum of the direct, indirect, and induced effects. The total impact measures the impact of an initial change in economic activity as it “ripples” throughout the regional economy.

In the following section, we report the regional economic effects described above in two categories:

- **Output** (i.e. spending) represents the change in regional sales or revenue.
- **Employment** represents the change in the number of jobs in the regional economy resulting from a change in output. We report employment impacts on a full-time-equivalent (FTE) basis.

### **Economic Impacts Considered by this Analysis**

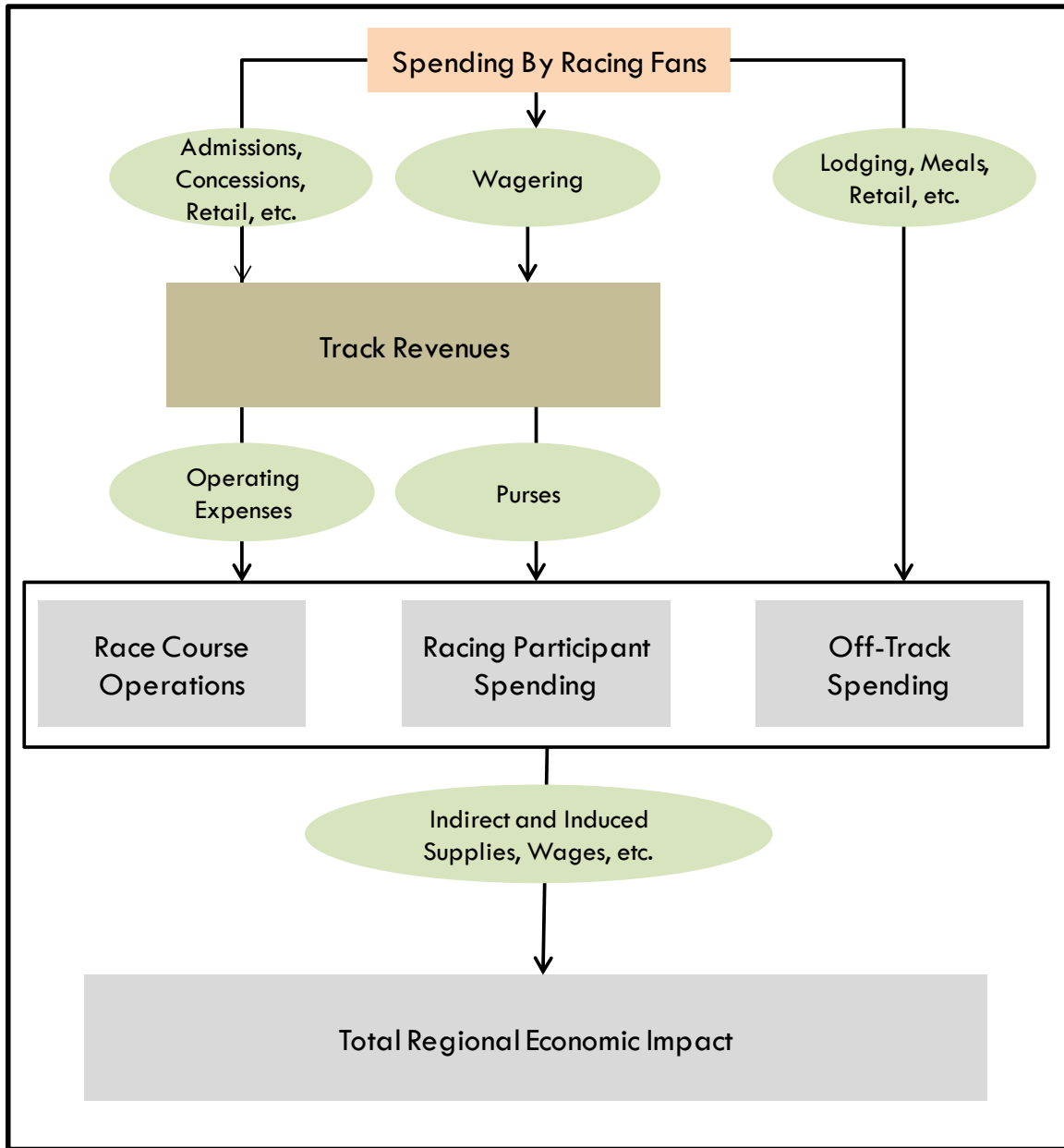
This economic impact analysis considers the direct, indirect, and induced effects within the Study Region that are attributable to activities at the Saratoga Race Course. To estimate these impacts, this analysis posits the closure of the Saratoga Race Course. If the Race Course hypothetically were to close, the Study Region would experience a decrease in output and employment owing to decreased spending in the following three categories:

- **Saratoga Race Course Operations** – Including salaries and wages, facilities costs, employee benefits, wages for temporary help, employee per diems, administrative costs, marketing and advertising costs, insurance costs, lease payments, customer service costs, racing costs, equipment rental costs, security costs, and revenues from food service operations.
- **Participant Expenses** – Including training (i.e. training activities, boarding, and feed), veterinary fees, farrier (shoeing) fees, jockey fees, and racing fees; and

- Spectator Expenses – Including lodging, meals out, entertainment and attractions, retail purchases, and transportation, but excluding expenditures at Saratoga Race Course captured by Race Course operations.

An overview of the economic flows generated by the Saratoga Race Course is shown in Figure 36. As shown, spending originates with racing fans. On-track and off-track expenditures made by racing fans support track operations, participant activities, and tourism-related businesses.

Figure 36: Economic Flows Created by the Saratoga Race Course



## Operations

In 2010, NYRA extended the Saratoga meeting by four days to 40 days of racing, beginning in late July and concluding on Labor Day. The Travers Stakes, the oldest major thoroughbred horse race in the United States, continues to be the main event of the season.

Thoroughbred racing teams come to Saratoga Race Course and Oklahoma Training Track to train and compete. The facilities open to teams in mid-April, and by June over 800 horses are training on-site at Saratoga. By the beginning of the meeting in July, approximately 1,800 horses are boarding in NYRA facilities.

The Saratoga meeting is also a significant tourist draw for the region. Attendance at the Saratoga Race Course topped 850,000 during each of the last three meetings. The Saratoga Race Course offers a variety of seating and dining options for attendees. Seating is available in the grandstand, the clubhouse, at picnic tables, and in luxury suites. The Race Course also provides formal and casual dining options including The Turf Terrace Dining Room, The Club Terrace, The At the Rail Pavilion, The Carousel Restaurant, The Porch, and the Jim Dandy Bar.

NYRA's gross revenues attributable to the Saratoga Race Course and Oklahoma Training Track provide evidence of the economic significance of Race Course operations. Total revenue attributable to operations at Saratoga was equal to about \$64 million in 2010.

As shown in Figure 37, NYRA's revenue at Saratoga derives from a variety of sources, with revenue from wagering comprising the vast majority of revenue. NYRA's revenue from wagering consists of a percentage of each wager, known as the "takeout." The 2006 Economic Impacts Study identified that takeout ranges from 14 to 25 percent and varies depending on the type of wager.<sup>5</sup> On average, NYRA retains 9.3 percent of all on-track wagers and 2.5 percent of all off-track wagers, after statutory payments and payments to purses are accounted for. NYRA also gains revenue from Saratoga Race Course admissions, a share of the food concession revenues, sales of programs and other retail goods, parking, and horse boarding.

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<sup>5</sup> NYRA must pay a portion of the takeout toward a variety of fees.

Figure 37: Saratoga Race Course and Oklahoma Training Track Gross Revenue 2010

<b>Revenue Category</b>	<b>Revenue</b>
Revenue from Wagering <sup>1</sup>	\$51,070,713
Admissions	\$6,128,372
Group Sales	\$2,522,213
Concessions <sup>2</sup>	\$1,405,918
Program Sales	\$877,763
Newstand Sales	\$286,679
Parking Revenue	\$355,349
Retail Revenue	\$514,695
Training Activities	\$467,343
<u>Other Revenue</u>	<u>\$147,560</u>
<i>Total, All Revenue Sources</i>	<i>\$63,776,605</i>

Source: NYRA

<sup>1</sup> Commissions, breakage, and takeout (all sources).

<sup>2</sup> Fees collected from NYRA's food service.

In order to gauge the impact of Saratoga Race Course operations on the Study Region, it is more appropriate to consider Race Course expenditures on operations rather than revenues. This is because a portion of revenues flow elsewhere in New York State and do not directly benefit the Study Region. Race Course operating expenses are shown in Figure 38. HR&A relies on expenditures made within the Study Region in order to estimate the direct impact of Saratoga Race Course operations on the regional economy. Note that Figure 38 does not include taxes or statutory fees paid by NYRA, which are addressed in the Fiscal Impacts section of this report.

Figure 38: Saratoga Race Course and Oklahoma Training Track Gross Operating Expenses 2010

<b>Expense Category</b>	<b>Expenditures</b>
Stakes and Purses	\$25,032,911
Salaries and Wages	\$13,303,426
Facilities	\$3,313,665
Benefits	\$3,006,654
Temporary Help	\$2,911,003
Per Diem	\$2,197,929
Administration	\$1,851,771
Marketing and Advertising	\$1,386,579
Insurance	\$950,952
Leases	\$794,294
Customer Service	\$424,926
Racing	\$370,968
Equipment Rental	\$194,374
<u>Security</u>	<u>\$34,224</u>
<i>Total, All Operating Expenses</i>	<i>\$55,773,676</i>

Source: NYRA

As shown in Figure 39, NYRA employs a significant number of 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. NYRA estimates that managing the Saratoga Race Course requires the time equivalent of about 68 off-site administrative positions. In addition, some full-time NYRA employees move from track to track throughout the year, working as pari-mutual clerks, security guards, or retail salespeople. These NYRA employees spend the duration of the Saratoga meeting in the City of Saratoga Springs. Over 25 employees, including maintenance workers, electricians, plumbers, and additional administrative staff, are based at Saratoga year round.

NYRA also hires a large number of seasonal workers to help run the Race Course during the training and racing season. There is especially great need for temporary employees during the peak of the meeting in August. These temporary staff members tend to work forty or more hours per week.

In total, NYRA employs nearly 1,500 individuals to run the Saratoga meeting during the month of August. While most of these employees are on-site in Saratoga, the New York City-based administrative staff spends little time at the Saratoga meeting. The wages paid to these downstate administrative employees are not included when estimating the economic impacts of Saratoga Race Course operations on the Study Region.



Figure 39: NYRA Employment at Saratoga Race Course and Oklahoma Training Track

Job Position	Number of Employees During Month												FTE Employment <sup>1</sup>
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Administrative Positions (Off-Site)	68	68	68	68	68	68	68	68	68	68	68	68	68
Mutuels	0	0	0	0	0	0	500	488	99	0	0	0	91
Security	15	15	15	42	53	48	180	322	184	41	43	15	81
Retail	0	0	0	0	0	0	0	20	0	0	0	0	2
<u>Other</u>	<u>27</u>	<u>27</u>	<u>46</u>	<u>88</u>	<u>94</u>	<u>100</u>	<u>604</u>	<u>587</u>	<u>105</u>	<u>80</u>	<u>76</u>	<u>36</u>	<u>156</u>
On-Site NYRA Employment	42	42	61	130	147	148	1284	1417	388	121	119	51	329
Total, NYRA Employment	110	110	129	198	215	216	1352	1485	456	189	187	119	397

Source: NYRA; HR&A Advisors

<sup>1</sup> Full-time equivalent (FTE) calculations assume that seasonal and salaried employees work 40 hours per week during each month that their employment is counted.

In order to estimate the economic impacts of Saratoga Race Course operations on the Study Region, HR&A follows the methodology employed by the 2006 Economic Impacts Study that relies on operating expense data provided by NYRA. Operating expenses are adjusted to reflect only expenditures that occur within the Study Region and are not captured elsewhere by this analysis. Specifically, NYRA's spending on stakes and purses is removed from the estimate of spending in the Study Region because these payments to horse owners are captured as spending by Saratoga Race Course participants. Salaries reported by NYRA are adjusted downward to reflect wages paid to downstate administrative employees who are not present in Saratoga for the duration of the meet. NYRA's direct spending in the study region is estimated to be about \$28.5 million annually.

HR&A also includes the estimated 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, are estimated to be approximately \$7.1 million.

HR&A estimates that direct spending associated with Saratoga Race Course operations is equal to approximately \$35.6 million annually. This level of direct spending yields total economic impacts within the Study Region (including indirect and induced effects) of about \$61.5 million. Estimates of regional economic impacts on output attributable to Race Course operations are presented in Figure 40.

Figure 40: Regional Economic Impacts on Output from Operations (2010\$)<sup>1</sup>

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Facilities Costs	\$21,230,000	\$14,310,000	\$35,540,000
Administration and Security	\$1,890,000	\$1,470,000	\$3,350,000
Advertising	\$1,390,000	\$1,020,000	\$2,410,000
Benefits and Insurance	\$3,960,000	\$3,690,000	\$7,640,000
<u>Food Services (Concessions)</u>	<u>\$7,120,000</u>	<u>\$5,400,000</u>	<u>\$12,520,000</u>
<b>Total</b>	<b>\$35,590,000</b>	<b>\$25,880,000</b>	<b>\$61,470,000</b>

Source: HR&A Advisors

<sup>1</sup> Impacts from operations captured here include Saratoga Race Course spending in the regional economy. Visitor spending at the Saratoga Race Course is also included here.

Note: Totals may not sum due to rounding.

The economic impacts on output presented in Figure 40 correspond with the effects on employment presented in Figure 41. As shown, Race Course operations are estimated to directly support about 405 full-time-equivalent (FTE) employees. HR&A estimates that the total effect of Saratoga Race Course operations on employment is approximately 580 FTE employees within the Study Region.

Figure 41: Regional Economic Impacts on Employment from Operations

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Facilities Costs	240	95	335
Administration and Security	30	10	40
Advertising	5	5	15
Benefits and Insurance	20	25	45
<u>Food Services (Concessions)</u>	<u>110</u>	<u>35</u>	<u>145</u>
<b>Total</b>	<b>405</b>	<b>175</b>	<b>580</b>

Source: HR&A Advisors

<sup>1</sup> Employment impacts from operations captured here include Saratoga Race Course spending in the regional economy. Visitor spending at the Saratoga Race Course is also included here.

Note: Totals may not sum due to rounding.

## Race Participant Activities

Saratoga Race Course participants consist of members of the thoroughbred race teams that come to the Saratoga Race Course and Oklahoma Training Track for competition and training. As noted in the 2006

Economic Impacts Study, Saratoga is recognized as an ideal training location because of the “deep and safe track surfaces” and “peaceful setting.” The area attracts race teams in advance of the meet who are seeking a high-quality training environment.

NYRA’s boarding facilities fill to capacity during the Saratoga meet, with teams attracted by the large purses and prestige of competing at Saratoga Race Course. As shown in Figure 42, over \$24.8 million was paid out in purses during the 2010 Saratoga meet, equivalent to an average of about \$620,000 per day of racing and an average of about \$63,000 per race.

Figure 42: Saratoga Purses and Race Statistics, 2009 and 2010

Year	Gross Purses	Number of Races	Average Purse Per Race	Starters	Starts	Average Field	Average Starts Per Runner
2010	\$24,839,150	395	\$62,884	2,311	3,337	8.5	1.4
2009	\$26,171,991	365	\$71,704	2,219	3,123	8.6	1.4

Source: NYRA

Saratoga Race Course has large purses relative to the average purse per race in New York State and other leading thoroughbred racing states. Figure 43 reports gross purses, average purse per race, and other relevant statistics from the 2010 racing season for the ten states which had the largest gross purses. New York State had the second highest gross purses in the nation after California, at approximately \$120 million, and the third highest average purse per race after New Jersey and Kentucky, at about \$32,000. Saratoga Race Course accounted for 21 percent of New York State’s gross purse, up from 15 percent in 2005. Moreover, the average purse per race at Saratoga Race Course was about 96 percent higher than the average in New York State. As noted in the 2006 Economic Impacts Study, local trainers report that these high purses are a key factor in attracting competitive horses to the Saratoga meeting.

Figure 43: Thoroughbred Purses and Race Statistics by State, 2010

State	Gross Purses	Number of Races	Average Purse per Race	Starters	Starts	Average Field	Average Starts Per Runner
California	\$132,541,382	4,403	\$30,103	6,651	32,412	7.4	4.9
New York	\$119,800,835	3,740	\$32,032	6,355	29,077	7.8	4.6
Pennsylvania	\$116,275,253	4,519	\$25,730	9,414	36,696	8.1	3.9
Kentucky	\$89,311,408	2,020	\$44,214	6,794	18,167	9.0	2.7
Florida	\$76,909,950	3,233	\$23,789	7,493	28,274	8.7	3.8
Louisiana	\$76,089,389	3,251	\$23,405	7,581	29,833	9.2	3.9
West Virginia	\$63,613,425	4,065	\$15,649	8,251	34,640	8.5	4.2
New Jersey	\$50,024,825	877	\$57,041	3,008	8,062	8.2	2.7
Illinois	\$46,285,006	2,104	\$21,999	3,884	17,029	8.1	4.4
New Mexico	\$30,737,667	1,718	\$17,892	3,056	14,365	8.4	4.7

Source: The Jockey Club; New York State Racing and Wagering Board

The racing season at Saratoga begins in April. In 2010, NYRA's Oklahoma Training Track opened on April 15<sup>th</sup>, and about 430 horses trained on-site during that month. As the Saratoga meeting approached, the number of horses present increased significantly, reaching 1,800 in July. After the conclusion of the meeting on Labor Day, the number of horses present at Saratoga decreased steadily, falling to 230 during the first half of November. Based upon the 2010 Saratoga Race Course training and meeting calendar and the projected number of horses that were on-site in each month, HR&A estimates the number of horse days that the Saratoga Race Course supported in 2010. A "horse day" is equivalent to one horse on-site for one day. As displayed in Figure 44, Saratoga Race Course is estimated to have supported 200,100 horse days during the 2010 training and racing season.

Figure 44: Training and Racing Days and Horses

Month	Dates	Days (a)	Horses on Site (b)	Horse Days =(a*b)
April	4/15/2010 - 4/30/2010	16	430	6,880
May	5/1/2010 - 5/31/2010	31	600	18,600
June	6/1/2010 - 6/30/2010	30	800	24,000
July	7/1/2010 - 7/31/2010	31	1,800	55,800
August	8/1/2010 - 8/31/2010	31	1,800	55,800
September	9/1/2010 - 9/30/2010	30	700	21,000
October	10/1/2010 - 10/31/2010	31	470	14,570
November	11/1/2010 - 11/15/2010	15	230	3,450
<i>Training/Racing Season 2010</i>	<i>4/15/2010 - 11/15/2010</i>	<i>215</i>		<i>200,100</i>

Source: NYRA; HR&A Advisors

The employment level associated with Saratoga Race Course participants is estimated using the same industry-standard ratios of per-start and per-horse employment used by the 2006 Economic Impacts Study. Race-team employment estimated by HR&A is presented in Figure 45. HR&A relies on the number of race starts during the 2010 Saratoga meeting to estimate the number of jockey work days. Employment of trainers, assistant trainers, foremen, exercise riders, hot walkers, and grooms is calculated based upon the estimated 200,100 horse days in 2010.

For example, 200,100 horse days require 10,005 trainer days, assuming each trainer cares for 20 horses per day (i.e.  $200,100 / 20 = 10,005$ ). Trainer days are multiplied by eight hours per day to calculate the total number of hours worked by trainers each year. This is then divided by 2,000 hours (standard full-time hours per year) to estimate the number of full-time-equivalent (FTE) trainer positions supported by the Saratoga Race Course each year. These calculations are repeated for each race team job category to estimate the total FTE employment of race participants at Saratoga Race Course each year.

Figure 45: Training and Racing Employment

Position	Horses/Horse Starts Per Employee	Employee Days <sup>1</sup>	Employee Hours <sup>2</sup>	FTEs <sup>3</sup>
Jockey	1 horse start	3,337	26,696	13
Trainer	20 horses	10,005	80,040	40
Assistant Trainer	20 horses	10,005	80,040	40
Foreman	20 horses	10,005	80,040	40
Exercise Rider	6 horses	33,350	266,800	133
Hot Walker	6 horses	33,350	266,800	133
Groom	4 horses	50,025	400,200	200
<b>Total</b>		<b>150,077</b>	<b>1,200,616</b>	<b>600</b>

Source: Communication with Saratoga Trainers; Economics Research Associates

<sup>1</sup> Jockey days are equivalent to the number of horse starts (i.e. each horse start requires one day of a jockey's time). Employee days for other positions are calculated by dividing the number of horse days by the number of horses per employee.

<sup>2</sup> Employee hours are calculated assuming an eight-hour workday.

<sup>3</sup> Full-time-equivalents (FTEs) are calculated assuming full-time employment of 2,000 hours per year.

The Saratoga County Industrial Development Agency collected information from racing teams that compete at Saratoga regarding ongoing expenditures and race day expenditures required for thoroughbred training and racing. As shown in Figure 46, the training bill comprises much of the cost of keeping a thoroughbred horse. The training bill includes the trainer's base fees (excluding purse winnings), boarding fees, feed, vitamins, and labor. The average training bill is estimated to be about \$3,000 per month (\$100 per day). Additionally, veterinary fees are estimated to be about \$750 per month (\$25 per day) and farrier (i.e. shoeing) fees are estimated to be around \$200 per month (\$7 per day).

There are additional costs borne by owners on racing days. Specifically, jockey fees, additional trainer fees, and pony to post fees must be paid. As shown in Figure 46, jockey fees are estimated as a flat fee of \$105 per race plus 10 percent of the owner's share of purse winnings. In addition, trainers usually take about 12 percent of the owner's share of purse winnings. Finally, pony-to-post fees cost owners \$20 per start.

Figure 46: Training and Racing Expenditures Per Horse

<u>Ongoing Expenditures</u>	<u>Per Month</u>	<u>Per Day</u>
Training Bill <sup>1</sup>	\$3,000 per month	\$100 per day
Veterinary Fees	\$750 per month	\$25 per day
Farrier (Shoeing)	\$200 per month	\$7 per day
<u>Race Day Expenditures</u>		
Jockey Fees	\$105 per start	
	10% of owner's share of purse winnings	
Trainer Fees	12% of owner's share of purse winnings	
Pony to Post	\$20 per start	

Source: Communication with Saratoga Trainers; Economics Research Associates

<sup>1</sup> The training bill includes the trainer's base fees, boarding fees, feed, vitamins, and labor (including assistant trainers, foremen, grooms, hot walkers, and exercise riders). It excludes the trainer's share of purse winnings.

In order to estimate the aggregate expenditures made by thoroughbred owners with horses training and racing in Saratoga, HR&A multiplies ongoing per-day fees shown in Figure 46 by the estimated number of horse days, 200,100. To estimate the aggregate expenditures made by owners on race day expenditures, HR&A multiplies per-start expenditures shown in Figure 46 by the number of Saratoga meeting starts during 2010, 3,337. Race day expenditures based upon purse winnings are calculated using 2010 purses. Figure 47 presents aggregated expenditures made by horse owners on training and racing at Saratoga Race Course in 2010.

Figure 47: Training and Racing Aggregate Expenditures

<u>Training/Meet Expenditures</u>	
Training Bill <sup>1</sup>	\$20,010,000
Veterinary Fees	\$5,000,000
Farrier (Shoeing)	\$1,330,000
<u>Race Day Expenditures<sup>1</sup></u>	
Jockey Fees	\$2,830,000
Trainer Fees	\$2,980,000
Pony to Post	\$70,000
<b>Total</b>	<b>\$32,220,000</b>

Source: HR&A Advisors

<sup>1</sup> Race day expenditure calculations are based on 2010 starts and purses.

The aggregate expenditures presented in Figure 47 represent the direct contribution of Saratoga Race Course participants to economic output in the Study Region. This spending stimulates further expenditures within the regional economy as suppliers to the directly stimulated industries also purchase more goods and services in order to increase output. In addition, employees in directly and indirectly effected industries spend money within the regional economy on housing, food, and other goods and services. In total, direct, indirect, and induced effects from participant activities are estimated at about \$57.7 million annually. Figure 48 details the economic impacts on output from participant activities.

Figure 48: Economic Impacts on Output from Race Participant Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Training and Racing	\$25,890,000	\$20,300,000	\$46,190,000
Veterinary	\$5,000,000	\$4,250,000	\$9,250,000
Farrier (shoeing)	<u>\$1,330,000</u>	<u>\$940,000</u>	<u>\$2,270,000</u>
<i>Total</i>	<i>\$32,220,000</i>	<i>\$25,490,000</i>	<i>\$57,710,000</i>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

The economic impacts on output owing to race participant spending presented in Figure 48 correspond with the effects on employment presented in Figure 49. As shown, Saratoga Race Course participant activities are estimated to directly support about 455 full-time-equivalent (FTE) employees. HR&A estimates that the total effect of participant activities on employment is approximately 630 FTE employees within the Study Region.

Figure 49: Economic Impacts on Employment from Race Participant Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Training and Racing	380	135	520
Veterinary	50	25	75
Farrier (shoeing)	<u>25</u>	<u>5</u>	<u>30</u>
<i>Total</i>	<i>455</i>	<i>170</i>	<i>630</i>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

## Off-Track Expenditures by Race Visitors

In recent years, the Saratoga Race Course has attracted between 870,000 and 1,000,000 attendees during the racing season. Visitors who come to the Study Region to attend the races spend their money at the Saratoga Race Course and at other regional businesses such as hotels, restaurants, retail stores, and other attractions. While visitor spending at the Saratoga Race Course is captured by the economic impacts from Race Course operations (presented above), this section examines off-track spectator spending. Specifically, this analysis attempts to isolate expenditures made by visitors coming from outside the Study Region. The off-track spending of spectators from the Study Region is not attributable to the Saratoga Race Course because it does not necessarily represent spending that would not otherwise occur in the absence of the Saratoga Race Course.

To estimate off-track spending by Race Course attendees from outside the Study Region, HR&A relies on data from the *Saratoga County 2008 Leisure Travel Information Study* conducted by the Technical Assistance Center at SUNY Plattsburgh. While this study provides relevant information about visitor spending on meals, entertainment, and shopping from guests lodging in Saratoga County, only 60% of these guests visited during July or August, so the spending patterns reported may differ from spending patterns during the Saratoga meeting. Moreover, spending by day-trip visitors may differ from that of visitors staying overnight. However, this survey data is the most recent known data source on visitor spending in Saratoga County and is believed to provide reasonable estimates of spending by visitors to the Saratoga Race Course.

HR&A also relies on current data from Smith Travel Research regarding lodging rates and occupancy in Saratoga County lodging establishments to estimate the number of overnight visitors attributable to the Saratoga Race Course. There is no known data source conclusively tying visitor demand for overnight lodging in Saratoga County with visitor attendance at the Saratoga Race Course. This analysis therefore employs a similar methodology to that used by the 2006 Economic Impacts Study to estimate the number of hotel rooms demand by Race Course attendees. The analysis assumes that between 28 percent and 70 percent of Saratoga County lodging rooms are filled with guests attending the Saratoga meeting during the 46 days of the meeting. The low estimate of 28 percent represents the difference between the Saratoga County occupancy rate during the month of August (80 percent) and the average Saratoga County occupancy rate during the non-summer months, September through May (52 percent). The high estimate of 70 percent assumes that the vast majority of lodging rooms occupied in Saratoga County during the Saratoga meeting are taken by guests attending the Saratoga Race Course.

HR&A estimates the number of room nights attributable to the Saratoga Race Course by applying the low and high estimates of occupancy by Race Course attendees to the number of rooms in Saratoga County (2,506 rooms). Room nights are then multiplied by the average Saratoga County daily room rate in August 2010 in order to produce low and high estimates of spending on lodging attributable to the Saratoga Race Course.

To estimate visitor spending on purchases other than lodging, HR&A first estimates the number of non-Study Region visitor days. All overnight guests are assumed to be from outside the Study Region. HR&A produces low and high estimates of the number of visitor overnights by multiplying the low and high estimates of room nights by two, reflecting the assumption that two guests occupy each hotel room on average. HR&A assumes that each visitor overnight equals one non-Study Region visitor day. HR&A



estimates that between approximately 66,000 and 161,000 visitor days at the Saratoga meeting are attributable to overnight guests.

The number of visitor days attributable to overnight guests is subtracted from the 878,300 admissions recorded at the Saratoga meeting in 2010. The remainder, between about 717,000 and 813,000, represents HR&A's estimate of day-trip visits to the Saratoga Race Course. In order to estimate the number of non-Study Region day-trip visits to the Saratoga area, HR&A uses the same highly conservative assumption leveraged by the 2006 Economic Impacts Study that visitors driving their own car to the Saratoga meeting have come from within the Study Region. This analysis relies on an estimate provided by *The Economic Impact of Tourism on the Saratoga Area*, which was published in 2000, that 68 percent of visitors to Saratoga rely on their own car to travel to the region. Using this estimate, HR&A calculates that between 229,000 and 260,000 day-trip visitors to Saratoga Race Course originate from outside the Study Region. In sum, HR&A estimates that between 326,000 and 391,000 visitor days at Saratoga Race Course are attributable to visitors from outside the Study Region.<sup>6</sup> To estimate aggregate expenditures on non-lodging purchases made by Saratoga Race Course attendees from outside the Study Region, HR&A multiplies the low and high estimates of non-Study Region visitor days by per day expenditures. The results are presented in Figure 50.

Figure 50: Direct Off-Track Spending by Visitors

Expenditure Category	Expenditures Per Day/Night (2010 \$)	Estimated Aggregate Annual Spending by Saratoga Race Course Visitors (2010 \$) <sup>1</sup>	
		Low	High
Lodging	\$191.62 per room	\$6,283,778	\$15,462,303
Meals <sup>2</sup>	\$16.95 per person	\$5,521,149	\$6,625,613
Entertainment / Attractions <sup>2</sup>	\$29.80 per person	\$9,703,813	\$11,644,989
Retail	\$39.08 per person	\$12,728,005	\$15,274,148
Transportation	\$14.59 per person	<u>\$4,750,333</u>	<u>\$5,700,601</u>
Total		\$38,987,078	\$54,707,653

Source: Saratoga County 2008 Leisure Travel Information Study, Technical Assistance Center at SUNY Plattsburgh; Smith Travel Research; HR&A Advisors

<sup>1</sup> Estimated lodging revenues attributable to the Saratoga Race Course are calculated assuming that between 28 percent (Low Estimate) and 70 percent (High Estimate) of Saratoga County rooms are occupied by race attendees. Other categories of expenditure are calculated based on the spending of visitors from outside the Study Region, (Low Estimate of 326,000 visitor days and High Estimate of 391,000 visitor days). Visitors from outside the study region include overnight visitors (assuming two visitors per room) and those day-trip visitors not relying on their own car for transportation (visitors using their own cars are assumed to be from the Study Region).

<sup>2</sup> Food purchases and admissions at the Saratoga Race Course are excluded here. On-track expenditures are counted as part of Saratoga Race Course operations.

<sup>6</sup> Note that the low estimate of overnight guests implies a greater number of day trips and the high estimate of overnight guests implies a lower number of day trips. Thus, the low estimate of overnight visitor days is added to the high estimate of non-Study Region day trips to get the low estimate of non-Study Region visitor days (i.e. 66,000 + 260,000 = 326,000) and vice versa.

HR&A estimates that direct spending associated with non-Study Region visitors to the Saratoga Race Course is equal to between approximately \$39 million and \$55 million annually. Moreover, this level of direct spending yields total regional economic impacts on output of between about \$67 million and \$94 million annually. These estimates of economic impacts on output from off-track visitor spending are presented in Figure 51 and Figure 52.

Figure 51: Low Estimate of Economic Impacts on Output from Off-Track Visitor Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Lodging	\$6,280,000	\$4,400,000	\$10,680,000
Meals	\$5,520,000	\$4,180,000	\$9,700,000
Entertainment / Attractions	\$9,700,000	\$7,420,000	\$17,120,000
Retail	\$12,730,000	\$8,610,000	\$21,340,000
<u>Transportation</u>	<u>\$4,750,000</u>	<u>\$3,230,000</u>	<u>\$7,980,000</u>
<b>Total</b>	<b>\$38,990,000</b>	<b>\$27,840,000</b>	<b>\$66,830,000</b>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

Figure 52: High Estimate of Economic Impacts on Output from Off-Track Visitor Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Lodging	\$15,460,000	\$10,820,000	\$26,280,000
Meals	\$6,630,000	\$5,020,000	\$11,650,000
Entertainment / Attractions	\$11,640,000	\$8,900,000	\$20,550,000
Retail	\$15,270,000	\$10,340,000	\$25,610,000
<u>Transportation</u>	<u>\$5,700,000</u>	<u>\$3,870,000</u>	<u>\$9,570,000</u>
<b>Total</b>	<b>\$54,710,000</b>	<b>\$38,950,000</b>	<b>\$93,660,000</b>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

The economic impacts on output owing to off-track visitor spending presented in Figure 51 and Figure 52 correspond with the effects on employment presented in Figure 53 and Figure 54, respectively. As shown, non-Study Region visitors to the Saratoga Race Course are estimated to directly support between about 405 and 600 full-time-equivalent (FTE) employees. HR&A estimates that the total effect of non-Study Region visitor spending on employment is between approximately 635 and 860 FTE employees within the Study Region.

Figure 53: Low Estimate of Economic Impacts on Employment from Spectator Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Lodging	50	30	80
Meals	85	25	110
Entertainment / Attractions	145	50	195
Retail	150	60	210
<u>Transportation</u>	<u>20</u>	<u>20</u>	<u>40</u>
<b>Total</b>	<b>450</b>	<b>185</b>	<b>635</b>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

Figure 54: High Estimate of Economic Impacts on Employment from Spectator Activities

<b>Expenditure Type</b>	<b>Direct Effects</b>	<b>Indirect and Induced Effects</b>	<b>Total</b>
Lodging	125	70	195
Meals	105	30	135
Entertainment / Attractions	170	60	230
Retail	180	70	250
<u>Transportation</u>	<u>20</u>	<u>25</u>	<u>45</u>
<b>Total</b>	<b>605</b>	<b>260</b>	<b>860</b>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

## Summary of Regional Economic Impacts from Racing

Figure 55 and Figure 56 present total economic impacts on output and employment within the Study Region, respectively. As shown, this analysis indicates that the Saratoga Race Course generates a total of between approximately \$186 million and \$213 million in spending within the Study Region. This corresponds to full-time equivalent (FTE) employment of between 1,840 and 2,070 employees.

Figure 55: Summary of Regional Economic Impacts on Output Attributable to Saratoga Race Course Racing

Expenditure Type	Total Impact on the Study Region	
	Low	High
<b><u>Saratoga Race Course Operations</u></b>		
Facilities Costs	\$35,540,000	\$35,540,000
Administration and Security	\$3,350,000	\$3,350,000
Advertising	\$2,410,000	\$2,410,000
Benefits and Insurance	\$7,640,000	\$7,640,000
<u>Food Services (Concessions)</u>	<u>\$12,520,000</u>	<u>\$12,520,000</u>
<i>Operations Subtotal</i>	<i>\$61,470,000</i>	<i>\$61,470,000</i>
<b><u>Participant Activities</u></b>		
Training and Racing	\$46,190,000	\$46,190,000
Veterinary	\$9,250,000	\$9,250,000
<u>Farrier (shoeing)</u>	<u>\$2,270,000</u>	<u>\$2,270,000</u>
<i>Participant Subtotal</i>	<i>\$57,710,000</i>	<i>\$57,710,000</i>
<b><u>Off-Track Visitor Activities</u></b>		
Lodging	\$10,680,000	\$26,280,000
Meals	\$9,700,000	\$11,650,000
Entertainment / Attractions	\$17,120,000	\$20,550,000
Retail	\$21,340,000	\$25,610,000
<u>Transportation</u>	<u>\$7,980,000</u>	<u>\$9,570,000</u>
<i>Visitor Subtotal</i>	<i>\$66,830,000</i>	<i>\$93,660,000</i>
<b>Total</b>	<b>\$186,000,000</b>	<b>\$212,840,000</b>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

Figure 56: Summary of Regional Economic Impacts on Employment Attributable to Saratoga Race Course Racing

<b>Expenditure Type</b>	<b>Total Impact on the Study Region</b>	
	<b>Low</b>	<b>High</b>
<b><u>Saratoga Race Course Operations</u></b>		
Facilities Costs	335	335
Administration and Security	40	40
Advertising	15	15
Benefits and Insurance	45	45
<u>Food Services (Concessions)</u>	<u>145</u>	<u>145</u>
<i>Operations Subtotal</i>	<i>580</i>	<i>580</i>
<b><u>Participant Activities</u></b>		
Training and Racing	520	520
Veterinary	75	75
<u>Farrier (shoeing)</u>	<u>30</u>	<u>30</u>
<i>Participant Subtotal</i>	<i>630</i>	<i>630</i>
<b><u>Off-Track Visitor Activities</u></b>		
Lodging	80	195
Meals	110	135
Entertainment / Attractions	195	230
Retail	210	250
<u>Transportation</u>	<u>40</u>	<u>45</u>
<i>Visitor Subtotal</i>	<i>635</i>	<i>860</i>
<i>Total</i>	<i>1,840</i>	<i>2,070</i>

Source: HR&A Advisors

Note: Totals may not sum due to rounding.

## **Horse Shows at Saratoga Race Course**

The Saratoga Race Course hosts a pair of significant horse shows each year. In May the two-week St. Clement's Horse Show draws horses and participants to compete in hunter and jumper events. During the month of June, Skidmore College hosts the two-week Saratoga Classic Horse Show, which draws significant numbers of participants for its hunter and jumper events. While this analysis does not quantify the economic impact of these events on the Study Region, their economic significance is discussed qualitatively.

The St. Clement's Horse Show dates back to 1960 and has evolved into a major attraction held each year in early May. A professional staff of 20 is hired to operate the show in accordance with the United States Equestrian Foundation's standards. About 900 horses register for the event. According to race organizers, the show draws over 2,200 owners, trainers, and other participants to the Saratoga Region from throughout the United States and Canada. St. Clement's utilizes up to 600 stalls provided by NYRA in exchange for a fee of \$30,000. Over the past 15 years, St. Clement's Elementary School has realized net proceeds of over \$500,000. Show proceeds are used to fund capital improvements and financial assistance programs.

The Saratoga Classic Horse Show, sponsored by Skidmore College, is held each year in late June. This nationally-recognized event was inaugurated in 1998. Participants travel to the show from throughout the United States and Canada for its world championship Hunter Rider event. In 2010, the event drew 2,000 participants and 600 horses. Skidmore rents approximately 600 stalls from NYRA for the event for a fee of \$25,000. Skidmore also erected approximately 100 additional temporary stalls in 2010 to accommodate overflow. Two full-time professionals and an additional 40 to 50 temporary employees are employed by Skidmore to run the event. Skidmore has in recent years netted approximately \$300,000 annually. All proceeds from the event are contributed to the Skidmore College scholarship fund.

In sum, the events together represent a total of about 28 event days. Both events bring non-residents into the Study Region, where they spend money on lodging, food, and incidental goods. Participants are also likely to spend money on horse supplies and services, including food, bedding, farrier services, and veterinary services. All of these expenditures have direct, indirect, and induced effects on output and employment within the Study Region.

## Section 5: Fiscal Impacts

Economic impacts attributable to the Saratoga Race Course generate significant tax revenues for both local governments (i.e. Saratoga County and the City of Saratoga Springs) and the State of New York. For this analysis, HR&A employs a similar methodology to that of the 2006 Economic Impacts Study to estimate personal income taxes to New York State and sales taxes to New York State and the local governments. HR&A also presents property tax, admission tax, and other statutory payments attributable to the Saratoga Race Course.

### Personal Income Tax

Figure 57 presents the estimated effective New York State personal income tax (PIT) rates leveraged by this analysis. To calculate income tax revenues generated by the Saratoga Race Course, these rates are applied to the estimates of direct, indirect, and induced earnings attributable to the Saratoga Race Course.

Figure 57: Average New York State Personal Income Tax Rates by Income Class

Income Class	Average PIT Rate
Under \$10,000	0.0%
\$10,000 - \$19,999	2.0%
\$20,000 - \$29,999	3.3%
\$30,000 - \$39,999	4.2%
\$40,000 - \$49,999	4.8%
\$50,000 - \$59,999	5.2%
\$60,000 - \$74,999	5.5%
\$75,000 - \$99,999	5.8%
\$100,000 - \$199,999	6.2%

Source: New York State Department of Taxation and Finance; HR&A Advisors

In order to estimate personal income tax revenues, HR&A first calculates the average salary of jobs attributable to the Saratoga Race Course by job category. Then, for each job category the corresponding average personal income tax rate is applied to total earnings in that category in order to estimate income tax liability by category. The sum of income tax liability across all job categories is the total income tax liability. As shown in Figure 58, HR&A estimates that approximately \$2.59 to \$2.96 million in annual personal income tax revenue is attributable to the Saratoga Race Course.

Figure 58: Personal Income Tax Revenues

Scenario	Total Annual Payroll	Total Number of Jobs	Average Income	Aggregate Income Tax Revenue
Low	\$61,980,000	1,840	\$33,700	\$2,590,000
High	\$70,150,000	2,070	\$33,900	\$2,960,000

Source: HR&A Advisors

## Sales Tax

Sales tax revenues owing to the Saratoga Race Course accrue to the City of Saratoga Springs, Saratoga County, and New York State. Figure 59 provides a granular description of the local sales tax rates applicable to on-track and off-track spending attributable to Saratoga Race Course visitors. Sales tax revenues generated by race participants at the Saratoga Race Course are not considered by this analysis since much of their spending is likely to be on wholesale goods and services.

Figure 59: Sales and Occupancy Tax Rates

<b><u>Sales Tax</u></b>	
State Sales Tax	4.0%
County Sales Tax	1.5%
<u>City of Saratoga Springs Sales Tax</u> <sup>1</sup>	1.5%
<i>Total</i>	<i>7.0%</i>
<b><u>Room Tax</u></b>	
Saratoga County Room Tax	1.0%
Saratoga County Convention and Tourism Bureau Room Tax	2.0%
City of Saratoga Springs Room Tax	1.0%
<u>City of Saratoga Springs City Center Tax</u>	<u>2.0%</u>
<i>Total</i>	<i>6.0%</i>

Source: Saratoga County; City of Saratoga Springs; Economic Research Associates

<sup>1</sup> Saratoga County sales tax rate is 3% outside of the City of Saratoga Springs.

HR&A estimates that, based upon taxable on-track sales of about \$9.16 million, spending by spectators at the Saratoga Race Course yields annual tax revenues of about \$366,000 accruing to New York State and \$275,000 accruing to the City of Saratoga Springs and Saratoga County.



Figure 60: On-Track Sales Tax Revenues

Revenue Source <sup>1</sup>	Revenue (2010\$)	Sales Tax Revenue	
		New York State	Saratoga Springs / Saratoga County
Food Services (Concessions)	\$7,123,370	\$284,935	\$213,701
Program Sales	\$877,763	\$35,111	\$26,333
Newstand Sales	\$286,679	\$11,467	\$8,600
Parking Revenues	\$355,349	\$14,214	\$10,660
<u>Retail Revenues</u>	<u>\$514,695</u>	<u>\$20,588</u>	<u>\$15,441</u>
<b>Total</b>	<b>\$9,157,856</b>	<b>\$366,314</b>	<b>\$274,736</b>

Source: NYRA; HR&A Advisors

<sup>1</sup> Sales tax on group sales are not included here as these sales include admissions which are not subject to sales tax.

Taxable off-track spending by Race Course visitors from outside the Study Region is estimated to be between \$34 and \$49 million. This direct spending yields between \$1.37 million and \$1.96 million in sales tax revenues accruing to New York State and between \$1.40 million and \$2.40 million in sales tax revenues accruing to the City of Saratoga Springs and Saratoga County.

Room tax payments are particularly important to the funding of the convention and visitors bureau. The most recent quarterly room tax payments collected by the City (June 1, 2010-May 31, 2011) show total revenue of over \$2 million, and 47 percent of this revenue was generated during the summer quarter that includes the racing season. (While reflecting a different time period, this number is higher than those below because it includes all hotel stays, not just those affiliated with the racing industry.) The convention and visitors bureau and city center receive each approximately \$825,000 annually that they invest in promoting the region. This large investment would not be possible without the strength of the racing industry during the summer months.

Figure 61: Sales Tax Revenues from Off-Track Visitor Spending

Spending Category	Direct Spending		Low Estimate of Sales Tax Revenue <sup>1</sup>		High Estimate of Sales Tax Revenue <sup>1</sup>	
	Low	High	New York State	Saratoga Springs / Saratoga County	New York State	Saratoga Springs / Saratoga County
Lodging	\$6,280,000	\$15,460,000	\$251,200	\$565,200	\$618,400	\$1,391,400
Meals	\$5,520,000	\$6,630,000	\$220,800	\$165,600	\$265,200	\$198,900
Entertainment / Attractions	\$9,700,000	\$11,640,000	\$388,000	\$291,000	\$465,600	\$349,200
<u>Retail</u>	<u>\$12,730,000</u>	<u>\$15,270,000</u>	<u>\$509,200</u>	<u>\$381,900</u>	<u>\$610,800</u>	<u>\$458,100</u>
<b>Total</b>	<b>\$34,230,000</b>	<b>\$49,000,000</b>	<b>\$1,369,200</b>	<b>\$1,403,700</b>	<b>\$1,960,000</b>	<b>\$2,397,600</b>

Source: Saratoga County; City of Saratoga Springs; HR&A Advisors

<sup>1</sup> Sales tax revenues from lodging expenditures presented here include room tax revenues accruing to Saratoga Springs and Saratoga County.

## Statutory Payments

New York State law requires that NYRA make a variety of payments to municipalities and other entities. In particular, NYRA must provide a share of revenues to New York State, the New York State Racing and Wagering Board, and the New York State Breeding and Development Fund. Prior to 2008, NYRA paid property taxes on the Saratoga Race Course. When the State of New York took title to the Saratoga Race Course in 2008 as part of the agreement to extend NYRA's exclusive franchise to operate the Aqueduct, Belmont, and Saratoga race tracks, it continued to pay property taxes on the track properties. The statutory payments attributable to the Saratoga Race Course in 2010 are presented in Figure 62.

Figure 62: Statutory Payments Attributable to the Saratoga Race Course

New York State Parimutuel Commission and Breakage	\$2,221,167
New York State Thoroughbred Breeding and Development Fund	\$1,014,320
New York State Racing and Wagering Board	\$724,514
Saratoga County Admissions Tax <sup>1</sup>	\$524,368
Saratoga County Property Tax	\$163,647
City of Saratoga Springs Admissions Tax	\$524,368
City of Saratoga Springs Property Tax	\$343,500
<u>Property Tax to School District</u>	<u>\$795,500</u>
<u>Total</u>	<u>\$6,311,384</u>

Source: NYRA

<sup>1</sup> Saratoga County shares 50% of admissions tax revenues with the City of Saratoga Springs.

Figure 62: Statutory Payments Attributable to the Saratoga Race Course

HR&A estimates that fiscal impacts attributable to the Saratoga Race Course total between approximately \$12.28 million and \$14.24 million. These tax revenues are generated from income taxes, sales taxes, room taxes on lodging, property taxes, admissions taxes, OTB surcharges, and NYRA statutory payments to New York State entities. Tax revenues accruing to New York State are estimated to be between about \$7.92 to \$8.88 million, while tax revenues accruing to the City of Saratoga Springs and Saratoga County are estimated to range between about \$4.37 million and \$5.36 million.

Figure 63: Summary of Fiscal Impacts from Racing

Tax Category	Low Estimate		High Estimate	
	New York State	Saratoga Springs / Saratoga County	New York State	Saratoga Springs / Saratoga County
Income Tax Revenue	\$2,590,000	-	\$2,960,000	-
Sales Tax Revenue	\$1,369,200	\$1,026,900	\$1,960,000	\$1,470,000
Room Tax Revenue	-	\$376,800	-	\$927,600
Property Tax Revenue	-	\$1,302,647	-	\$1,302,647
Admissions Tax Revenue	-	\$1,048,737	-	\$1,048,737
OTB Surcharge Revenue	-	\$1,405,785	-	\$1,405,785
<u>NYRA Statutory Payments</u>	<u>\$3,960,001</u>	<u>=</u>	<u>\$3,960,001</u>	<u>=</u>
<i>Total</i>	<i>\$7,919,201</i>	<i>\$5,160,869</i>	<i>\$8,880,001</i>	<i>\$6,154,769</i>

Source: HR&A Advisors

## Appendix

This section presents data on thoroughbred breeding operations that, while not produced recently, nonetheless offers valuable context for understanding the thoroughbred breeding industry in New York State and the Saratoga Region.

### Thoroughbred Breeding Operations

As described in the 2006 Economic Impacts Study, the New York State Agricultural Statistics Service released a report examining commercial breeding operations in New York State in 2000. While this report has not been updated, given that the 2005 New York Equine Survey found the number of breeding operations in the State had increased slightly since 2000, it is likely this data provides a useful baseline approximation of commercial breeding operations in the State.

According to the Commercial Breeding Operations report, in 2000 there were approximately 300 commercial breeding operations serving the thoroughbred racing industry. These operations represented over 7,000 equine and used 27,500 acres of land.

Figure 64: Commercial Thoroughbred Breeding Farms by Number of Mares, 2000

Number of Mares	Operations	Equine Acres	Total Equine	<u>Thoroughbreds</u>	
				Mares	Stallions
1 - 5	160	6,100	1,280	30	10
6 - 10	60	3,500	790	380	35
11 - 24	35	5,700	1,220	600	30
<u>25+</u>	<u>45</u>	<u>12,200</u>	<u>3,830</u>	<u>2,270</u>	<u>110</u>
<i>Total</i>	300	27,500	7,120	3,680	185

Source: New York State Department of Agriculture and Markets, New York Agricultural Statistics Service, Commercial Breeding Operations (2000)

The Commercial Breeding Operations report estimates that thoroughbred breeding operations in the State employed about 620 people in 2000. Thus, each thoroughbred breeding operation employed two people on average. Figure 65 presents the number and percent of these employees who served as managers, trainers, grooms, or had other functions. Approximately 72 percent of these jobs were full-time and 28 percent were part-time positions.

Figure 65: Employment at Thoroughbred Breeding Operations, 2000

Position Type	Count <sup>1</sup>	Percent of Total
Managers	93	15%
Trainers	56	9%
Grooms	279	45%
<u>Others</u>	<u>192</u>	<u>31%</u>
<i>Total</i>	620	100%

<sup>1</sup> Count includes full-time and part-time jobs.

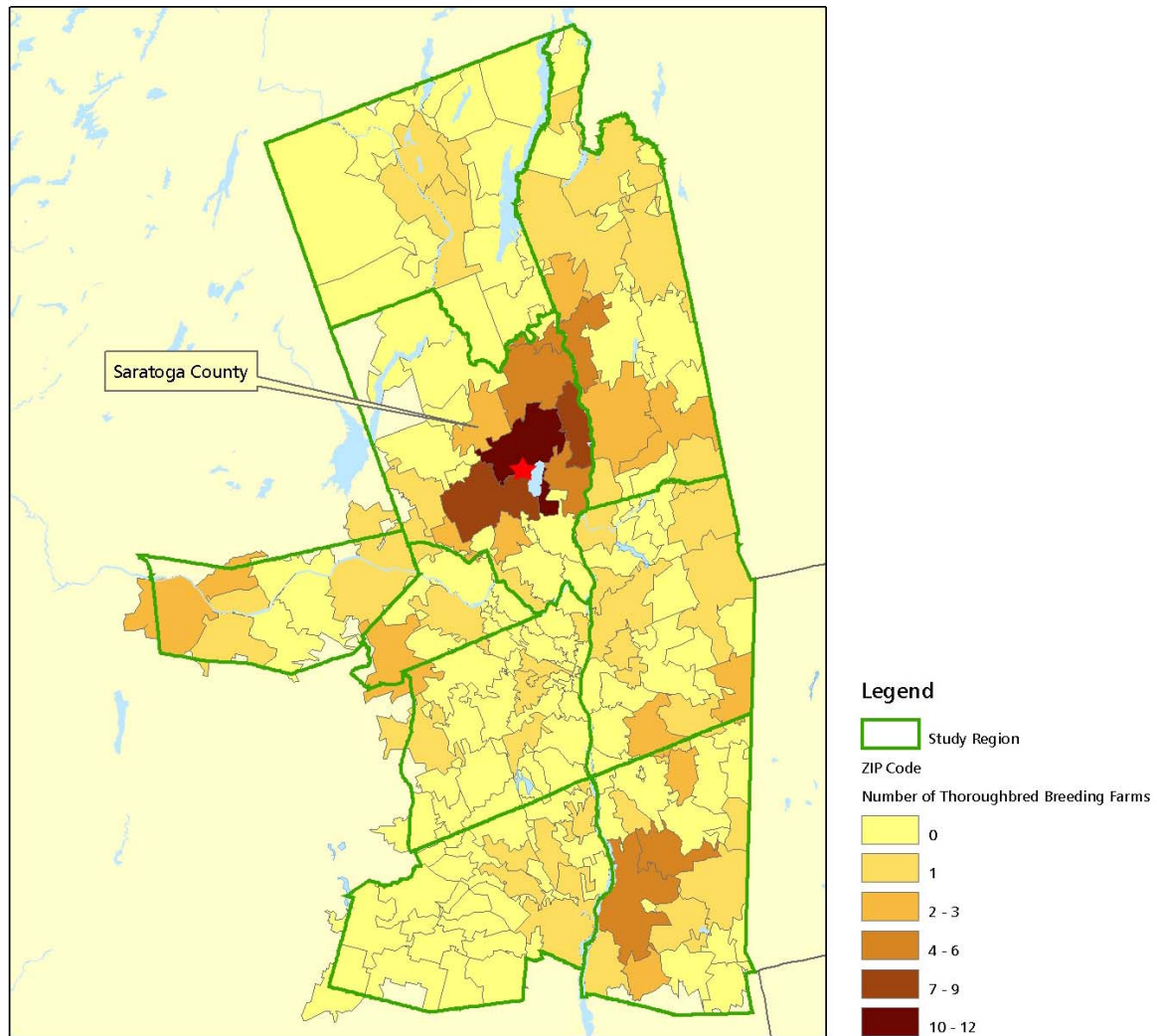
Source: New York State Department of Agriculture and Markets, New York Agricultural Statistics Service, Commercial Breeding Operations (2000)

The New York State Thoroughbred Breeding and Development Fund maintains a list of thoroughbred breeding farms in New York State. In 2006, this list indicated that there were 396 thoroughbred farms in the State.<sup>7</sup> Of these, 53 thoroughbred farms had mailing addresses with zip codes located at least partially within Saratoga County, equivalent to 13 percent of the State total, and 129 had mailing addresses with zip codes located at least partially within the Study Region, equivalent to 33 percent of the State total.

As shown in Figure 66, in 2006 the density of thoroughbred breeding farms in the Study Region was greatest in zip codes within close proximity to the Saratoga Race Course. Twelve thoroughbred farms were located in the same zip code (12866) as the Saratoga Race Course. Eight thoroughbred farms were located in the zip code to the south (12020), and seven thoroughbred farms were located in the zip code to the east (12871).

<sup>7</sup> Differences between thoroughbred farm counts from the New York State Agricultural Statistics Service (Figure 28) and the New York State Thoroughbred Breeding and Development Fund likely reflect different time periods and data collection methods.

Figure 66: Density of Thoroughbred Horse Farms in the Study Region (2006)



Source: New York State Thoroughbred Breeding and Development Fund Corporation; Economics Research Associates