

Good Morning, My Name is Joe Thomson. I am the President of the Standardbred Breeders Association of Pennsylvania (SBAP). With me today is John Wanner, the association's legislative counsel. I would like to thank Chairman Payne and Chairman Kotik as well as the rest of the committee for the opportunity to be here today to present testimony on behalf of the SBAP. The Standardbred Breeders Association of Pennsylvania represents roughly 500 horse breeders who have invested in Pennsylvania. Pennsylvania Standardbred breeders are made up of independent families and farms. We are like other business people and operations. Most are self employed, independent thinkers trying to be profitable in a business with animals they love. Breeding, raising, selling, training, and racing equine athletes require large capital investments.

The idea of switching the last remaining class 1 casino license (designated to be a harness racing racino) to a class 2 casino license with no racing is ill conceived. This approach would not only create fewer jobs at the casino site, but would also exclude Pennsylvania's agriculture community from any benefits associated with this state's horse racing industry. Overall, horse breeding is a \$1.6 billion industry in the state and supports about 23,000 jobs.

The Pennsylvania slots legislation (Act 71) was enacted in 2004. Many people touted the benefits that racinos would have on farmers, farriers, veterinarians and breeders. There was also much emphasis put on the positive benefit the law would have in preserving the open space that horse breeding farms provide. Despite the difficulties breeders have faced during the great recession and the political instability surrounding the actual amount of slots revenue that makes it through the budget process and gets to breeders, the law has had the positive impact on agriculture and open space it was intended to have.

In 2004, the concept was to have slots piggyback onto Pennsylvania's racing industry, to support the equine and agricultural industries. A reversal of philosophy to have gambling only for gambling's sake, undercuts the rationale that prevailed in 2004. And there is no reason to believe a class 2 license in Lawrence County would be more profitable than a class 1 license.

A fact about Pennsylvania many people don't know is that the Commonwealth is an international leader in Standardbred horse breeding. One might say that Pennsylvania is the Kentucky of standardbreds. The largest standardbred horse farm in the world, Hanover Shoe Farms, is located in Hanover, PA and with over 1,200 horses and 75 employees. It is the top breeder with the most wins and highest earnings bringing in over \$29,250,000.

The tracks that race these kinds of horses in Pennsylvania are:

- The Meadows Racetrack and Casino located in Washington, PA
- Harrah's Racetrack and Casino located in Philadelphia, PA with 150 racing days
- The Downs at Mohegan Sun Poconos located in Wilkes-Barre, PA with 134 racing days
- The Pennsylvania horse industry accounts for 18% of agribusiness sales or more than 8.3 billion dollars.

- The value of those horses in Pennsylvania is more than 1.3 billion dollars.
- Since the early 1990's the number of horses in Pennsylvania has increased by more than 50% to nearly 255,000.
- Total value of horses, land, buildings, machinery, trucks, and trailers is more than 10 billion dollars.
- Over 1,140,000 acres of Pennsylvania land is dedicated to horses.
- The horse industry employs more than 20,000 people in Pennsylvania.
- There are more than 40,000 Quarterhorses, 37,000 unidentified, 15,000 Standardbreds and 12,000 Thoroughbreds.
- There are nearly 1,000 racehorse-breeding farms in Pennsylvania.
- There are over 38,000 horse owners in Pennsylvania.
- Purses paid to horses raced in Pennsylvania have tripled since the approval of slots and paid out \$210,000,000 last year.
- Pennsylvania horse owners spend over \$150,000,000 on feed, bedding, hay and pasture maintenance each year.

Additionally, Pennsylvania hosts the largest Standardbred Horse Sale in the world at the Pennsylvania State Farmshow Complex in Harrisburg. This sale is the 3<sup>rd</sup> oldest event at the Farmshow Complex. The standardbred sale typically yields \$50 to \$55 million throughout the week. It attracts buyers from across the country and internationally. Buyers from those areas feel the political climate in Pennsylvania affects how much they're willing to spend on a racehorse. Horses sold during the sale are the type raced at The Meadows Casino in Washington, the Mohegan Sun at Pocono Downs in Wilkes-Barre, and Harrah's Philadelphia Casino and Racetrack in Chester. The 78<sup>th</sup> Annual Sale is scheduled for Monday, November 7 through Wednesday, November 9<sup>th</sup> of this year and will be featuring 899 fabulous yearlings - 478 by Pennsylvania sires, 269 by New York sires, 126 by Ontario sires, 19 by Ohio sires, 4 by New Jersey sires, and 3 by Indiana sires. The Pennsylvania Farm Show Complex and Expo

Center in Harrisburg is a major venue that annually hosts more than 200 shows and events, many of which have a significant agricultural focus. The economic impact of the Farm Show Complex and Expo Center in Dauphin and Cumberland counties depends critically upon the extent to which the Complex is able to draw non-residents to the Harrisburg area, thus increasing the number of dollars flowing into the Harrisburg area economy. The PA Farm Show Complex and Expo Center annually brings a significant number of non-residents into the Harrisburg area, with many staying overnight, shopping at local stores, eating at local restaurants, and otherwise spending money in the Harrisburg economy. As a result, the Farm Show Complex and Expo Complex have a very large positive economic impact on the region's economy.

The overall Economic Impact of the Standardbred Horse Sale at the Farm Show Complex include:

- Employing over 125 people in the Harrisburg area
- Bringing in over 3.5 million dollars in labor income (wages, salaries and benefits) to the Harrisburg area

Eliminating a venue for standardbred horses to compete makes no sense. The hurdles that have delayed the last class 1 license from moving forward are not related to the fact the license is reserved for a harness racing facility. Why not share the benefits of the additional facility with Pennsylvania's number 1 industry, agriculture? Why not encourage more breeders to locate and expand in Pennsylvania by expanding racing opportunities for their horses? Why walk away from the promises made to the agriculture community when the slots authorizing legislation was first enacted?

In conclusion, I encourage the committee to oppose the idea of switching this license from class 1 to class 2. The best thing that could be done for all involved is for this committee to find a way to help move forward with the final class 1 license. The Commonwealth has already lost millions of dollars in tax revenue because of this lengthy delay. To be specific, 34% Pennsylvania Gaming Tax Revenue-Slots/15% Table Games Tax for a total of approximately \$ 710,008,215 is a conservative estimate.

Thank you for your attention and hoped for support.