

Good morning. Thank you Chairman Causser and Chairman Pashinski for the opportunity to testify today.

My name is Russell Williams, I am CEO of Hanover Shoe Farms and President of the United States Trotting Association and am representing the Standardbred Breeders Association of Pennsylvania.

If you are not familiar with Hanover Shoe Farms, it is on certain measures the largest horse-breeding farm in the world. Founded in 1926, the farm spans 3,000 acres and is home to an average of 900 horses in a given year.

Standardbreds are a specific breed of horse that race in harness, on the trotting or pacing gait. The first documented trotting race in America was held in Philadelphia in 1806. Horseracing and breeding is a native agricultural industry in Pennsylvania, and we have been here a long time.

The 3,000 acres comprises about 27 family farms that are maintained in open, green space to accommodate the horses. Most of our 80 employees live on the individual farms and in houses on our land. There are about 47 families living on our property who would have to find somewhere else to live if we were forced to curtail our operations.

Pennsylvania is the leading horseracing and breeding jurisdiction in North America, rivaled only by New York in certain years.

Since 1939, the Standardbred Horse Sales Company has operated a weeklong horse sale at the Pennsylvania State Farm Show Complex. It is the third-oldest

event held at the Farm Show Complex. It is also the largest Standardbred auction in the world, grossing over \$50 million per year. More than 5,000 individuals attend the sale. They come from the United States, Canada, Europe, and the Southern Hemisphere. Pennsylvania-breds are the main attraction at this sale.

Most major Standardbred breeding farms have a presence in Pennsylvania, even if their headquarters are located in other states. Diamond Creek Farm, Concord Farm, Walnridge Farm, and Winbak Farm are some important examples. Leading individual breeders also keep their breeding horses here. The reason for this is that eligibility to the major races, which are based on the Race Horse Development Trust Fund, requires them to be based on Pennsylvania land for at least half the year. The number of individual Standardbred breeders who live in Pennsylvania fluctuates, but they number in the hundreds and are located throughout the Commonwealth.

The Standardbred Breeders Association supports House Bill 1983. As you know, that legislation removes the sunset provision associated with the cost of racehorse testing. This is the key element of racing integrity, which is essential to maintain in a leading racing jurisdiction. We believe that it is appropriate for the Race Horse Development Trust Fund to bear the cost of preserving integrity in Pennsylvania racing.

In fact, the Trust Fund contributes additional money to the Department of Agriculture, as part of the agreement that the Pennsylvania horse industry entered into with the Legislature and the Executive in 2017. The additional money provides millions of dollars to county fairs and to the Farm Show Complex. This legislation created the Trust Fund.

It is no secret that Governor Wolf is proposing to empty the Trust Fund in order to fund a newly envisioned scholarship program. If the Trust Fund is raided in this manner, House Bill 1983 will be superfluous. Obviously, racehorse testing is not necessary if there is not any racing.

North America's premier horseracing and breeding industry has been built in Pennsylvania in reliance on the original racing compact of 2004, and particularly in reliance on the 2017 act establishing the Trust Fund, which recognizes the formidable, positive economic impact of our industry.

In 2019, Hanover Shoe Farms alone spent \$856,000 on hay and straw for our horses. That represents six million pounds of hay and straw that is raised and sold to us by our neighbors, who are farmers. We also spent about \$260,000 last year maintaining the 200 miles of fencing that encloses our green pastures. We spent millions of dollars with Pennsylvania businesses for goods and services. We had a good sale in 2019, so, unaware of the Governor's ideas about the Trust Fund, we spent over \$2 million on new land and horses to strengthen our operation.

Invading the Race Horse Development Trust Fund would not only eliminate one of Pennsylvania's signature, native industries, it would also hurt Pennsylvania farmers and businesses. Thousands of acres of open land would go under houses. From the standpoint of the United States Trotting Association, the loss of a racing jurisdiction as important as Pennsylvania would disrupt all of racing and breeding on the continent.

The Trust Fund is not taxpayers' dollars. The 2004 racing compact permitting casino gaming in Pennsylvania allocated a share of gaming money for state taxes. A separate share is provided for local taxes. Finally, a separate share makes up the Trust Fund. This remarkable Three-Way Win combining gaming entertainment, equine agriculture (both of which have tremendous economic impact), and significant tax revenue, deserves the protection that the General Assembly has given it.

Thank you for permitting me to testify today. I would be happy to answer any questions.