



## The Horse Racing Industry in Delaware

Mark Davis

### A Little History on the Sport

- Horse racing is one of the oldest of all sports, and its basic concept has undergone virtually no change over the centuries
- 12th Century (**1101 to 1200**) - The origins of modern racing began in this century when English knights returned from the Crusades with swift Arabian horses.
- **1530** - The earliest records of racing in England are recorded at York. Ten years later, Chester had its first race course.
- **1665** - British settlers brought horse racing to the New World, and the first American track was laid out in Long Island.

## More

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- **1750** - American horse breeders and racers establish the **Jockey Club**. Today, the club still defines standards and regulations for thoroughbred racing, racecourses and breeding
  - In **1788** the great sire **Messenger** was brought to America where he stood at stud for 20 years. One of his sons, Hamiltonian, became the father of the American Standardbred breed. Every Standardbred horse can trace its heritage to Hambletonian, born May 5, 1849, in Sugar Loaf, N.Y.
  - Late 19th century (**1890-1900**) - Frenchman Pierre Oller developed the pari-mutuel wagering system, In **pari-mutuel wagering**, people bet money on a specific outcome, and all of the bet money is placed into a pool. Once the outcome is decided, the pool is divided among the winning wagers.
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## A little more.....

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- One of the **first harness racing tracks** in America, if not the first, was the **Harlem Lane** course in New York, although it also carried Thoroughbred racing and the first speed record in American trotting history was set here in 1806.
  - **In 1940**, the opening of Roosevelt Raceway was the beginning of harness racing's current era, with really took off after the end of World War II and most large tracks were lighted for night racing also
  - **In 1989**, Horse racing was the second most widely attended U.S. spectator sport after baseball. 56,194,565 people wagering \$9.14 billion attended 8,004 days of racing.
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## Current Stats in US

US Horse Council 2005

- ▶ There are **9.2 million** horses in the **United States**.
- ▶ **4.6 million** Americans are involved in the industry as horse owners, service providers, employees and volunteers. Tens of millions more participate as spectators.
- ▶ **2 million** people own horses.
- ▶ The horse industry has a direct economic effect on the U.S. of **\$39 billion annually**.
- ▶ The industry has a **\$102 billion impact on the U.S. economy** when the multiplier effect of spending by industry suppliers and employees is taken into account. Including off-site spending of spectators would result in an even higher figure.



US Horse Council 2005

- ▶ Racing - 844,531
- ▶ Showing - 2,718,954
- ▶ Recreation - 3,906,923
- ▶ Other - 1,752,439
- ▶ **Total - 9,222,847 horses**
- ▶ The study dispels the misperception that the horse industry is an activity only for wealthy individuals. The horse industry is a diverse activity with stakeholders including recreational and show horse riders, and moderate-income track, show and stable employees and volunteers.
- ▶ **46% of horse owners have an income of between \$25,000 to \$75,000.**



## ECONOMIC INDICATORS ON U.S. RACES From USTA

October 26, 2019: \$4,390,244 wagered

	YTD 2019	YTD 2018	% Change
<b>Total Wagered</b>	\$1,199,283,638	\$1,153,323,024	+3.99%
<b>Per Race Avg.</b>	\$39,776	\$37,861	+5.06%
<b>Per Betting Interest</b>	\$4,994	\$4,807	+3.89%
<b>Purses</b>	\$380,543,399	\$364,682,279	+4.35%
<b>Race Days</b>	2,948	2,997	-1.63%



## Racing In Delaware



## DE Background

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- ▶ **1760** Horse racing in the State of Delaware dates back as far as the colonial period when the first racing facility was built in the Town of Newark in 1760.
  - ▶ **1934 est. the Delaware Racing Commission** and in 1935, license was granted for selling pools through pari-mutual machines and wagering was allowed “within the enclosure of any horse race meet licensed and conducted under this Act.”
  - ▶ **In 1936**, five area business men, led by William duPont, Jr., formed the Delaware Steeplechase and Race Association and purchased a large amount of land on which would be housed facilities dedicated to the breeding and promotion of thoroughbred race horses. That same year, the Association principles met with the Delaware Racing Commission and proposed the design and building of a race track.
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## DE Background

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- ▶ Delaware Park and was designed by William duPont, Jr., who had previously designed twenty-three race courses throughout the country. The racetrack held its grand opening on **June 26, 1937**, with a thirty day meet.
  - ▶ **1945** – est. Delaware Harness Racing Commission.
  - ▶ **1946** A group of enthusiasts held a 60-day meet on the Harrington fairgrounds. The next year they formed an association called “The Harrington Raceway” and built the present day track. Today Harrington Raceway is the oldest continuously operating harness racing track in the country.
  - ▶ **Brandywine Raceway** open from 1952 to 1989, exclusively harness. Closed after failed attempt to get slots in late 1980s.
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## DE

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- ▶ **1967** Dover Downs is incorporated in 1967
  - ▶ **November 19, 1969** The first DD harness race takes place.
  - ▶ **1970s** - The influence of extended racing competition from surrounding states, primarily the Meadowlands in New Jersey, Atlantic City casinos and state lotteries in Delaware and Pennsylvania, takes its toll on the horse racing industry in Delaware.
  - ▶ **May 31, 1994**, The Delaware General Assembly passes legislation authorizing slot machines at pari-mutuel horse racing facilities. **The Delaware Horse Racing Redevelopment Act** is passed to revitalize the horse racing industry in Delaware.
  - ▶ Today increased slot competition from surrounding states and the reapportioning of slot revenues is hurting the local industry.
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## Regulation

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- ▶ Both Harness and Thoroughbred Racing are highly regulated industries with separate commissions and rules.
  - ▶ DE Harness Racing Commissions issues about 2,000 licenses per year to owners, trainers, drivers, grooms, vendors, and track employees.
  - ▶ DTRC issue appx 5,000 licenses per year.
  - ▶ Harness Racing has 145 days per year yielding 2,000 races
  - ▶ Thoroughbred has 80 race days/year yielding 600 races
  - ▶ Employees: Judges, (Stewards), Investigators, office staff, Paddock Inspectors, Identifiers, Blood Gas Machine Operators, Breathalyzer Techs, Veterinarins
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## Regulation continued

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- ▶ Ensure integrity of racing – including financial integrity
  - ▶ Oversee all aspects of actual race
  - ▶ Oversee tracks and paddocks
  - ▶ Ensure safety
  - ▶ Perform post race testing on winners and “specials”
  - ▶ Perform pre-race blood gas analysis
  - ▶ Perform human drug testing
  - ▶ Perform “Out of Competition” testing for blood doping
  - ▶ Current issues – EPO and Cobalt, Lab accreditation, consistency among states, and OCT
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## Currently in Delaware

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- ▶ Estimate 775 Thoroughbreds housed in DE and approximately 100 farms
  - ▶ Estimate 3,000 Standardbred; 1,000 of them yearlings or breeding stock and 300 farms
  - ▶ Annual cost to keep a Standardbred: \$30 - \$ 36K for Racers; \$10k for Stud; and \$15k for Broodmare
  - ▶ Annual Thoroughbred cost is at least \$40 - \$50k
  - ▶ Apprx. 4, 200 jobs
  - ▶ 2013 Paid out \$28,000,000 in Harness Purses and \$13,500,000 in Thoroughbred Purses
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## Today

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According to the **2014 DE Horse Racing Economic Impact Study**, conducted by the University of Delaware, Center for Applied Business & Economic Research.

**In 2014, the horse racing industry total contribution to the Delaware economy was nearly \$182 million, including support of 1,540 jobs (FTE). Every \$100 dollars in spending by horseman, tracks, agencies and associations results in \$182 of total spending in Delaware.**

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## Show Me the Money - Purses

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On a **\$100,000** purse to Owner

1st place	\$50,000	50%
2nd place	\$25,000	25%
3rd place	\$12,000	12%
4th place	\$8,000	8%
5th place	\$5,000	5%

5% of winnings to Driver

5% of winnings to Trainer

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## Show Me the Money - VLTs

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**100% of all lottery (VLT) proceeds are “swept” by the State every week**

- 43.5% of DD funds go to the State general fund (GF)
- 42.5% of HRI funds go to the state GF
- 10.75% of SB funds go to purse acct.
- 9% of TB funds go to purse acct.
- The vendor (VLT) fees are 8%
- Leaves 38% for tracks

**Reapportioned in 2014**

- Vendor fees taken off top
- Tracks now getting approx 40%

**Pre Financial Crash**

- Process was the same but calculations were different
  - 12% to purse acct.
  - 50% remained for Casinos/Tracks
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## The Many Parts

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- ▶ Horseman/Horses
  - ▶ Support Personnel (Vets, Grooms, Farmhands, etc...)
  - ▶ Suppliers
  - ▶ Land
  - ▶ Casinos/Tracks
  - ▶ Betting Public
  - ▶ Government (Public / Tax Revenue / Partners)
  - ▶ Commissions (regulators)
  - ▶ Associations (USTA, DSOA, ARCI, Jockey Club...)
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## Any Questions

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