

Money from slots has done nothing to improve horse racing

By [Andrew Beyer](#), Monday, March 19, 7:44 PM

At a time when the horse racing business has suffered a serious decline, one segment of the sport is enjoying a bonanza. These are great times for horsemen in states where purses are subsidized by revenue from slot machines.

Owners and trainers at Parx — the former Philadelphia Park— must think that they have died and gone to heaven when they run a bottom-level \$5,000 claimer in a race with a \$25,000 purse — plus a bonus if the animal was bred in Pennsylvania. Horsemen at minor league tracks such as Charles Town (W. Va.), Presque Isle Downs (Pa.) and Zia Park (N.M.) regularly compete for big-league purses because of slot money.

These windfalls exist because many states, when they legalized slots, opted to install them in racetracks and decided to aid the sport by earmarking a certain percentage of revenues for purses and breeder awards. But what the state gives, the state can take away, and many are taking a fresh look at their largesse to the horse business:

- In Pennsylvania, Gov. Tom Corbett has proposed cutting \$72 million of subsidies to horse racing and breeding to pay for other agricultural projects.
- In Ontario, the provincial government has proposed ending all slots payments to the horse racing industry as of 2013.
- In Indiana, the state's inspector general advocated slashing the subsidy for horse racing.
- In New Jersey, Gov. Chris Christie ended state support of racing and blasted leaders of the sport for “extorting the taxpayers for millions of dollars in subsidies to their industry.”

Horsemen have reacted with shock and outrage to such proposals, but they should have seen these haymakers coming. Many state governments are under severe financial pressure and are struggling to maintain basic services for their citizens. As politicians look for sources of revenue, they can't ignore the millions of dollars now flowing into horse racing, and they can readily frame populist arguments that the money is being misallocated.

Christie said: “I am no longer going to permit millionaire horsemen to take money . . . from the taxpayers of the state to fund their industry.” In Ontario, Education Minister Laurel Broten sent

out a news release declaring, “We simply can’t afford to support . . . horse racing subsidies. . . . when the . . . money could get better health care for our seniors and full-day kindergarten for our 4- and 5-year-olds.”

In most places, the racing/slot machine relationships developed along similar lines. In some cases, a racetrack couldn’t survive on its own merits, but it was such an important part of its community that the public supported legalizing slots to keep it alive. (This was the case at Charles Town.)

In others, proposals for legalized slots faced a lot of not-in-my-backyard opposition, and the perfect answer was to put the slots in an existing gambling facility — a racetrack. The track, of course, got a percentage of the profits for running the operation. The rationale for allotting money to purses and breeders’ awards (rather than, say, health care for seniors) was to revive the sport by improving the product and attracting more fans.

But every racing fan knows what happened instead. When slots were legalized, the machines proved to be so lucrative many track owners lost interest in the sport and viewed it as a nuisance. They made no effort to improve the game or attract new fans; slot players are more profitable customers.

The day-to-day racing at tracks such as Philadelphia Park and Delaware Park is just about as dreary as it was before slots inflated the purses. One track that has made the most of slot money is Woodbine, in Toronto, which offers some of the best daily cards on the continent and uses its resources to promote the sport and to create new horseplayers. But Woodbine is a rarity.

More often, slot money props up tracks that have virtually no fan base and couldn’t exist on their own merits. This is true of most harness and dog tracks, and some thoroughbred operations — such as Presque Isle Downs. Two previous racetracks in Erie, Pa., went broke from lack of support. Presque Isle was built when slots were legalized in the state, and it had to be a racetrack to get the machines, but its racing business is as pitiful as that of its predecessors. The track’s average attendance last season was 705, and those customers bet an average of \$35,000 per day on the live product. Yet Presque Isle pays huge purses — more than \$200,000 a day.

While the money has benefited owners, trainers and Pennsylvania breeders, it has done nothing to popularize or improve horse racing. On the contrary, it has hurt the sport in some ways. At a time when almost every track is suffering from a shortage of thoroughbreds, the horses who go to Erie could be running at viable tracks, helping them to offer a better product, instead of racing in a place where almost nobody watches them.

Too many people in the thoroughbred industry are content with the status quo. In the crowded mid-Atlantic region, racetracks should agree to pare down their schedules, offering fewer races with larger fields that fans want to bet. But horsemen habitually resist such cutbacks, and most tracks continue to lose fans.

However, the status quo is unsustainable because more and more politicians will be asking: Why should we subsidize a sport that so few people care about? Why should we help an industry that won't help itself? And thoroughbred racing can offer no good responses to these questions.