



MEMORANDUM

Date: March 3, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Efforts to Seek a Contracted Operator for Horse Racing at Rillito Racetrack**

Introduction

Rillito Racing, Inc. (RRI) had been the contracted horse racing operator at Rillito Racetrack from 2014 to June 30, 2024. On July 1, 2024, the County issued a Request for Proposals (RFP) to secure a new horse racing operator at Rillito. In a [July 22, 2024 Memorandum](#), I informed the Board of Supervisors that the RFP had been cancelled to ensure the process was transparent and followed best procurement practices. I also indicated in the Memorandum that I would keep the Board of Supervisors informed of the condition of Rillito Racetrack for the purpose of horse racing and efforts to reissue an RFP for a horse racing operator.

Condition of Rillito Racetrack

In the time since July 2024, the Parks and Recreation Department (PR) has worked to assess the condition of the racetrack facility. I am happy to inform you that the issues related to storm damage to the facility from the 2024 monsoon have been rectified including removal and repairs of storm damaged amenities such as the horse barns. Additionally, PR has completed an assessment along with the Horse Racing Integrity and Safety Authority (HISA) of facility needs specifically related to on-track racetrack safety and horse testing areas. This assessment resulted in three areas that need improvement: 1) replacement of the track rail system; 2) installation of an emergency warning system; and 3) test barn area modifications.

PR has identified fixes for these HISA related items and has estimated the cost to address all three at approximately \$425,000. Funding is available in the PR horse racing special revenue fund derived from horse racing related activities at the racetrack totaling \$508,000. Preliminary indication has been provided to HISA of the County's desire to fix these items to enable racing to potentially occur at Rillito Racetrack during Calendar year 2026, subject to reissuing an RFP and eventually selecting a horse racing operator.

In addition to the HISA racetrack related items, at the request of PR, Pima County Facilities Management (FM) conducted an initial inventory of other potentially needed facility repairs and improvements. This review included a cursory assessment of basic health, safety and code compliance items such as plumbing, accessibility, fire suppression systems, as well as other typical deferred maintenance aspects related to interior and exterior finishes and coverings, fixture and lighting upgrades and non-fixed equipment maintenance or replacement. Preliminary estimates for the basic health, safety, and code compliance category

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items are approximately \$496,000, with an overall total estimate of roughly \$1.9 million when including the other deferred maintenance items. It must be noted, however, that it is not necessary to address all the identified items at once and that some may not need to be at all based on ultimate future plans for the facility.

Considerations for Horse Racing in Pima County

In determining how to address both the HISA and FM identified facility repair or improvement needs, it is necessary to consider the potential future scenarios for operating horse racing in Pima County. The Historic Rillito Racetrack is the only facility in Pima County currently capable of hosting horse racing. Suggestions have been made by both those interested in horse racing and others interested in other uses hosted at the Rillito Regional Park where the horse track is located, so that there may be other better suited locations to develop a horse racing facility. Ideas have ranged from the Pima County Fairgrounds to other unspecified potential sites in the Town of Marana and elsewhere.

Regardless of which alternative location option is pursued, it can be expected that developing a new facility will take several years. For comparison, the procurement process for the Mosaic Quarter project at the Kino Sports Complex launched in February 2020 resulting in the County entering into a master development partnership agreement in 2022, and the Phase I project leases, construction documents and financing being finalized in 2024. Construction of the Phase I improvements began in October 2024 with construction completion and operation of the first of the facilities to occur in 2027.

Given the timing realities of pursuing and potentially establishing a new horse racing facility at a location other than the Rillito Racetrack, Rillito currently presents the best near-term option to operate horse racing in Pima County, while also exploring other longer-term options. Given the economic contributions of horse racing operations in Arizona, and the historic significance of horse racing at Rillito Racetrack, I believe it is important to retain horse racing in Pima County. A recent report prepared by the University of Arizona, home of the only Race Track Industry Program in the nation, estimates that the statewide economic impact of horse racing is \$294 million annually. The full report is attached.

Summary of Next Steps

Based on the overall positive economic impacts, it is appropriate to utilize a multi-tiered approach to reactivating horse racing in Pima County. As such, I have authorized the Parks and Recreation Department to re-issue an RFP for a horse racing operator at Rillito Racetrack through our Procurement Department. The RFP is expected to be published the week of March 3rd with a deadline for submitting proposals of mid-April. Upon receipt of submissions, proposals will be evaluated by an internal committee with an anticipated consideration of a contract by the Board of Supervisors in August or September. The intent for the term of an operating contract is three (3) years with two (2) one-year extensions to secure the return of horse racing at Rillito Racetrack for this interim period while also enabling the exploration of other potential options. I will keep you informed as the RFP process progresses.

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Along with initiating the RFP, I have approved proceeding with steps to begin the process, including expenditures necessary for ordering long lead time materials, for the HISA identified on-track safety improvements to support horse racing potentially in calendar year 2026, subject to successful attraction of a horse racing operator through the RFP process. At this time, I have not authorized any expenditures related to the Facilities Management cursory inventory since prioritization of these efforts would be best achieved in partnership with an eventually selected operator.

I have also directed Deputy County Administrator Carmine DeBonis Jr. to work with Pima County Parks and Recreation, Procurement, Real Property Services and other appropriate County departments, as well as the Pima County Fair Horse Racing Commission, University of Arizona and other interested groups, to begin evaluating potential alternate horse racing sites on County owned land and, if determined viable, to initiate a process to identify potential development partners similar to what was done for Mosaic Quarter. Undertaking this effort along with reactivating horse racing at Rillito Racetrack for an interim time period through a contract not exceeding five (5) years will provide greater options for horse racing in Pima County.

JKL/dym

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Victor Pereira, Director, Parks and Recreation Department
Pima County Fair Horse Racing Commission

Arizona's Horse Racing Industry

An Economic Contribution Analysis



January 2025

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COLLEGE OF AGRICULTURE & LIFE SCIENCES
**Agricultural &
Resource Economics**



THE UNIVERSITY OF ARIZONA
Cooperative Extension

Acknowledgements

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Executive Summary

What is the study about?

This study examines the role of the horse racing industry in Arizona's economy. The study highlights the industry's economic contributions in terms of sales, gross state product, labor income, and employment in a recent, typical year.

What did the study find?

Including multiplier effects, horse racing in Arizona generates an economic contribution of \$293.9 million in sales to the state economy in a typical year:

- The total contribution of horse racing activities to Arizona's Gross State Product (GSP) in a typical year is estimated at \$196.8 million, including multiplier effects.
- Including multiplier effects, Arizona's horse racing industry supports roughly 1,940 jobs in the state and \$115.8 million in labor income in a typical year.

Within Arizona, direct horse racing-related output (sales) in a typical year includes:

- \$117.6 million by horse owners, trainers, and breeders;
- \$19.1 million by racetracks and county fairs;
- \$6.6 million by Arizona's Off Track Betting (OTB) network;
- \$8 million by industry associations and the Arizona Department of Gaming;
- \$13.5 million by horse racing-related visitors; and
- \$447,000 by University of Arizona's Race Track Industry Program (RTIP).

How was the study done?

This study relies on the results of a statewide survey of racehorse owners, trainers, and breeders performed between October and November of 2024. Survey data were complemented with data on revenues and expenses for racetracks, industry associations, the Arizona Gaming Commission, Arizona's Off-Track Betting Network, horse racing-related visitors, and University of Arizona Race Track Industry Program (RTIP), from a variety of sources. The economic multiplier effects of the horse racing industry in Arizona were estimated using the IMPLAN Pro 2022 model. The methods used to estimate economic contributions are presented in the Appendix.

Introduction & Background

Horse racing has a storied history in the United States and events such as the Breeder’s Cup and the Triple Crown races garner significant attention from around the globe. Meanwhile, since the 2018 Supreme Court ruling favoring state regulation of online gambling (*Murphy vs. NCAA* (U.S. Supreme Court, 2018)), online sports betting has exploded, changing the competitive landscape for racing venues, offering both challenges and opportunities for growth.

Several past studies have considered the economic contribution of horse racing at both the national level and the state level in different areas of the United States. For example, Balasz & Davis (2019) estimated the economic contribution of owners, breeders, and trainers of thoroughbred horses, quarter horses, and standardbred horses, as well as racetrack facilities, to Iowa’s economy. Ndembe et al. (2017) conducted an economic contribution analysis for horse racing in North Dakota, including the contributions of various industry associations and the North Dakota Racing Commission. Tuck (2017) included owners, trainers, breeders, racetracks, and the state racing commission in an economic contribution study of horse racing in Minnesota. Lillywhite & Wise (2009) included the contribution of owners, breeders, and trainers in an analysis of the horse racing industry in New Mexico. In Arizona, a number of past studies have estimated the economic contribution of horse racing and horse ownership in general to the state’s economy (Hanekamp, 1974; Gum et al. 1990; Seidman Research Institute, 1997; and Beattie et al., 2001).

Building from the example of past studies, as well as conversations with industry experts, this study defines Arizona’s horse racing industry as consisting of racehorse owners, trainers, and breeders, race tracks, the state’s Off-Track Betting network (OTB), the Arizona Department of Gaming (Racing Commission); industry associations, and horse racing-related tourism. Figure 1 depicts these main industry actors.

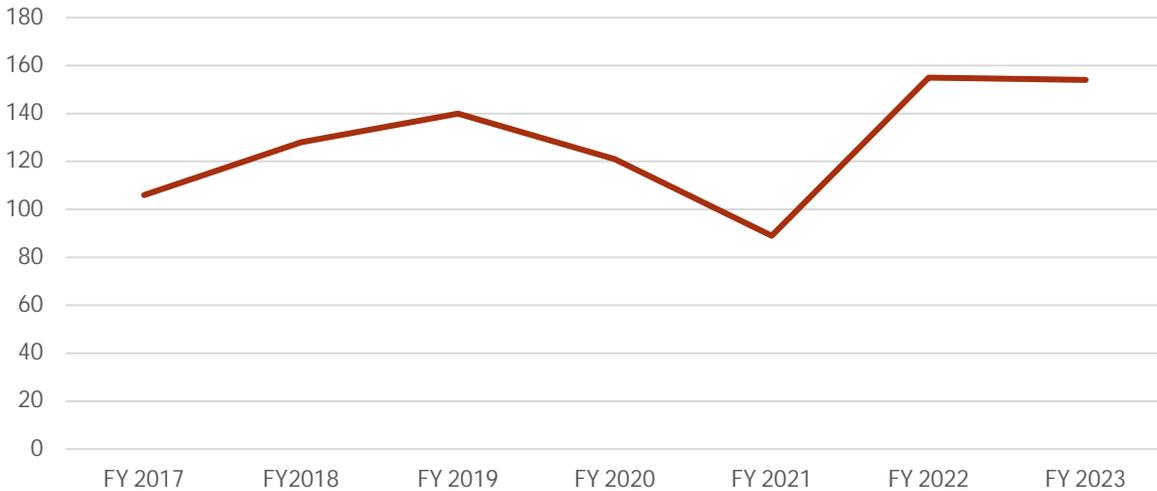
Figure 1. Industry Actor Map



Horse racing is an industry in flux. Since the 2018 U.S. Supreme Court ruling favoring state regulation of online gambling (*Murphy vs. NCAA* (U.S. Supreme Court, 2018)), online sports betting has expanded rapidly, changing the competitive landscape for racing venues. Shortly thereafter, the COVID-19 pandemic had a significant negative impact on event attendance and horse racing revenues. While some rebound has occurred since 2020, the compounded effect of these changes continues to be felt.

Arizona legalized online betting on horse races in 2021 (Arizona Department of Gaming, 2024). Just as it has nationally, the change has affected the horse racing industry in the state, shifting the business model of racing facilities. In 2020 and 2021, live race days declined sharply in the state following the onset of the pandemic, although they have since recovered to pre-pandemic levels (Figure 2).

Figure 2. Arizona Live Horseracing Race Days / Performances, FY 2017 – FY 2023



Source: Arizona Department of Gaming

Within this larger context, this study provides a baseline understanding of Arizona’s horse racing industry and the role it plays in the state economy. In order to understand the potential economic effects of changes in the industry in the future, it is helpful to understand how the industry currently interacts with the rest of Arizona’s economy. Government statistics are available on equine production in Arizona, though the information does not differentiate between horses intended for racing, working horses, or other types of horses (USDA, 2024). Additionally, horse racing includes many activities beyond racing horses. It includes racetracks, gaming, industry organizations, and the many service providers who participate in the industry. These different types of economic activity are spread across many industries, and therefore developing an estimate of the economic contribution of horse racing requires information on the industry’s component parts. In most cases, this requires collecting primary data to build industry-level estimates. While some actors involved in the industry are not directly captured in this schematic, their economic activity is still captured in the analysis taking into account the flow of money from different actors to others through expenditures on goods and services.

We begin the report with a summary of methods and data used for the analysis, followed by estimates of the direct economic activity associated with the principal industry actors detailed above (Figure 1). We then present an economic contribution analysis, including multiplier effects, of the horse racing industry in Arizona.

Methods & Data

This analysis relies on data collected through a survey of horse racing industry stakeholders in Arizona. The survey was directed towards Arizona race horse:

- Owners: an owner is an individual who owns one or more horses specifically bred and trained for horse racing;
- Trainers: a trainer has at least one horse in training;
- Breeders: a breeder is the owner of at least one broodmare.

The survey gathered information about each type of operation in terms of its annual revenues, expenses, and employment. This information was used to characterize a typical owner, trainer, and breeder active in Arizona during a recent, "typical" year. Respondents were able to select more than one role. For example, a respondent can be an owner only, an owner and a breeder, or an owner, breeder, and trainer at the same time. The survey, reviewed by the University of Arizona Human Subjects Protection Program, was distributed by email and in hard-copy version between October and December of 2024 in English (Appendix A) and in Spanish (available from authors upon request). Table 1 details the number of responses by role.

Table 1: Survey Responses by Role

Industry Role(s)	Useable Survey Responses
Owner	17
Trainer	4
Breeder	0
Owner & Breeder	17
Owner & Trainer	8
Owner & Breeder & Trainer	17
Total	63

This survey response represents 6.5% of licensed race horse owners and 15.3% of licensed race horse trainers in Arizona. Breeders are not licensed by the state and therefore other methods were used to ascertain the universe of race horse breeders in the state.

Survey results, combined with secondary data from a variety of sources, including annual reports from the Arizona Department of Gaming, were used to develop estimates of the direct economic activity associated with industry stakeholder groups, described in the next section of this report. Estimates of direct economic activity were used to model multiplier effects using the IMPLAN Pro 2022 Arizona state model (IMPLAN Group, LLC, 2024).

Arizona's Horse Racing Industry

Owners, Trainers, & Breeders

As of 2023, there were a total of 914 race horse owners and 189 trainers licensed in Arizona. Though not licensed by the state, interviews with industry experts indicate that there are 11 active breeding farms in Arizona and the number of state-bred foals registered in a typical year is around 100 thoroughbred foals and 45 quarter-horse foals. Average revenues and expenditures per owner operation were estimated using survey data. Per trainer expenditures were estimated based on past studies (see Appendix B for details). Finally, breeder expenditures were estimated on a per-registered foal basis from past studies. Table 2 presents the estimated expenditures for Arizona owners, trainers, and breeders.

Table 2: Economic Expenditures by Owners, Trainers, & Breeders (2023 USD)

	Active Licenses	Total Expenses
Owners	914	\$117,247,000
Trainers	189	\$23,635,000
Breeders	11 farms	\$12,779,000

Source: Author calculations

Racetracks & County Fairs

There are three active horse racing venues in the state, Turf Paradise (Phoenix), Rillito Park (Tucson), and Arizona Downs (Prescott), as well as county fairs where horse races are held. Formal racing in Arizona started in the 1940s in Tucson and Prescott at Rillito Downs Racetrack and Prescott Downs (now Rillito Park and Arizona Downs). Turf Paradise began operation in the 1950s in Phoenix (ADG, 2024). Racetrack expenditure patterns were estimated using data provided by racetracks. Details of the estimates can be found in Appendix B. Annual racetrack and county fair expenditures on racing statewide in a typical year are estimated at \$27.2 million.

One component of racetrack operations not included in this analysis is the flow of money obtained through betting from one individual or entity to another. Proceeds from betting are split among many individuals, business entities, and institutions. The proceeds of betting to individuals not directly involved in horseracing, such as spectators, is difficult to account for and therefore is not included in this analysis. The revenue of owners is assumed to include purse winnings, when applicable, which in turn is split among others in the industry. Further-linked economic activity related to betting winnings by direct horse racing industry participants should be reflected in the typical revenues and expenses incurred by the different stakeholder groups.

Off-Track Betting Network

Arizona's Off-Track Betting (OTB) network is a series of locations, generally restaurants and bars, that allow visitors to make wagers on horse races. In 2023, the Arizona Racing Commission reported 38 OTB sites operating statewide (Arizona Department of Gaming, 2023). Based on a previous estimate of additional revenue generated in OTB network establishments through horseracing (Seidman Research Institute, 1997), we estimate that \$6.7 million in sales is attributable to horse racing at these sites (Table 3).

Table 3: Additional Sales Generated by Horse Racing Events in OTB Sites in Arizona (in 2023 dollars)

Indicator	Value
Number of OTB	38
Revenue generated by AZ Horse Racing	\$6,653,000

Source: Author calculations using Arizona Department of Gaming Annual Report (2023), Seidman Research Institute (1997)

Industry Associations

There are four major horse racing-related industry associations in Arizona: Arizona Horsemen’s Benevolent and Protective Association (AZ HBPA), the Arizona Thoroughbred Breeders Association (ATBA), the Arizona Quarter Racing Association (AQRA), and the Arizona Quarter Horse Association (AQHA). This analysis includes the operational expenses of these industry groups among the contributions of the horse racing industry. These industry associations have estimated annual expenditures of roughly \$5.2 million in a typical year.

Arizona Racing Commission

The Arizona Department of Gaming (ADG) oversees the regulation of horse racing in Arizona through its racing division. Annual operating expenditures of Arizona Department of Gaming’s Racing Division are included as part of the industry’s economic contribution. Operating expenses in a typical year are roughly \$3.6 million.

Horse Racing Tourism

Horse racing in Arizona attracts visitors from out of state. Those visits bring money into the state economy when they spend on lodging, meals, and other travel expenses. We estimate that 27,073 race attendees (10% of total race attendees) are out-of-state visitors, consistent with past estimates by Seidman Research Institute (1997). See Appendix B for details of this estimate. Additionally, we include visitors to the University of Arizona Race Track Industry Program’s annual Global Symposium on Racing in our estimates. We estimate that out-of-state visitors to horse races and horse racing events total \$14.3 million in a typical year.

University of Arizona Race Track Industry Program (RTIP)

University of Arizona’s Race Track Industry Program (RTIP) is one of the few university programs providing specialized education to students on managing and operating horse racing facilities and related activities. Annual expenditures by the University of Arizona’s RTIP are roughly \$461,000.

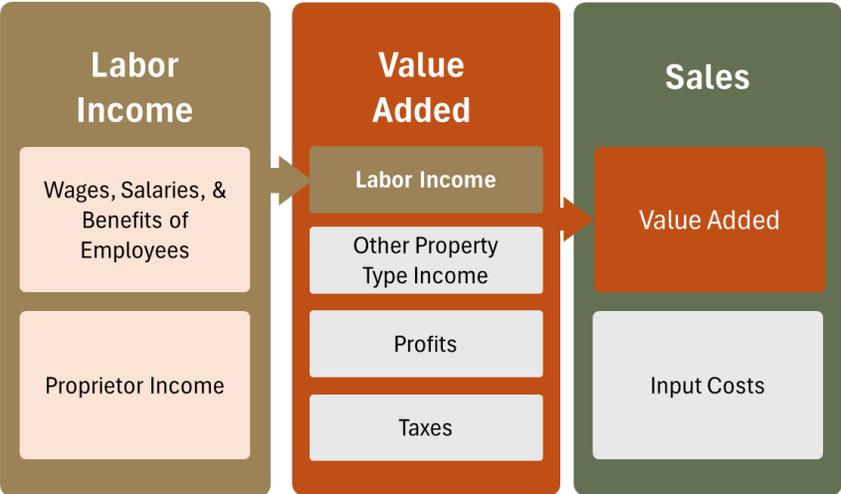
Economic Contribution Analysis

The contribution of horse racing activities to Arizona’s economy goes beyond the industry itself to generate subsequent rounds of economic activity in other industries. These effects are known as *indirect* and *induced multiplier effects*. **Indirect effects** measure economic activity generated by horse racing operations’ demand for inputs or supplies. **Induced effects** measure the economic activity generated when households employed by Arizona horse racing operations spend their earnings on local goods and services. This study uses the IMPLAN input-output model (IMPLAN Group, LLC, 2024) to estimate the total (direct, indirect, and induced effects) contribution of owners, trainers, breeders, race tracks, Arizona’s Off Track Betting network, industry associations, horse racing visitors, and the Arizona Department of Gaming – Division of Racing to Arizona’s economy in a typical year.

Economic contributions are limited by a phenomenon known as leakage. Leakage occurs when a business purchases supplies or a household purchases consumer goods and services from outside the region, in this case from outside Arizona. When this occurs, that spending has “leaked” out of the state economy and the circulation of those dollars ceases, resulting in a dampening effect.

Economic contributions can be measured using a series of interrelated metrics. **Sales (or gross output)** is an intuitive measure analogous to the way we transact money in our day-to-day lives. While sales provide an easy-to-understand, cumulative measure of economic activity, it can double-count certain transactions that involve local use of locally sourced supplies. An alternative measure is **value added** which measures the value created by an industry over and above the cost of inputs to production. It is analogous to gross domestic product (GDP) and only counts the net new value of production that occurs in an economy. Value added includes labor income, other property type income, profits, and taxes. **Labor income** can further be broken down into wages, salaries, and benefits paid to hired employees, as well as income to proprietors who own businesses. Figure 3 illustrates the relationship between sales, value added, and labor income. Because these measures are interrelated, they are not additive.

Figure 3. Components of Economic Output (Sales)



Direct Contribution of Horse Racing Industry in Arizona

The economic activity directly generated by horse racing in Arizona during a typical year is roughly \$165 million in sales (Table 4). Owners, trainers, and breeders directly contributed approximately \$118 million to state output, while racetracks and county fairs directly contributed an estimated \$19 million. These direct effects are adjusted to remove double counting as the revenues of one industry stakeholder represent expenditures of another. For example, trainer fees are an expenditure for owners and revenue for trainers. (Appendix C offers more details about the strategy followed to avoid double accounting).

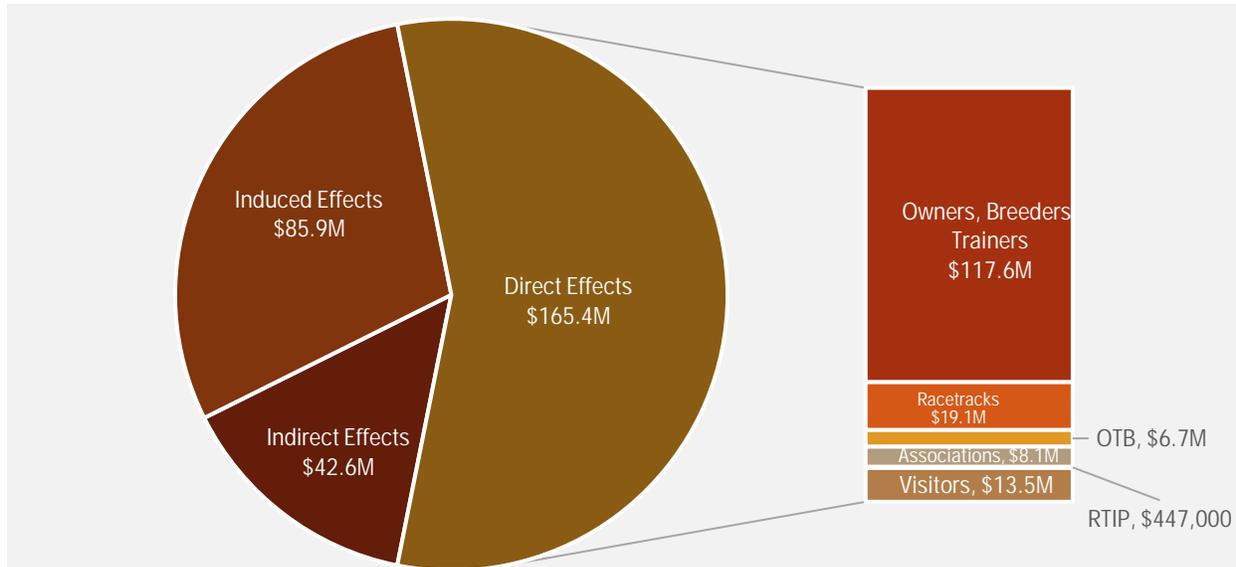
Table 4. Direct Output (Sales) Contribution of Horse Racing in Arizona (2023 USD)

Category	Output (Sales)
Owners	\$80,346,000
Breeders	\$12,741,000
Trainers	\$24,537,000
Racetracks & County Fairs	\$19,134,000
OTB Network	\$6,653,000
Industry Associations & AZ Racing Commission	\$8,058,000
Visitors	\$13,499,000
University of Arizona, RTIP	\$447,000
Total	\$165,415,000

Total Economic Contribution of Horse Racing in Arizona

Direct sales generated by horse racing activities only represent a part of the industry's total contribution to Arizona's economy. The horse racing industry supports indirect and induced multiplier effects, generating additional rounds of business-to-business and household-to-business transactions in the local economy. These transactions support additional sales, value-added, income, and jobs in other industries within Arizona. Direct sales of \$165 million in a typical year support an additional \$42.6 million in indirect effects and \$85.9 million in induced effects, for a total sales contribution of \$293.9 million (Figure 4).

Figure 4. Total Sales Contribution of Horse Racing in Arizona (2023 USD)



The total contribution of horse racing activities to Arizona's GDP in a typical year is estimated at \$196.8 million including multiplier effects (Table 5). A total of over 1,900 jobs are supported by the industry. These jobs are associated with \$115.8 million in labor income in a typical year.

Table 5. Total Economic Contribution of Horse Racing in Arizona by Component (2023 USD)

	Employment	Labor Income	Value Added	Output
Direct	1,273	\$76,225,000	\$125,231,000	\$165,415,000
Indirect	211	\$13,107,000	\$21,627,000	\$42,621,000
Induced	452	\$26,523,000	\$49,914,000	\$85,900,000
Total	1,936	\$115,855,000	\$196,772,000	\$293,936,000

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Appendices

Appendix A. Arizona Horse Racing Industry Survey



Arizona Horse Racing Economic Contribution

This survey is part of an effort by the University of Arizona Cooperative Extension and the Arizona Horsemen's Group (ATBA, AQRA, and HBPA), to understand the economic contribution of the horse racing industry to Arizona's economy. The purpose of this survey is to gather information from race horse **owners, breeders, and trainers** that will be used to estimate the industry's economic contribution. **If you identify as more than one of these categories, this survey will request information specific to each type of role or operation.**

Survey responses are confidential and results will be reported in aggregate to maintain the confidentiality of individual operations. If you wish to discontinue the survey at any time, you are free to do so. Please answer questions to the best of your ability. **In cases where you do not know the exact figures, please provide your best estimate.**

You may save and continue this online survey at any point. It may be helpful to have business records available to assist in answering the questions. If you are interested in receiving a follow-up call to discuss the survey or provide additional comments, please list your name and phone number in the independent form you'll find by the end of the survey.

On average, it takes less than 15 minutes to complete this survey.

If you have any questions or require any clarification in completing the survey, please contact us at josehquintero@arizona.edu and we will respond as quickly as possible.

Thank you for your valuable time and input!

1. Which of the following roles characterize your involvement in horse racing in Arizona? (PLEASE SELECT ALL THAT APPLY)

An owner is an individual who owns one or more horses specifically bred and trained for horse racing

A trainer has at least one horse in training

A breeder is the owner of at least one broodmare

- Owner
- Breeder
- Trainer
- None of the above

If 'None of the above', please provide more details about your role in the industry:

Approximately, what are your **Total Annual Revenues** (\$) related to your operation in a typical year? _____

Approximately, what are your **Total Annual Expenses** (\$) related to your operation in a typical year? _____

Do you employ people in your operation?

- No
- Yes How many employees do you have in a typical year? (Include full-time, part-time, and seasonal) _____

If 'None of the above', please stop survey here. Thank you for your participation!

2. Is your primary residence located in Arizona?

- Yes (please skip to Question 6)
- No

3. How many months out of the year do you reside in Arizona for purposes of horse racing and horse racing-related activities? _____

4. If Arizona is not your primary residence, when staying in Arizona for horse racing-related activities, I stay:

- In a property that I own
- At a property that I rent (long-term)
- At a short-term or seasonal rental property (for example, through services such as AirBnB, VRBO, etc.)
- At a hotel or motel
- In an RV or trailer
- Other (please describe) _____

5. On average, what are your **monthly housing costs (\$)** in Arizona (including taxes, utilities, and any other expenses)? _____

6. In a typical year, approximately what percent of your operation's revenues come from activities as... (total should be 100%)

Role	Percent
Owner	
Breeder	
Trainer	

7. Have you invested in equipment and/or structures in 2023 for your operation?

- Yes
- No (*Please skip to Question 9*)

8. What was the value of NEW investments in equipment (assets with more than 1 year of life) and structures which you made in 2023 for your operation?

Category	Value (\$)
Equipment	
Structures	

GENERAL QUESTIONS

9. Were you actively involved as a race horse **Owner, Breeder, and/or Trainer** in 2022 and/or 2023 in Arizona?

- Yes
- No (*if no, please end survey here. Thank you for your participation!*)

10. Please indicate which months of 2022 and/or 2023 you were active in Arizona as a **race horse Owner, Breeder, and/or Trainer**:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Check if yes												

OWNER'S OPERATIONS

** IF YOU ARE NOT AN OWNER, PLEASE SKIP THIS SECTION **

As an **OWNER**, please respond the following questions for 2023 or a typical year your horses raced at an Arizona racetrack.

11. In a typical year, how many horses-in-training do you have in your stable at an Arizona racetrack?

12. What is your best estimate of the **total annual cost** (training fees and all other costs including those billed directly to the owner) you paid as an owner to keep a horse training at an Arizona racetrack in a typical year? _____

TRAINER'S OPERATIONS

**** IF YOU ARE NOT A TRAINER, PLEASE SKIP THIS SECTION ****

As a **TRAINER**, please respond the following questions for 2023 or a typical year you trained horses raced at an Arizona racetrack.

13. In a typical year, how many horses-in-training do you **train** in your stable at an Arizona racetrack?

14. What is a typical **daily standard training fee** you charged at an Arizona racetrack per horse, per day?

BREEDER'S OPERATIONS

**** IF YOU ARE NOT A BREEDER, PLEASE SKIP THIS SECTION ****

As a **BREEDER**, please respond the following questions related to your horse breeding operation

15. In which county is your Arizona farm located? _____

16. What is your farm's total acreage? _____

17. How many **Thoroughbred** broodmares are on your farm during a typical breeding season?

18. How many **Quarter Horse** broodmares are on your farm during a typical breeding season?

19. How many of the following horses, exclusive of those shipped in to be bred and boarded for less than a month or for sales prep, are on your farm on a typical year?

Type of Horse	# of Horses
Stallions at stud	
Year-round broodmares	
Seasonal broodmares	
Foals/weanlings	
Yearlings	

20. How many of the following are typically on your farm and what is their average length of stay?

	Number	Average Length of Stay (months)
Sales prep		
Breaking		
Training		
Layups/Turnouts		

BREEDER'S OPERATIONS, CONTINUED

21. What typical daily fee does an owner of a horse boarded at your farm pay for the following?

Type of Horse	Fee (\$)
Broodmare year-round	
Broodmare seasonal	
Foal at mare's side	
Weanling	
Yearling	
Sales prep	
Stallion at Stud	
Breaking/training	
Layups/turnouts	

22. What is a typical stud fee for mares bred?

	Fee (\$)
Low	
Average	
High	

EMPLOYMENT

The following questions correspond to your employment information as an
Owner, Breeder, and/or Trainer

23. How many PAID and Non-PAID employees do you typically have in your operation?

	Paid Employees		Non-Paid Employees <i>(for example, a family member)</i>	
	Number	Average Months	Number	Average Months
Full-time year long				
Part-time year long				
Seasonal				

FINANCIALS

The following questions correspond to your financial information as an
Owner, Breeder, and/or Trainer

24. Approximately, what is your best estimate of your **Total Annual Revenues** (\$) related to being an owner, breeder, and/or trainer in a typical year?

(Include purses, awards, boarding horses, weanling/yearling sales, sales prep, agent fees, standing stallions, breaking/training, racing horses, layups/turnouts, sale of older horses, sale of non-equine livestock, sale of cash crops, etc.)

25. What are your expenditures by category?

Category	Dollar amount (\$)
Wages and salaries, including benefits	
Feed expenses and grazing fees	
Transportation of horses (for breeding, training, racing, semen transportation, hauling, etc.)	
Health expenses (veterinarian fees, medicine, pregnancy & insemination, race-related care)	
Purchases of equipment, machinery, fencing, buildings	
Bedding and tack	
Horse purchases, mares, stallions, working horses	
Rent/lease; equipment	
Rent/lease; rental of land and buildings	
Trainer fees and commissions (board, training, etc.)	
Jockey fees/commissions	
Contract labor	
Racetrack Fees (stall fees, starting fees, entry fees, stakes payments, registration, entry, nomination, etc.)	
Other horse services (pony to post, groom, farrier care, etc.)	
Stable bonuses	
Horse leasing for either racing or breeding	
All other payments	
Interest (on loans)	
Professional fees (accountants, lawyers, bank services, etc.)	
Utilities (equine related phone, gas, water, electricity, etc.)	
Marketing (winners circle photos, etc.)	
Insurance premiums	
Travel Expenses	
Taxes (please include all horse-related sales taxes as well as unemployment insurance, workers compensation insurance and other state and local taxes)	
All other expenses	

Thank you so much for your participation!

Appendix B. Estimate Details and Spending Patterns

The economic contribution of horse racing to the Arizona economy was estimated based on the Owners-Breeders-Trainers survey and secondary data. In this section, we detail the key assumptions of this analysis.

Owners, Breeders, & Trainers

Due to the limited number and quality of responses obtained in the survey, we used different strategies to estimate the spending patterns and the total direct contributions of owners, breeders, and trainers.

For owners and trainers, we used average expenditures and revenues per operation and multiplied them by the number of licensed owners and trainers in 2023, according to the Arizona Department of Gaming (2023). In the case of owners, the estimates are based on the complete and valid responses reported by the owners in the survey. This number was compared to results obtained in similar studies conducted for Iowa (Balaz & Davis, 2019), Minnesota (Tuck, 2017), and New Mexico (Lillywhite & Wise, 2009) (all values in 2023 dollars). In this way, it was ensured that the numbers reported per owner and operation were in line with the literature. For trainers, the number of complete responses was low, hence estimating the average expenditure based on these responses could lead to inaccurate estimates. Therefore, we took as a basis the average expenditures per trainer reported in Balaz & Davis (2019) and adjusted for inflation to 2023.

In the case of breeders, we did not receive any responses where the respondent identified as a breeder only. Therefore, estimation based on average expenditure per operation was not possible. Instead, we estimated the direct contribution using the average annual expenses the breeding component of the industry incurs on a per-registered foal basis. These average expenses were taken from studies conducted for Iowa (Balaz & Davis, 2019), Minnesota (Tuck, 2017), New Mexico (Lillywhite & Wise, 2009), and Arizona (Seidman Research Institute, 1997) and adjusted to 2023 values. The result was then multiplied by the number of registered foals. According to ATBA records, we can expect that 100 state-bred thoroughbred foals will be registered in a typical year. On the same line, the AQRA estimates that 45 Quarter-horse foals are registered as state-bred in a typical year. Table B1 reports the results obtained.

Table B1: Direct economic contribution in a typical year for owners, trainers, and breeders, in 2023 dollars.

	# active licenses	# registered foals	Average of annual spendings	Total estimated Expenses	Total estimated Revenues
Owners	914	N/A	\$128,279	\$117,247,000	\$123,782,000
Trainers	189	N/A	\$125,051	\$23,635,000	\$24,575,000
Breeders	N/A	145	\$88,130	\$12,779,000	\$14,608,000

Source: Authors' calculations using the Owner-Breeder-Trainer Survey and data from Seidman Research Institute (1997); Balaz & Davis (2019); Lillywhite & Wise (2009); and Tuck (2017).

In all cases, we developed spending patterns that were then used to estimate the contribution of each role (Table B2). These are based on survey question 25 (see Appendix A) and a sensitivity analysis using the past studies mentioned above. Since we did not use average expenses, but rather spending patterns, we took all responses, and not just those who identify themselves solely as owner, breeder, or trainer. For example, for breeders, we took the responses of those identifying themselves as Owners-Breeders and Owners-Breeder-Trainers; then, we calculated the spending related to their breeding operation using the percentage of their revenues that come from breeding activity, as answered in survey question 6.

Table B2: Average spending patterns for owners, breeders, and trainers in a typical year

Expenses Categories	Owners	Trainers	Breeders
Wages and salaries, including benefits	0%	32%	16%
Feed expenses and grazing fees	3%	24%	15%
Transportation	3%	0%	3%
Health expenses	6%	0%	8%
Purchases of equipment	2%	2%	5%
Bedding and tack	2%	3%	3%
Horse purchases	10%	0%	0%
Rent/lease; equipment	1%	6%	0%
Rent/lease; rental	1%	0%	7%
Trainer fees	27%	0%	0%
Jockey fees/commissions	3%	0%	0%
Contract labor	1%	5%	5%
Racetrack Fees	1%	2%	2%
Other horse services	3%	4%	12%
Stable bonuses	1%	0%	0%
Horse leasing	0%	0%	1%
All other payments	0%	1%	0%
Interest	1%	1%	2%
Professional fees	1%	0%	1%
Utilities	1%	1%	3%
Marketing	1%	0%	0%
Insurance premiums	3%	6%	3%
Travel Expenses	2%	2%	1%
Taxes	3%	1%	7%
All other expenses	23%	8%	5%
Total	100%	100%	100%

Source: Authors' calculations using the Owner-Breeder-Trainer Survey and data from Seidman Research Institute (1997); Balaz & Davis (2019); Lillywhite & Wise (2009); and Tuck (2017).

Racetracks

The spending pattern developed for the racetracks was informed by expenditure data provided by three racetracks in Arizona. Using this information, a unique spending pattern was consolidated (Table B3) and then applied to the total estimated expenditure for each racetrack. The data we accessed are from different years. To best capture what happened during a typical year, we averaged the available years in each case and adjusted the data for inflation.

Table B3: Average spending patterns for racetracks in a typical year

Expenses Categories	Percentage
Salaries & wages	26%
Payroll taxes	1%
Horsemen's purse payouts	22%
Depreciation	7%
Beer & liquor	6%
Outside services	5%
Insurance	4%
Concessions	3%
Lobbying	3%
Utilities	3%
Rental equipment	3%
Racing supplies	2%
Accounting & Legal	2%
Advertising & Marketing	2%
Printing & reproductions	2%
Repairs & maintenance	2%
Dues & subscriptions	2%
Office Supplies	1%
Bank, credit card, & vendor fees	1%
Miscellaneous	1%
Travel & Entertainment	1%
Live on-track fees	1%
ADOR regulatory fees	1%
Vehicles	1%
Parking lot supplies & expenses	0%
Collection agreement & program sales	0%
Bad debts	0%
Postage & shipping	0%
Interface fees	0%
Total Expenses	100%

Source: Author calculations

Visitor Spending Patterns

Using information from the Arizona Department of Gaming and data provided by the University of Arizona RTIP, we estimate that 271,425 people attend horse racing events in Arizona in a typical year. We assume that 10% of visitors come from out of state (Seidman Research Institute, 1997). The estimate of visitors by origin is shown in Table B4.

Table B4. Estimate of Visitors by Origin

Visitor Origin	Number
Estimated Local Attendees – On-track racing	243,657
Estimated Out-of-State Visitors – On-track racing	27,073
Estimated Local Attendees – Global Symposium on Racing	35
Estimated Out-of-State Visitors – Global Symposium on Racing	660
Total	271,425

Source: Authors' calculations using Arizona Department of Gaming data

Visitor spending patterns were developed using an average of visitor spending patterns from previous studies of athletics event visitors, as well as visitor spending patterns for visitors to Arizona cities (see Duval *et al.*, 2024; Duy, 2012; Econsult Solutions Inc., 2023; Littlefield, *et al.*, 2022). All spending patterns were adjusted to 2023 dollars using the CPI and spending categories were aligned and/or combined into general categories (Table B5).

Table B5. Overnight visitor spending pattern – per person per night (in 2023 dollars)

Spending Category	Average Per-Person Per-Night Expenditures
Lodging/Accommodations	\$124
Retail Shopping	\$32
Food and Beverage	\$68
Transportation	\$26
Recreation/Entertainment	\$18
Other	\$17
TOTAL	\$285

Source: Source: Authors' calculations using Arizona Department of Gaming data and Duval *et al.* (2024); Duy (2012); Littlefield *et al.*, (2022).

Once the number of visitors has been estimated, we proceed to estimate the expenditure made by each type of visitor in the following productive sectors: lodging/accommodations, retail shopping, food and beverage, transportation, recreation/entertainment, and others (Table B6). Note that these sectors are those that are stimulated/impacted through horse racing events in Arizona. The analysis assumes a median overnight stay of 2 nights in Arizona, and 22% of overnight visitors stay with family and friends and therefore do not have lodging expenditures (Longwoods International, 2022).

Table B6: Expenditures, Overnight Visitors (Out-of-State), 2023 dollars.

Spending Category	Average Per-Person Per-Night Expenditure	Percent with Expenditure	Nights	Visitors	Total Spending
Lodging/Accommodations	\$124	78%	2	21,632	\$5,366,018
Retail Shopping	\$32	100%	2	27,733	\$1,784,912
Food and Beverage	\$68	100%	2	27,733	\$3,759,519
Transportation	\$26	100%	2	27,733	\$1,436,028
Recreation/Entertainment	\$18	100%	2	27,733	\$1,017,810
Other	\$17	100%	2	27,733	\$915,752
TOTAL	\$285				\$14,280,039

Source: Authors' calculations using Arizona Department of Gaming data and Duval *et al.* (2024); Duy (2012); Littlefield *et al.* (2022).

Appendix C. Economic Contribution Analysis

The direct, indirect, and induced multiplier effects of the horse racing industry were calculated using the IMPLAN Pro 2022 model and software to obtain a total economic contribution estimate. To estimate the economic contribution of horse racing, a series of industrial changes were made in IMPLAN Pro 2022. That is, the economic activity generated in each of the sectors in which the horse racing industry spends is modeled. For example, we estimate the amount of output (sales), value-added, labor income, and employment generated by the amount that owners, breeders, and trainers spend on transportation, feed, and so on.

Noting that at the date of publication of this report, estimating these industrial changes by performing economic contribution analyses in IMPLAN Pro is not possible, we opted to perform the analyses as industry impact analyses. However, to account for the fact that impact analyses typically yield higher estimates than contribution analyses, we calculated the difference between the results of an economic contribution analysis and an economic impact analysis with equal direct effects, which yielded a difference of 1%, with economic contributions being 1% lower than economic impacts. The adjustment factor was applied to the indirect and induced effects estimates in our analysis to better reflect an economic contribution versus an economic impact.

The data used in this model represent Arizona's state economy in 2022. The methods used to quantify the economic contribution of each stakeholder analyzed are described below.

Owners, Breeders, & Trainers

The economic contribution of owners, breeders, and trainers was modeled using a technique known as analysis-by-parts. In this approach, spending on wages and salaries is modeled separately from expenditures on goods and services. To estimate the in-state contribution of the taxes that owners, breeders, and trainers pay during a typical year, we assume that one-third of their taxes go to state and local governments (Economic Policy Institute, 2024). Finally, profits were modeled as proprietor income with the assumption that half of this profit stays in Arizona (see for example, Duval *et al.*, 2016). The correspondence between the spending patterns we developed for owners, breeders, trainers, and IMPLAN sectors can be found in Table C1.

Table C1. Mapping of Spending Patterns Categories for Owners, Breeders, & Trainers to IMPLAN Sectors

Spending Category	IMPLAN Sector	Modeling Strategy
Wages and salaries, including benefits	Converted to Employee Compensation using IMPLAN conversion factor for Animal Production (Sector 14)	Labor income
Feed expenses and grazing fees	10- All other crops farming (50%) 64- Other animal food manufacturing (50%)	Industry change
Transportation	19 - Support activities for agriculture and forestry	Industry change
Health expenses	467 - Veterinary services	Industry change
Purchases of equipment	395 - Wholesale - Machinery, equipment, and supplies	Industry change
Bedding and tack	10- All other crops farming (50%) 395 - Wholesale - Machinery, equipment, and supplies (50%)	Industry change
Horse purchases	14- Animal production, except cattle and poultry and eggs	Industry change
Rent/lease; equipment	453 - Commercial and industrial machinery and equipment rental and leasing	Industry change
Rent/lease; rental	453 - Commercial and industrial machinery and equipment rental and leasing	Industry change
Trainer fees	<i>Included in Trainer's profit</i>	
Jockey fees/commissions	520 - Other Professional Services	Industry change
Contract labor	19 - Support activities for agriculture and forestry	Industry change
Racetrack Fees	<i>Included in Racetrack revenues</i>	
Other horse services	19 - Support activities for agriculture and forestry	Industry change
Stable bonuses	520 - Other Professional Services	Industry change
Horse leasing	14- Animal production, except cattle and poultry and eggs	Industry change
All other payments	14- Animal production, except cattle and poultry and eggs	Industry change
Interest	439 - Non-depository credit intermediation and related activities	Industry change
Professional fees	455 - Legal Services (50%) 456 - Accounting, tax preparation, bookkeeping, and payroll services (50%)	Industry change
Utilities	47 - Electric power transmission and distribution (33.3%) 48 - Natural gas distribution (33.3%) 49 - Water, sewage, and other systems (33.3%)	Industry change
Marketing	462 - Management consulting services	Industry change
Insurance premiums	444 - Insurance carriers, except direct life	Industry change
Travel Expenses	507 - Hotels and motels, including casino hotels (44%) 509 - Full-service restaurants (24%) 504 - Other amusement and recreation industries (12%) 412 - Retail - Miscellaneous store retailers (11%) 418 - Transit and ground passenger transportation (9%)	Industry change The percentage corresponding to each category were taken from the visitor spending patterns developed in this study.
All other expenses	14- Animal production, except cattle and poultry and eggs	Industry change
Taxes	14- Animal production, except cattle and poultry and eggs (owners and breeders) 520 - Other Professional Services (trainers)	TOPI change. We assume a third of the taxes paid stays local.
Profits	14- Animal production, except cattle and poultry and eggs (owners and breeders) 520 - Other Professional Services (trainers)	Proprietor Income change. We assume that 50% of the profit stays local.

In the case where a spending pattern category is split between two IMPLAN sectors, the percentage assigned to each sector is specified. This table also reports the modeling strategy used for each expenditure category and identifies when they are already accounted for in the revenues or expenditures of other stakeholders/roles.

Race Tracks

As with owners, breeders, and trainers, the economic contribution of racetracks was estimated using industry changes in IMPLAN. In Table C2 we present the correspondence of each racetrack expenditure category and IMPLAN industries. When a spending category needs to be broken down into two IMPLAN sectors, the percentage corresponding to each sector is also reported. Table C2 also shows the modeling strategy for each category, identifies the categories that were already included in other stakeholders' revenues/expenditures, and reports the categories that were not included in this analysis. The modeling was done under the assumption that revenues are equal to expenditures, therefore, no profits and taxes were considered in this case.

Table C2. Correspondence between the categories of the racetrack spending patterns and IMPLAN sectors.

Spending Pattern Category	IMPLAN Sector	Modeling Strategy
Salaries & wages	Converted to Employee Compensation using IMPLAN conversion factor for Racing & Track Operation (Sector 498)	Labor Income
Payroll taxes		
Horsemen's purse payouts	<i>Included in Owner's Profit</i>	
Depreciation	<i>Not included</i>	
Beer & liquor	106 – Breweries (50%) 107 – Wineries (50%)	Industry change
Outside services	520 - Other Professional Services	Industry change
Insurance	444 - Insurance carriers, except direct life	Industry change
Concessions	511 - All Other Food and Drinking Places	Industry change
Lobbying	465 - Advertising, public relations and services	Industry change
Utilities	47 - Electric power transmission and distribution (33.3%) 48 - Natural gas distribution (33.3%) 49 - Water, sewage and other systems (33.3%)	Industry change
Rental equipment	453 - Commercial and industrial machinery and equipment rental and leasing	Industry change
Racing supplies	395 - Wholesale - Machinery, equipment, and supplies	Industry change
Accounting & legal	455 - Legal Services (50%) 456 - Accounting, tax preparation, bookkeeping, and payroll services (50%)	Industry change
Advertising & marketing	462 - Management consulting services	Industry change
Printing & reproductions	152 - Printing	Industry change
Repairs & maintenance	498 - Racing and Track Operation	Industry change
Dues & subscriptions	431 - Radio and television broadcasting	Industry change
Office supplies	400 - Wholesale - Other nondurable goods merchant wholesalers	Industry change
Bank, credit card, & vendor fees	439 - Non-depository credit intermediation & related activities	Industry change
Miscellaneous	498 - Racing and Track Operation	Industry change
Travel & entertainment	507 – Hotels and motels, including casino hotels (44%) 509 – Full-service restaurants (24%) 504 – Other amusement and recreation industries (12%) 412 – Retail – Miscellaneous store retailers (11%) 418 – Transit and ground passenger transportation (9%)	Industry change The percentage corresponding to each category were taken from the visitor spending patterns developed in this study.
Live on track fees	498 - Racing and Track Operation	Industry change
ADOR regulatory fees	<i>Included in AZ Gaming Commission</i>	
Vehicles	392 - Wholesale - Motor vehicle & motor vehicle parts & supplies	Industry change
Parking lot supplies & expenses	520 - Other personal services	Industry change
Collection agreement & program sales	473 - Business support services	Industry change
Bad debts	<i>Not included</i>	
Postage & shipping	526 - Postal service	Industry change
Interface fees	459 - Custom computer programming services	

OTB Network

The economic contribution for OTBs was made with an industry change for IMPLAN industry 509 - Full-Service Restaurants. In this way, it is possible to quantify the additional activity that horse racing generates in addition to the already existing activity in this industry. The modeling was made under the assumption that expenses were equal to revenues.

Membership Associations & Arizona Department of Gaming

To estimate the contribution of member associations, we used an industry change in IMPLAN sector 524 (Labor and Civic Organization) which includes NAICS 813410 (Membership associations, civic or social). For the Arizona Racing Commission's contribution, we used the Institutional Spending Pattern event for Other Local and State Government activities. We assume that these institutions have no profit derived from their activities.

Horse Racing Tourism

The contribution of horse racing tourism was estimated with changes in the industry. The spending pattern developed for visitors was used as a basis. The industries used in IMPLAN correspond to those used for the travel expenses category for owners, breeders, trainers, and racetracks (see Tables C1 and C2).

University of Arizona Race Track Industry Program

University of Arizona RTIP expenditures were modeled using a breakout between personnel salaries and operating expenditure categories reported by the program.

Individual Industry Stakeholder Economic Contribution Results

Owners, breeders, and trainers

	Employment	Labor Income	Value Added	Output
Direct	911	\$52,577,000	\$91,959,000	\$117,624,000
Indirect	121	\$7,518,000	\$12,080,000	\$24,804,000
Induced	314	\$18,342,000	\$34,776,000	\$59,392,000
Total	1,347	\$78,437,000	\$138,815,000	\$201,820,000

Racetracks and County Fairs

	Employment	Labor Income	Value Added	Output
Direct	67	\$12,037,000	\$14,246,000	\$19,134,000
Indirect	24	\$1,592,000	\$2,604,000	\$5,338,000
Induced	71	\$4,158,000	\$7,885,000	\$13,467,000
Total	162	\$17,787,000	\$24,735,000	\$37,938,000

OTBs

	Employment	Labor Income	Value Added	Output
Direct	79	\$2,832,000	\$4,216,000	\$6,653,000
Indirect	15	\$976,000	\$1,452,000	\$2,809,000
Induced	20	\$1,164,000	\$2,206,000	\$3,768,000
Total	114	\$4,972,000	\$7,874,000	\$13,230,000

Membership Associations & Arizona Department of Gaming's Racing Division

	Employment	Labor Income	Value Added	Output
Direct	47	\$2,806,000	\$5,740,000	\$8,058,000
Indirect	13	\$810,000	\$1,301,000	\$2,512,000
Induced	19	\$1,105,000	\$2,094,000	\$3,577,000
Total	78	\$4,721,000	\$9,135,000	\$14,147,000

University of Arizona RTIP

	Employment	Labor Income	Value Added	Output
Direct	2	\$381,000	\$436,000	\$447,000
Indirect	0	\$3,000	\$5,000	\$10,000
Induced	2	\$118,000	\$223,000	\$381,000
Total	4	\$503,000	\$664,655	\$838,000

Visitors

	Employment	Labor Income	Value Added	Output
Direct	168	\$5,591,000	\$8,633,000	\$13,499,000
Indirect	38	\$2,208,000	\$4,186,000	\$7,149,000
Induced	26	\$1,635,000	\$2,728,000	\$5,314,000
Total	231	\$9,434,000	\$15,547,000	\$25,962,000

