

# **RACINOS: IS THE MARRIAGE HEADED FOR A DIVORCE?**

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# Penn National Gaming

Operates 11 pari-mutuel racetracks in nine different jurisdictions

- Over 1,100 annual live racing performances
- \$1 billion in pari-mutuel wagers processed

Seven racing properties also have casino style gaming:

- Hollywood Casino at Charles Town Races (Charles Town, WV)
- Hollywood Casino Hotel & Raceway (Bangor, ME)
- Hollywood Casino at Penn National Race Course (Grantville, PA)
- Hollywood Gaming at Dayton Raceway (Dayton, OH)
- Hollywood Gaming at Mahoning Valley Race Course (Youngstown, OH)
- Plainridge Park Casino (Plainville, MA)
- Zia Park Casino, Hotel & Racetrack (Hobbs, NM)



# ***THE HONEYMOON PERIOD***



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# OHIO

- VLTs at racetracks started in mid-2012

## 2012

Statewide Purses	\$28,426,813
Statewide Racing Dates	695
Statewide Pari-Mutuel Handle	\$212,305,765

## 2015

Statewide Purses	\$82,126,646	(+193%)
Statewide Racing Dates	769	(+10.6%)
Statewide Pari-Mutuel Handle	\$166,336,734	(-21.7%)

*\*source – Ohio State Racing Commission*

## Breeding

Thoroughbred +87% (2x less than 1995 figures)  
Standardbred Moving quickly to #1 ranking for harness states

*\* Source The Jockey Club State Fact Book*

***Positives: Long-term contracts; Coordinated racing circuits***



# MASSACHUSETTS

- Slot Machines Commenced 2015
- Plainridge Park Casino Selected as Sole Slot Machine Licensee in State
- Percentage to Racing Generated from Slot Machine Revenues plus lower percentage from standalone casinos

## Impact on Racing

- Live racing dates at Plainridge up 50% since 2014
- Purses in 2012 less than \$2 million – Projected to be \$7.5 million in 2017
- Increased breeding figures

## 2016 Wagering

- Live racing up 25%
- Imports up 20%



# the seven year itch

*Marilyn  
Monroe  
and Tom  
Ewell*



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# PENNSYLVANIA

## *“Model” Racino jurisdiction over past 10 years*

### Since 2007

Gross Terminal Revenue	\$17.07 billion
Race Horse Development Fund	\$ 1.89 billion
2007 Total Handle	\$625 million
2015 Total Handle	\$722 million
Peak Year	\$808 million (2013)
2007 Race Dates	838
2015 Race Dates	942
Peak Year	999 (2009)

*\*source PAGCB Pari-Mutuel Benchmark Report*

**Positives:** Geography; Minimum racing capital investment;  
Percentage of gaming revenues from all casinos



# NEW MEXICO

*Slot Machines at track commenced late 1990s*

## Since 1999

- \$900 million generated in state taxes from racetrack gaming
- \$682 million generated for horse racing purses/breeding funds

\* source: New Mexico Gaming Control Board

	<u>Foal Crop</u>	<u>Purses</u>	<u>Races</u>	<u>Racing Dates</u>
1998	411	\$4.5 million	888	157
2007	1078	\$30.9 million	1527	270
2015	520	\$28.8 million	1463	252

\*source:: Jockey Club State Fact Book



# HEADED FOR COUNSELING?



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# MAINE

- Approved gaming in 2005
  - 21% from Hollywood Bangor to Racing Industry
  
- New Oxford Casino opened in 2012
  - 3% to Racing Industry
  - Has taken majority market share
  
- Funding for purses and racing operations allocated proportionately based on racing dates
  - Major beneficiary racetrack may now be sold

**Positives: Stipend for Racing Operational Expenses**



# WEST VIRGINIA

*“The Competition Has Caught Up”*

	<u>Reg. Foals</u>	<u>Purses</u>	<u>Races</u>	<u>Racing Dates</u>
1996	174	\$12 million	3530	386
2004	645	\$89 million	4638	450
2015	444	\$43 million	2884	337

*\*Source: Jockey Club State Fact Book*

## “Arms Race”

- Early leader in Racino Development
- Regional competition has intensified – DE-PA-MD-OH
- How to compete going forward and fit into Mid-Atlantic region?

**Positives:** Capital Investment Fund for Racing Projects;  
Improved racing program with national recognition



## “Still Seeking A Partner”

- New Jersey
- Texas





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