

Economic Impact of Indiana Horse Racing and Breeding Industry

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Since 2005, Indiana has made a number of strategic investments into the horse racing and breeding industry via legislative changes to support wagering at racetracks. This 2022 study by Purdue University Extension was commissioned by industry representatives to determine if those investments were yielding increased economic activity within the state. To conduct the study, both racetracks and individuals involved with the state's racing and breeding industry were surveyed to understand the 2021 financial picture of the industry. Over 630 responses (14 percent) to the survey provided a statistically sound convenience sample.

Collectively, the survey respondents stated ownership of 6,525 horses. Recognizing that these responses reflect 14 percent of the total industry, it is estimated that approximately 12,137 horses are involved in the state's racing and breeding industry. The survey responses indicated that there is a considerable amount of movement within this industry, meaning individuals travel to Indiana to race and/or breed their horses, as reflected in Indiana being one of the top three states for racing and breeding. Additionally, investments are being made within Indiana to further their interests in the industry. Between 2007 and 2020, 59.2 percent (n=196) indicated increasing the number of horses owned, trained or bred, 25.1 percent increase in Indiana owned property (n=183) and 47.9 percent increased investment in equipment (n=165). Since 2020, 58.2 percent of respondents increased their investment in horses (n=325), 25.8 percent increased their Indiana owned property (n=236) and 53.9 percent indicated increased investment in equipment (n=217). This investment is occurring despite a relatively small average net income of \$28,436 after accounting for all income and expenses, as reported by the survey respondents with their 2021 data.

Indiana has two racetracks – one in Madison County and the other in Shelby County, Indiana. In 2021, the state's racetracks generated a \$380.8 million handle from wagering both on and off the tracks on race days. Approximately five percent of this handle became the racetrack's wagering revenue. Nearly all the wagering activity occurred off the track via electronic gaming machines. Since 2010, the number of race days increased by 46 days due to more quarter horse racing. All breeds experienced an increase in the handle (25.7 percent), with the largest growth being in quarter horse wagering (147 percent). Despite these increases in race days and handle, employment at the racetracks dropped by 293 individuals (full-time equivalent) since 2010.

The data from the survey respondents and the racetracks combined with the IMPLAN software calculated that the 2021 Indiana horse racing and breeding industry contributed \$933 million directly to the state's economy, generating a total of \$1.44 billion in economic activity. The majority of this activity was attributed to the state's racetracks (88 percent) as they generated \$1.27 billion to the state's economy. Therefore, for every dollar in expenditures supported \$0.45 in additional activity in the state. It is estimated that the horse racing and breeding industry employed 1,988 individuals and stimulated an additional 5,000 jobs. The industry also contributed to the tax base by generating \$129.13 million in federal revenues and \$77.33 million in state and local tax collections.

An economic impact analysis by Purdue University has been done three times, in 2005, 2010 and 2021. The 2010 study estimated that the horse racing and breeding industry had a \$733 million direct effect, with more than \$1 billion in total economic impact. **Collectively, the total economic footprint of the Indiana horse racing and breeding industry was nearly \$2 billion dollars in 2021.** Since 2005, the industry experienced a 415.5 percent growth or an increase of \$752 million in direct economic impact. Comparing 2010 and 2021



data shows a healthy 27.3 percent increase (\$200 million) in direct effects. In looking at total economic impact on Indiana's GDP, the industry has grown from \$294 million to \$1.44 billion over the past 16 years (390.8 percent). Since 2010, the industry's total economic impact on the state's GDP has grown 34.1 percent or \$367 million. This growth over the years can likely be attributed to the state's investment in the Indiana horse racing and breeding industry, which has enticed horse owners, breeders and trainers to harness their entrepreneurial spirit and participate in Hoosier horse racing.