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Horse racing industry banks on Wolf

By [Melissa Daniels](#)

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Pennsylvania's horse racing industry placed a \$37,500 bet on Gov.-Elect Tom Wolf this election season.

That's how much three associations representing the \$3 billion industry gave to Wolf during the final stretch of his campaign. They're hoping that with this administration, they might not have to worry about their fund of approximately \$250 million getting raided in a budget season crunch.

Fresh in their minds is the moment in 2012 when Gov. Tom Corbett suggested a \$72 million transfer from the fund. That didn't happen, but Corbett and the Legislature did transfer money from the fund to other line items in the budget — more than once.

“Our portion of the fund is treated more like it's a stopgap for other areas of the state rather than us receiving the money to continue what we're doing,” said Brian Sanfratello, executive director of the Pennsylvania Horse Breeders Association. “I think Tom Wolf is a very good business person and he understands that in order for business to thrive, then it needs to receive what it was promised to receive.”

Funded by casino slots revenue, the Pennsylvania Race Horse Development Fund totaled \$252 million in 2013. Most of the money underwrites purses in thoroughbred and harness racing among the state's six tracks and is credited with reviving the sport.

So when it came time to pick the next governor, the industry backed Wolf.

Yet when Wolf drafts his first budget, revenue won't be easy to come by. The Independent Fiscal Office projects a \$1.85 billion shortfall going into the 2015-16 fiscal year, in part based on one-time transfers used to balance the current year's \$29 billion spending plan.

Jeff Sheridan, spokesman for Wolf's transition team, would not say whether Wolf would touch the fund. The governor-elect and legislative leaders will face difficult decisions to solve the state's financial crisis, Sheridan said.

“As he learns more about the depth of the fiscal crisis that will confront his administration, Gov.-elect Wolf will thoroughly review spending priorities,” Sheridan said.

The fund was established in 2004 when the state legalized casino gambling. The name of the law underscored the significance: the Race Horse Development and Gaming Act.

Pete Peterson, spokesman for the Pennsylvania Equine Coalition, said the law was intended to support the industry, then on the verge of collapse because of lack of funds.

Some lawmakers and critics have since eyed the fund as a giveaway, but Peterson points out that the money comes from casinos, not taxpayers.

“We've never looked at this as a subsidy. We always looked at it as an assessment on the track operators,” Peterson said. “This was an opportunity for the industry to, first, offset the impact slot machines would have on the industry, as well as help an industry that was at the time in serious trouble.”

The increased purses at tracks — notably extra prize money for horses bred in Pennsylvania — would contribute to investment in the state's horse industry and spur employment.

The bailout worked: In a 2010 report, the Department of Agriculture valued the state's 2008 equine industry at \$3

Wolf donations

- Pennsylvania Thoroughbred Horseman PAC: \$30,000

- Meadows Standardbred Owners Association: \$5,000

- PA Horse Breeders Association: \$2,500

Source: Pennsylvania Department of State



billion, about four times what it was before the fund's creation.

Equine employment — including horse breeders, caretakers, stable hands and track workers — increased from 13,870 in 2001 to about 41,100 seven years later, according to the report.

Since 2006, the fund received more than \$1.6 billion, according to figures from a special audit that Auditor General Eugene DePasquale released in July. The money comes from slots revenue under a formula that factors in the amount of casino revenue and number of racetracks in the state.

But since 2010, beginning with former Gov. Ed Rendell's final budget, more than \$212 million was diverted from the fund. More than \$185 million went to the state's general fund budget, with \$5 million to the Farm Products Show Fund and \$17.7 million to agriculture programs.

Corbett spokesman Jay Pagni said the transfers all supported agriculture and equine-related industries.

"This was done with the recognition of supporting the very industry that would benefit from these monies," Pagni said.

General fund transfers, he said, were restricted to related services within the Department of Agriculture.

To investors in the industry, the diversions have a chilling effect. It takes about four years from the moment of breeding to the time a horse stands at the starting gate, costing an average of \$50,000 annually, according to Sanfratello.

Peterson said those investments don't get made in times of uncertainty.

"Any business needs some degree of certainty and stability, especially in the horse racing industry where it's such a long-term investment," he said.

The industry plans to continue its education and lobbying efforts on lawmakers — and the Wolf administration — as the next legislative session begins. This way, Sanfratello said, they'll have a voice at the table.

"Quite frequently, someone will get up at the caucus and say, 'Well, there's \$250 million in the racehorse development fund. I think it would be better if we took that money and used it for education or something else,' " Sanfratello said. "They're really not understanding the ramification of taking that money and using that money."

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