

## PARI-MUTUEL WAGERING AND HHR - Key Points -

- The Legislature authorized Historic Horse Racing machines (“HHR”) in 2013 with the specific goal of **reviving Wyoming’s nearly extinct live horse racing industry**. HHR entirely subsidizes live horse racing in Wyoming. Live racing, in turn, diversifies Wyoming’s economy and drives spending across multiple industries including the equine, agriculture, veterinary, farming, construction, and travel/tourism sectors.
- Since 2013, HHR has accomplished exactly what Representative Sue Wallis and Senator John Schiffer intended. Wyoming went from **zero** live horse races in 2010 to **467** races in 2023. Wyoming-bred horses participating in Wyoming races increased from **55** horses in 2014 to **369** in 2023. The Breeders’ Award Fund payouts jumped from **\$9,405** in 2011 to **\$6,831,221.46** in 2023.
- As of 2022, Wyoming’s horse racing industry generated an estimated **\$150,400,000.00** in annual output for the state’s economy.
- Between 2013 and 2023, HHR *alone* generated nearly **\$133,000,000.00** in revenue split between the state, the Breeders’ Award Fund, and Wyoming’s cities and counties.<sup>1</sup>
- HHR Permittees pay significant taxes. On average, HHR Permittees pay a **20 to 25% excise tax on gross revenue** in addition to property taxes, sales taxes, and other taxes. On top of that, Permittees must allocate a significant portion of their gross revenue to support at least 16 days of live racing each year, including the costs of purses (currently approaching \$6 million annually), live meets, advertising, marketing, payroll, and capital expenditures for track equipment and continuing infrastructure improvements.
- On average more than **90% of every dollar wagered in Wyoming ends up back in the winning bettors’ pockets**.
- Pari-mutuel wagering, and HHR specifically, is at the core of a complex industry that supports multiple interests and sectors of Wyoming’s economy. It is important to have a regulatory body with the expertise and ability to balance those interests statewide.

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<sup>1</sup> Based on figures reported in the 2013-2023 Wyoming Gaming Commission Annual Reports.

April 25, 2024

Joint Appropriations Committee  
Wyoming Legislative Service Office  
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Cheyenne, WY 82002  
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**Re: Joint Appropriations Committee Gaming Study—An Overview of Live Horse Racing and Pari-Mutuel Wagering**

Dear Chairman Kinskey, Chairman Nicholas, and Members of the Joint Appropriations Committee:

Wyoming Horse Racing, LLC, Wyoming Downs, LLC, and 307 Horse Racing, Inc. (“Permitted Operators”) appreciate the Joint Appropriations Committee’s initiative and attention to Wyoming’s gaming industry. As the Committee knows, various types of gaming currently exist in Wyoming. Many are relatively new to our state. Pari-mutuel wagering, however, differs significantly from all other types of gaming. Live horse racing is an important part of Wyoming’s history, and pari-mutuel wagering has been allowed in Wyoming for nearly sixty (60) years. This memorandum focuses specifically on the pari-mutuel facet of the gaming industry, its unique origin, and recent growth. We hope the information will help the Committee better assess the strengths, challenges, and regulatory needs specifically relating to pari-mutuel activities.

**I. History of Live Racing, Pari-Mutuel Wagering, and HHR in Wyoming**

Live horse racing has been an important part of Wyoming’s economy for decades. It creates jobs for breeders, trainers, jockeys, agents, officials, farriers, veterinarians, hay production and owners, and drives spending in a variety of industries from agriculture to tourism. It has existed in Wyoming since statehood. In 1967, the Wyoming Legislature passed what is now known as the Pari-Mutuel Wagering Act, Wyo. Stat. Ann. §§ 11-25-102, *et seq.*, which legalized pari-mutuel wagering on live horse races and established the Wyoming Pari-Mutuel Board as the regulatory body to oversee the industry. 1967 Wyo. Sess. Laws, ch. 245. At the time, the Legislature recognized that pari-mutuel wagering was necessary to subsidize the significant costs associated with live racing. The design of the Pari-Mutuel Wagering Act was to provide operators with a means to generate revenue from pari-mutuel wagering to fund live races and also fund a regulatory body to oversee the industry.

Since 1967, operators have relied on revenue from pari-mutuel wagering to hold their races, operate their facilities, and fund purses. Running a racetrack is an incredibly expensive endeavor. The purses that entice horsemen are currently approaching \$6 million annually. Live meet costs can easily exceed \$1 million dollars a year. Safe tracks require that operators make significant

capital expenditures for track equipment and infrastructure improvements, both before racing and throughout each racing season. Without the revenue from pari-mutuel wagering, live racing would not be possible.

The importance of revenue from pari-mutuel wagering was made abundantly clear in the early 2000's when gaming expanded throughout the United States. As casinos, lotteries, and online gaming entered the market, pari-mutuel wagering experienced a significant decline. The decreased revenue from pari-mutuel wagering made it nearly impossible for operators to fund events and purses. Consequently, live racing scaled back dramatically across the United States. By 2010 there were no live races in Wyoming. In 2011 and 2012, there were only four days of live racing. As the industry declined, so did its contribution to Wyoming's economy.

Facing the very real possibility of extinction, the horse racing industry turned to the Wyoming Legislature. In 2013, Representative Sue Wallis and Senator John Schiffer sponsored House Bill 25. At the time, Representative Wallis acknowledged that Wyoming's once "vibrant and robust horse racing industry" was dying out and "fighting a losing battle" against the casinos, state lotteries, and online gambling. To counter the impact of expanded gaming and revive live racing, she counseled that the Wyoming's pari-mutuel wagering model needed to evolve and utilize "new technology."

The new technology that Representative Wallis described was the programming utilized by historic horse racing machines ("HHR"). At the time, other states successfully utilized HHR as a way to generate revenue and revitalize live horse racing. It was a proven model. Kentucky, specifically, had just demonstrated the extremely positive impact HHR could have on a previously declining industry. HHR allows players to wager on the results of historic horse races. The machines take results from historic horse races and provide players with certain information about the race. The player can use that information to handicap the historic race and place bets. Alternatively, the player can choose an assisted selection where the machine places the wagers based on the odds of the betting favorites from the previously run races.

House Bill 25 revised the Pari-Mutuel Wagering Act to allow for pari-mutuel wagering on *historic* horse races, in addition to the live pari-mutuel wagering that was previously allowed. In doing so, it opened the door for operators to offer HHR. The bill supported HHR as a means to generate the revenue needed to revive live racing while also creating tax revenue to directly benefit the cities and counties in Wyoming. The revenue would also help fund the Breeders' Award Fund and the Wyoming Gaming Commission. House Bill 25 passed and was enrolled as HEA047.

## II. Benefits of HHR to the Racing Industry and Wyoming

House Bill 25 was specifically designed to balance numerous policy interests. The legislature allowed HHR in Wyoming, but set specific uses for the revenue generated from the machines and goals for the revenue to accomplish. The revenue from HHR must be used to support live horse racing, Wyoming breeders and Wyoming horses, local communities, and the State of Wyoming. The goal of the bill was to diversify the Wyoming economy. It could allow Wyoming to reap the economic benefits associated with hosting live horse races, bring to life an entirely new equine based economy, and allow Wyoming farmers and ranchers the opportunity to develop Wyoming bred horses to encourage that part of the agriculture economy. Importantly, it was also designed to bring tourism dollars into the state.

Since House Bill 25 passed in 2013, HHR has accomplished exactly what Representative Wallis and Senator Schiffer hoped it would. The horse racing industry grew from nearly extinct in 2010 to infusing millions of dollars into Wyoming. As the attached economic impact study shows, as of 2022—through direct, indirect, and induced effects—Wyoming’s horse racing industry generated an estimated \$150.4 million in annual output for the state’s economy. We encourage the Committee to review the attached study that walks through the widespread positive impact HHR has had on the equine, agriculture, veterinary, farming equipment, construction, and travel/tourism industries.

To highlight a few of the industry’s accomplishments, it has gone from having **zero** horse races in 2010 to **467** races in 2023. The number of Wyoming-bred horses participating in Wyoming races increased from **55** horses in 2014 to **369** horses in 2023. According to the Gaming Commission’s 2023 Annual Report, the number of accredited Wyoming bred broodmares and stallions has increased to a total of **832** horses. The Wyoming Horse Racing Breeders’ Award payouts followed the same trajectory, jumping from **\$9,405** in 2011 to **\$6,831,221.46** in 2023. That money goes directly to Wyoming farmers and ranchers and gets recirculated a number of times by purchasing Wyoming grown hay and using Wyoming veterinarians and other Wyoming goods and services. Importantly for this Committee, the horse racing industry’s contributions to the state and municipalities have also significantly increased.

There are often misconceptions about how the finances behind pari-mutuel wagering work and where the money actually goes. Those misconceptions can lead to inaccurate perceptions and criticisms of the industry. The reality is that roughly 90% of every dollar wagered ends up back in the bettors’ hands. To explain the process, it is important to first understand that “pari-mutuel” is simply a type of wagering. It is a method of wagering where all wagers are pooled together. From that total pool, a set percentage of money is withdrawn. The remaining funds in the wagering pool are then paid out among winning bets.

The Pari-Mutuel Wagering Act lays out exactly what percentages are withdrawn from the pool and where they go:

- 0.25% of the total amount wagered attributable to HHR goes to the legislative stabilization reserve account;<sup>1</sup>
- 0.25% of the total amount wagered attributable to HHR goes to the state treasurer to fund the Gaming Commission (*Id.*);<sup>2</sup>
- 1% of the total amount wagered attributable to HHR goes to the county and the city or town where the simulcasting facility is located;<sup>3</sup>
- 0.40% of the total handle wagered during the pari-mutuel event (and 20% of the additional amount retained by operators on multiple or exotic wagers) goes to the Breeders' Award Fund;<sup>4</sup>
- Finally, an operator is allowed to keep up to 19.40% of straight wagers and up to 25% of the amount wagered on multiple or exotic wagers. It is also allowed to retain a "breakage" (which is where a winning payout is rounded down, e.g., a winning payout is rounded down from \$1.032 to \$1.00) on not more than ten cents.<sup>5</sup>

While the operators *can* retain up to 19.40% as noted in the last bullet, the practical reality is that **no operator in Wyoming retains nearly that much on HHR**. Competition would not allow it. Instead, as the Gaming Commission's revenue reports show, in order to stay competitive and increase payouts to winners, the current operators only retain on average between 6 and 9%. That retained amount is referred to as an operator's "gross takeout."

The operator then must pay from its gross takeout all of its expenses including the costs associated with holding at least 16 live race days in Wyoming (i.e., purses, live meet operational expenses, capital expenditures for track equipment and infrastructure improvements, advertising,

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<sup>1</sup> Wyo. Stat. Ann. § 11-25-201(b)(iv).

<sup>2</sup> *Id.* In addition, operators must also pay 1.5% of the total amount wagered **attributable to live pari-mutuel events** to fund the Gaming Commission. *Id.* All funds paid to the Gaming Commission are held in the pari-mutuel account and are sufficient to fund the entire regulatory body. The Gaming Commission receives no appropriations from the Legislature. Any funds in the pari-mutuel account that exceed \$1.5 million are also credited to the legislative stabilization account. *Id.* at (d).

<sup>3</sup> *Id.* at (b)(iii).

<sup>4</sup> *Id.* at (j).

<sup>5</sup> *Id.* at (c).

marketing, and payroll) and all of the costs to run the simulcast facilities. Only after all of those costs are deducted from the gross takeout is the operator left with its net takeout.

As an example, below is a snippet from the Gaming Commission’s January 2024 Revenue Report showing the financials for Wyoming Horse Racing LLC’s biggest HHR platform at its Evanston OTB location:

<b><u>Evanston Harrison (EVA)</u></b>			
<b>Handle</b>	<b>3,470,511.17</b>		
		<b>Handle %</b>	<b>Commission</b>
State Treasurer		0.25%	8,676.28
LSRA		0.25%	8,676.28
County, City or Town		1.00%	34,705.11
Breeders' Award Fund		0.40%	<u>13,882.04</u>
	<b>Total</b>	<b>1.90%</b>	<b>65,939.71</b>
Licensee			<u>6.79%</u> 235,799.37
	<b>Total</b>		<b>8.69%</b> 301,739.08
Breakage			<u>828.71</u>
<b>Total Commission and Breakage</b>			<b>302,567.79</b>

Here, the total amount wagered (the “handle”) of \$3,470,511.17 is listed at the top. From that, a total of 1.9% was deducted and distributed to the state (0.25% and 0.25%), municipalities (1.0%), and Breeders’ Award Fund (0.40%), totaling \$65,939.71. The operator (referred to as the “Licensee” in this report) elected to take 6.79% as its gross takeout and also retained a breakage of \$828.71. Accordingly, the operator’s total gross revenue was \$236,628.08. The entirety of the remaining \$3,167,943.38 in the pool (i.e. the “handle” minus the “Total Commission and Breakage”) was then paid out to winning bettors, meaning that **just over 91% went back into the winning bettors’ pockets**.

Using these numbers as the example, on a roughly \$3.5 million “handle” an operator would expect to get about \$236,000 in gross revenue and pay about \$66,000 in taxes to the state, municipalities, and the Breeders’ Fund. **That is over a 25% “excise tax” in addition to the property taxes, sales taxes, and other taxes that these companies pay**. Also, remember, these gross revenues must support at least 16 days of live horse racing, including purses and expenses associated with those events, in addition to all of the operator’s simulcast operating expenses.

These taxes add up. According to the Gaming Commission’s most recent Annual Report, in 2023 HHR *alone* generated \$4,236,808.05 for the state, \$4,236,808.05 for the legislative stabilization reserve account, \$8,737,078.10 for Wyoming counties, \$8,210,154.04 for Wyoming cities and towns, and \$6,778,892.86 for the Breeders’ Award Fund. These figures make clear that (separate and apart from all the other positive economic impacts associated with live racing) pari-

mutuel wagering has become a significant source of revenue for the state, cities, and counties in Wyoming.

### **III. Legislative and Regulatory Framework**

#### **A. The Wyoming Gaming Commission's Role**

The Pari-Mutuel Wagering Board created in 1967 is now the Wyoming Gaming Commission. Today, the Commission oversees all types of gaming in Wyoming, not just pari-mutuel wagering. The Commission's role is extremely important. In relation to pari-mutuel wagering, the Legislature directed the Commission to supervise "all the conduct of all events provided for and regulated by [the Pari-Mutuel Wagering Act.]" Wyo. Stat. Ann. § 11-25-104(e). The Commission's powers include the authority to (1) promulgate "rules for the control, supervision and direction of applicants, permittees and licensees" and "rules for conducting simulcasting[.]" (2) make rules for "the holding, conducting and operating of all pari-mutuel events[.]" (3) set the number of actual live horse racing days required for a simulcasting permit, (4) issue pari-mutuel permits and license individuals, and (5) revoke permits for violations of the Pari-Mutuel Wagering Act. Wyo. Stat. Ann. §§ 11-25-102(a)(vii)(D); 11-25-104(e), (m); 11-25-201(a). Additionally, the Commission must manage and distribute portions of the funds generated from pari-mutuel wagering. *Id.* at § 11-25-201(b).

Pursuant to the Legislature's directive, the Commission has promulgated rules detailing the requirements for licensees, permittees, participants, and officials. *See* WGCRR, Chapters 5-7, 10. Additionally, the rules establish safety standards and requirements for facilities and the conduct of all races. *See id.* at Chapter 8. The rules impose parameters on pari-mutuel betting designed to ensure the integrity of pari-mutuel wagering pools. *Id.* at Chapter 9. And they also establish detailed requirements for simulcast facilities, including measures that allow the Commission to control the scale of facilities and the number and type of terminals. *Id.* at Chapter 10.

#### **1. Live Event and Simulcast Permitting**

Looking specifically at permitting, the Commission can issue two different permits to pari-mutuel operators: 1) live pari-mutuel event permits and 2) simulcast and historic horse racing permits. A live pari-mutuel event permit allows an operator (the permittee) to conduct live horse racing, harness racing, cutter racing, chariot racing, chuckwagon racing, professional roping and rodeo events. Wyo. Stat. Ann. § 11-25-102(a)(v).

To qualify for a live event permit, operators must meet numerous requirements. *See* WGCRR Chapter 6. No later than 60 days prior to a proposed live event, the applicant must identify the "dates requested," provide a "financial statement showing the financial responsibility

of the applicant,” and describe in detail “the races to be conducted, the manner of wagering and the names and identification of those to supervise the wagering and the controls and supervision by the applicant (pari-mutuel manager, stewards, and racing secretary)[.]” *Id.* at Section 1(j). The applicant must also pay a fee, post a bond, and demonstrate that it has received approval from the county commission in the county where the live event will be held. *Id.*

The Gaming Commission recently promulgated Emergency Rules that provide helpful guidance on live event permit requirements. The Emergency Rules make clear that live event permits will “not be issued until the [applicant’s] track is completed and surveyed, and a certified report is received, and approved, by the Commission.” WGCERR Chapter 6, Section 1(k). Live Event Permits also require, that the Commission “have the right of full and complete entry to any and all parts of the grounds” and must approve the “the grade and measurement of the distances to be run” at the grounds. *Id.* at Section 1(b), (k-l). Applicants must also “provide a live event ‘Operations Plan’ with their application that summarizes the proposed event operations, racetrack safety plans, and emergency contingency plans.” *Id.* at Section 1(n). In short, the Commission’s rules make clear that, before an operator can obtain a Live Event Permit, the Commission must verify that the applicant’s facility and operational plans actually meet all of the Commission’s requirements.

The second type of permit the Commission may issue is a simulcast and HHR permit. To qualify for a simulcast and HHR permit, an operator must already be authorized “to conduct a pari-mutuel event other than simulcasting[.]” *Id.* at (a)(vii)(A). In other words, it must already hold a Live Event Permit. *See* WGCRR Chapter 10, Section 3(b)(i). The operator must also “actually conduct a minimum of sixteen (16) live flat track horse racing pari-mutuel event days in the same calendar year for each simulcast year requested[.]” *Id.* at Section 3(b)(ii).

Looking at the two types of permits and the requirements for each, it is clear that the Commission’s rules and the statutes are designed to ensure one thing: **that live horse racing actually occurs in Wyoming**. That was the intent of the Legislature when it authorized pari-mutuel wagering in 1967 and it remained the Legislature’s intent when it authorized HHR in 2013. Simulcasting and HHR are specifically designed to support and subsidize live horse racing. A simulcast permittee must, therefore, 1) have a completed facility and operational plan in place, and 2) actually run a minimum number of live race days in Wyoming in order to offer simulcasting.

This is an important concept. As the pari-mutuel industry in Wyoming grows, new operators are seeking to enter the market and reap the rewards of simulcasting before they are required to incur the cost of live racing. They are asking for live event and simulcast permits based on a promise of someday racing, and prior to having the funding for (let alone actually constructing) a racing facility. The Gaming Commission will need to address these types of



requests as the industry grows. It will need to ensure that simulcasting is not abused in Wyoming, and that live racing—literally and figuratively—always comes first.

Ultimately, the Gaming Commission’s responsibilities are vast and complex. The Commission is tasked with not only performing a variety of regulatory functions, but also balancing the varied and important policy goals underlying the Pari-Mutuel Wagering Act. Consequently, it is critical to have a strong Gaming Commission with the appropriate resources to effectively regulate pari-mutuel activities.

## **B. The Role of the Counties**

One issue that has recently surfaced with the growth of gaming in Wyoming deals with the appropriate interplay between counties and the Gaming Commission. While the Pari-Mutuel Wagering Act gives the counties some amount of authority, it is important to balance the authority granted to counties with the need for a central authority with the expertise to understand the competing interests associated with HHR, live horse racing, and the horsemen. For example, the HHR facilities subsidize the live horse racing, pitting one county against another could drive parochial interests that could cause the entire structure to fall. Similarly, there may not be enough money for every county to have its own live horse racing. The needs of the horsemen also should be considered on what is best at a statewide level. A strong central regulatory body can take all of those concerns into account.

Counties have the authority to either allow or reject pari-mutuel wagering. Wyo. Stat. Ann. § 11-25-206. If a county votes to authorize pari-mutuel wagering, an operator hoping to operate in that county must demonstrate to the Gaming Commission during the permitting process that it has approval from the board of county commissioners in that particular county. Wyo. Stat. Ann. § 11-25-102(a)(vii)(B); *id.* at 11-25-201. That is the extent of the authority delegated to counties. Counties do not have any authority to regulate or oversee live pari-mutuel events or simulcasting operations. All regulatory functions reside with the Gaming Commission.

There are 23 different counties in Wyoming, all of which have varying interests. A strong Gaming Commission can balance those interests and ensure consistency in the industry. As part of its study, the Permitted Operators hope the Joint Appropriations Committee considers this need and ensures the Gaming Commission has the tools and resources it needs to *exclusively* regulate the industry as contemplated by the Pari-Mutuel Wagering Act.

## **IV. Conclusion**


The Permitted Operators appreciate this Committee’s time and attention to gaming in Wyoming. We hope that as the Committee engages in its study, it will recognize that pari-mutuel

wagering is unique from other types of gaming, has deep roots in Wyoming's history, and serves an important purpose. Without it, live horse racing in Wyoming would not exist. The jobs that live horse racing provides would not exist. The spending live horse racing drives across multiple industries would also not exist.

As the gaming industry grows, pari-mutuel operators will face numerous challenges beyond those discussed in the memorandum. The industry will need the support of the Legislature and strong, uniform regulatory oversight to face those challenges. The Permitted Operators hope to work with the Committee to achieve that outcome. If the Committee needs any additional information, the Permitted Operators can be available and will participate however the Committee determines is most helpful.

Sincerely,


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**ATTACHMENT**



**THE  
INNOVATION  
GROUP**

# **Economic Impact Analysis: Wyoming Horse Racing Industry**

State of Wyoming

Prepared for:

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**January 2023**

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# Economic Impact Analysis: Wyoming Horse Racing

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# EXECUTIVE SUMMARY

The Innovation Group was retained by Wyoming Horse Racing, LLC, Wyoming Downs, LLC, and 307 Horse Racing, LLC to assess the economic impacts injected into the Wyoming state economy from the ongoing operations of the Wyoming Horse Racing Industry. Economic impact analyses are commonly used tools to quantify the direct, indirect and induced benefits that result from the opening or closure of a business or industry to an area.

The Wyoming Horse Racing Industry is a vital contributor to Wyoming’s economy. Through its various operating activities—including the major racetracks, off-track betting and historical horse racing facilities, and the activities of breeders, trainers, and owners of racehorses— and industry-induced tourism, the Wyoming Horse Racing Industry supports roughly 446 jobs and directly contributes over \$56.5 million into Wyoming’s Gross Domestic Product (GDP) annually, an increase of over 120% since 2018.

- Annual Direct Contribution to GDP: \$56.5 million.
- Annual Direct Employment Impact: 446 Jobs.

From those direct effects, the Wyoming Horse Racing Industry’s contribution ripples out into other sectors of the economy.

- Annual Total Value Added to the Wyoming Economy: \$79.8 million.
- Annual Total Employment Impact: 753 Jobs.

Over the last decade, race-horse breeding in Wyoming has gone from being so marginal that it did not warrant reporting by the Wyoming Gaming Commission to an industry that produced 312 registered Wyoming-bred horses that raced in the 2022 season, an increase of 77% over the 176 that raced in the 2018 season.

The following table summarizes the statewide impacts. Through direct, indirect, and induced effects, the Wyoming Horse Racing Industry generates roughly \$150.4 million in annual output for the state’s economy, an increase of nearly 150% since 2018.

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	446	\$21.1	\$56.5	\$103.2
Indirect Effect	214	\$8.2	\$15.3	\$32.3
Induced Effect	93	\$3.7	\$8.0	\$14.8
<b>Total</b>	<b>753</b>	<b>\$33.0</b>	<b>\$79.8</b>	<b>\$150.4</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

Given the rapid growth of the industry over the past several years, with significant historical growth and continued growth potential from the historical racing segment, The Innovation Group continues to believe these annual impacts will increase in future years.

# INTRODUCTION

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The Innovation Group was retained by Wyoming Horse Racing, LLC, Wyoming Downs, LLC, and 307 Horse Racing, LLC (referred to herein as “Wyoming Racing” and/or “Client”) to provide an update to our 2019 assessment of the economic impacts on the Wyoming state economy from the ongoing operations of the Wyoming Horse Racing Industry. Economic impact analyses are commonly used tools to quantify the direct, indirect, and induced benefits that result from the opening or closure of a business or industry to an area.

The direct effect is the economic activity that occurs within the industry itself: for example, the people employed by the Wyoming Horse Racing industry, as well as the spending by the industry operators on supplies and materials.

Indirect impacts reflect the economic spin-off that is made possible by the direct purchases of the Horse Racing Industry. Local firms providing goods and services to the industry participants will have incomes partially attributable to these horse racing operations. These dollars contribute to the vendors’ spending power, and therefore the incremental increase in their spending attributable to this income is considered an indirect impact. These additional expenditures and revenues continue to flow throughout the economy in a rippling effect.

Induced impacts result from the direct and indirect impacts of labor income. As household incomes are affected by employment and spending, this money is re-circulated through the household spending patterns causing further local economic activity.

Direct inputs into the modeling were provided by the Client and the Wyoming Gaming Commission (“WGC”). The inputs consisted of employment and operating data generated by the state’s horse racing industry participants for 2022. Indirect and induced impacts were assessed utilizing IMPLAN data and software, a leading supplier of economic impact data and software used and relied upon by thousands of private developers and government agencies.

Horse racing involves extensive economic activity. Racehorses require substantial expenditures on breeding, maintenance and training, and those expenditures support industries such as agriculture, veterinary, farming equipment, construction, and travel/tourism.

Training fees for racehorses are substantial and usually comprise a day-rate plus a percentage of prize money won. Additional fees while a horse is in training include the costs of insurance, veterinarians, farriers, and jockey fees. Jockeys are independent contractors who earn a fixed mount-fee plus a percentage of the prize money won. There are transportation fees between racetracks and farms and boarding fees when the horse is not in training. Racehorses also require specialized feed and supplies.

The horseracing sector also involves large indirect expenditures to specialized service providers. Totalizator companies provide wagering technology, machines, and infrastructure. Broadcasting and television companies provide satellite services, broadcasting infrastructure, photo finish and timing equipment. Other vendors provide food and beverage concessions, track maintenance (turf and rail), and security technologies.

The prospect of purse earnings underlies the value of racehorses and allows for the specialized care, training and breeding they receive. Traditionally, purses were funded from wagering on live races. As casino gaming expanded throughout the United States over the last few decades, pari-mutuel wagering declined, and horse racing in several states, including Wyoming, scaled back dramatically or ceased altogether.

In 2010, there was no live racing in Wyoming. In 2011 and 2012, there were only four days of live racing. However, with the advent of historical horse racing (HHR) in December 2013, the Wyoming horse racing industry has been rejuvenated along with the industry's contribution to the Wyoming economy. In the face of the COVID-19 pandemic, the industry has continued to grow. In 2022, there were 50 days of live racing involving 3,388 starters and 464 races.

This report begins with a historical analysis of the Wyoming horse Racing industry. We then provide a description of the methodology utilized in our economic impact analysis. Finally, the report concludes with a summary of the total statewide impacts of horse racing on the Wyoming economy.



## HISTORICAL ANALYSIS

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The following section presents a historical overview and analysis of the Wyoming Horse Racing Industry. The data analyzed in this section was provided by the Client and obtained from the annual reports of the Wyoming Pari-Mutuel Commission and Wyoming Gaming Commission and unaudited data for 2022.

### *Licenses Issued*

The table below displays the annual licenses issued by the Wyoming Gaming Commission. Please note that a detailed breakdown of licenses is only available for 2019 since the relevant data was not reported from 2020 onward and that the total number of licenses is not yet available for 2022. There were 1,404 licenses issued in 2019, 1,471 issued in 2020, and 1,786 issued in 2021. This is up from 1,044 licenses issued in 2014, a roughly 71.1% increase from 2014 to 2021. Specific notes on each license type for 2019 include the following:

- **Horsemen Licenses: 839**
  - Owner licenses: 396
  - Trainer/Assistant Trainer licenses: 26
  - Jockey/Exercise Rider licenses: 51
  - Owner/Trainer licenses: 144
  - Groom licenses: 146
  - Vet licenses: 4
  - Pony Rider licenses: 20
  - Stable licenses: 34
  - Plater licenses: 1
  - Assistant Starter licenses: 16
  - Vendor licenses: 1
- **Permittee Employee Licenses: 127**
  - This includes live race meet employees and officials
- **Mutuel Employee Licenses: 329**
  - This includes mutuel employees and managers
- **Commission Employee Licenses: 21**
  - This includes staff, investigator, stewards, vet, and commissioners
- **Vendors and Employee Licenses: 88**
  - This includes Advance deposit wagering (ADW) companies, simulcast providers, host facilities, live meet vendors, vendor employees, and simulcast employees
- **Special Guest Licenses: 0**

**Licenses Issued by the Wyoming Gaming Commission**

<b>License Type</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021*</b>	<b>CAGR ('14-'19)</b>
Wyoming Horsemen	82	86	104	121	116	116	N/A	N/A	7.2%
Out-of-State Horsemen	637	806	626	707	722	723	N/A	N/A	2.6%
Total Horseman	719	892	730	828	838	839	N/A	N/A	3.1%
Permittee Employees	65	71	71	91	126	127	N/A	N/A	14.3%
Mutuel Employees	229	273	246	275	276	329	N/A	N/A	7.5%
Wyoming Gaming Commission	9	12	18	18	16	21	N/A	N/A	18.5%
Vendors	22	39	69	66	98	88	N/A	N/A	32.0%
Special Guest	N/A	3	0	61	27	0	N/A	N/A	N/A
<b>Total</b>	<b>1,044</b>	<b>1,290</b>	<b>1,134</b>	<b>1,339</b>	<b>1,381</b>	<b>1,404</b>	<b>1,471</b>	<b>1,786</b>	<b>6.1%</b>

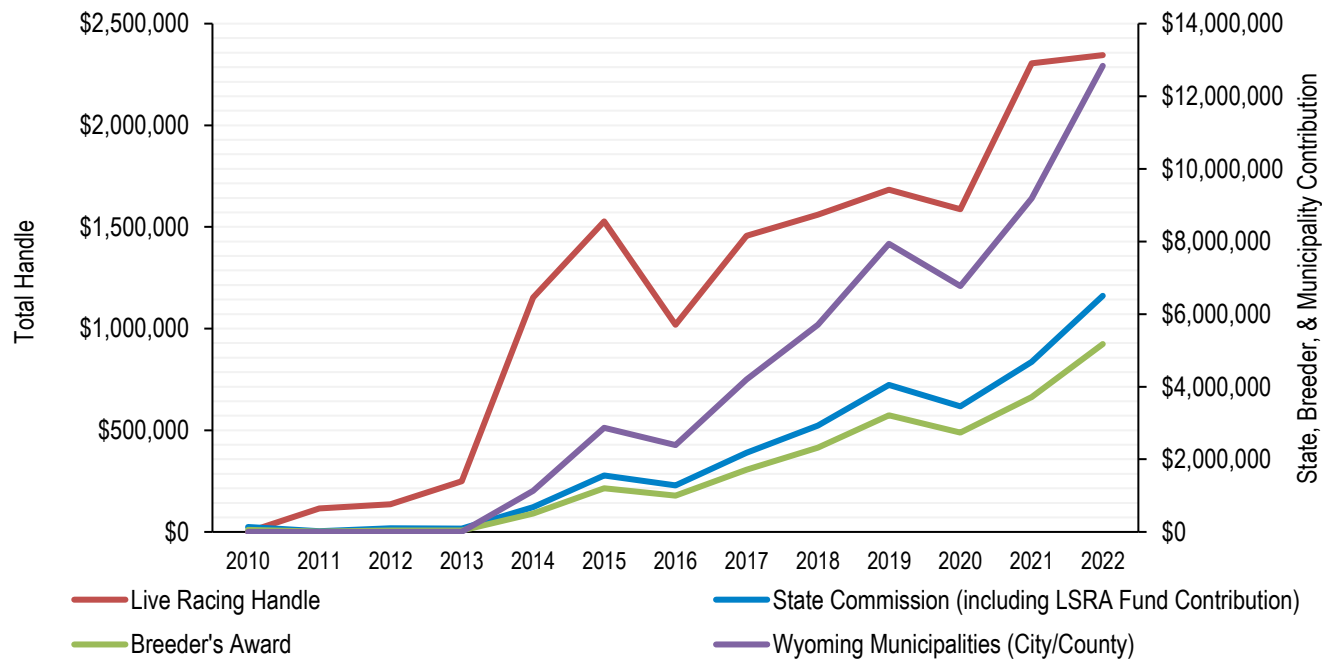
Source: Wyoming Gaming Commission; \*detailed license breakdown was not available for 2020-2021, 2022 data is not yet available.

As shown in the table above, licenses issued have grown steadily over the past several years, increasing by a compound annual growth rate (“CAGR”) of 6.1% from 2014 to 2019. The growth in total licenses issued has accelerated in recent years, growing by a CAGR of over roughly 12.8% from 2019 to 2021. It is important to highlight the licenses issued to out-of-state horsemen. In 2019, out-of-state horsemen licenses accounted for over 85% of total horsemen licenses issued. This is a key economic driver catalyzed by the Wyoming Horse Racing Industry as the state’s economy captures the spend of these out-of-state horsemen that could be captured elsewhere.

## Overall Industry Operating Metrics

The following chart and table display the historical operating metrics for the Wyoming Horse Racing Industry, emphasizing the significant impact that historical horse racing (“HHR”) had on the industry within the state. As shown below, the industry’s contribution to the State, Breeders, and Municipalities significantly increased in the years following 2013 when HHR was introduced. For example, from 2013 to 2014 the State Commission increased by over seven times to over \$679,000. From 2014 to 2022, the State Commission increased again by over nine times to nearly \$6.5 million in 2022. On top of this, live racing handle benefited as well. From 2014, the first full year of operations for Wyoming historical horse racing, to 2022, live racing handle increased by a CAGR of 9.3%.

Wyoming Horse Racing Industry Operating Metrics



Source: Wyoming Gaming Commission

**Wyoming Horse Racing Industry Operating Metrics\***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2014-2022 CAGR ***
<b>Live Racing</b>										
Actual Days of Racing	20	31	22	30	34	30	24	50	50	12.1%
Total Handle	\$1,152,463	\$1,527,032	\$1,019,471	\$1,456,664	\$1,560,505	\$1,683,394	\$1,586,949	\$2,304,456	\$2,345,062	9.3%
State Commission	\$17,187	\$22,865	\$15,292	\$15,610	\$23,408	\$25,251	\$23,804	\$34,567	\$35,176	9.4%
Breeder's Award	\$9,540	\$11,745	\$8,213	\$11,448	\$11,850	\$12,438	\$6,456	\$19,326	\$18,018	8.3%
<b>Simulcasting</b>										
Number of Days Simulcast	365	364	365	365	365	365	316	365	365	0.0%
Total Handle	\$6,288,611	\$6,414,486	\$5,092,157	\$3,976,879	\$3,849,563	3,784,923	3,142,757	3,565,009	3,257,734	-7.9%
State Commission	\$94,329	\$96,043	\$76,382	\$59,653	\$57,067	\$56,721	\$46,811	\$53,475	\$48,866	-7.9%
Breeder's Award	\$40,734	\$40,972	\$32,564	\$25,113	\$24,471	\$23,788	\$20,270	\$24,632	\$21,187	-7.8%
<b>Historic Racing</b>										
Actual Days Historic Racing	365	364	365	365	365	365	316	364	N/A	0.0%
Total Handle	\$113,589,236	\$286,352,310	\$238,797,158	\$420,210,518	\$570,599,000	\$793,477,137	\$677,190,159	\$918,335,732	\$1,283,728,530	35.4%
State Commission	\$567,946	\$1,431,762	\$1,193,986	\$2,101,053	\$2,852,995	\$2,915,738	\$1,692,975	\$2,295,839	\$3,209,321	24.2%
LSRA Fund	N/A	N/A	N/A	N/A	N/A	\$1,051,648	\$1,692,975	\$2,295,839	\$3,209,321	45.0%
Breeder's Award	\$454,357	\$1,145,409	\$955,189	\$1,680,842	\$2,282,396	\$3,173,909	\$2,708,761	\$3,673,343	\$5,134,914	35.4%
Wyoming Municipalities (City/County)	\$1,135,892	\$2,863,523	\$2,387,972	\$4,202,105	\$5,705,990	\$7,934,771	\$6,771,902	\$9,183,357	\$12,837,285	35.4%
<b>Combined Total</b>										
Total Handle	\$121,030,309	\$294,293,828	\$244,908,786	\$425,644,060	\$576,009,068	\$798,945,454	\$681,919,865	\$924,205,197	\$1,289,331,325	34.4%
State Commission	\$679,462	\$1,550,670	\$1,285,660	\$2,176,315	\$2,933,470	\$2,997,710	\$1,763,590	\$2,383,881	\$3,293,363	21.8%
LSRA Fund	N/A	N/A	N/A	N/A	N/A	\$1,051,648	\$1,692,975	\$2,295,839	\$3,209,321	45.0%
Breeder's Award	\$504,631	\$1,198,127	\$995,965	\$1,717,403	\$2,318,717	\$3,210,134	\$2,735,487	\$3,717,301	\$5,174,118	33.8%
Wyoming Municipalities (City/County)	\$1,135,892	\$2,863,523	\$2,387,972	\$4,202,105	\$5,705,990	\$7,934,771	\$6,771,902	\$9,183,357	\$12,837,285	35.4%

Source: Wyoming Gaming Commission; \*Excludes Advanced Deposit Wagering; \*\*Actual Days of Racing refers to total calendar days of racing and can include days of racing where multiple tracks operated; \*\*\*for categories with missing data, CAGRs are based on the most recent period of data available

## *Historical Horse Racing Analysis*

The Wyoming Gaming Commission provides annual reports for historical horse racing machines over the years 2013 to 2022. Please note that the 2013 numbers below represent the month of December only. Handle on HHR machines increased by a compound annual growth rate of 35.4% from 2014 to 2022. Total handle in 2022 was just under \$1.3 billion—this resulted in a takeout of nearly \$110.7 million for the statewide HHR industry.

**Wyoming Historical Horse Racing State Totals**

<b>Year</b>	<b>Wagered</b>	<b>Payouts</b>	<b>Takeout</b>	<b>Sites</b>
2013	\$467,236	\$398,960	N/A	N/A
2014	\$113,589,236	\$104,755,928	\$8,833,308	11
2015	\$286,352,310	\$264,468,483	\$21,524,185	13
2016	\$238,797,158	\$220,367,550	\$18,197,151	14
2017	\$420,210,518	\$387,264,463	\$31,473,558	17
2018	\$570,599,000	\$525,610,689	\$42,535,662	17
2019	\$793,477,137	\$732,490,634	\$59,076,313	17
2020	\$677,190,159	\$617,960,078	\$55,901,148	18
2021	\$918,335,732	\$839,952,251	\$77,589,773	27
2022	\$1,283,728,530	\$1,172,085,473	\$110,676,675	45

Source: The Innovation Group; Wyoming Gaming Commission

The following table displays HHR data by permittee. As of 2022, the state has three permittees—Wyoming Downs, Wyoming Horse Racing, and 307 Horse Racing—which have 30, 9, and 6 HHR sites, respectively. Wyoming Downs generated the majority of HHR handle in 2022. The permittee generated \$825.7 million in handle in 2022 (64.3% of total HHR handle) while Wyoming Horse Racing generated \$299.5 million, and 307 Horse Racing generated \$158.5 million.

### Historical Horse Racing by Permittee

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Wyoming Downs - Sites as of 2022: 30</b>								
Total Handle	\$185,937,684	\$44,082,455	\$166,532,507	\$256,444,717	\$427,678,841	\$404,323,360	\$597,031,638	\$825,679,921
Takeout	\$14,114,739	\$3,466,789	\$11,840,814	\$18,086,548	\$30,533,778	\$34,719,290	\$51,581,828	\$70,936,557
Breeder Award Fund	\$741,951	\$176,330	\$666,130	\$1,025,779	\$1,710,715	\$1,617,293	\$2,388,127	\$3,302,720
Paid to State	\$927,438	\$220,412	\$832,663	\$1,282,224	\$1,558,149	\$1,010,808	\$1,492,579	\$2,064,200
Contribution to LSRA Fund	N/A	N/A	N/A	N/A	\$580,245	\$1,010,808	\$1,492,579	\$2,064,200
Paid to City/County	\$1,854,877	\$440,825	\$1,665,325	\$2,564,477	\$4,276,788	\$4,043,234	\$5,970,316	\$8,256,799
<b>Wyoming Horse Racing - Sites as of 2022: 9</b>								
Total Handle	\$100,864,626	\$194,714,703	\$253,678,011	\$314,154,282	\$365,798,296	\$272,866,800	\$303,266,700	\$299,522,302
Takeout	\$7,409,446	\$14,730,362	\$19,632,745	\$24,449,114	\$28,542,535	\$21,181,859	\$24,337,208	\$24,471,512
Breeder Award Fund	\$403,459	\$778,859	\$1,014,712	\$1,256,617	\$1,463,193	\$1,091,467	\$1,213,067	\$1,198,089
Paid to State	\$504,323	\$973,574	\$1,268,390	\$1,570,771	\$1,357,589	\$682,167	\$758,167	\$748,806
Contribution to LSRA Fund	N/A	N/A	N/A	N/A	\$471,403	\$682,167	\$758,167	\$748,806
Paid to City/County	\$1,008,646	\$1,947,147	\$2,536,780	\$3,141,543	\$3,657,983	\$2,728,668	\$3,032,667	\$2,995,223
<b>307 Horse Racing - Sites as of 2022: 6</b>								
Total Handle	N/A	N/A	N/A	N/A	N/A	N/A	\$18,037,394	\$158,526,307
Takeout	N/A	N/A	N/A	N/A	N/A	N/A	\$1,670,738	\$15,268,606
Breeder Award Fund	N/A	N/A	N/A	N/A	N/A	N/A	\$72,150	\$634,105
Paid to State	N/A	N/A	N/A	N/A	N/A	N/A	\$45,093	\$396,316
Contribution to LSRA Fund	N/A	N/A	N/A	N/A	N/A	N/A	\$45,093	\$396,316
Paid to City/County	N/A	N/A	N/A	N/A	N/A	N/A	\$180,374	\$1,585,263
<b>Combined Total - Sites as of 2022: 45</b>								
Total Handle	\$286,802,310	\$238,797,158	\$420,210,518	\$570,599,000	\$793,477,137	\$677,190,159	\$918,335,732	\$1,283,728,530
Takeout	\$21,524,185	\$18,197,151	\$31,473,558	\$42,535,662	\$59,076,313	\$55,901,148	\$77,589,773	\$110,676,675
Breeder Award Fund	\$1,145,409	\$955,189	\$1,680,842	\$2,282,396	\$3,173,909	\$2,708,761	\$3,673,343	\$5,134,914
<i>% of Take (Effective Breeder Tax)</i>	5.3%	5.2%	5.3%	5.4%	5.4%	4.8%	4.7%	4.6%
Paid to State	\$1,431,762	\$1,193,986	\$2,101,053	\$2,852,995	\$2,915,738	\$1,692,975	\$2,295,839	\$3,209,321
<i>% of Take (Effective State Tax)</i>	6.7%	6.6%	6.7%	6.7%	4.9%	3.0%	3.0%	2.9%
Contribution to LSRA Fund	N/A	N/A	N/A	N/A	\$1,051,648	\$1,692,975	\$2,295,839	\$3,209,321
<i>% of Take (Effective State Tax)</i>	N/A	N/A	N/A	N/A	1.8%	3.0%	3.0%	2.9%
Paid to City/County	\$2,863,523	\$2,387,972	\$4,202,105	\$5,706,020	\$7,934,771	\$6,771,902	\$9,183,357	\$12,837,285
<i>% of Take (Effective City/County Tax)</i>	13.3%	13.1%	13.4%	13.4%	13.4%	12.1%	11.8%	11.6%
<i>Total Effective Tax Rate (Effective Breeder + State + City/County Tax)</i>	25.3%	24.9%	25.4%	25.5%	25.5%	23.0%	22.5%	22.0%

Source: The Innovation Group; Wyoming Gaming Commission

## *Live Racing Analysis*

Income from historical racing terminals funds operations, purses, and other expenses at the state's three racetracks. Thus, the additional cash flows from HHR allows the horse racing tracks to increase the amount of live racing days and offer richer purses. As a result, legalization of HHR boosted live horse racing revenue. The Wyoming Gaming Commission provides annual reports for the years 2011 to 2021 as well as the unaudited 2022 data available at the time of writing this report. The table below summarizes the live horse racing data. During the first year of HHR operation, the live horse racing days doubled, and the average handle per day increased from \$25 thousand to \$58 thousand. Total handle has increased by a CAGR of 9.3% per year from 2014 to 2022.

**Wyoming Live Horse Racing State Totals**

Year	Racing Days	Total Handle	Returned to Public	Sites	Average Handle per Site	Average Handle per Day	Total Purses
2011	4	\$115,960	\$87,922	1	\$115,960	\$28,990	-
2012	4	\$136,547	\$104,214	1	\$136,547	\$34,137	-
2013	10	\$248,817	\$191,676	2	\$124,409	\$24,882	-
2014*	20	\$1,152,465	\$891,791	2	\$576,233	\$57,623	\$1,100,637
2015	31	\$1,527,032	\$1,188,203	4	\$381,758	\$49,259	\$1,645,797
2016	22	\$1,019,471	\$791,394	4	\$254,868	\$46,340	\$1,115,385
2017	30	\$1,456,664	N/A	4	\$364,166	\$48,555	\$1,361,612
2018	34	\$1,560,505	N/A	3	\$520,168	\$45,897	\$1,819,850
2019	30	\$1,683,394	N/A	3	\$561,131	\$56,113	\$1,881,450
2020	24	\$1,586,949	N/A	2	\$793,475	\$66,123	\$1,770,155
2021	50	\$2,304,456	N/A	3	\$768,152	\$46,089	\$3,224,946
2022	50	\$2,345,062	N/A	3	\$781,687	\$46,901	\$3,267,200

Source: The Innovation Group; Wyoming Gaming Commission; \*2014 if the First Full Year of HHR Operations

The following table displays live horse racing by track, as reported by the Wyoming Gaming Commission. The race distribution within the state was split relatively evenly between the two track operators, Wyoming Downs and Wyoming Horse Racing, from 2015 to 2020. After the addition of 307 Horse Racing as a third track operator in 2021, Wyoming Downs has run the most races, followed by Wyoming Horse Racing and 307 Horse Racing. In 2022, Wyoming Downs ran 200 races, Wyoming Horse Racing ran 143 races, and 307 Horse Racing ran 121 races. The same year, Wyoming Down's total handle was just under \$2.0 million (approximately 83.8% of the state's total handle) while Wyoming Horse Racing's total handle was nearly \$171,000, and 307 Horse Racing's total handle was roughly 209,000.

### Live Racing Race Data by Track

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Wyoming Downs</b>								
Race Days	16	8	16	16	14	14	18	20
Races	137	68	127	143	140	143	135	200
Starters	1,197	579	963	1,091	1,146	1,279	974	1,596
Purse Contribution	\$730,575	\$220,100	\$309,400	\$561,700	\$762,200	\$826,400	\$911,800	N/A
Total Purses Paid	\$912,225	\$342,550	\$487,050	\$720,000	\$818,250	\$999,150	\$1,091,705	\$1,352,900
Total Handle	\$1,151,520	\$746,845	\$1,186,811	\$1,230,832	\$1,313,812	\$1,217,367	\$369,582	\$1,965,443
<b>Wyoming Horse Racing</b>								
Race Days	15	14	14	18	16	10	16	15
Races	107	106	126	150	136	101	177	143
Starters	761	752	862	1,086	1,094	881	1,524	1,090
Purse Contribution	\$597,900	\$545,825	\$690,175	\$878,975	\$867,500	\$634,160	\$1,089,300	N/A
Total Purses Paid	\$733,572	\$772,835	\$874,562	\$1,099,850	\$1,063,200	\$771,005	\$1,268,940	\$1,100,200
Total Handle	\$375,512	\$272,627	\$269,853	\$329,672	\$369,582	\$369,582	\$1,705,527	\$170,902
<b>307 Horse Racing</b>								
Race Days	0	0	0	0	0	0	16	15
Races	0	0	0	0	0	0	126	121
Starters	0	0	0	0	0	0	814	702
Purse Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$728,100	N/A
Total Purses Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$864,301	\$814,100
Total Handle	\$0	\$0	\$0	\$0	\$0	\$0	\$229,348	\$208,717
<b>Combined Total</b>								
Race Days	31	22	30	34	30	24	50	50
Races	244	174	253	293	276	244	438	464
Starters	1,958	1,331	1,825	2,177	2,240	2,160	3,312	3,388
Purse Contribution	\$1,328,475	\$765,925	\$999,575	\$1,440,675	\$1,629,700	\$1,460,560	\$2,729,200	N/A
Total Purses Paid	\$1,645,797	\$1,115,385	\$1,361,612	\$1,819,850	\$1,881,450	\$1,770,155	\$3,224,946	\$3,267,200
Total Handle	\$1,527,032	\$1,019,471	\$1,456,664	\$1,560,505	\$1,683,394	\$1,586,949	\$2,304,456	\$2,345,062

Source: The Innovation Group; Wyoming Gaming Commission

## *Simulcast Analysis*

Simulcast handle has steadily decreased over the past several years, decreasing by a CAGR of approximately 7.9% from 2014 to 2022. This decrease in simulcast handle is in conjunction with the rapid rise in HHR, offering a more accessible form of wagering for bettors in the state.



**Wyoming Simulcast State Totals**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Handle	\$6,288,611	\$6,414,486	\$5,092,157	\$3,976,879	\$3,849,563	\$3,784,923	\$3,142,757	\$3,565,009	\$3,257,734
Number of Days Simulcast	365	364	365	365	365	365	366	365	365
Total Average Daily Handle	\$17,229	\$17,622	\$13,951	\$10,896	\$10,547	\$10,370	\$8,587	\$9,767	\$8,925
Total Breeder Award Fund	\$40,734	\$40,972	\$32,564	\$25,113	\$24,471	\$23,788	\$20,270	\$24,632	\$21,187
Total State	\$94,329	\$96,043	\$76,382	\$59,653	\$57,067	\$56,721	\$46,811	\$53,475	\$48,866

Source: The Innovation Group; Wyoming Gaming Commission

The following table displays simulcast data by permittee. In 2020, the last year for which number of simulcast sites by permittee has been reported, the state’s two permittees at the time—Wyoming Downs and Wyoming Horse Racing—had 10 and 7 simulcast sites, respectively. Wyoming Downs generated the majority of simulcast handle in 2022, accounting for roughly 65.1% of the state’s total simulcast handle. Both Wyoming Downs and Wyoming Horse Racing have experienced declines in simulcast handle over the past several years, and 307 Horse Racing accounted for only about 5.0% of the state’s total simulcast handle in 2022. The handle for simulcast, at below \$3.5 million for the state, pales in comparison to the total handle for HHR.

**Simulcast by Permittee**

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Wyoming Downs - Sites as of 2020: 10</b>								
Handle	\$3,085,839	\$2,291,796	\$2,066,648	\$2,258,386	\$1,996,371	\$1,994,471	N/A	\$2,119,850
Breeder Award Fund	\$19,352	\$14,618	\$13,167	\$14,284	\$12,368	\$12,923	N/A	\$14,360
Paid to State	\$46,164	\$34,377	\$31,000	\$33,265	\$29,927	\$29,644	N/A	\$31,798
<b>Wyoming Horse Racing - Sites as of 2020: 7</b>								
Handle	\$3,328,648	\$2,800,361	\$1,910,231	\$1,591,178	\$1,788,553	\$1,148,285	N/A	\$973,913
Breeder Award Fund	\$21,621	\$17,946	\$11,945	\$10,187	\$11,420	\$7,347	N/A	\$6,033
Paid to State	\$49,879	\$42,005	\$28,653	\$23,802	\$26,794	\$17,167	N/A	\$14,609
<b>307 Horse Racing - Sites as of 2020: N/A</b>								
Handle	\$0	\$0	\$0	\$0	\$0	\$0	N/A	\$163,972
Breeder Award Fund	\$0	\$0	\$0	\$0	\$0	\$0	N/A	\$794
Paid to State	\$0	\$0	\$0	\$0	\$0	\$0	N/A	\$2,460
<b>Combined Total - Sites as of 2020: 17</b>								
Handle	\$6,414,486	\$5,092,157	\$3,976,879	\$3,849,563	\$3,784,923	\$3,142,757	\$3,565,009	\$3,257,734
Breeder Award Fund	\$40,972	\$32,564	\$25,113	\$24,471	\$23,788	\$20,270	\$24,632	\$21,187
Paid to State	\$96,043	\$76,382	\$59,653	\$57,067	\$56,721	\$46,811	\$53,475	\$48,866

Source: The Innovation Group; Wyoming Gaming Commission; data by permittee unavailable for 2021, number of sites per permittee unavailable for 2022

## *Advanced Deposit Wagering Analysis*

Advanced deposit wagering (“ADW”) represents wagering by Wyoming residents on horse racing through a remote platform; ADW is a form of simulcast wagering wherein bettors deposit funds via the Internet or phone before placing wagers. ADW experienced strong growth during the pandemic, but it remains a small component of the Wyoming Horse Racing Industry. As shown in the table below, the total amount wagered from ADW bettors was approximately \$3.7 million in 2022. This represents a CAGR of 9.8% from 2014 levels of roughly \$1.7 million. The Wyoming Gaming Commission receives 3.0% of total ADW wagers. This amount is then distributed as outlined in the table below.

**Wyoming Advanced Deposit Wagering State Totals**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Wagered	\$1,748,426	\$1,583,944	\$2,116,631	\$2,018,513	\$2,002,402	\$2,167,251	\$3,690,096	\$3,307,459	\$3,680,983
Total Paid to Wyoming Gaming Commission	\$52,453	\$47,518	\$63,499	\$60,555	\$60,072	\$65,018	\$110,703	\$99,224	\$110,430
Breeder's Award (10% of Payment to WGC)	\$5,247	\$4,752	\$6,350	\$6,056	\$6,007	\$6,502	\$11,070	\$9,922	\$11,043
OTB Operators (10% of Payment to WGC)	\$5,247	\$4,752	\$6,350	\$6,056	\$6,007	\$6,502	\$11,070	\$9,922	\$11,043
Purse Enhancement (75% of Payment to WGC)	\$39,335	\$35,639	\$47,624	\$45,417	\$45,054	\$48,763	\$83,027	\$74,418	\$82,822
State Fees (5% of Payment to WGC)	\$2,624	\$2,376	\$3,175	\$3,028	\$3,004	\$3,251	\$5,535	\$4,961	\$5,521

Source: The Innovation Group; Wyoming Gaming Commission

**Breeding**

Horse breeding can be costly and involves veterinary and medical expenses, stud and other fees, and transport and boarding expenses for mares bred at the stallion's residence. Stud fees vary depending upon the breed and the record of the stallion. Racing and competition horses typically command the highest stud fees.

In the northern hemisphere, horses bred for racing generally breed from February through June, with foals born about 11 months later in January through June. Racehorses celebrate their birthday on January 1, regardless of date of birth, and can begin racing as two-year-olds. Thoroughbreds must be naturally inseminated.

Horses are sometimes bred to race for the mare's owner, who pays a stud fee to send a mare to a particular stallion. Other foals are sold either privately or at public sales events. Many horses sold publicly are bought as weanlings and re-sold as yearlings, which in turn are then frequently purchased and re-sold as two-year-olds. A small percentage of horses do not attain bids high enough to meet the minimum reserve set by the seller and are listed as Reserve Not Attained. In those cases, the horse might be sent to another public sale, kept by the owner to race, or sold privately. Typically, the unsold horse may be immature (e.g., born later than the other horses being sold) or have a medical condition that can't be resolved in the short window of time of the sale event.

The WGC began reporting breeding inspections in 2016, with 237 mares inspected being the only figure reported. In 2021, there were 840 mares and stallions inspected. At the time of writing this report only the total number of Wyoming-bred horses racing has been reported for 2022.

The number of Wyoming-bred horses participating in Wyoming races has risen dramatically since statistics were first reported in 2014, demonstrating the success of the breeder’s award program.

<b>Wyoming-bred Horses Racing</b>		
	<b># of Horses</b>	<b>% Change</b>
2014	55	N/A
2015	76	38.2%
2016	87	14.5%
2017	120	37.9%
2018	176	46.7%
2019	179	1.7%
2020	226	26.3%
2021	270	19.5%
2022	312	15.6%
<b>CAGR</b>	<b>24.2%</b>	

Source: Wyoming Gaming Commission

The following table displays the Breeder’s Award program payouts from 2010 to 2022. As shown in the table, total payouts have increased significantly over the time period analyzed. This large

increase in payouts can be attributed to the introduction of HHR. In 2014, the first full year for HHR in Wyoming, total payouts increased by over \$450,000 to approximately \$505,000. Moreover, from 2014 to 2022, total payouts increased by a CAGR of about 33.8%, reflecting the positive impact that HHR has had on the Breeder’s Award program.

**Wyoming Horse Racing Breeder’s Award Statistics\***

<b>Year</b>	<b>Payout</b>
2010	\$59,009
2011	\$9,405
2012	\$42,144
2013	\$41,662
2014	\$504,631
2015	\$1,198,127
2016	\$995,965
2017	\$1,717,403
2018	\$2,318,717
2019	\$3,210,134
2020	\$2,735,487
2021	\$3,717,301
2022	\$5,174,118
<b>2014-2021 CAGR</b>	<b>33.8%</b>

Source: Wyoming Gaming Commission: \*Excludes Advanced Deposit Wagering

## METHODOLOGY

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The Innovation Group performed the analysis of the Wyoming horse racing industry and its ancillary activity utilizing IMPLAN data and software, a leading supplier of economic impact data and software used and relied upon by thousands of private developers and government agencies.

The economic benefits—the revenues, jobs, and earnings—that accrue from the annual operations of an enterprise are termed *ongoing* impacts.

The economic impact of an industry consists of three layers of impacts:

1. Direct effects
2. Indirect effects
3. Induced effects

The direct effect is the economic activity that occurs within the industry itself: for example, the people employed by the Wyoming Horse Racing industry, as well as the spending by the industry operators on supplies and materials.

Indirect impacts reflect the economic spin-off that is made possible by the direct purchases of the Horse Racing Industry. Local firms providing goods and services to the industry participants will have incomes partially attributable to these horse racing operations. These dollars contribute to the vendors' spending power, and therefore the incremental increase in their spending attributable to this income is considered an indirect impact. These additional expenditures and revenues continue to flow throughout the economy in a rippling effect.

Induced impacts result from the direct impacts of labor income. As household incomes are affected by direct employment and spending, this money is re-circulated through the household spending patterns causing further local economic activity.

The IMPLAN analysis expresses impacts (direct, indirect, and induced) for the following four economic variables:

**Employment** is measured in IMPLAN and by the U.S. Census as headcount, in other words the number of full and part-time workers supported by an economic activity.

**Labor Income** (LI) is compensation to all workers both employees and owners in terms of wages and salaries as well as benefits and payroll taxes. Profits from self-employed businesses can also be included in this category as compensation to the owner. These are known as employment compensation (EC) and proprietor income (PI) in IMPLAN.  $LI = EC + PI$

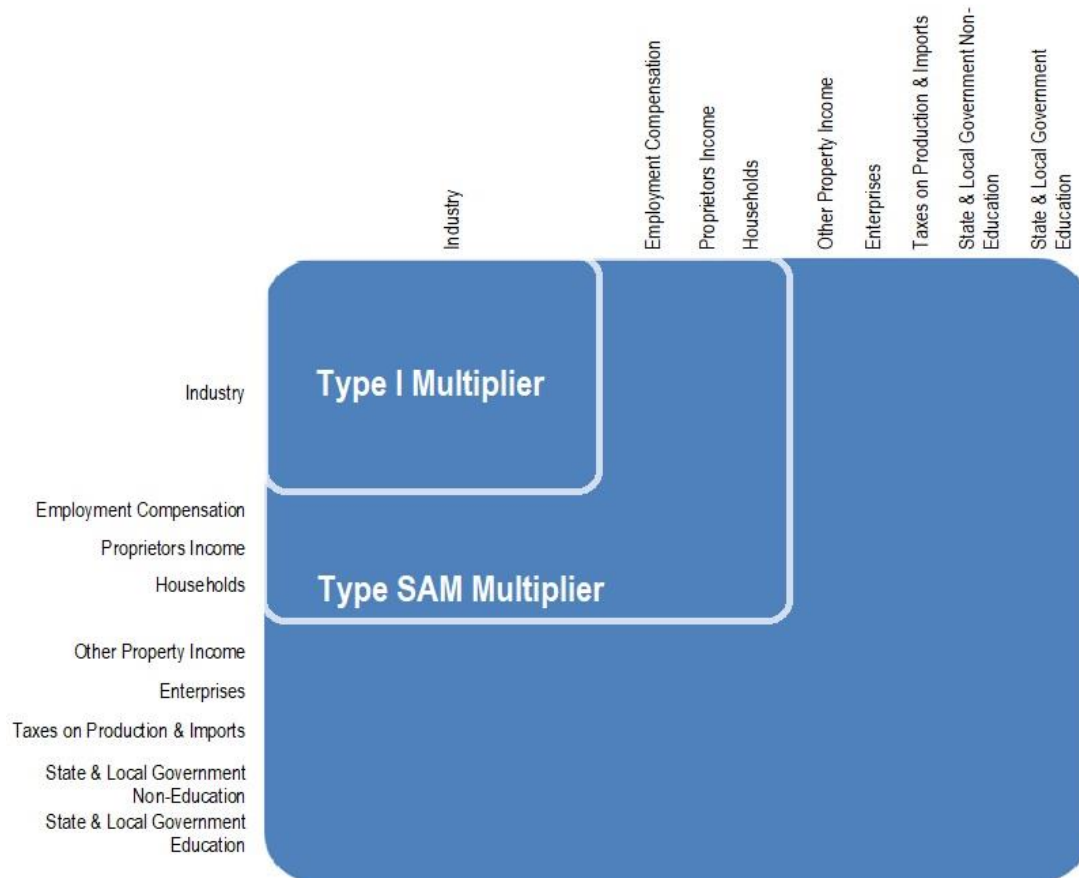
**Value-Added** (VA) measures the industry or event's contribution to Gross Domestic Product (GDP). It consists of labor income (as described above), taxes on production and imports (TOPI), and other property income (OPI, such as corporate profits, rent payments, and royalties). It is the difference between a business or industry's total sales and the cost of all input materials or intermediate expenditures.  $VA = LI + TOPI + OPI$

**Output** is the total value of industry production; it consists of value-added plus intermediate expenditures (IE). Output is frequently the total price paid by consumers for a good or service.  $Output = VA + IE$

Value-Added is the most appropriate measure of economic impact because it excludes intermediate inputs, which are the goods and services (including energy, raw materials, semi-finished goods, and services purchased from all sources) used in the production process to produce **other** goods or services rather than for **final** consumption. For example, the paper stock used in a magazine publication is an intermediate input whereas paper stock sold in an office-supply store is the final product sold to the consumer. The value of producing the magazine's paper stock is accounted for in measures of GDP within the Paper Manufacturing sector, not in the Publishing sector.

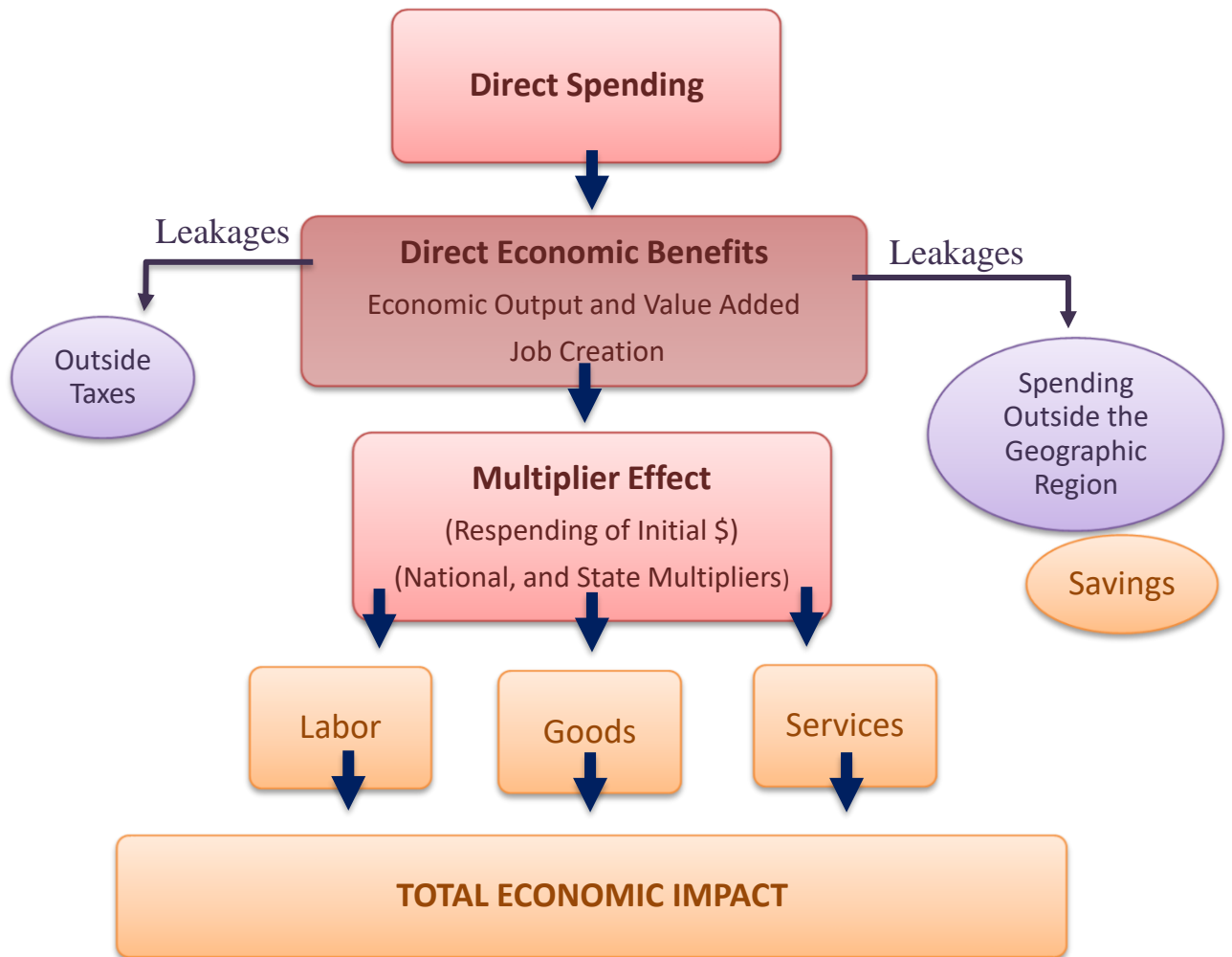
However, a development's use of intermediate inputs produces multiplier or ripple effects in a local or regional economy. Multipliers are not applied to other property income (OPI) and taxes on production and imports (TOPI) since they do not stimulate any additional impacts that can be attributed to the study area. The following chart illustrates the IMPLAN multiplier system.

### IMPLAN Modeling Components



Economic impact analyses use industry multipliers that have been developed based on U.S. Census data to determine the indirect impacts that occur from direct expenditures. The Innovation Group has utilized IMPLAN ONLINE software and data for the purpose of these calculations. IMPLAN accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis.

The following flow-chart shows how the economic impact model operates.



The IMPLAN tools utilized to model direct effects vary according to the type of data collected for each input segment. There are six types of economic activity changes that IMPLAN is designed to model for: industry, commodity, labor income, household income, industry spending pattern, and institutional (government) spending patterns. The most commonly used activity is an industry change, as the business generating a change in revenue, labor, or employment is often known and attributable to a specific industry sector.

The IMPLAN sectoring scheme is based on the 6-digit North American Industry Classification System (NAICS), developed under the auspices of the Office of Management and Budget (OMB), which classifies business establishments based on the activities they are primarily engaged in or the commodities they create. IMPLAN's current sectoring scheme aggregates the 2017 version of the NAICS classification scheme down to just 536 industry sectors. When an industry and the commodity produced by the industry have the same name, the commodity is considered the primary product of that industry and will share the same sector code. Other commodities produced by that industry are considered secondary products of that industry. Therefore, it is possible for more than one industry to produce a specific good or service.

For this reason, the Commodity Change function was most appropriate for modeling the horse ownership expense data—The Innovation Group relied on the industry's purse and breeder's award distributions as the primary input for horse ownership expense data. A commodity change will distribute the total demand or sales for the good or service across all producing industries or institutions based on their regional market share distribution of that commodity. For example, regarding Commodity 3002 Grains, 97% of the entire U.S. supply is produced by the Grain Farming Sector while the other 3% is produced by the Federal Government.

Excluding employment compensation, all other horse ownership expenses were entered into the IMPLAN commodity sector that corresponds to the most appropriate NAICS code for each individual expense line item. Employment compensation was modeled as an industry change through IMPLAN sector 19 Support activities for agriculture and forestry. The following table shows the expense line items as classified in the IMPLAN sector scheme:



### Economic Impact Modeling Information for Horse Ownership Associated Impacts

IMPLAN Code	Commodity Sector Description	Direct Effect Input (Expense & Capital Investments)
3002	Grains	Feed & Bedding
3010	All other crops	Feed & Bedding
3019	Support activities for agriculture and forestry	Boarding, Training, Stud Fees, Blacksmith/Farrier, Other Medical & Wellness Services, All Other Horse-Related Goods & Services
3047	Electricity transmission and distribution	Facilities Maintenance
3049	Water, sewage and other systems	Facilities Maintenance
3055	Newly constructed commercial structures, including farm structures	Farm/ Barn Structures
3056	Newly constructed nonresidential structures	Farm Land/ Land Improvements
3060	Maintenance and repair construction of nonresidential structures	Facilities Maintenance
3064	Other animal food	Feed & Bedding, Supplements & Medications
3172	Pharmaceuticals	Supplements & Medications
3260	Farm machinery and equipment	Farm Equipment
3393	Wholesale trade distribution services	Feed & Bedding
3402	Retail services- Motor vehicle and parts dealers	Horse Trailers
3408	Retail services- Gasoline stores	Owner Travel
3410	Retail services- Sporting goods, hobby, musical instrument and book stores	Tack & Grooming Supplies, Rider Gear, All Other Horse-Related Goods/Services
3417	Truck transportation services	Horse Transportation & Lodging
3445	Insurance	All Other Business Expenses
3447	Real estate buying and selling, leasing, managing, and related services	Farm Land/ Land Improvements
3467	Veterinary services	Veterinary Services
3473	Business support services	All Other Business Expenses
3482	Other educational services	Lesson/Instruction
3497	Commercial Sports Except Racing	Boarding, Training, Stud Fees, Blacksmith/Farrier, Other Medical & Wellness Services, All Other Horse-Related Goods & Services
3500	Promotional services for performing arts and sports and public figures	Entry & Stall Fees
3507	Hotels and motel services, including casino hotels	Owner Lodging
3508	Other accommodations services	Horse Transportation & Lodging
3509	Full-service restaurants services	Dining

Source: IMPLAN, The Innovation Group

For all other data with the exception of the fiscal distributions made by the Wyoming horse racing industry to state and municipal governments, The Innovation Group utilized the Industry Change function under IMPLAN as this was the most appropriate tool with the producing industry easily identifiable. For Wyoming Downs, Wyoming Horse Racing, and 307 Horse Racing operating sites, for example, revenue and employment figures are entered into IMPLAN under sector 503 (Gambling Industries, Except Casino Hotels) and IMPLAN calculates the spin-off effects resulting from that direct revenue.

As discussed previously, all horse ownership expenses other than employment compensation were entered into the IMPLAN commodity sector<sup>1</sup> that corresponds to the most appropriate NAICS code for each individual expense line item. Employment compensation was modeled as an industry change through IMPLAN sector 19 (Support activities for agriculture and forestry).

For induced tourism spending outside of the Wyoming horse racing industry, The Innovation Group relied on survey data from our nationwide economic impact study for the American Horse Council.<sup>2</sup> Based on this data, we were able to estimate horse racing industry-related tourists spend on lodging, travel (gasoline), and food and beverage. These direct spending estimates were entered into IMPLAN under each of their respective sectors: lodging sector: 597 (Hotels and Motels, Including Casino Hotels); gasoline sector: 408 (Retail – Gasoline Stores); and food and beverage sector: 509 (Full-Service Restaurants).

When using the Industry Change function, the direct effect values are entered into IMPLAN using the appropriate sector and IMPLAN calculates the multiplier effects resulting from that direct spending. A commodity change will distribute the total demand or sales for the good or service as an industry change across all producing industries or institutions, based on their regional market share distribution of that commodity.

Finally, for the Industry’s fiscal distributions to state and municipal governments, the Institutional Spending function (non-educational) was most appropriate for modeling the impacts that government employment and spending have on a community. The Institutional Spending function within IMPLAN estimates the impacts of the government activities directly related to the Wyoming horse racing industry’s fiscal distributions based on the government’s local purchasing and the resultant Indirect Effects and Induced Effects, as well as the impacts of their employees’ spending.

The following table displays the function and sector information used in IMPLAN for each of the economic impact categories related to the Wyoming horse racing industry with the exception of horse ownership—the relevant Commodity Change sector information used in IMPLAN for horse ownership is discussed previously.

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<sup>1</sup> The IMPLAN sectoring scheme is based on the North American Industry Classification System (NAICS), developed under the auspices of the Office of Management and Budget (OMB), which classifies business establishments based on the activities they are primarily engaged in or the commodities they create.

<sup>2</sup> In 2017, The Innovation Group was engaged to complete a nationwide economic impact study of the U.S. Horse Industry for the American Horse Council Foundation: <https://www.horsecouncil.org/press-release/ahcf-announces-results-2017-economic-impact-study/>

**Economic Impact Modeling Information for Wyoming Horse Racing Industry Associated Impacts (Excludes Horse Ownership Impacts)**

<b>IMPLAN Direct Inputs</b>	<b>Function</b>	<b>Sector</b>
Operations of Wyoming Horse Racing, Wyoming Downs, 307 Horse Racing, & WGC	Industry Change	503 Gambling industries (except casino hotels)
Industry Fiscal Distributions to State & Municipal Governments	Institutional Spending	Spending Patterns, State & Local Government Non-Education
Induced Tourism Spend on Travel	Industry Change	408 Retail - Gasoline stores
Induced Tourism Spend on Lodging	Industry Change	507 Hotels and motels, including casino hotels
Induced Tourism Spend on Food & Beverage	Industry Change	509 Full-service restaurants

Source: IMPLAN, The Innovation Group

# ECONOMIC IMPACT RESULTS

The direct operating effects discussed previously in our Historical Analysis were used as inputs in the IMPLAN modeling software to generate the indirect, induced and total effects of the Wyoming horse racing industry on the state economy. The Innovation Group assessed the economic impacts from the three primary economic engines fueled by the horse racing industry: 1) the operations of the industry, itself; 2) the fiscal distributions made to state and local governments by the industry; and 3) the purse and breeder’s awards paid by the industry. Additionally, we assessed the economic impacts from tourism related to the Wyoming horse racing industry. The results of each component detail the impact on employment, labor income, value-added and output.

## Wyoming Horse Racing Ongoing Economic Impacts

The following section presents the ongoing economic impacts resulting from the Wyoming horse racing industry’s operating and ancillary activities. Based on the operating data provided by the Client and the Wyoming Gaming Commission, the operations of the Wyoming horse racing industry directly support 245 state workers annually, with annual labor income equaling \$9.4 million and total added value to the economy of \$43.0 million. These direct impacts drive a further \$16.0 million in added value to the economy and nearly 220 jobs from indirect and induced effects.

In total, the state is estimated to benefit from annual employment impacts of 463 workers, \$17.3 million in labor income and \$59.0 million in total value added, as shown in the table below.

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	245	\$9.4	\$43.0	\$87.2
Indirect Effect	166	\$5.9	\$11.6	\$23.5
Induced Effect	52	\$1.9	\$4.5	\$8.3
<b>Total</b>	<b>463</b>	<b>\$17.3</b>	<b>\$59.0</b>	<b>\$119.0</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

## Wyoming Horse Racing Fiscal Distributions Ongoing Economic Impacts

As discussed previously, the Wyoming horse racing industry also contributes to the state economy through fiscal distributions to the state and local municipalities. These distributions create economic impacts through institutional (i.e., government) spending. Based on data reported by the Wyoming Gaming Commission and the analysis completed using IMPLAN economic modeling software, we estimate the horse racing industry fiscal distributions support 124 workers annually, with annual labor income equaling \$8.8 million and total added value to the economy of \$10.0 million. These direct impacts drive a further \$5.5 million in added value to the economy and roughly 66 jobs from indirect and induced effects.

In total, the state is estimated to benefit from annual employment impacts of 190 workers, \$11.9 million in labor income and \$15.5 million in total value added, as shown in the table below.

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	124	\$8.8	\$10.0	\$10.0
Indirect Effect	35	\$1.7	\$2.8	\$6.8
Induced Effect	31	\$1.3	\$2.7	\$5.0
<b>Total</b>	<b>190</b>	<b>\$11.9</b>	<b>\$15.5</b>	<b>\$21.8</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

### *Wyoming Horse Racing Purse and Breeder’s Award Ongoing Economic Impacts*

The following section presents the ongoing economic impacts from the industry’s purse and breeder’s award distributions. These distributions directly support the operations of breeders and trainers within the state. In 2022, the Wyoming horse racing industry paid a total of over \$8.5 million in purses and breeder’s awards. Based on this data, the purse and breeder’s awards directly support 48 workers annually, with annual labor income equaling \$1.9 million and total added value to the economy of \$2.0 million. These direct impacts drive a further \$1.0 million in added value to the economy and 14 jobs from indirect and induced effects.

In total, the state is estimated to benefit from annual employment impacts of 62 workers, \$2.5 million in labor income and \$3.0 million in total added value, as shown in the table below.

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	48	\$1.9	\$2.0	\$3.3
Indirect Effect	7	\$0.3	\$0.5	\$1.2
Induced Effect	6	\$0.3	\$0.6	\$1.0
<b>Total</b>	<b>62</b>	<b>\$2.5</b>	<b>\$3.0</b>	<b>\$5.5</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

### *Wyoming Horse Racing Induced Tourism Ongoing Economic Impacts*

The Wyoming horse racing industry also generates economic impacts for the state through the inducement of tourism. During our research we received multiple anecdotal accounts on the contribution of the horse racing industry to local communities, especially during live race days. Evanston particularly benefits from live racing at Wyoming Downs since Utah horsemen and horse racing fans have no pari-mutuel opportunities in their home state. The Innovation Group assessed sales and lodging taxes for Uinta County, which shows that sales have increased since live racing resumed in 2011. Sales showed resilience through the COVID-19 pandemic and have continued

with the sales and lodging taxes for Uinta County pointing to growth of over 11.0% in fiscal year 2022.

Based on attendance data and per-capita wagering estimate provided by the client, we estimate that in 2022 over 42,000 tourists attended Wyoming horse races. To estimate the off-site spending by this visitation, The Innovation Group relied on survey data from our nationwide economic impact study for the American Horse Council. Based on this data, we estimate these tourists spent roughly \$3.7 million during their Horse Racing industry-related travel on lodging, gasoline, and food and beverages. These expenditures were modeled in IMPLAN through Industry-change activities in the relevant sectors.

Based on this tourism spend, Wyoming horse racing-induced tourism directly supports 30 workers annually, with annual labor income equaling \$900,000 and total added value to the economy of \$1.5 million. These direct impacts drive a further \$700,000 in added value to the economy and 8 jobs from indirect and induced effects.

In total, the state is estimated to benefit from annual employment impacts of 38 workers, \$1.3 million in labor income and \$2.2 million in total added value, as shown in the table below. It is important to note that these impacts exclude horsemen related travel expenses as those impacts are captured in the previous sections.

<b>Wyoming Horse Racing Operations Industry Ongoing Tourism Impacts</b>				
<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	30	\$0.9	\$1.5	\$2.8
Indirect Effect	5	\$0.2	\$0.4	\$0.8
Induced Effect	3	\$0.1	\$0.3	\$0.5
<b>Total</b>	<b>38</b>	<b>\$1.3</b>	<b>\$2.2</b>	<b>\$4.1</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

### ***Total Ongoing Economic Impacts Summary***

Combining state economic impacts for the operations of the Wyoming horse racing industry as well as the distributions (government plus purse and breeder’s awards) paid by the Industry and Industry-induced tourism, the following table summarizes the total annual economic impacts injected state economy by the Horse Racing Industry. As detailed in the table, the Horse Racing Industry supports approximately 446 direct jobs and adds \$56.5 million in direct value to the state economy. These direct impacts drive a further \$23.3 million in added value to the economy and over 300 jobs from indirect and induced effects. Finally, through direct, indirect, and induced effects, the Wyoming horse racing industry generates roughly \$150.4 million in annual output for the state’s economy.

Given the rapid growth of the industry over the past several years, with significant historical growth and strong growth potential from the historical racing segment, The Innovation Group continues to believe these annual impacts will increase in future years.

**Wyoming Horse Racing Industry Total Ongoing Impacts**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	446	\$21.1	\$56.5	\$103.2
Indirect Effect	214	\$8.2	\$15.3	\$32.3
Induced Effect	93	\$3.7	\$8.0	\$14.8
<b>Total</b>	<b>753</b>	<b>\$33.0</b>	<b>\$79.8</b>	<b>\$150.4</b>

Source: IMPLAN Group, LLC, IMPLAN Online (Data and Software), The Innovation Group

## DISCLAIMER

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Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made, and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.