



# New Jersey Horse Racing Impact 2014 - 2019

## ANNUAL REPORT

The Impact of P.L. 2019, c.36 on  
New Jersey's Horse Racing Industry

June 12, 2020

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## Executive Summary of Findings

As a response to increased competition and subsequent decline in purses and race days, in late January of 2019, the New Jersey Senate and General Assembly passed bills to create P.L. 2019, c.36, which appropriated \$20 million annually from the state general fund to the New Jersey Racing Commission for the next fiscal year 2019 and the following four fiscal years. These funds are to be used as horse racing purse subsidies. The New Jersey Racing Commission is mandated to split these funds equally between both the thoroughbred industry and standardbred industry.

### Racing Tracks

Figure 1.1: Combined Track Wagering Summary

Year	Transmission	OTW	Track	Casino	Outside NJ	Live Handle	Total
2014	\$53.2	\$41.1	\$9.2	\$2.2	\$398.6	\$59.4	<b>\$563.6</b>
2015	\$56.6	\$42.3	\$8.9	\$2.4	\$407.1	\$58.2	<b>\$575.5</b>
2016	\$52.1	\$41.4	\$7.5	\$1.9	\$359.5	\$49.2	<b>\$511.6</b>
2017	\$41.7	\$39.0	\$6.7	\$1.8	\$321.3	\$43.4	<b>\$453.8</b>
2018	\$42.0	\$34.8	\$5.3	\$1.7	\$304.9	\$41.0	<b>\$429.8</b>
2019	\$40.6	\$33.5	\$5.2	\$1.8	\$358.8	\$40.8	<b>\$480.6</b>

*Source: Surveyed Racetracks (2019)*

- After 4 years of declines in total wagering across all three of New Jersey's horse racing tracks, 2019 saw an increase of over \$50 million, even with an abbreviated race card caused by a heat-related closing of Monmouth Park during a portion of the Haskell Stakes Invitational, the track's most prestigious race of the year.
- The increase in total wagering was driven by betting from outside New Jersey which increased by nearly \$54 million, likely as a result of the increased number of racing days.
- Live handle (betting at the tracks on local races) was flat from 2018 to 2019 but would have increased had it not been for an abbreviated race card for the Haskell Stakes.
- In 2019, the total purse money for the standardbred Sire Stakes increased to approximately \$3.3 million. This increased purse amount is nearly double the purse amount from the program's low point in 2016 when the purse was \$1.8 million. Prior to the COVID-19 pandemic, an additional four events were scheduled for 2020.

Figure 1.2: Combined Race Day Summary

Year	Number of Race Days	Total Track Attendance	Average Number of Horses per Year
2014	258	803,289	24,580
2015	257	987,824	24,841
2016	259	961,978	23,560
2017	235	906,935	19,806
2018	227	926,730	19,360
2019	231	945,368	21,123

Source: Surveyed Racetracks (2019)

- The number of racing days across the three racetracks has been relatively stable since 2017. All three racetracks announced that they planned to continue to increase the number of racing days in 2020 prior to the COVID-19 crisis.
- Attendance at all three racetracks has increased since 2017; 2019 saw this trend continue with nearly 20,000 additional attendees visiting the three racetracks compared to 2018.
- After several years of consistent decline in the number of horses participating in races at New Jersey tracks, 2019 saw the number of horses increase to over 21,000 horses across the entire year. The number of horses participating in races in the coming years should increase as the three tracks continue to add additional racing days into their schedule.

## Farms

With the introduction of the purse subsidy, and the bonuses for NJ bred horses, there is a greater incentive for breeding and stabling horses in the state. It appears that the subsidy has helped to increase the number of horses being bred and raised in recent years at both standardbred and thoroughbred farms in the state, and there is much promise for the future with the increased purses for NJ bred horses.

- There has been a significant increase over the past 5 years in the number of standardbred horses on New Jersey farms, with the total growing from 1,101 in 2014 to 1,231 in 2019.
- There has also been an increase in the number of standardbred broodmares for breeding purposes, growing from 74 in 2014 to over 740 in 2019.
- The number of NJ bred standardbreds has steadily increased since 2014 and the combined totals for 2018 and 2019 exceed two-year totals for years going back to 2014, boding well for the future of NJ bred horses in standardbred racing.
- With the increases in number of horses have also come an increase in the number of vendors and employees for standardbred farms.

- For thoroughbreds, the number of horses at NJ farms increased in 2019 after steady declines since 2014.
- The number of NJ bred yearlings and foals for thoroughbred breeding farms remained mostly steady between 2018 and 2019, after several years of fairly consistent decline.
- Like standardbred breeding farms, both the number of vendors and direct farm employees hired at thoroughbred farms has increased over the past several years.

It appears that the purse subsidies and increased number of racing days and horses in races at New Jersey tracks are having an impact on the 17 standardbred training centers in New Jersey.

- The number of New Jersey bred horses training for races at different training centers has increased over the past several years, with all age groups of horses experiencing increases since 2014, and the number of two and three-year-old horses training reached its peak in 2019, boding well for the future.
- The total number of horses across different ages being trained at New Jersey training centers, except for horses age three, increased in 2019, with all age groups of horses also being trained in higher numbers compared to 2014.
- The number of people employed by trainers has also steadily increased, reaching a peak of over 450 employees at SBOANJ affiliated training centers.

The additional stimulus provided by P.L. 2019, c.36 helps the New Jersey Horse Racing industry to continue to produce economic benefits to the state as well as support the different parts of the industry itself. At the time of producing this report, New Jersey is in the midst of responding to the COVID-19 crisis. This response included the mandatory shutdown of all three racetracks in the state and has resulted in the cancellation of the four additional Sire Stakes races mentioned previously. This shutdown has already caused several races planned at Meadowlands and Freehold to cancel and has delayed the beginning of the Monmouth Park season until at least July 4. Maintaining or increasing the subsidy will help the industry weather the negative impacts caused by the shutdowns induced by the virus and allow the industry to maintain positive expansion in the coming years.

## Covid-19 Impact

“The coronavirus pandemic has had a devastating impact on U.S. horse racing in 2020. Nine out of every 10 U.S. racetracks scheduled to race during the first half of the year were forced to cancel or postpone some or all their 2020 races and race meetings, including the 2020 Triple Crown series, Thoroughbred horse racing’s highest profile events. The limited number of racetracks that continue to race during the pandemic are doing so in a spectator-free environment, resulting in further economic damage to racetracks, horsemen, and the many ancillary businesses that supply goods and services to horse racing.

Nationally, total wagering in April fell almost 25 percent year-over-year while purse money for owners, trainers and jockeys fell by almost 80% and we expect similar results to continue for the duration of spectator-free racing.”

- National Thoroughbred  
Racing Association



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# 1. Introduction

## 1.1. Supporting New Jersey's Horse Racing Industry

In response to increased competition and subsequent decline in purses and race days for New Jersey's horse racing industry, New Jersey Senate and General Assembly passed bills to create P.L. 2019, c.36 in late January of 2019, which appropriated \$20 million annually from the state general fund to the New Jersey Racing Commission for the next fiscal year 2019-2020, and the following four fiscal years. These funds are to be used as horse racing purse subsidies. The New Jersey Racing Commission is mandated to split these funds equally between both the thoroughbred industry and standardbred industry.

As defined in the legislation, the subsidy is split between the standardbred and thoroughbred industries and their respective racetracks. The thoroughbred industry uses the entire amount of their allocated subsidy to increase the size of the overall purse amount at Monmouth Park. The standardbred industry, however, splits its subsidy between both the Meadowlands and Freehold purses, with the Meadowlands receiving 60 percent of the standardbred subsidy and Freehold receiving 16 percent of the subsidy. The remaining portion of the standardbred subsidy is split between the Sire Stakes program purses (12 percent), purse bonuses for New Jersey-bred horses (6 percent), and breeders award purses (6 percent).

Upon being granted the additional funding, the legislation stipulates that the thoroughbred and standardbred industries must submit an annual report to the New Jersey Racing Commission detailing how state funds were used and allocated in the preceding fiscal year. The legislation requires a report on the "Impact on the handle/total amount bet; impact on the total number of horses in the races; impact on the total number of New Jersey bred horses in the races; impact on the number of New Jersey bred horses winning races; number of brood mares in New Jersey; number of New Jersey bred foals born; and any impact on the New Jersey Sire Stakes Program" and the number of races held each year, the number of horses in each race, the number of bets placed on horse races and the number of horses aged four years or younger stabled for a majority of the year in New Jersey.

## 1.2. Legislative Context

A key indicator to the economic health and viability of the horse racing industry and adjacent industries is the size of the total purse amount, defined as the amount of money that gets distributed to the owners, trainers, jockeys and drivers of horses that win the top places at races. The size of the purse has a direct influence on where horse owners decide to breed and race their horses: if a track can offer a higher total purse amount, more owners will choose to enter their horse in a race at the track. The same is true in the reverse: if the purse amount for a track is too small, horse owners will try to find another track that might produce a higher return on the investment in a horse.

The size of the purse can produce a virtuous economic cycle. Higher purse amounts at tracks create an incentive for horse owners to invest more in improving the quality of their horses and to try to enter more of their horses in races to secure a higher portion of the purse. This allows tracks to organize more racing days per year, increasing the amount of wagers occurring at the racetrack or through online or

phone gambling. Since wagers are the main source of the purse account, the increased wagering coming into the tracks directly increases the size of the purse.

However, the opposite of this effect is also true. In the years prior to 2019, both the size of the purses and number of racing days for all three racetracks in New Jersey declined, while purses and the number of race days in neighboring Pennsylvania and New York rose as a result of increased purses as a result of casino gambling at the competing racetracks. For comparison, between 2014 and 2017, New Jersey had an average of 69 thoroughbred race days, while Pennsylvania and New York had averages of 476 and 385 racing days during the same time period.<sup>1</sup> This large disparity in racing days is also reflected in the average sizes of the purses in these states. New York and Pennsylvania previously were able to offer nearly double the amount of purse sizes compared to New Jersey due to their purses being propped up by additional gambling revenue from a more robust casino presence at their racetracks.<sup>2</sup> The combination of having vastly fewer racing days per year and significantly small subsidies, encouraged horse owners and trainers to leave the New Jersey horse industry to relocate to other states to generate higher returns on their horses.

### 1.3. Report Outline

This annual report presents and articulates the requirements of the legislation in the following sections:

- Section 2 describes the impact the subsidy had on the three major racetracks in New Jersey, Meadowlands, Freehold, and Monmouth Park, as well as the Sire Stakes program
- Section 3 articulates the impact on both turn-out farms and breeding farms
- Section 4 discusses training centers used to physically prepare horses for racing, along with trainers employed by the many farms and training centers throughout New Jersey
- Section 5 provides additional explanation on several of the ancillary benefits of supporting and developing a stable horse racing and breeding industry in New Jersey.

The report was commissioned by the Standardbred Breeders & Owners of New Jersey, The New Jersey Thoroughbred Horsemen's Association, Meadowlands Racing and Entertainment, Freehold Raceway, Monmouth Park, and the New Jersey Sire Stakes program, who engaged the economic consulting firm Econsult Solutions, Inc. to produce the report.

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<sup>1</sup> 2019 State of the New Jersey Horse Racing Industry. Malinowski, Karyn (2019).

<sup>2</sup> Ibid



## **1.4. About Econsult Solutions, Inc.**

This report was produced by Econsult Solutions, Inc. (“ESI”). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.

## 2. Horse Racing in New Jersey

Horse racing in New Jersey is one of the state's oldest recreational activities, one of the largest agricultural commodities, and an industry that supports close to an estimated \$1.1 billion of economic activity in the state.<sup>3</sup> Due to the prevalence of the horse racing industry and large number of farms dedicated to breeding and raising horses in New Jersey, the horse has become a predominant symbol for the state, included as the central symbol of the state's seal and represents the state as New Jersey's official state animal.

Horse racing in the state began in earnest starting in the mid-19<sup>th</sup> century, with organized harness racing beginning to become a staple of local fairs, most prominently at the Monmouth County Fair which began hosting annual harness racing. In 1870, Freehold Raceway opened, becoming the first dedicated horse racing racetrack to open in the United States. Following the opening of Freehold Raceway, several other tracks began to proliferate throughout the state. Throughout the rest of the 19<sup>th</sup> and 20<sup>th</sup> centuries, the horse racing industry became formalized with the introduction of several state laws outlining rules for gambling and establishing the New Jersey Racing Commission

Due to racing requiring different horse gaits (the type of movement of a horse) and the biological difference between types of horses, the farm and training infrastructure built around breeding and preparing these horses for racing is segmented into two distinct types. **Standardbreds** are bred specifically to race in harness racing as either trotters or pacers. Standardbred horses require both the sire and dam (male and female parent horses) to be either trotters or pacers, depending on the type of standardbred horse a breeder chooses to raise. **Thoroughbreds**, which are specifically bred for saddle-back racing, are bred to gallop and are generally taller and slimmer compared to standardbred horses. Three different breed associations (one for standardbreds and two for thoroughbreds), the Standardbred Breeder & Owners Association of New Jersey (SBOANJ), the New Jersey Thoroughbred Horsemen's Association (NJTHA), and the Thoroughbred Breeders Association of New Jersey (TBANJ), help to organize horse breeders and trainers throughout the state, and work to support races and the success of the state's three racetracks.

Despite New Jersey's small size (the fourth smallest state in land area, only larger than Rhode Island, Delaware, and Connecticut) and high population density, the state is still home to many farms and facilities dedicated to horse racing and breeding.

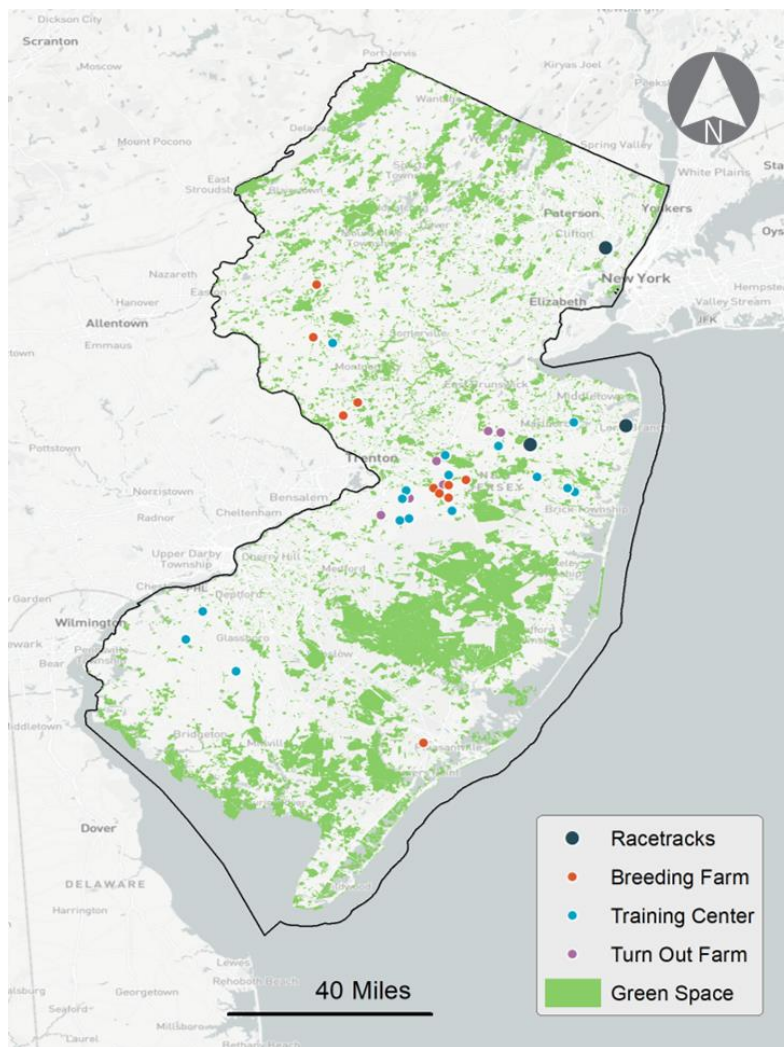
New Jersey is home to three major racetracks: The Meadowlands Racing and Entertainment located in Bergen County; Freehold Raceway in Monmouth County; and Monmouth Park, also in Monmouth County. Both Freehold Raceway and Monmouth Park are located near the agricultural center of New Jersey and many of the farms specially used for raising and training horse. Unlike the other two tracks, the Meadowlands Racetrack is included in a larger, urbanized sports complex; the track itself is adjacent to MetLife Stadium.

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<sup>3</sup> 2019 State of the New Jersey Horse Racing Industry. Malinowski, Karyn (2019).

Most of the farms and training centers are clustered around the agricultural centers of the state, largely in Burlington and Monmouth Counties. Both counties, especially Burlington County, have some of the highest amounts of preserved farmland in the state, with Burlington boasting nearly 30,000 acres of preserved farmland; Monmouth County is more developed but still ranks in the top ten counties for preserved farmland at more than 15,300 acres. Throughout the state, more than 235,000 acres of farmland have been preserved as part of the New Jersey's state Farmland Preservation Program.<sup>4</sup> Of this preserved farmland, the farms associated with SBOANJ and TBANJ dedicated to raising, training, and stabling horses represents approximately 7,700 acres of preserved farmland.

Figure 2:1: Location of Racetracks, Breeding, and Turn-out Farms, and Training Centers



Source: Survey of Farms associated with SBOANJ (2019)

<sup>4</sup> New Jersey Farmland Preservation Program: Summary of Preserved Farmland. New Jersey State Agricultural Development Committee (2019).

## 3. Racetracks

### 3.1. Key Findings

- After 4 years of declines in total wagering across all three of New Jersey's horse racing tracks, 2019 saw an increase of over \$50 million, even with an abbreviated race card caused by a heat-related closing of Monmouth Park during a portion of the Haskell Stakes Invitational, the track's most prestigious race of the year.
- The increase in total wagering was driven by betting from outside New Jersey which increased by nearly \$54 million.
- Live handle (betting at the tracks on local races) was flat from 2018 to 2019 but would have increased had it not been for an abbreviated race card for the Haskell Stakes.
- In 2019, the total purse money for the standardbred Sire Stakes program increased to approximately \$3.3 million. This increased purse amount is nearly double the purse amount from the program's low point in 2016 when the purse amount was \$1.8 million. Prior to the COVID-19 pandemic, an additional four events were scheduled for 2020.

Figure 3.1: Combined Track Wagering Summary

Year	Transmission	OTW	Track	Casino	Outside NJ	Live Handle	Total
2014	\$53.2	\$41.1	\$9.2	\$2.2	\$398.6	\$59.4	<b>\$563.6</b>
2015	\$56.6	\$42.3	\$8.9	\$2.4	\$407.1	\$58.2	<b>\$575.5</b>
2016	\$52.1	\$41.4	\$7.5	\$1.9	\$359.5	\$49.2	<b>\$511.6</b>
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2019	\$40.6	\$33.5	\$5.2	\$1.8	\$358.8	\$40.8	<b>\$480.6</b>

Source: Surveyed Racetracks (2019)

- The number of racing days across the three racetracks has been relatively stable since 2017. All three racetracks announced that they planned to continue to increase the number of racing days in 2020 prior to the COVID-19 crisis.
- Attendance at all three racetracks has increased since 2017; 2019 saw this trend continue with nearly 20,000 additional attendees visiting the three racetracks compared to 2018.
- After several years of consistent decline in the number of horses participating in races at New Jersey tracks, 2019 saw the number of horses increase to over 21,000 horses across the entire year. The number of horses participating in races in the coming years should increase as the three tracks continue to add additional racing days into their schedule.

Figure 3.2: Combined Race Day Summary

Year	Number of Race Days	Total Track Attendance	Average Number of Horses per Year
2014	258	803,289	24,580
2015	257	987,824	24,841
2016	259	961,978	23,560
2017	235	906,935	19,806
2018	227	926,730	19,360
2019	231	945,368	21,123

*Source: Surveyed Racetracks (2019)*

## 3.2. Racetracks in New Jersey

In New Jersey, there are three major racetracks that host either standardbred or thoroughbred races throughout the year. This section provides a brief description of each of the three tracks and addresses several of the metrics required by the legislation, including the size of the handles and total wagering amounts, the number of horses participating in each race, and the gate attendance for the past several years.

Along with the addition of the subsidy for the industry, 2019 was the first full year of sports betting in New Jersey. This past year was a relative success for all three tracks, especially in increases from transmission wagering from outside of the track. The subsidy plus the increase in wagering allowed all three tracks to schedule more racing days in 2020 (prior to the COVID-19 closures), as horse racing at New Jersey tracks becomes more lucrative.

Beyond the metrics for the racetracks, this section also addresses the impact to the New Jersey Sire Stakes program. This program incentivizes further horse breeding in New Jersey by establishing several races every year with a purse structure exclusive to New Jersey bred horses.

### Meadowlands Racing and Entertainment

The Meadowlands Racetrack is the only racetrack of the three racetracks in New Jersey that hosts both thoroughbred and standardbred races. On the standardbred side, The Meadowlands hosts the Hambletonian Stakes, the first leg of the Triple Crown of Harness Racing for trotters. The Meadowlands has hosted this event every year since the early 1980s. The thoroughbred races occur mostly in the fall, with the rest of the year focusing on standardbred racing. The tracks for both the standardbred and thoroughbred races at the Meadowlands are standard lengths for American horse tracks; the standardbred track is a mile in circumference, the thoroughbred track within the standardbred tracks is about seven furlongs.

Figure 3.3: Meadowlands Racetrack



Source: Michael Lisa (2019)

In 2019, after receiving the additional purse subsidies from P.L. 2019, c.36, Meadowlands wagering from the live handle (people attending the races in person) increased by 7 percent between 2018 and 2019, after declining steadily in the prior 5 years. The Meadowlands also posted a 26 percent increase in the amount of total wagering on the track's exported signal (betting on races held at the Meadowlands from other venues), from about \$158 million in 2018 to \$199 million in 2019, helping to boost total wagering from all sources at the Meadowlands to its highest level over the past 6 years with total of \$235 million.

Figure 3.4: Meadowlands Wagering Summary (\$ Millions)

Year	Internet	Phone	Mobile	Track	OTW	Casino	Outside NJ	Live Handle	Total
2014	\$6.5	\$0.4	\$1.0	\$2.7	\$6.0	\$0.9	\$181.4	\$22.9	<b>\$221.9</b>
2015	\$6.3	\$0.3	\$1.5	\$3.1	\$6.3	\$1.2	\$180.3	\$21.9	<b>\$220.9</b>
2016	\$5.4	\$0.3	\$2.2	\$2.8	\$6.3	\$1.0	\$190.7	\$21.7	<b>\$230.4</b>
2017	\$4.0	\$0.2	\$2.6	\$2.4	\$5.4	\$1.0	\$172.5	\$18.3	<b>\$206.4</b>
2018	\$3.7	\$0.1	\$2.8	\$2.0	\$4.8	\$0.9	\$158.2	\$16.5	<b>\$188.9</b>
2019	\$4.6	\$0.2	\$3.5	\$2.5	\$6.1	\$1.1	\$199.0	\$17.6	<b>\$234.6</b>

Source: Meadowlands (2019)

The track was able to hold an additional four days of racing in 2019 and, prior to the current COVID-19 emergency, planned to continue to add more racing days in the coming years. With the additional race days, the new subsidy, and the addition of the sports book in 2019, The Meadowlands held an additional 172 races compared to 2018. This is the largest number of races the Meadowlands has hosted in the past six years. In 2020, Meadowlands was granted 92 race dates and planned to feature nearly \$14 million in stakes purses, helping to further attract higher quality horses to New Jersey races and incentivize more horse owners to breed their horses in the state, and to compete in races for New Jersey bred horses.



Figure 3.5: Meadowlands Racing Summary

<b>Year</b>	<b>Live Attendance</b>	<b>Number of Race Days</b>	<b>Total Races Held</b>	<b>Average Horses per Race</b>
2014	328,122	93	1,047	9.2
2015	331,527	90	1,060	9.0
2016	333,112	93	1,106	8.9
2017	333,992	95	1,034	8.6
2018	350,691	90	991	8.6
2019	353,298	94	1,163	8.9

*Source: Meadowlands (2019)*

### 3.3. Freehold Raceway

Figure 3.6: Freehold Raceway



*Source: Freehold Raceway (2019)*

Freehold Raceway is the oldest of the three tracks in New Jersey and is dedicated to standardbred racing. Freehold is standard for most harness tracks, with a total circumference of one-half a mile.

Of the three tracks, Freehold Raceway received the smallest portion of the subsidy at \$1.6 million. Despite the additional subsidy, Freehold did not see an increase in the live handle at the track or through the exported handle, other venues wagering on Freehold races.

The total number of racing days at Freehold continued to decline in 2019, falling to 75 from 85 in 2018. This decrease in racing days had an effect on the total number of races held throughout the year; this metric also declined from 893 total races to 851 in 2019. Due to the decrease in the number of overall racing days at Freehold over the past several years, the total amount of wagering has had a subsequent decline.

Figure 3.7: Freehold Wagering Summary (\$ Millions)

Year	Combined Transmission	Off Track Wagering	Live Handle	Total
2014	\$37.5	\$29.0	\$5.7	\$72.1
2015	\$40.4	\$29.7	\$5.6	\$75.7
2016	\$37.5	\$30.4	\$4.9	\$72.7
2017	\$29.4	\$29.6	\$3.8	\$62.7
2018	\$29.8	\$26.6	\$3.7	\$60.2
2019	\$26.9	\$24.2	\$3.3	\$54.5

Source: Freehold (2019)

Figure 3.8: Freehold Race Day Summary

Year	Live Attendance	Number of Race Days	Total Races Held	Average Horses Per Race
2014	132,809	108	1,211	7.8
2015	130,608	109	1,213	7.8
2016	134,182	109	1,153	7.8
2017	112,445	90	884	7.5
2018	108,760	85	893	7.6
2019	96,637	75	851	7.7

Source: Freehold (2019)

While Freehold saw both a decline in wagering and the number of race days in 2019, the subsidy in 2019 has provided the track the ability to plan for increasing the number of racing days in 2020. This year, prior to the COVID-19 closures, the racetrack planned to host an additional 10 days of racing, which would have brought them back up to the 2018 amount of 85 days. These additional racing days, along with additional incentives to wager at Freehold, were designed to continue the process of recovery for wagering at the track. It will be important to continue the subsidy in future years to both rebuild the number of racing days and make up for the pandemic related closures of 2020.

### 3.4. Monmouth Park



*Source: Monmouth Park*

Races at Monmouth Park are exclusive to thoroughbred racing. Monmouth Park has the shortest season of all three of the tracks, hosting events from May to September each year. The track is one mile in circumference, with chutes for six furlong and one and quarter mile races. The largest event held at Monmouth Park is the prestigious Haskell Invitational Stakes. This event is normally the best attended event of the year for the track, but in 2019 a heat wave forced Monmouth Park management to cancel half of the scheduled races during the Haskell Invitational Stakes.

Despite having to significantly reduce the track's largest event last year, Monmouth Park saw modest gains in betting through transmission gambling; however, the reduction in the number of events caused the live handle to decrease slightly, less than five percent over the year. Overall, with the help of the subsidy, Monmouth Park was able to post an increase in the total wagering amount for the first time since 2015.

Figure 3.9: Monmouth Park Wagering Summary (\$ Million)

Year	Internet	Phone	Mobile	OTW	Track	Casino	Outside NJ	Live Handle	Total
2014	\$6.1	\$0.3	\$1.4	\$6.1	\$6.5	\$1.3	\$217.2	\$30.8	\$269.7
2015	\$5.9	\$0.3	\$2.0	\$6.2	\$5.8	\$1.2	\$226.8	\$30.7	\$279.0
2016	\$4.3	\$0.2	\$2.2	\$4.7	\$4.7	\$0.9	\$168.8	\$22.6	\$208.5
2017	\$2.8	\$0.2	\$2.5	\$4.0	\$4.3	\$0.8	\$148.8	\$21.3	\$184.8
2018	\$2.7	\$0.1	\$2.7	\$3.4	\$3.3	\$0.8	\$146.7	\$20.8	\$180.6
2019	\$2.4	\$0.1	\$2.9	\$3.2	\$2.7	\$0.7	\$159.8	\$19.9	\$191.5

Source: Monmouth Park (2019)

In 2019, Monmouth Park also saw the total number of races and the yearly attendance rise for the first time since 2015, despite an abbreviated race card on Haskell Stakes Invitational Day. As the wagering levels increase due to the subsidy, the average number of horses entered in each race should also start to increase in the coming years, reversing Monmouth Park's consistent decline in this metric over the past several years.

Figure 3.10: Monmouth Park Race Day Summary

Year	Live Attendance	Number of Race Days	Total Races Held	Average Horses per Race
2014	342,358	57	688	8.0
2015	525,689	58	707	8.3
2016	494,684	57	635	7.5
2017	460,498	50	560	7.5
2018	467,279	52	574	7.1
2019	495,433	61	590	7.1

Source: Monmouth Park (2019)

### 3.5. Sire Stakes

The New Jersey Sire Stakes Program was established by law in 1971 to encourage the breeding of standardbred horses in New Jersey, the trotters and pacers familiar to harness racing fans. Because the program offers healthy purses for winning Standardbreds sired by registered New Jersey stallions, it gives stallion owners an incentive to locate their stallions and horse farms in New Jersey. As a result, the program has been instrumental in maintaining more than 100,000 acres of scenic open space around the state.

The Sire Stakes program provides a minimum of six races a year for each class of both 2- and 3-year old colts and fillies, trotters and pacers alike. The program includes Sire Stakes Premier Division events, the Sire Stakes' Standardbred Development Fund Program, and the Renaissance Open and Filly Paces.

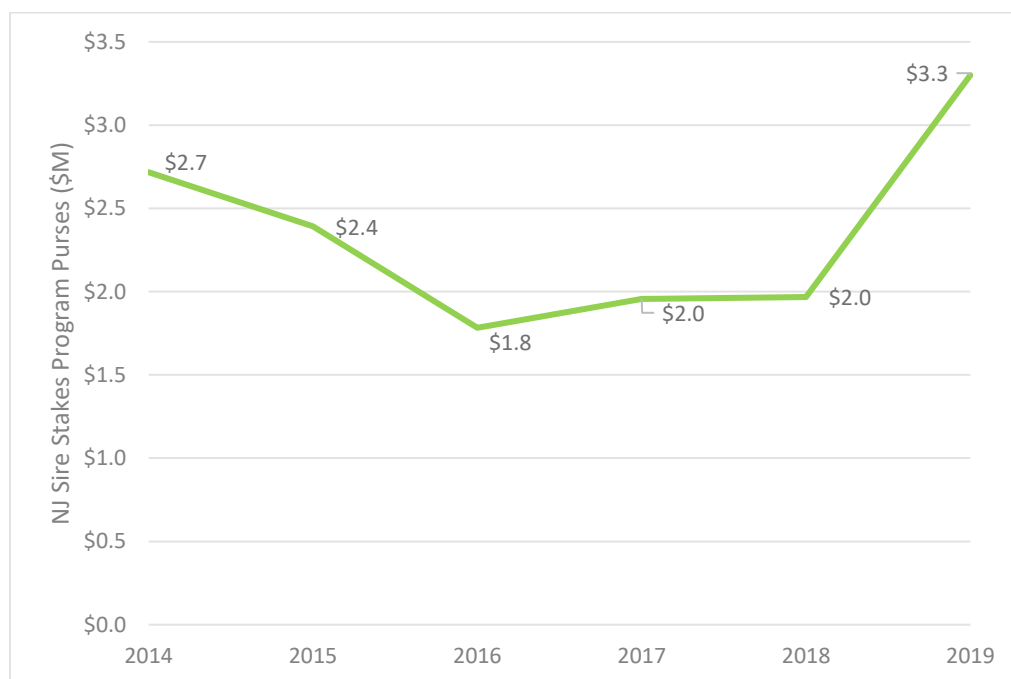
To be eligible for the New Jersey Sire Stakes program, an owner must purchase or breed a foal sired by a New Jersey registered stallion. That stallion must have been registered with SBOANJ and must conform to the rules of the New Jersey Sire Stakes.

In 2019, the total purse money for these events increased to approximately \$3.3 million. This increased purse amount is nearly double the purse amount from the program's low point in 2016 when the purse was \$1.8 million.

Due to the success of the Sire Stakes program in 2019, the Board of Trustees of the program announced that the program would add four additional events in the spring of 2020. These events, billed as the New Jersey Breeder's Maturity, would be open to all horses that were nominated as yearlings to either the New Jersey Sire Stakes Premier Division or the New Jersey Standardbred Development Fund.<sup>5</sup>

Purses for the finals will be tiered based upon the number of entries: if less than five horses enter, the purse for the final will be \$30,000; if five to seven horses enter the purse for the final will be \$40,000; and if more than seven enter the purse will increase to \$50,000.

Figure 3.11: Increases in Sire Stakes Purse Subsidies



Source: New Jersey Sire Stakes (2020)

<sup>5</sup>Due to the social distancing order set in place in New Jersey to mitigate the spread of COVID-19, the additional Sire Stakes races planned for 2020 have been postponed. Sire Stakes races occur at the Meadowlands and Freehold Raceway. Both of these tracks were directed to close the tracks indefinitely to spectators. Simulcasting and other OTW betting has also been closed until further notice.



## 4. Farms

### 4.1. Key Findings

With the introduction of the purse subsidy, and the bonuses for NJ bred horses, there is a greater incentive for breeding and stabling horses in the state. It appears that the subsidy has helped to increase the number of horses being bred and raised in recent years at both standardbred and thoroughbred farms in the state, and there is much promise for the future with the increased purses for NJ bred horses.

- There has been a modest increase over the past 5 years in the number of standardbred horses on New Jersey farms, with the total growing from 1,101 in 2014 to 1,231 in 2019.
- There has also been a ten-fold increase in the number of standardbred broodmares for breeding purposes, growing from 74 in 2014 to over 740 in 2019.
- The combined totals for 2018 and 2019 exceeded any two-year totals for years going back to 2014, boding well for the future of NJ bred horses in standardbred racing.
- With the increases in number of horses has also come an increase in the number of vendors and employees for standardbred farms.
- For thoroughbreds, the number of horses at NJ farms increased in 2019 after steady declines since 2014.
- The number of NJ bred yearlings and foals for thoroughbred breeding farms remained mostly steady between 2018 and 2019, after several years of fairly consistent decline.
- Like standardbred breeding farms, both the number of vendors and direct farm employees hired at thoroughbred farms has increased over the past several years.

### 4.2. Horse Farms in New Jersey

To prepare a horse for either standardbred or thoroughbred racing, a horse owner must invest in several years of breeding, raising, and training at different farms before a horse is prepared to participate in races. Due to the difference in breeds and gait types, this process is different for both standardbred and thoroughbred horses. In New Jersey, standardbred farms and facilities are spread out through the state with some concentration around Freehold Raceway. On the thoroughbred side, most of the breeding, housing, and training of thoroughbred horses is centralized around the Monmouth Park racetrack.

For both types of horses, there are three broad types of facilities in the horse training process. First, **turnout farms**, which serve a similar functionality for both types of horses, are farms dedicated to providing pasture space for horses to roam freely outside of a stall. These farms support hoof, leg, digestive, respiratory, and behavioral health in horses. Next, **breeding farms**, as the name suggests, offer spaces for horse owners to breed horses based on the type of gait the horse owner wants to train. Finally, **training centers** are facilities for trainers to work with owners, jockeys, and drivers to prepare

horses for racing. These facilities generally contain shorter tracks for horses, jockeys, and drivers to practice on prior to competitive racing.

### 4.3. Standardbred Breeding Farms

In standardbred breeding, horses are bred based on the desired gait of the horse. There are two main types of standardbred gaits: trotters and pacers. Trotters move with a diagonal gait; the left front and right rear legs move in unison, making these types of horses more challenging to train the horse to perform at high speeds. Pacers move their legs on one side of their body in tandem. In order to get the desired gait of horse, both parents must be the same type of gait, for example to breed a trotter, both the mare and stallion must be trotters.

SBOANJ is affiliated with 15 farms dedicated to standardbred horse breeding. Across the board, the population of different types of horses on these farms has grown at a modest pace over past several years. In 2014, there were approximately 1,101 total horses, 74 broodmares, and 7 stallions. In 2019, these totals grew to approximately 1,231 total horses, 740 broodmares, and 14 stallions.

Figure 4.1: Number of Horses on all SBOANJ Affiliated Farms

	# Stallions	# Broodmares Bred	# Horses on Farm
2014	7	74	1,101
2015	9	259	1,150
2016	5	209	1,164
2017	6	278	1,149
2018	7	435	1,207
2019	14	740	1,231

Source: SBOANJ (2019), Surveyed Farms (2020)

The number of yearlings (horses between one and two years old) and foals (horses under one year old) both displayed more moderate growth over the past several years, with the number of colt yearlings increasing from 22 in 2014 to 31 in 2019. Filly yearlings also experienced an increase from 17 to 44 between 2014 and 2019.

Figure 4.2: Number of NJ Bred Horses on all SBOANJ Affiliated Farms<sup>6</sup>

	<b>Number of NJ Bred Colts (Yearlings)</b>	<b>Number of NJ Bred Fillies (Yearlings)</b>	<b>Number of NJ Bred Colts (Foals)</b>	<b>Number of NJ Bred Fillies (Foals)</b>
2014	22	17	23	24
2015	17	16	67	89
2016	21	20	41	57
2017	23	19	92	98
2018	38	24	143	125
2019	31	44	N/A	N/A

*Source: SBOANJ (2019), Surveyed Farms (2020)*

In 2019, the 15 standardbred farms directly employed 136 employees, nearly double the amount from 2014 and an increase of 50 employees from 2018. This represents a growing need for breeding experts as breeding standardbreds in New Jersey becomes more popular. Due to the subsidy, these farms are able to hire more people and continue to produce more horses for the state.

Figure 4.3: Vendors and Farm Employees on all SBOANJ Affiliated Farms

	<b># Vendors Employed</b>	<b># Farm Employees</b>
2014	281	75
2015	287	77
2016	290	76
2017	298	82
2018	306	86
2019	449	136

*Source: Surveyed Farms (2020)*

<sup>6</sup> The number of New Jersey bred foals raised in 2019 will not become available until the end of 2020.

#### 4.4. Standardbred Turnout Farms

SBOANJ has seven affiliated standardbred turnout farms throughout the state. In total, these farms directly employ around 30 people, while also hiring around 85 vendors like various veterinarians, blacksmiths, and shippers to support the operations of the farm. Over the past five years, the number of stalls available for rent to hold horses has increased over 60 percent, indicating an increasing demand for space to hold standardbred horses.

Figure 4.4: Change in Rental Stalls, Trainers, Vendors, and Farm Employees on all SBOANJ Affiliated Farms

	# Stalls Rented	# Trainers on Farm	# Vendors Employed	# Farm Employees
2014	256	2	58	18
2015	263	2	60	18
2016	263	3	60	19
2017	328	4	61	21
2018	350	4	59	20
2019	411	9	85	30

Source: Surveyed Farms (2020)

Similar to the number of stalls available, the total number of horses on these farms has also increased. The total number of horses in these farms for standard turnout activities or undergoing some form of rehab has had significant growth over the past several years. 2018 saw the highest year over year growth at 67 percent; 2019 maintained a slightly higher level of horses in turnout. The number of colts and fillies (both yearlings and foals) on these farms were also close to the highest recorded amounts since 2014 and 2015.

Overall, while the total number of horses on these farms is somewhat volatile, 2019 registered the largest number of horses since 2015, surpassing that year by over 225 horses.

Figure 4.5: Change in the Number of Horses on all SBOANJ Affiliated Farms

	Total # Turnout/Rehab	Total # of Horses on Farm	# NJ Bred Colts (yearling)	# NJ Bred Fillies (yearling)	# NJ Bred Colts (foals)	# NJ Bred Fillies (foals)
2014	275	296	12	11	9	6
2015	269	436	13	15	8	2
2016	261	423	8	8	3	5
2017	254	333	4	3	3	4
2018	426	282	4	3	3	4
2019	460	664	13	9	7	7

Source: Surveyed Farms (2020)

## 4.5. Thoroughbred Farms

Unlike the standardbred farms, which are scattered throughout the state, most thoroughbred farms are clustered near the Monmouth Park Racetrack. Thoroughbred breeding is more concentrated around the track because the Monmouth Park Racetrack itself is significantly involved in most of the process of preparing thoroughbred horses for racing, from breeding to training, occurs on farming facilities with ties to the Monmouth Park Racetrack.

The population of different types of horses in TBANJ affiliated farms has experienced a slight rebound in 2019. For stallions, bookings, broodmares, and total horses, 2018, the year prior to the passage of the by P.L. 2019, c.36 subsidy, saw the lowest output of these horse types. This past year was the first time in several years that the total number of horses increased, recovering to close to the 2016 level of horses on all breeding farms.

Figure 4.6: Number of Horses on all TBANJ Affiliated Farms

	# Stallions	# Bookings	# Broodmares Bred	# Horses on Farm
2014	17	66	66	655
2015	11	48	48	641
2016	10	35	35	561
2017	10	34	34	553
2018	8	19	19	533
2019	10	33	33	586

*Source: Surveyed Farms (2020)*

The number of yearlings and foals for thoroughbred breeding farms remained mostly steady between 2018 and 2019, after several years of fairly consistent decline. Yearling colts held steady at 32 horses, still half of the number of colts compared to 2014, while yearling fillies saw a slight decline, again significantly below the 2014 total. The number of colt foals also saw a slight decline this past year, but the fillies saw its first increase in over the past several years. Over the course of the subsidy, the number of yearlings should begin to observe a steady increase as horse owners look to New Jersey to as a place to train horses in order to take advantage of the enhanced purse structure.

Stated in a letter provided by the president of the TBANJ, the organization expects the thoroughbred foal crop in New Jersey to increase to 80 foals in 2020. The increase from prior years is due to the support of the Thoroughbred racing program at Monmouth Park from P.L. 2019, c.36.

Figure 4.7: Number of NJ Bred Horses on all TBANJ Affiliated Farms<sup>7</sup>

	<b>Number of NJ Bred Colts (Yearlings)</b>	<b>Number of NJ Bred Fillies (Yearlings)</b>	<b>Number of NJ Bred Colts (Foals)</b>	<b>Number of NJ Bred Fillies (Foals)</b>
2014	65	78	58	63
2015	58	63	67	56
2016	67	56	35	40
2017	35	40	32	32
2018	32	32	32	28
2019	32	28	30	36

*Source: Surveyed Farms (2020)*

Like standardbred breeding farms, both the number of vendors and direct farm employees hired at thoroughbred farms has increased over the past several years. Since there are fewer farms associated with breeding thoroughbred horses, the number of direct farm employees and vendors employed by breeding farms is relatively small compared to standardbred breeding farms.

Figure 4.8: Change in Vendors, and Farm Employees on all TBANJ Affiliated Farms

	<b># Vendors Employed</b>	<b># Farm Employees</b>
2014	47	66
2015	47	66
2016	45	63
2017	42	62
2018	42	62
2019	45	65

*Source: Surveyed Farms (2020)*

<sup>7</sup> The thoroughbred count of foals in this report represent the number of foals registered to race in the state. Most foals do not get registered until the horse is preparing to race; because of this, the number of foals listed in Figure 4.8 is likely an undercount.



## 5. Training Centers and Trainers

### 5.1. Key Findings

It appears that the purse subsidies and increased number of racing days and horses in races at New Jersey tracks is having an impact on the 17 standardbred training centers in New Jersey.

- The number of New Jersey bred horses training for races at different training centers has increased over the past several years, with all age groups of horses experiencing increases since 2014, and the number of two and three-year-old horses training reached its peak in 2019, boding well for the future.
- The total number of horses across different ages being trained at New Jersey training centers, except for horses aged three, increased in 2019, with all age groups of horses also being trained in higher numbers compared to 2014.
- The number of people employed by trainers has also steadily increased, reaching a peak of over 450 employees at SBOANJ affiliated training centers.

### 5.2. Training Centers in New Jersey

After the breeding process is complete and the horse reaches an appropriate age, the horse can begin training for races. Again, due to the genetic differences in both standardbreds and thoroughbreds, the different nature of the types of races those horses can participate in, training across breeds varies significantly. The thoroughbred training centers help to board, start, or break, and train racehorses at different levels of training from starting a horse with a saddle and light galloping to a more advanced stage of timed workouts and gate training to prepare a horse for the racetrack. Some training centers will have smaller racetracks for horses to practice on before graduating to a standard-sized racetrack.

In New Jersey, there are around 17 standardbred training centers located throughout the state. Each of these training centers hosts several different independent trainers that use a given center's resources to aid in different aspects of training a horse. Depending on the number of horses being trained by an individual trainer, a trainer will hire different types of workers and a variety of vendors to assist with different aspects of training a horse to race.

Standardbred training centers are located throughout the state, whereas training for thoroughbreds occurs mostly in same location as the breeding farms around Monmouth Park Racetrack or at the racetrack itself.

### 5.3. Standardbred Training Centers

The number of New Jersey bred horses training for races at different training centers has increased over the past several years, with all age groups of horses experiencing increases since 2014. The number of two and three-year-old horses in training reached its peak in 2019. As these horses age, they should make up for the lower number of four- and five-year horses currently training in New Jersey. Horses in those age groups peaked in 2018 and saw declines over the year. Due to the subsidy, the pipeline of younger horses being trained in New Jersey should continue to expand over the subsequent years.

Figure 5.1: Change in the Number of New Jersey Bred Trained Horses by Age

	<b>Total 2-Year Trained (NJ Bred)</b>	<b>Total 3-Year Trained (NJ Bred)</b>	<b>Total 4-Year Trained (NJ Bred)</b>	<b>Total 5-Year Trained (NJ Bred)</b>
2014	13	7	17	35
2015	7	12	26	50
2016	8	33	42	66
2017	10	8	52	81
2018	29	11	60	99
2019	44	45	31	58

*Source: Surveyed Farms (2020)*

The total number of horses across different ages being trained at New Jersey training centers, except for horses aged three, increased in 2019. All age groups of horses were also being trained in higher numbers compared to 2014. While most age groups have had a steady growth rate over the past few years, the oldest group measured, horses age five, nearly doubled between 2018 and 2019 after declining slightly in the previous year. The increase in total number of horses being trained in the state could be an indicator that New Jersey is becoming a more desirable place to train horses because of the higher quality and now higher capacity of those training facilities and because of the enhanced purse structure.

Figure 5.2: Change in the Total Number of Trained Horses by Age

	<b>Total 2-Years Old Trained</b>	<b>Total 3-Years Old Trained</b>	<b>Total 4-Years Old Trained</b>	<b>Total 5-Years Old Trained</b>
2014	260	225	234	316
2015	273	238	180	339
2016	284	225	224	346
2017	333	256	192	311
2018	357	335	210	294
2019	359	299	334	578

*Source: Surveyed Farms (2020)*

Due to the team of people required to train and prepare horses to race, training centers act as small employment centers throughout the state. Again, over the past several years, the number of people employed by trainers as steadily increased, reaching a peak of over 450 employees at SBOANJ affiliated training centers. Trainers, similar to the different types of farms, also enlist the help of a variety of vendors. The number of vendors working with horse trainers plateaued in 2017 and 2018 at 386 and saw an annual decline of 10.6 percent over the year.

Figure 5.3: Change in Employment at Training Centers

	<b>Total Number of Employees</b>	<b>Number of Vendors Employed</b>
2014	241	341
2015	254	352
2016	290	370
2017	308	386
2018	352	386
2019	457	345

*Source: Surveyed Farms (2020)*

**Magical Acres Training Center** is a standardbred training facility located in Burlington County founded by Chuck Sylvester. Sylvester is a hall of fame trainer and is the only trainer to ever win the Hambletonian Stakes four times. In 2012, horse trainer Tom Cancelliere and his brother John bought the training center from Sylvester and began transforming the farm into a state-of-the-art public training facility.

The facility is home to 14 barns, containing 20 to 65 stalls each. These barns also include two to four wash stalls, feed rooms, a laundry room, a kitchen, lounges, and equipment to support onsite farriers. The training center is also the home to two 5/8 mile training tracks and 1/2 mile sand track, along with many other training center extras. The most recent 5/8 mile track is rated as the fastest training center track in New Jersey.



*Source: Magical Acres Farm (2019)*

## 5.4. Thoroughbred Training Centers

Like thoroughbred farms, thoroughbred training centers are concentrated around the Monmouth Park Racetrack. The racetrack is heavily involved in the training process for thoroughbreds. The three largest training centers used by thoroughbred horse owners in New Jersey are Colt's Neck Training Center, Overbrook Farm, and Westampton Farm. These training facilities offer trainers practice tracks and stalls for their horses along with several amenities including equine pools, motorized equine exercise machines, and round pens.

Both Overbrook and Westampton Farms had an average of 100 horses using their facilities in 2019. Colt's Neck registered a slightly lower average of 70 horses throughout the year. Horses at these training facilities cycle through several different locations for training throughout year. These locations included several of the thoroughbred breeding farms and the Monmouth Park Racetrack.

Figure 5.4: Westampton Farm



*Source: Westampton Farm (2019)*



## 6. Looking Ahead to the Future

During 2019, different parts of the horse racing industry throughout New Jersey began to rebound. Prior to the COVID-19 crisis, the number of race days and races being hosted at the three tracks were all expected to continue to expand in the coming years after nearly five years of losing days. Similarly, prior to the closure of tracks in early 2020, wagering at these tracks had continued to increase; the Meadowlands in particular was posting the best start to a year in recent memory. The track has already had three days this year with the betting exceeding \$3 million in one day.

All three tracks planned on hosting more racing days throughout 2020. This would have had a positive impact on the industry going forward, as the purses continued to increase, more horse owners will try to enter their horses into New Jersey races. The Sire Stakes program is also rebounding, with four additional races scheduled (prior to the COVID-19 crisis). Similarly, farms and training centers associated with both SBOANJ and TBANJ are producing and training more horses than they have in the past.

Beyond the immediate impact of the subsidy, increasing funding to the state's horse racing industry has several other positive benefits to the overall state economy. Overall, the industry represents nearly \$1.1 billion in annual economic activity in the state.<sup>8</sup> The three racetracks are large tourist attractions that attract people from other parts of the country to spend money at other local businesses throughout Monmouth County and Bergen Counties. These businesses can then expand their operations through hiring more people from New Jersey and buying more supplies, often from other New Jersey businesses.

Further, the employment supported at the numerous farms and training centers needed to support the horse racing industry reaches further than those directly hired on those facilities. Many farms require a complicated supply chain and different sets of professional services to feed and tend to the horses. This includes purchasing hay, working with veterinarians, purchasing metal for horseshoes, and hiring contractors to design and build additional buildings and facilities.

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<sup>8</sup>The New Jersey Equine Industry Economic Impact. Gottlieb, Paul et al., (2007)

### COVID-19 Impact

As a response to the COVID-19 crisis, the National Thoroughbred Racing Association issued a statement on the state of thoroughbred racetracks throughout the country, highlighting the devastating impact of COVID-19 on racing throughout the country.

"The coronavirus pandemic has had a devastating impact on U.S. horse racing in 2020. Nine out of every 10 U.S. racetracks scheduled to race during the first half of the year were forced to cancel or postpone some or all their 2020 races and race meetings, including the 2020 Triple Crown series, Thoroughbred horse racing's highest profile events. The limited number of racetracks that continue to race during the pandemic are doing so in a spectator-free environment, resulting in further economic damage to racetracks, horsemen, and the many ancillary businesses that supply goods and services to horse racing.

Nationally, total wagering in April fell almost 25 percent year-over-year while purse money for owners, trainers and jockeys fell by almost 80% and we expect similar results to continue for the duration of spectator-free racing."



These facilities also represent a type of preserved farmland which provides amenity value for property owners throughout the state. The presence of open space has been shown to improve the property value of nearby homes and produces a myriad of other positive externalities.

The additional stimulus provided by P.L. 2019, c.36 helps the industry to continue to produce these additional economic benefits to the state as well as support the different parts of the industry itself. At the time of producing this report, New Jersey is in the midst of responding to the COVID-19 crisis. This response included the mandatory shutdown of all three racetracks in the state and has resulted in the cancellation of the four additional Sire Stakes races mentioned previously. This shutdown has already caused numerous races planned at Meadowlands and Freehold to cancel and has delayed the beginning of the Monmouth Park season until at least July 4. Maintaining or increasing the subsidy will help the industry weather the negative impacts caused by the shutdowns induced by the virus and allow the industry to maintain positive expansion in the coming years.

