

Testimony to Senate Budget and Appropriations Committee on S2912

Michael J. Gulotta

September 24, 2018

Chairman Sarlo and members of the Senate Budget and Appropriations Committee, thank you for the opportunity to present testimony regarding what we in the Standardbred racing and breeding industry in New Jersey believe is an extremely important piece of legislation. In particular, I would like to thank Senators Sarlo, Gopal and Oroho for their sponsorship.

My name is Michael Gulotta. I am the Treasurer of the Standardbred Breeders and Owners Association in New Jersey and I am also the Chairman of the Board of Trustees of the New Jersey Sire Stakes.

Thank you for recognizing the fact that this legislation is critical to the survival of an industry,

- an industry which preserves 222,000 acres of equine related farmland,
- an industry which employs in excess of 10,000 people in this state, and
- an industry which pays \$110 Million annually in state and local taxes.

My background is hardly that of a horseman. I was born in Brooklyn, New York and my family was at best middle class on good days. I worked to become an actuary and, in fact, was fortunate to be the actuary who was responsible for the break-up of the \$54 Billion Bell System pension funds in 1984. During the Clinton administration, I was appointed chairman of his Advisory Council on pensions and welfare benefits.

After retiring as an actuary in 2007, I and a number of my former colleagues purchased a 120 acre cornfield in Flemington, New Jersey. We transformed that cornfield into a state of the art standardbred breeding facility - an investment of nearly \$10 million in this state.

Since opening day in 2008 of Deo Volente Farms (which is Latin for God willing), we have seen a precipitous decline in the racing and breeding industry in this state.

In fact, in 2010 when the Christie administration announced plans to discontinue racing operations in New Jersey and the \$30 million of annual support from the casinos was withdrawn at about the same time, an already weakened industry was again beaten down.

Taking a look at the chart entitled New Jersey Declines,

- The number of Standardbred mares bred dropped from 949 in 2010 to 209 in 2016, or a

decline of nearly 80%,

- The number of commercial stallions standing in New Jersey declined from 11 in 2010 to just 2 in 2016, or a reduction of over 80%.

The legislation being considered today to provide financial support to the racing and breeding industry in New Jersey, if sustained over a period of years, will not only provide the opportunity for this industry to be re-invigorated, but it will also give us a foundation to build upon so we can sustain ourselves over the long run. Evidence of re-birth can be seen in Ohio. Looking at the chart entitled Industry Boost in Ohio, we witnessed a more than tripling of the number of mares bred in that state over a three year period when purses and breeding incentives increased.

The legislation will also generate the following **immediate** positive results:

1. It will make the Meadowlands racetrack competitive with Yonkers Raceway and racetracks in Pennsylvania, thus attracting quality horses and drivers back to the Meadowlands and helping to return that race track to its position of preeminence not only in North America but in the world.
2. It will increase purses at Freehold Raceway and provide horses which are not perhaps competitive at the Meadowlands the opportunity to race for reasonable purses. This, in turn, will also attract horses from other states.
3. It will make the New Jersey Sire Stakes program competitive once more.
4. It will provide funds to entice breeders to have their mares reside in New Jersey and it will also attract stallions to the state. In fact, just on the basis of the introduction of this legislation, I was called yesterday by the owner of a stallion residing currently in Ohio. He asked if Deo Volente Farms would take that stallion in 2019 if the legislation was enacted.
5. It will rekindle interest in buyers of yearlings to purchase New Jersey sired horses thus increasing revenues in this state.

Something else for you to know - it's important to signal support for our industry quickly. The state will benefit from doing so. One week from tomorrow the Standardbred yearling sale starts in Lexington, Kentucky. If this legislation moves, the New Jersey sired horses in that sale will sell for higher auction prices, thus increasing taxable revenues for 2018 for New Jersey Farms. A quick dividend for the state's general fund!

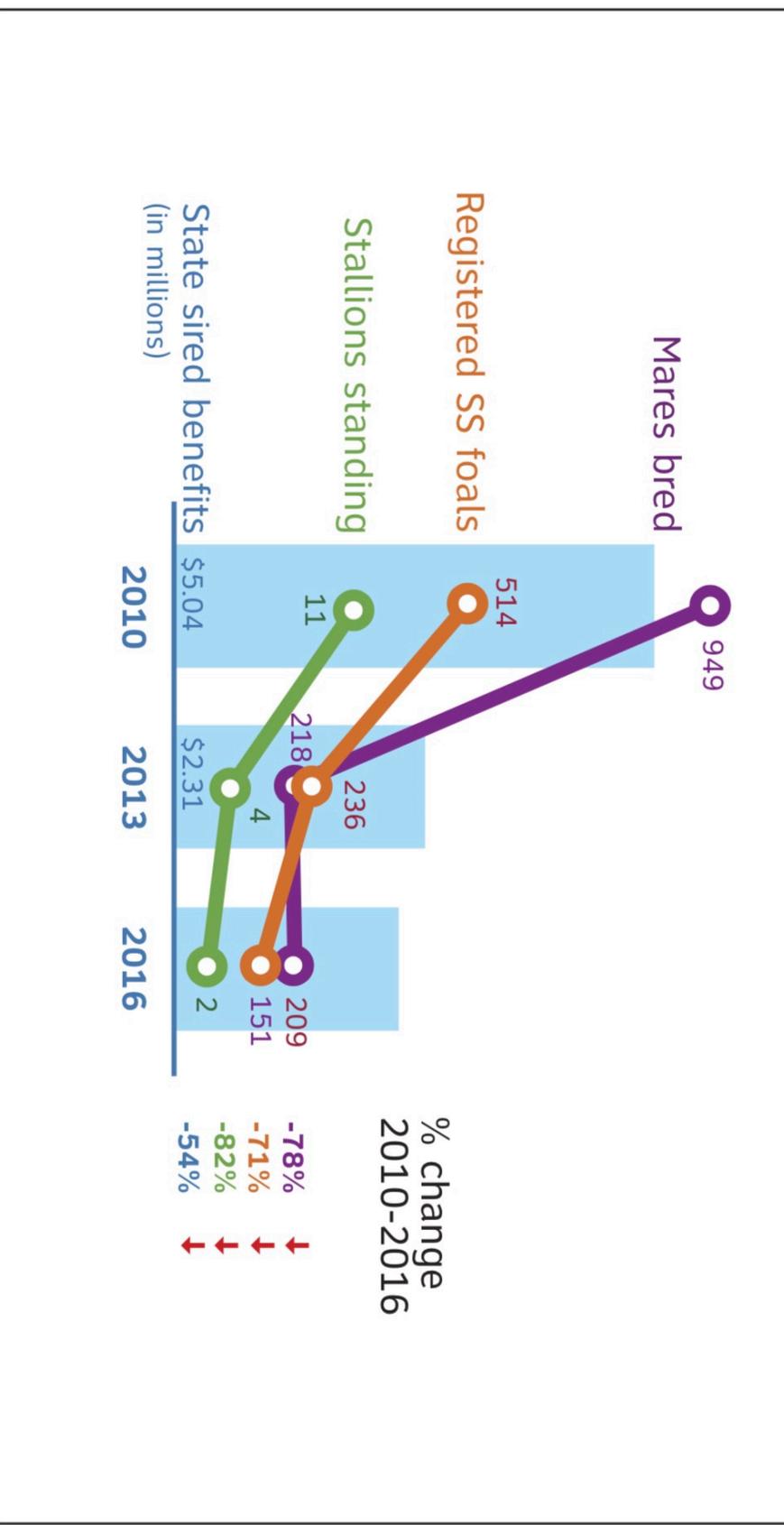
In short, I am confident that this legislation will result in jobs being preserved, new jobs being created, farmland being preserved, and revenues being increased. Overall, there will be a reinvigoration of an industry, an industry which will rise up from near ashes.

New Jersey Declines

The absence of state investment in NJ has led to over 50% declines in all indicators of NJ industry health.

The effects of decreasing breeder incentives in NJ

Standardbred horses

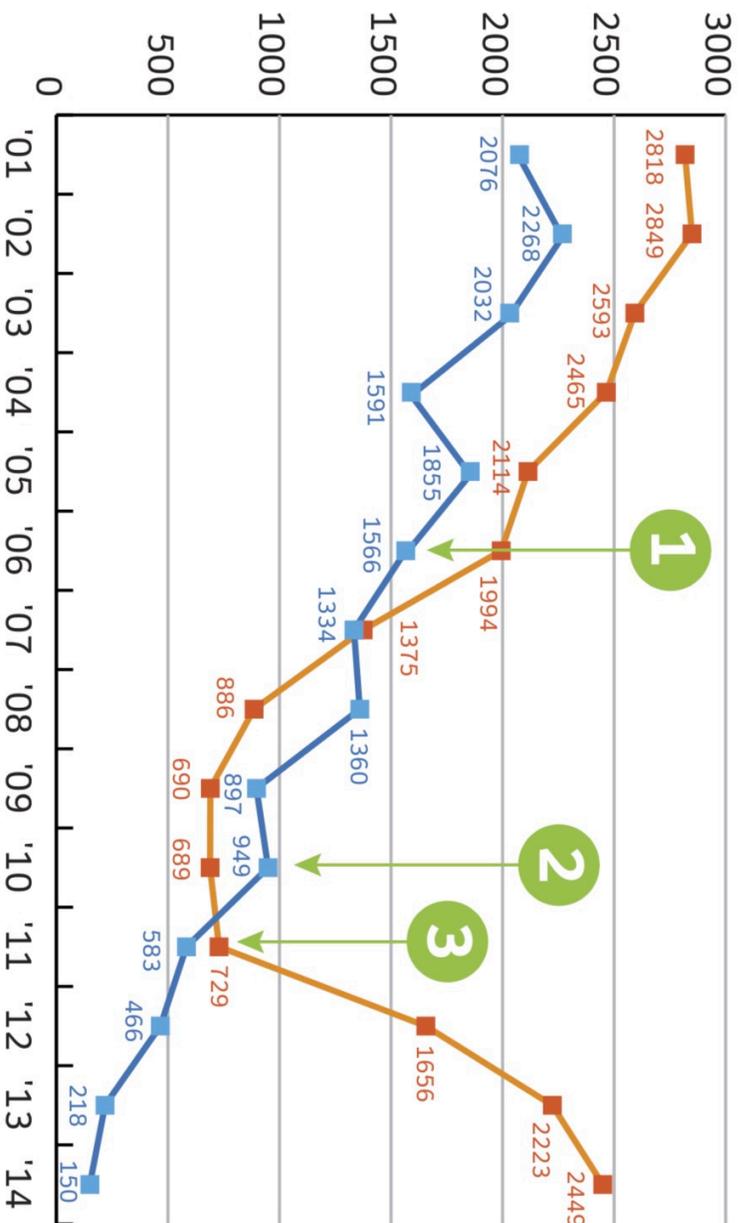


The above data reflects Standardbred horses only and was obtained from the Rutgers 2014 State of the New Jersey Horse Racing Industry Report and the U.S. Trotting Association

Industry Boost in Ohio

Mares bred

Ohio ■ New Jersey ■



1 2006 PA allocates

% of gaming revenue to

Equine fund

OH 2006-2010 **-65.4%** ↓

NJ 2006-2010 **-39.4%** ↓

2 2010 NJ announces

plan to discontinue

Racing Operations

NJ 2010-2014 **-84.2%** ↓

3 2011 OH announces

Video Lottery Terminals

at Ohio Racetracks

OH 2011-2014 **235.9%** ↑

The above information was obtained from the U.S. Trotting Association –
Information and Research