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Report finds taxpayer subsidies, injuries up in greyhound racing but revenue down

by Joel Ebert, Federal Courts Reporter

Greyhound racing in West Virginia could see a shakeup after a “breathtaking” report revealed that taxpayer-funded subsidies and injuries to animals have increased in recent years despite declines in attendance and revenue.

“The report is the most detailed, complete examination of the state’s greyhound racing policy to date and the results are shocking,” said Carey Theil, executive director of Grey2K USA, an animal rights organization.

The study, which cost about \$68,000, was originally ordered last year by the Senate Finance Committee. The findings of the report, which was performed by New Jersey-based Spectrum Gaming Group, provide state lawmakers with a comprehensive understanding of the government’s subsidy to greyhound racing.

The state’s subsidy comes from payments made to the Lottery Commission from Wheeling Island Hotel, Casino and Racetrack and Mardi Gras Casino and Resort, both of which are video lottery operators. About 10 percent of their gross gaming revenue is paid to the Lottery Commission. The commission transfers the money to accounts held at the two greyhound racetracks and the West Virginia Racing Commission, which makes payments out of the state’s Greyhound Breeding Development Fund.

“At issue is whether that practice should continue or be modified and what would be the economic impact of ending the subsidies or modifying them,” the report explained.

The report looked at several key factors during its analysis. The amount of money that patrons wager on live races held at the state’s racetracks and at other racetracks declined 55 percent from 2004 to 2013. The report noted the decline meant fewer people were coming to the track.

At the same time, there has been a 166 percent increase in terms of wagers from people located outside the state on West Virginia greyhound racing. Spectrum researchers noted the state was facing a problem because West Virginia and its greyhound owners receive nothing from bets coming from outside the state.

Beyond decreases of in-state wagering, money awarded increased by 446 percent between 1990 and 2003, in large part due to government subsidies and video lottery revenue.

“Video lottery accounts for 95 percent of the casinos’ greyhound racing subsidies,” the report states.

As a percentage of racing purses, state subsidies have increased since 1995, when it was just 49 percent. Today, state subsidies account for more than 95 percent of total purses.

Despite increases in state-funded subsidies, West Virginians have not benefited, the report found.

“Our review of purse awards shows that for every dollar awarded to West Virginia resident greyhound owners, nearly two dollars are awarded to greyhound owners who live out of state,” the study said. “In fact, 2013 Wheeling Island purse awards to Kansas residents were higher than purse awards to West Virginia residents.”

Along with the financial aspects, the study also looked at the treatment of greyhounds. The report reveals that 162 greyhounds were fatally injured at West Virginia tracks between 2009 and 2013. During the same time period, there were 3,331 non-fatal injuries.

There were 95 fatalities and 1,385 injuries at Wheeling during the four-year period. Mardi Gras had 67 fatalities and 1,946 injuries.

The report sheds light on alarmingly high injury rates as compared to years past. According to Daily Mail archives, the injury rate at Wheeling was 1.88 per 100 races in November 2011.

But from 2009 to 2013, Wheeling had an injury rate of 5.8 per 100 races, while Mardi Gras was 8.2, the report states.

In addition to analyzing the current state of greyhound racing in the state, Spectrum was tasked with determining the possible impact of removing or modifying the state’s subsidies.

To do so, the company relied on a January 2014 West Virginia University study, which found the industry had a \$31.2 million economic impact on the state in 2012. During its own study, Spectrum found that casino supplements for purses and greyhound development totaled \$29.3 million in 2012.

“That means that the total direct and indirect impact barely exceeded the casino supplement,” the study concludes. “We suggest that it does not make sense to spend more than \$29 million to make a little over \$30 million with so much of that money going to residents who live in other states. Surely, the State of West Virginia could put the casino supplements to better use for the benefit of West Virginians.”

A final aspect the study examined was how many employees would be affected if there was a change to the state’s greyhound racing. It found there were 618 people directly employed in both full-time and part-time positions.

“The loss of 618 jobs would have a negligible impact on the unemployment rate in West Virginia,” the study concluded. Spectrum also noted that many of the people employed by the track could be kept by the casinos in some capacity.

The report also states that the greyhound industry is split in terms of whether or not the industry can survive under the current subsidy system. Sam Burdette, president of the West Virginia Owners and Breeders Association, has advocated for a \$75 million buyout in exchange for ending greyhound racing.

Opponents, including the West Virginia Kennel Owners’ Association and the National Greyhound Association have opposed the buyout in hopes of preserving the sport.

Theil applauded the report for its frank analysis of the state’s greyhound industry, even calling it a “breathtaking” analysis.

“This is a subsidy program for greyhound breeders in Kansas for races that no one is betting on in which dogs are dying,” Theil said.

With a better understanding of the fatalities and injuries experienced in the state and all the other economic factors outlined in the report, Theil said it is finally time to change the state’s policy in terms of greyhound racing.

“I don’t think any lawmaker will come away with any other conclusion. This needs to change,” he said.

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