

To the Dogs

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Lawmakers consider folding on West Virginia's greyhound industry.

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When Sam Burdette first visited the Tri- State Greyhound Park in Cross Lanes in the mid-1980s, he didn't even know how to read the program. The sheets of paper were filled with an overwhelming array of fractions and decimals, arranged in almost indecipherable rows and columns. A buddy had to help him navigate—the strange figures were statistics for each dog in a race, detailing the animal's weight, past race times, total number of races, and odds of winning, along with the names of the dog's owner, kennel, and trainer.

Burdette caught on quick. He won \$600 on a \$60 bet that first night and started mulling a strategy to make some real money. He would use the race standings to figure out which kennels had the most successful dogs, and then bet only on dogs from those kennels. Burdette was a civil engineer, comfortable with crunching numbers. He started keeping a

notebook, making hypothetical bets on races based on the handicapping numbers in the program. “Each day I’d tally it up and see if I was ahead or behind. I was approaching it from an analytical standpoint.”

The experiment ran for three months. By the end Burdette realized if he had used real money, he would be \$200 behind. “I said, well, you can’t buy groceries with that. My object was to take money away from the racetrack, not leave it there,” he says. “To this day, I don’t bet.”

Instead, Burdette made what he considered a safer wager. After years of hopping from state to state with his job, he moved back home to West Virginia in 1997 to take care of his ailing mother and father. He retired from engineering and decided to start raising greyhounds. He had learned a lot about the industry during his brief stint as a pretend professional gambler, and he fell in love with the dogs.

It was more than the dogs, however. In 1990 the state legislature took a portion of greyhound wagering money and created the West Virginia Greyhound Breeding Development Fund. In addition to the purse money breeders received when their dogs placed in races, they would now get monthly checks from the state Racing Commission. The payout was determined by the amount of money in the fund and the number of points an owner’s dogs earned during races that month. The more dogs a breeder raised and raced, and the better those dogs performed, the larger the checks would be.

Successful breeders were soon receiving thousands of dollars each month from the fund. As a result, those breeders began doubling down on their investments. They started raising more dogs and taking out loans to expand their kennels. Out-of-state breeders began moving to West Virginia, even though they were required to live here for four years before receiving any money from the fund.

“That’s when I decided to start raising dogs,” says kennel operator Harvey Maupin. He grew up in Colorado, where his father raised and raced greyhounds. As he got older, Maupin began training dogs, and he came to West Virginia in 1988 to work as a dog trainer. He whelped his first few litters around 1995, raising the dogs in the backyard of his Cross Lanes home. He later purchased a farm in Red House in 2000. As his operation grew, he spent \$140,000 to get a kennel at Tri-State, and about \$100,000 for a partnership in a kennel at the Wheeling Island greyhound track. At one point, Maupin had 15 employees.

“Times were booming,” says Burdette, who is now president of the West Virginia Greyhound Owners and Breeders Association. “The Legislature had done something that actually worked. We had created a greyhound breeding industry. Wheeling was the number-one track in the United States. People were making a living at greyhound racing.”

But then the industry’s luck began to change. Nationwide interest in greyhound racing started

declining. In 2001 there were greyhound tracks in 15 states around the country. West Virginia is now one of only seven states that continue to race dogs, and the sport has grown increasingly unpopular in this state as well.

A few things are to blame for this downturn in interest. Greyhound racing has faced increased scrutiny by animal rights groups like Grey2K, a Massachusetts-based organization that tracks reports of racing-related injuries and abuse. The group's findings often gain media attention, which has helped turn many animal lovers away from the sport. But animal welfare concerns are not the biggest threat to the greyhound industry. The major declines in attendance and revenues have come from an enemy familiar to most industries—competition.

In early 1994 the West Virginia Legislature legalized video lottery terminals—better known as slot machines—at state greyhound tracks. By September the machines were up and running at both greyhound tracks. It seemed like a mutually beneficial move for racetracks and the racing industry. Tracks gained an additional revenue stream and, because of the way legislators crafted the law, greyhound breeders and kennel operators would be allowed to continue racing while also taking a 15 percent cut of video lottery money, which was added to race purses and the breeding development fund.

But over time, the slot machines that were supposed to help the greyhound industry began to overtake it. “People switched over from racing to slot machines. They and sit there in a trance and push that button,” Burdette says. He likes to joke—not incorrectly—that it used to take all night to lose \$50 at the dog track. With a slot machine, it can take just a few minutes.

Competition only increased after the legislature legalized table games like blackjack, roulette, and craps in 2007. The racetracks began rebranding themselves accordingly. In 2008 both Wheeling Island Racetrack and Gaming Center and Tri-State Racetrack and Gaming Center changed their names. They are now Wheeling Island Hotel-Casino-Racetrack and Mardi Gras Casino and Resort. Live racing had gone from the main attraction to just one more way to gamble and was losing customers in droves to the one-armed bandits.

In addition to the troubles at the racetrack, the greyhound industry has also faced repeated challenges from the statehouse. Every few years, it seems lawmakers take a look at the millions of dollars in subsidies dedicated to greyhound racing and usually decide that money could be better spent elsewhere. In 2001 the legislature put a cap on video lottery subsidies to greyhound racing, with revenues over that cap flowing into the state's general revenue fund. In 2005 state lawmakers took another chunk of greyhound purse supplements to create the Workers Compensation Debt Reduction Fund. Then, last year, lawmakers again cut greyhound subsidies with the passage of a so-called “haircut bill,” which reduced money for purses and the development fund by 10 percent.

The Spectrum Report

Although it was clear the greyhound racing was suffering, no one had collected the evidence to prove it. So in 2014 the legislature ordered a \$68,000 comprehensive study of the industry. The West Virginia Department of Revenue hired the New Jersey-based Spectrum Gaming Group to conduct the study, and the completed report was presented to lawmakers in January 2015. The findings were discouraging.

Although West Virginia does not track attendance figures at greyhound tracks, the Spectrum report found live wagering on races fell by 55 percent between 2004 and 2013, from \$35 million to \$15.8 million. Researchers also found the greyhound industry now largely relies on video lottery and table games revenues for its purse awards. When purse supplements were first put in place at Mardi Gras in 1995, subsidies from slot machine revenues made up 49 percent of total purse awards. Four years later, slot machine subsidies made up 75 percent of purses. Now more than 95 percent of total purses come from video lottery and table games like blackjack and roulette.

The additional revenue still wasn't enough to stem the decline in purses, however. As greyhound wagering has declined, slot machine and table game revenues have also fallen as new out-of-state casinos steal gamblers away from West Virginia. As a result, greyhound purse awards declined from \$30 million in 2004 to about \$18 million in 2013. Without the subsidies, last year's purses would have been only about \$900,000. Most of that purse money also goes to out-of-state greyhound owners. Only \$2.6 million of the \$11.7 million in purse awards paid at Wheeling Island in 2013 went to West Virginia owners, according to the Spectrum report.

As surprising as some of the findings were, the report only confirmed what many people—lawmakers, greyhound breeders, and track officials—already knew. “It's not only decreasing in popularity, it's dead,” says Danny Adkins, vice president of Mardi Gras' parent company, Hartman & Tyner, Inc. And so, for the first time since greyhound racing came to West Virginia in 1976, lawmakers have started looking in earnest for a way out of the dog racing business.



Courtesy of Mardi Gras Casino and Resort

Decoupling

Shutting down greyhound racing is not as easy as it sounds. Back when West Virginia legalized slot machines and table games, legislators included language in the bills requiring greyhound racing to continue alongside those other activities. Casinos never loved that idea. Adkins compares it to the government telling Ford Motor Company, “you can continue to build all the F-150s you want to build, as long as you build the Model T.”

But that’s the law. If racing stopped tomorrow, so would all other forms of gambling at the casinos, unless the legislature passed another law to decouple the activities. If and when that occurs, it will be very important for lawmakers to get the legislation absolutely right. West Virginia uses gambling revenues to fund lots of programs, from the PROMISE scholarship to senior centers, and also uses the money to pay off bonds for projects like the Clay Center for the Arts and Sciences in Charleston and Pullman Square in Huntington. Credit rating agencies would get pretty anxious if the state compromised one of its major revenue streams.

About a month into this year’s legislative session, state Senator Ron Stollings of Boone County introduced a bill crafted by the West Virginia Greyhound Owners and Breeders Association to create a “greyhound racing cessation program.” The bill would have put an end to greyhound racing in West Virginia by July 1, 2015—while also taking \$37.5 million from the breeder development fund to bankroll a three-year-long buyout of the industry.

The breeders association previously put forward a bill in the House of Delegates to create a \$75 million buyout, but that number didn't sit well with lawmakers. The state Senate version was more conservative and included \$1 million to cover administrative costs and handle adoptions of the greyhounds. The remaining \$36.5 million would be distributed among greyhound owners in the state. Payouts would be determined by how many years an individual participated in the breeding development fund, how much money the breeder received from the fund, and how many greyhounds the breeder raised. Breeders who also operated racetrack kennels would be eligible for additional compensation.

Stollings, a Democratic member of the Senate Finance Committee, says he knows very little about greyhounds and did not expect the bill to pass, but he hoped it would spark conversations among his fellow lawmakers. "The writing's on the wall. Obviously the profitability has gone south," he says. "The idea was, let's see if there is some way to have a graceful exit." The bill was ultimately shoved to the side while lawmakers worked on more pressing issues, however.

For the first time in more than 80 years, Republicans were the majority party in the statehouse this session. To celebrate, the caucus took on an ambitious agenda. Senate Finance Chairman Mike Hall, a Republican from Putnam County, said his committee had more than 200 bills to consider over the 60-day session while also preparing the state's 2016 budget.

Hall says his committee tried to look into the greyhound buyout but there was not enough time to adequately research the issue. "The lottery statute is very complicated and intertwined," he says. "The unintended consequences of trying to unwind it in the last two weeks were massive." As the clock struck midnight on March 14, bringing the 2015 regular legislative session to an end, the buyout bill was still stuck in committee.

Members of the Senate Finance Committee along with their counterparts in the House of Delegates will continue to examine the issue over the next year during legislative interim meetings. "I suspect by next legislative year, we'll be somewhere with these decisions," Hall says.

Burdette says members of his organization are well aware of the state of their industry. "As times change, as technology changes, they have to change their business model. If it's no longer beneficial to have greyhound racing, fine." But he is adamant a buyout should be included in the phase-out plan. The way Burdette and many members of his organization see it, all those purse subsidies and development fund money were a business agreement between breeders and the state. Breeders agreed to raise dogs and invest money in the industry while the state, through legislation, agreed it would make sure the dogs kept running. "We reinvested with the belief things were going to continue," he says.

If the state should break its side of that perceived bargain, Burdette believes breeders

deserve something in return. He says breeders need the cash to pay off loans and transition into other livelihoods. Maupin says the breeders association has discussed taking legal action against the state if racing ends without a buyout. “This is not a natural death. This is not just, ‘You’re a bad businessman,’” Maupin says. “They’re breaking their promise.”

But outside of the West Virginia Greyhound Owners and Breeders Association, there does not seem to be much support for a buyout. Adkins at Mardi Gras Casino calls the idea “absurd.” Hall says while Stollings’ bill became a “vehicle” for discussing the issue, the bill would never have passed as written. He says there’s not much appetite among Republicans for a buyout. “People took on a business risk when they got into this,” he says. While state subsidies might have enticed breeders to get into the business, Hall does not believe the state has a responsibility to help them get out. “A legislature in the past cannot bind a future legislature,” he says.

There is even a group of greyhound owners who do not believe a buyout is the correct course of action. Despite what lawmakers, track officials, and the breeders association say, the West Virginia Kennel Owners Association insists greyhound racing is still a moneymaking business and should be allowed to continue. “There are plenty of breeders—a lot of big breeders in West Virginia—who are profitable,” says board member Steve Sarras.

Sarras admits the industry isn’t what it used to be. In addition to racing at West Virginia tracks, he stays afloat by sending dogs to Oklahoma, Kansas, and Florida to race. He has also tightened his belt at his kennel in Wheeling, eliminating some bonuses and limiting his six employees’ overtime pay. But Sarras says greyhound racing remains a viable enterprise. “Have our profits gone down? Yes. Can we still sustain as a business?” Sarras thinks so.

He says breeders who are pushing for a buyout are just looking for an easy way out of the business—a government-funded retirement plan. “In my opinion, they were just trying to get a handout at the expense of state taxpayers,” he says.

Naturally, Burdette and Maupin disagree. They allege breeders like Sarras and other members of his organization are only able to make money because they are the biggest fish in an evershrinking pond. “They want to keep it going because they’re the ones making the last little bit,” Maupin says.

But Burdette admits some smaller breeders—members of his own organization—also do not want to give up on racing just yet. They hope things will eventually get better, that wagering trends will turn around and the legislature will restore cuts to subsidies. “They hope against hope,” he says.

Maupin doesn’t want to stop racing, but says a buyout is better than a “starve out.” Times have gotten tight for him. He no longer raises greyhounds—the kennel on his big farm is empty. He let the kennel in Wheeling go in November 2013 and now leases dogs from a

breeder in Wheeling to fill his kennel at Mardi Gras. When he couldn't afford his trainer anymore, Maupin went back to training the dogs himself. Instead of 15 employees, he's down to two. His 27-year-old stepson keeps asking to join the family business, but he refuses. "He keeps wanting to be in it and I'm like, 'No. This is not going to last.' I keep pushing him away."

Instead of raising dogs, Burdette now spends most days substitute teaching for Kanawha County Schools. "After I got up to my neck, I stopped wading out," he says. He has seven greyhounds left but is working to find them homes. Except one, Hickory. Burdette plans to keep him. Hickory only ran about 30 races before being forced into retirement by an ankle injury, but during that time earned more than \$50,000. "He was a good running dog—and I just like him."
