Racing, Gaming & Entertainment LLC

Horse Racing Study

Prepared for the Iowa Racing and Gaming Commission

Submitted by Racing, Gaming & Entertainment LLC

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Executive Summary

Background

The Iowa Racing and Gaming Commission (IRGC) on July 7, 2023, issued a Request for Proposal (RFP) No. 005-PRF-0518-2023 "to provide information regarding a long-term strategic plan for racing in the State of Iowa. The study would include evaluation of the current state of the industry in the Midwest and provide recommendations on purses, race dates, timing of the meet, and marketing strategies in an effort to sustain, and hopefully strengthen, the racing and breeding industry in Iowa."[1] Racing, Gaming, & Entertainment LLC ("RGE," "we" or "our") was selected on November 16, 2023, to undertake the study based on our RFP response.

History and Overview

The horse racing industry has faced dramatic changes in the environment in the past 50 years. The changes during the late 1980s and early 1990s had some of the most significant lasting impacts on the competitive environment. In 1988 the Indian Gaming Regulatory Act (IGRA) passed which in some ways led to a long-lasting growth in casino style gaming throughout the country. Also, in the late 1980s and early 1990s racing began experimenting with new distribution models that included intertrack wagering, interstate wagering, off-track betting (OTBs), full card simulcasting, and advance deposit wagering (ADW) evolved over the next several decades. The evolution of all the new distribution models had a great impact on the customer experience, and during those same decades racing faced continuous expansion of competition with casinos, and more recently sports wagering.

In the last two decades the social environment and consumers' behaviors and attitudes toward animals have presented challenges for the horse racing industry. The issues confronting racing integrity, safety, and animal welfare concerns have been well documented in the national media and industry trade journals.

The racehorse breeding industry has also faced challenges over the same time. All three racing breeds of foal crops declined. The Thoroughbred foal crop in 1990 was 40,333, and in 2023 it is estimated to be 17,200. Quarter Horse and Standardbred breeding industries also faced declines in breeding. The American Quarter Horse Association (AQHA) reported the 2007 foal crop as 117,830 and in 2022 it was 74,728. The United States Trotting Association (USTA) reported the Standardbred foal crop in 2007 was 9,417 and in 2022 it was 8,631. We can compare the number of purse races run to demonstrate the changes during that period since Quarter Horses and Standardbreds are often used for other purposes besides racing.

[1] "Horse Racing Study RFP No. 005-RFP-0518-2023, The Iowa Department of Administrative Services on behalf of the Iowa Racing and Gaming Commission, Issued July 7, 2023. Page 17.

Figure 1 Number of Purse Races

Number of Purse Races		
Year	1990	2023
Quarter Horse	13,450	6,405
Standardbred*	71,504	38,920
Thoroughbred	72,664	31,746

Sources: AQHA, USTA and the Jockey Club
Note* - Standardbred races for 1990 are approximate.

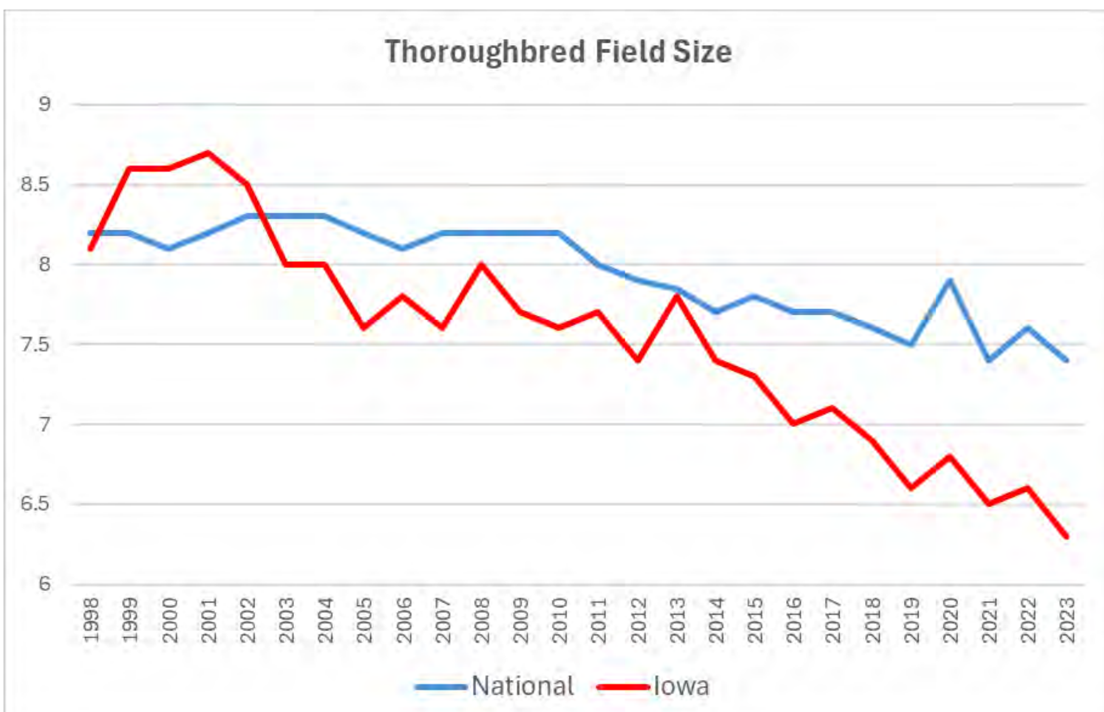
Iowa racing and breeding is facing a challenge to compete both with the horse racing pari-mutuel product compared to other racing products but also like all racetracks to compete with the vast expansion of gambling options.

Benchmarking

The study reviewed several data benchmarks to compare Iowa racing and the Iowa-bred program to the Mid-America Race Region, other comparable jurisdictions and national trends. In some cases, Iowa compared favorably but, in some areas which are important to the public interest Iowa should improve.

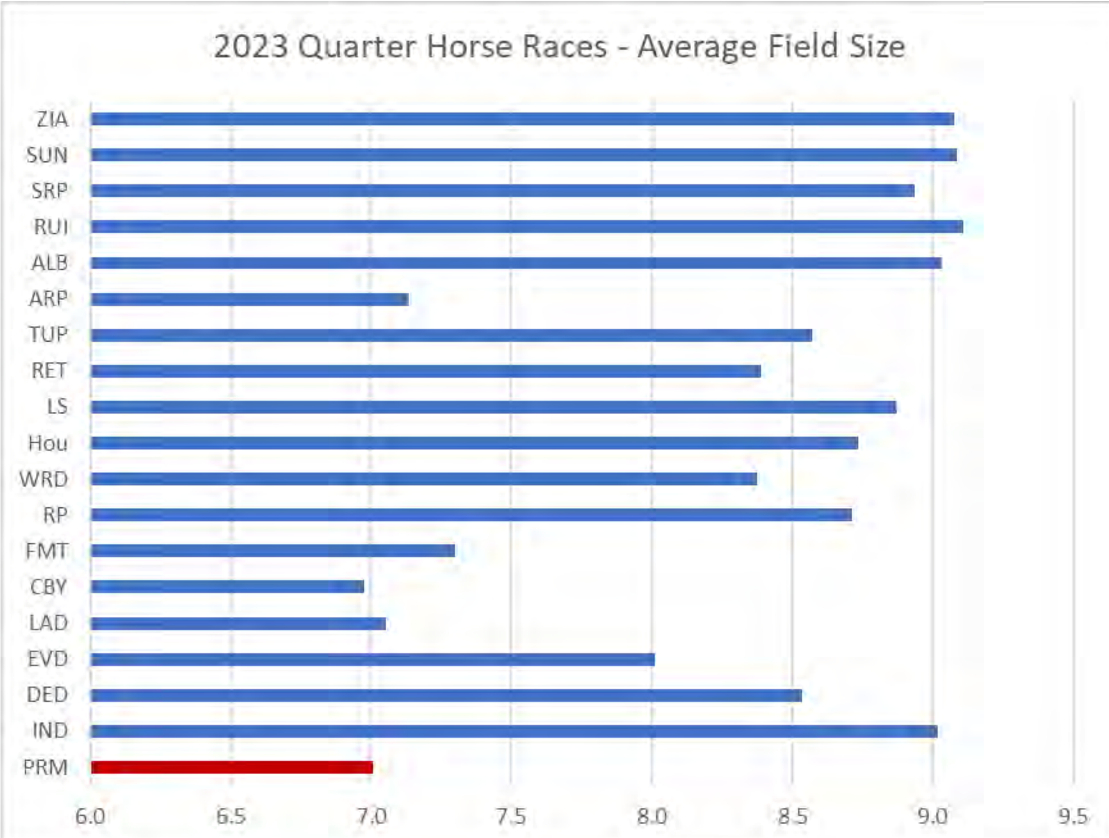
For field size, average handle per race, and total handle per day, three measures that give us an indication of public interest, Iowa did not benchmark well.

Figure 2 Thoroughbred Field Size Trend - National vs. Iowa



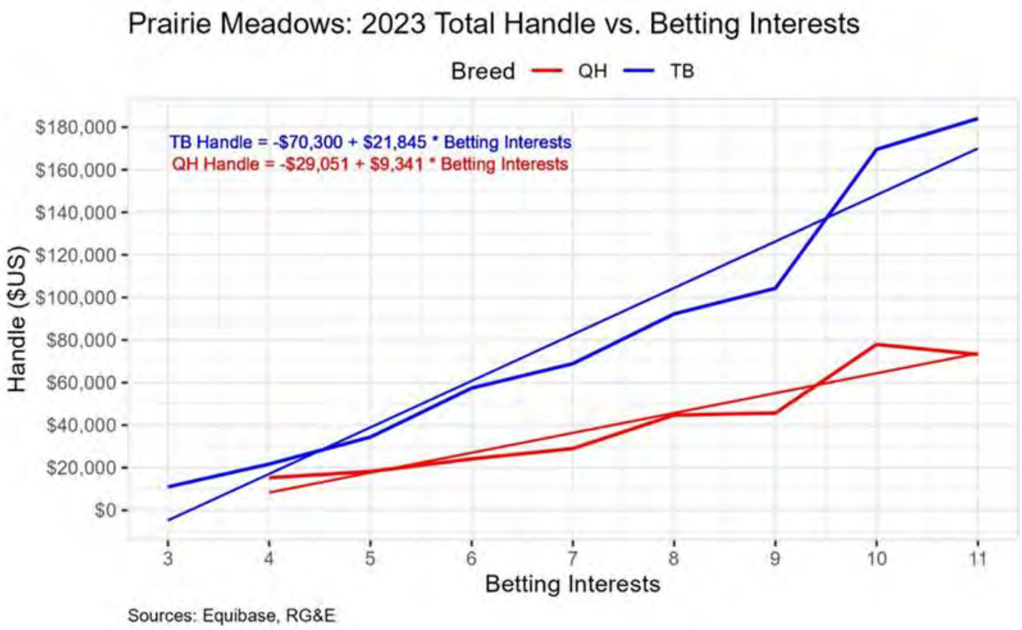
Sources: Iowa HBPA & The Jockey Club 2024 Fact Book

Figure 3 Quarter Horse Field Size - Prairie Meadows and Comparable Tracks



Both Thoroughbred and Quarter Horse field size and average handle per race do not compare favorably to many Mid-America Race Region tracks or other comparable tracks.

Figure 4 Prairie Meadows 2023 Total Handle vs. Betting Interests (Field Size)



Numerous studies, several cited in this report, illustrate the importance of field size and handle (public interest). Incremental improvements in Iowa's field size will have a significant positive impact on wagering and interest in the product.

The Iowa Thoroughbred foal crop was 1.3 percent of the national foal crop in 2001 and in 2022 had shrunk to only 0.8 percent. Some of the state foal crops comparable to Iowa have faced similar market share declines as a few states like Kentucky have gained market share of the total Thoroughbred foal crop. It is more difficult to have accurate comparisons for Quarter Horse and Standardbred foal crops primarily since the horses bred are also used for other purposes and we want to compare only state-bred horses that are purpose-bred for racing. Compared to a declining Quarter Horse racing foal crop in Indiana the Iowa Quarter Horse foal population has been more stable.

However, when comparing purses or earnings per race and earnings per state the Iowa race purse is competitive with most in the comparable jurisdictions mentioned. Also, the Iowa-bred races' field size and handle is better than the open condition races in Iowa primarily due to the better field size. The percentage of Iowa-bred races run compared to open races run also benchmarks favorably compared to several of the Mid-America Race Region tracks and other comparable tracks.

Situational Analysis, and State of the National and Iowa Industry

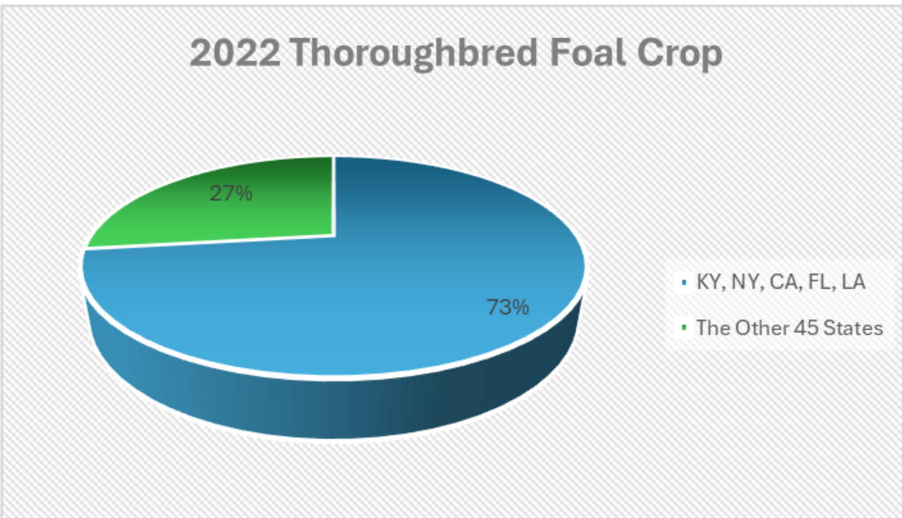
Iowa racing has both strengths and weaknesses as every jurisdiction does. Prairie Meadow's casino business which supports purses has been strong and the racing facilities are well maintained and compare very favorably to most competitors. On the other hand, field size is one of the lowest, there is no turf course, a mixed meet presents challenges, obtaining quality help is a challenge for all stakeholders and three racing breeds compete and share the purse funds with only one pari-mutuel racetrack in Iowa.

There are opportunities to improve given the challenges and threats of much uncertainty from competitive markets.

The trends in horse racing the past several decades have been well documented. Handle peaked in 2003 in the U.S. at just over $15 billion. Most handle over the decades has moved to account wagering and for many tracks 70 to 80 percent of pari-mutuel handle is made through an account.

Three entities alone (Churchill Downs, the New York Racing Association, and the Stronach Group) account for approximately 56-57 percent of handle each year in 2021-2023 and approximately 30-32 percent of all races run the same years.

Figure 5 2022 Thoroughbred Foal Crop



Source: The Jockey Club Fact Book

The Thoroughbred foal crop is also dominated by just five states. Kentucky's 2022 foal crop is 46 percent of the entire US crop. Kentucky, California, Florida, New York and Louisiana's crops are combined are 73 percent of the 2022 foal crop.[2]

Iowa's racing Industry can make changes in efforts to improve and grow or contract based on future decisions and other competitive forces/headwinds that are distinct possibilities over the next five to ten years.

Unlike most other jurisdictions pari-mutuel wagering on Prairie Meadows races and at Prairie Meadows on simulcasts does not contribute to the purse pool. If purses are only funded by gaming revenue many industry stakeholders have no incentive to provide high quality racing with fuller fields that drive handle. For this reason, details of a proposed revenue model to fund purses (where pari-mutuel revenue is tied to purse) is outlined in the Situational Analysis and Competitive Forces of the report. With this new model and no change in casino revenue and only a 10 percent gain in handle, pari-mutuel revenue would account for 10.48 percent of purse/supplements which is a positive for the industry and its goals.

[2] "The American Racing Manual 2023," The Jockey Club, https://jockeyclub.com/Default.asp?section=Resources&area=11 Accessed March 24, 2024.

The migration of horses and horsemen that competed at Prairie Meadows was examined for the years 2021-2023. The most notable change was for the Thoroughbred horsemen between 2022 and 2023. Stables in 2023, compared to 2022, migrated from less tracks. While we do not have any causation data suggesting why, there is some correlation suggesting that the new federal regulation, HISA, may have been the reason for some stables choosing other jurisdictions? It is worth noting that 80 percent of the Iowa licensed owners and trainers reside within 675 miles of Iowa which may present opportunities for those owners to see their horses run within that Mid-America Race Region.

When examining the competitive rivalry that Iowa racing faces, there are many options (and substitutes for gambling) for consumers and the high fixed and variable costs of providing a racing product normally put horse racing at a disadvantage. For the pari-mutuel consumer Iowa very much competes nationally given the simulcast and ADW changes over time as discussed. On the national level this makes the field size of the Iowa races a very important competitive factor. The buyers, customers of pari-mutuel wagering, have very many options and will choose where to spend their money based on value and opportunities for a potential return. There is a greater perceived likelihood for value and return when field size is eight horses or higher as it creates more combinations. A three-ball lottery draw will yield less interest than six or seven out of 49 numbers. Likewise, more runners in a race yield greater interest.

On the supply side, with the declining foal crops and number of owners, the competition to attract stables is also challenging. In the summer when more racetracks compete, horsemen have more supplier power given the declining supply.

The threat from new competition is perhaps the most uncertain factor when trying to position Iowa racing. There are several nearby states that may see an expansion of racing opportunities and increases in purses due to potential expanded gaming. This has yet to materialize or provide a measurable threat but must be watched closely.

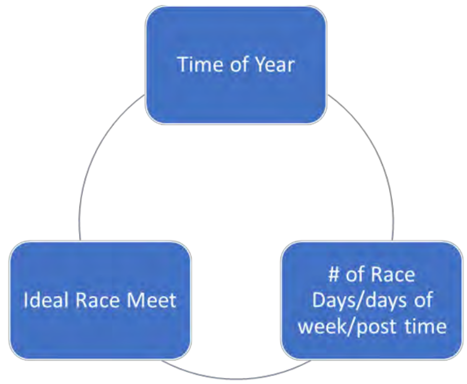
Scope of Work – RFP Questions

The Horse Study Scope of Work included 19 questions to examine that helps with the evaluation of the current state of the Iowa industry and in the Mid-America Race Region. The analysis of those questions gives an in-depth perspective and explanation of where the Iowa racing industry sits compared to North America and the competition of the other Mid-America Race Region tracks.

Many external factors and changing “unknowns” make this task something that the Iowa racing industry must continually monitor and adjust to those external factors. It will always be a dynamic environment and not static.

Many of the questions asked in the RFP are interrelated to one another. Since a change in one aspect of a question will have impact on others, the Iowa horse racing industry must be looked at as one large system where Systems Thinking is employed.

Figure 6 Interrelated Nature of RFP Questions



Source: RGE

Changing an answer for one aspect of the questions will not only have an impact on other parts of some questions but also consideration must be given to unexpected consequences. The whole system must be looked at for solutions. The analysis of the questions was a key part of the process that led to a system solution recommendation. Many of the questions led to either the same answer or are driven by some key issues. They included field size deficiencies, competing to attract horses, the utilization of the horse inventory, public interest, and how the competition positions itself.

For these reasons and others, even when decisions to the questions and strategy are made, it will take constant monitoring, measuring metrics, and possible reactive changes to sustain or improve the results of changes made. Also, it is important to note some of the changes require time and one season may not be a reason to overreact.

The questions provided a great tool to examine the Iowa industry and the Mid-America Race Region. In some cases, specific answers to questions could be provided but in other cases due to the interrelatedness of the questions, answers led to recommendations with some variability given what can and will the industry accomplish to make changes and how will those changes be monitored and adjusted over time as the competitive market is fluctuating.

Since collaboration is an essential element to the success for the Iowa racing industry a static or fixed number of race days is a dependent variable. The current purses are competitive but to change the purse money allocated by breed at a time of needed change and cooperation would be counterproductive.

The time of year to run is also a dependent variable as it is recommended that a circuit for racing and a "partnership" be pursued to provide consistency and opportunities. The time of year is one of those interrelated aspects that depend on the cooperative efforts suggested in the strategies.

Marketing should be congruent with the other goals and all stakeholders should be partners in that effort. For marketing the export simulcast signal two key components are placement and price (margins). Iowa should examine the potential to contract with one of the content management groups that have greater supplier power. There is a significant potential for bringing more revenue for racing in Iowa by doing so.

To attract more horses and/or stables not only is a consistent racing circuit important but also examination of the number of Iowa-bred races must be considered so as not to have a closed market not attractive to owners without Iowa-breds. Cooperating with another state's breed program(s) tied to a circuit will provide more opportunities for both in a very competitive market also faced with declining supplies.

For race conditions that factor into the best utilization of the horses, in some cases, changes can be made immediately and internally in Iowa. In other cases, more opportunities may be available with race conditions if a circuit and cooperative breeding programs can be created longer term. Many of the incentives to attract owners/trainers in the past have been at best successful for a short life span. The opportunity for future incentives should be tied to the creation of a circuit and cooperative breed programs.

The current mixed meet presents many challenges to not only attract stables but also will hinder the utilization of the racehorses on the grounds due to limiting supply and over demand for more race conditions. For separate meets, the current stall space is sufficient. If a circuit ultimately fails, the question then becomes can Iowa attract more stables to justify any expansion of stall space without some change.

The changes to the Standardbred industry in Iowa over the past ten years with the creation of the fair circuit and the unique aspects of this niche industry in Iowa have been an improvement. It offers unique benefits to Iowa and providing economic benefits to many smaller regions in the state.

There are some amenities that can be considered to enhance public interest, but they will not provide as large a positive impact as other key strategies can. The question of other opportunities is yes some exist, but most important to sustain or improve the Iowa racing industry is whether stakeholders can face the challenge that change is needed.

Yes, laws/rules must be changed to implement some of the more critical and challenging recommendations. Some key changes will be needed for 99.D and 99.F which are discussed in Question 17 Would any State law or rule changes enhance racing in Iowa? and the Strategic Plan & Action Plan. It was unclear to us if a change to 491-8.7(99d) is needed but the details of that are also outlined in the two sections of the report previously referenced.

The Iowa racing industry needs strong safety and welfare regulations given society's culture change and attitudes to animals. The uncertainties of HISA are influx as of this report but perhaps most important is consistent regulations for industry stakeholders.

Strategic Plan

As previously mentioned, the Scope of Work questions lead to either the same answer or are driven by some key issues. They <u>included field size deficiencies, competing to attract horses, the utilization of the horse inventory, public interest, and how the competition positions itself</u>. We are optimistic that there is room for improvement that will help the racing and breeding industry in Iowa.

The overarching goal of the Strategic Plan & Action Plan *is to improve the racing product (initial focus is improve field size) and to improve the Iowa breeding program by adding value and opportunities.*

The willingness to make changes with a focus to look at what can be done instead of why we can't do things may be essential to a strategic plan.

The key recommendations for strategies include:

- Content management for exporting the live Iowa racing product
- Re-positioning the daily live on-track racing product for marketing
- Continuing and enhancing the live racing signature days
- Marketing import handle will also be an important source of revenue for racing if the new revenue model is adopted
- Getting stakeholders to agree on other key strategies/recommendations and willing to pursue possible change
- Making the necessary law/rule changes to move forward on the recommendations below
- Changing the racing revenue model to tie all pari-mutuel wagering in Iowa to purses
- Creating a circuit for the Iowa race meet with other jurisdictions' stakeholders
- Changing aspects of the Iowa Breeders' Program to add opportunities and value
    - Cooperative breeding programs to compliment an established circuit
    - Potential use of a new rating system for race conditions
    - Incentive for Iowa-breds when racing out of state, if no racing for that breed is taking place in Iowa at that time.
    - A developer's bonus
    - Enhanced funding from equine related sales taxes legislative change
    - A larger purse supplement for Iowa-breds running in open company
    - Re-thinking types of race conditions and the number of categories offered
- Establishing agreed upon transparent metrics that will be monitored and used moving forward to measure success, allocate resources and modify racing parameters

Part Two – MAIN REPORT

Introduction

The Iowa Racing and Gaming Commission ("IRGC" or "Client") on July 7, 2023, issued Request for Proposal (RFP) No. 005-RFP-0518-2023 to provide a study of the horse racing industry in Iowa "to provide information regarding a long-term strategic plan for racing in the State of Iowa. The study would include evaluation of the current state of the industry in the Midwest and provide recommendations on purses, race dates, timing of the meet, and marketing strategies in an effort to sustain, and hopefully strengthen, the racing and breeding industry in Iowa."[3] Racing, Gaming, & Entertainment LLC ("RGE," "we" or "our") was selected on November 16, 2023, to undertake the study based on our RFP response.

About This Report

The RFP issued by the IRGC requires the following:

A. Conduct a study to provide information regarding a long-term strategic plan for racing in the State of Iowa.
B. The study would include the evaluation of the current state of the industry in the Midwest and provide recommendations on purses, race dates, timing of the event, and marketing strategies to sustain, and hopefully strengthen, the racing and breeding industry in Iowa.
C. Provide answers for the following questions:
    a. What does the ideal race meeting look like in Iowa that will maximize participation by the racing industry (field size, breeding industry) and public (handle) while factoring in purse limitations and requirements set forth in Iowa Code?
    b. Statutory requirements notwithstanding, how many race days should be conducted?
    c. What days of the week should racing be conducted?
    d. What should the post time be?
    e. What should the annual purse amount be?
    f. What should the annual daily purse be?
    g. How much purse money should be allocated for Iowa-bred horses?
    h. How much purse money should be allocated by breed?
    i. What time of the year should racing take place?
    j. What marketing strategies should be employed to promote the meet and increase attendance? Who should be responsible for any additional marketing strategies employed?
    k. Would any additional amenities or change in amenities enhance or diminish interest from the public?
    l. Should additional incentives be offered to attract new trainers and owners?
    m. Does the current number of Iowa-bred races offered promote or diminish interest from the public?
    n. Does the current stakes program promote or diminish interest from the public?
    o. Does a mixed racing meet promote or diminish interest from the public?
    p. What should the stall allocation be with respect to the number of Iowa-bred and out-of-state-bred racehorses?

[3] "Horse Racing Study RFP No. 005-RFP-0518-2023, The Iowa Department of Administrative Services on behalf of the Iowa Racing and Gaming Commission, Issued July 7, 2023. Page 17.

q. What types of racing conditions should be favored to maximize interest and field size?
r. Would the cost of installing and maintaining a turf course offset any potential benefit for the racetrack and Iowa industry?
s. Is the current amount of barn space adequate to support the ongoing racing meet?
t. How will the Horse Racing Integrity & Safety Act (HISA) continue to impact the Iowa racing industry?
u. Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?
v. How can the breeding industry be strengthened in Iowa?
w. Would any state law or rule changes enhance racing in Iowa?
x. Does the current model for Standardbred racing provide sustainability for Iowa standardbred racing?
y. Are there any recommendations to enhance Standardbred racing, and what are the pros and cons of those enhancements

Primary Methods Used

The Study required the look at quantitative and qualitative data covering many areas within the umbrella of horse racing. Items such as breeding, state-bred races, purses, field size, were all looked at with quantitative data while many of the recommendations also required qualitative answers to questions pertaining to those subjects. With the vast ground covered in this Study, RGE consultants used a variety of methods to obtain, analyze and manipulate data to answer the Study's questions.

RGE LLC utilized the following primary methods for our research and analysis:

1. Data Collection: Data was collected from numerous sources, including the Iowa Department of Agriculture and Land Stewardship, the Iowa Racing and Gaming Commission (IRGC), The Jockey Club Fact Books, The USTA, The AQHA, Daily Racing Form (DRF) Chart Data, and reports from the major stakeholders such as Prairie Meadows, the Iowa HBPA, Iowa Harness Horsemen's Association, Iowa Quarter Horse Racing Association, Iowa Thoroughbred Breeders and Owners Association, numerous state regulatory reports and many online informational sources readily available.
2. Interviews: Each of the major Iowa stakeholders were interviewed via online video conferencing at the outset of the study to gather data and a more detailed understanding of the Iowa horse racing industry. Industry experts in other jurisdictions were also interviewed to aid analysis and understanding of best practices elsewhere. Follow up interviews were conducted as needed and the RGE team also traveled to Iowa during the horse race meet to not only observe operations but also enable RGE to discuss initial findings with stakeholders to further help with the questions and strategic plan.
3. Interviews were also conducted with members of jurisdictions throughout North America to identify best practices, success stories and challenges consistent with those in Iowa. Interviews were primarily within the Mid-America Race Region identified in the Study. They were asked questions about their business or broader overarching questions pertinent to the Study.
4. Analysis: Daily Racing Form data for three years (2023, 2022 & 2021) were analyzed first to determine where Iowa horsemen participated throughout the year. This data identified the tracks that were essential to study for understanding the Iowa migration of horses/horsemen and to help with Benchmarking and the analysis necessary to answer the RFP questions. Once those tracks/states were identified, data from those jurisdictions and national trends were compared to understand the market

and seek recommendations. All data collected was reviewed and was used to propose solutions to help sustain and improve the Iowa horse racing industry.

5. Experience of relevant jurisdictions – Iowa cannot operate in a vacuum and thus the data collected, Benchmarking, best practices were reviewed to position Iowa racing for sustaining the industry and improving it in areas both short and long term. Relevant jurisdictions consisted of those in the Mid-America Race Region that are near Iowa and regionally significant with horse racing activity.
6. Our experience – the team's collective diversity of experience helped with the analysis and strategic plan by utilizing the knowledge of over a collective 100 years in the industry as well as the utilization of many industry contacts that the team could gain insight into other jurisdictions efforts and challenges.

About Racing, Gaming & Entertainment LLC, and the Team

Racing, Gaming & Entertainment LLC ("RGE," "we," or "our") has worked for a variety of clients in the public and private sector since its founding in 2015, but its principal has consulted for many national and international clients since 1997. With over 26 years of consulting in the racing and gaming sectors and a 46-year career in the industry, including almost 23 years as director of the University of Arizona's Race Track Industry Program, RGE's principal has a proven track record.

RGE's clients include state governments, horse racing operators, racino and casino operators, Wall Street firms, law firms and industry-related associations.

Public Sector:

- Arizona Attorney General
- Betting Levy Board, Trinidad, and Tobago
- Horse Racing Alberta
- Indiana Horse Racing Commission
- New Mexico Racing Commission
- New Mexico State Department of Animal & Range Sciences
- Spectrum Gaming Group as a subcontractor for the following clients:
  - Louisiana Economic Development
  - New York State Gaming Commission
  - North Carolina Education Lottery
  - Singapore Tote Board
- University of Arizona (course development & teaching post retirement)

Private Sector:

- AlphaSights Ltd.
- Austrian Gaming Industries GmbH, Novomatic Group of Companies
- Canadian Horse Racing Industry
- Centaur Inc.
- Churchill Downs Incorporated and Hoosier Park Race Track
- DPS Inc.
- Ellis Entertainment LLC
- Epstein Becker & Green PC (For the New York Racing Association)
- Glover, Young, Hammack, Walton & Simmons, PLLC

- Hobbs Downs – Jerry Peters, Gerald Peters Gallery
- International Securities Exchange, Longitude
- Ladbroke, Detroit Race Course
- Laguna Development Corporation
- Maryland Horse Breeders Association
- National Horsemen's Benevolent and Protective Association
- Narvaez Law Firm, P.A. (for the New Mexico Racing Commission)
- Orrick, Herring & Sutcliffe PPL
- New Mexico Horse Breeders Association
- Pictragallo, Gordon, Alfano, Bosick & Raspanti, LLP
- Prairie Meadows Board of Directors' Horse Committee
- Punt Club Pty Ltd
- Racing at Raton Inc., NM
- Serecon Consulting Group
- Spawn Point Pte. Ltd.
- Spectrum Gaming Group as a subcontractor for the following clients:
    - Commonwealth Racing LLC/Great Meadowbrook Farm
    - InvincibleGG
    - Sportech Ventures Inc.
    - Asian and Middle East clients (with confidentiality agreements)
- SunRay Park and Casino, NM
- The Innovation Group as a subcontractor for the following client:
    - American Horse Council 2017
- United States Trotting Association (USTA)
- Womble Carlyle Sandridge & Rice LLP (for Southland Gaming, St. Thomas)

RGE has assembled a team with the knowledge and experience to provide the type of analysis of the horse racing industry, pari-mutuel horse racing, and its varied stakeholders making RGE highly capable of collecting, discussing, and presenting the information required in the specifications of the State of Iowa RFP #005-RFP-0158-2023, Horseracing Study.

F. Douglas Reed is the Principal of RGE and senior project manager and chief executive for this project.

F. Douglas Reed has worked in the horse racing industry starting at the maintenance crew level, working as a racing official at many tracks, a racing secretary/director of racing at both major and mid-level racetracks, vice president for a company that operated two racetracks and spent about 23 years as director of the University of Arizona Race Track Industry Program.

Reed has worked on similar projects during his tenure at the University, has done private consulting work during those years and RGE has collaborated with subcontractors and worked on complex projects like this RFP. Reed has consulted on several racing license applications for new racetracks and consulted Ellis Entertainment LLC on both the acquisition and new operations of Ellis Park racetrack, Henderson KY.

In addition, since 2017 Reed has been the senior pari-mutuel associate for Spectrum Gaming Group and collaborated with Spectrum on racing projects in Asia, the Middle East and many in North American.

Paul Ryneveld is the senior racing consultant and expert contributor on this project.

Ryneveld is the General Manager of the World Professional Chuckwagon Association and former Managing Director – Racing and General Manager of Century Downs Racetrack and Casino in Calgary, Alberta Canada. For the past ten years, Ryneveld worked on the redevelopment of horse racing in Alberta through the construction of two new racetracks in the major markets of Calgary and Edmonton. In addition, while serving as a Director on the Board of Horse Racing Alberta, Ryneveld was involved with developing and modernizing rules, race date allocations, strategic placement of race dates, post time strategy and maximization, incentive programs for racing, breeding and the rural "B" tracks.

Ryneveld has provided operational and construction consulting advice to prospective and actual racing entities in Alberta and Saskatchewan as well as racing office insight for Sire and Sons, a company focused on streamlining the Thoroughbred entry process.

Charles Vickery is the racing statistician for the project.

Charles Vickery is an independent researcher specializing in statistical, legislative, and geodemographic analysis of the pari-mutuel and gaming industries for a broad range of government and private interests. Recent assignments include a national equine economic impact study and projects regarding Idaho, Iowa, Louisiana, Massachusetts, and Michigan.

Vickery develops complex statistical models and programming used to evaluate and monitor extensive amounts of daily pari-mutuel wagering data, including Historical Horse Racing data, for industry-wide integrity initiatives used in multiple jurisdictions. He helped to develop interactive tools used throughout the industry to gain detailed insight into wagering activity.

Dustin Dix is an expert concept contributor on the project.

As Director of Racing Operations at Sunland Park Racetrack and Casino, Dustin has over twenty-five years of experience in the horse racing industry. Dix has been in his current role since January 2004. During his tenure at Sunland Park, the Sunland Derby has become the only graded Thoroughbred race in New Mexico and the Sunland Derby and Sunland Oaks are twenty-point races to qualify for the Kentucky Derby and Kentucky Oaks.

In addition to his work at Sunland Park as Director of Racing Operations, Dix has worked on a variety of consulting projects including a consulting agreement with Sunland Park to transition Ruidoso Downs to a new management team, assisted in a feasibility study to re-open Birmingham Race Course, and a review of Minnesota pari-mutuel rules.

Disclaimer

RGE has made every reasonable effort to ensure that the data and information contained in the report reflects the most accurate and timely information possible. This report is based on estimates, assumptions, and other information developed by RGE from its independent research, general knowledge of the horse racing industry, and consultations with the IRGC and Iowa horse racing industry stakeholders. RGE shall not be responsible for any inaccuracies in reporting by the State or its agents and representatives, or any other data source used in preparing or presenting this report. The data presented in this report was collected through the cover date since awarded this study. RGE has not undertaken any effort to update this information since this time.

Some significant factors that are unquantifiable and unpredictable – including, but not limited to, economic, governmental, competitors' actions, managerial and regulatory changes; and acts of nature – are qualitative by nature and cannot be readily used in any quantitative projections. No warranty or representation is made by RGE that any of the projected values or results contained in this report will be achieved. We shall not be responsible for any deviations in the project's actual performance from any predictions, estimates, or conclusions contained in this report as there are many outside factors in the industry and competitive environment that impact future results.

This report is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Common Terms, Definitions and Abbreviations Used

Advance deposit wagering ("ADW"): A form of pari-mutuel wagering in which a person establishes an account with an account wagering licensee and subsequently communicates via telephone or other electronic media to the account wagering licensee wagering instructions concerning funds in such person's account and wagers to be placed on the owner's behalf.

(Note: IRGC definition for ADW is a method of pari-mutuel wagering in which an individual may establish an account, deposit money into the account, and use the account balance to pay for pari-mutuel wagering.)

Alternative simulcast operator ("ASO"): an entity licensed by the commission to provide a system of pari-mutuel wagering at off-track betting venues at facilities licensed by the commission to conduct gambling games in Iowa.

Betting Interests: The number of unique betting interests in a race (not always the same as field size if entries are coupled for betting purposes.)

Breeder: The owner of the Dam or Mare at the time of foaling (Thoroughbred and Quarter Horse). The USTA rule for Standardbreds is that the breeder is the owner of the Dam or Mare at the time of conception. However, in Iowa for Standardbreds they consider the breeder as the person that registers the horse in Iowa, and they get the breeder award.

Commingled Pari-Mutuel Pool: Wagers from different operators or jurisdictions bet into a single pool (or tote, or pari-mutuel) to calculate/determine the odds and payoffs. Often referred to as commingling when used as a verb describing the simulcasting of some pari-mutuel pools.

Computer-assisted-wagering ("CAW"): Sometimes also referred to as computer robotic wagering ("CRW"). CAWs are groups or individuals that develop sophisticated computer models with vast amounts of data. They utilize proprietary algorithms to efficiently place bets, often at the last possible second and usually receive significant rebates based on their volume of wagers. The algorithms often seek to identify inefficiencies in the pari-mutuel market to capitalize on when wagering.

Computer robotic wagering ("CRW"): Another term for Computer-assisted-wagering; see above.

Earnings: earnings for the race reported in the Daily Racing Form charts. Earnings for each horse in a race are listed and would include any added money above the base purse for the race but will provide a consistent benchmark in analysis of tracks level of racing and purses.

Field size: The number of horses in a race.

Handle: The total amount of money wagered.

Horizontal wagers: wagers placed across multiple races (e.g. Daily Double, Pick-3).

Host fee: The royalty for importing a horse-racing signal for simulcast wagering purposes.

Mid-America Race Region: The IRGC horse racing study requested it include current evaluation of the racing industry in the Midwest. The U.S. Census Bureau's definition of the Midwest includes 12 states (IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI). Data indicated the Midwest was too narrow given the competitive market for horse racing in Iowa. The study will evaluate the Mid-America Racing Region which will include all states that have significant participant interaction elsewhere with participants in Iowa. Thus, many non-Midwest states are included in the study. States such as AR, LA, OK, TX and others will be included. Other tracks' data will also be analyzed when we feel the participant interaction warrants it or when the state/track can supply useful data to help with a strategic plan.

Net-pool Pricing: (net-price calculation) When takeout rates in the merged pools are not identical net-price calculations shall be the method by which different takeout rates are applied in a merged or commingled pari-mutuel pool.

Off-Track Betting ("OTB"): Any state-sanctioned facility that accepts wagers on races run at locations other than where the wager/race occurs.

Pari-Mutuel: A form of wagering – typically used in horse racing – in which all bets on an event are pooled, and payoff odds are calculated by sharing the pool among all winning bets. The operator/provider deducts a "takeout" from all wagers.

Racino: A term combining "racetrack" and "casino" used to identify a gaming facility that has both racing and gaming offerings. For example, Prairie Meadows Racetrack and Casino is often termed a racino.

Single Pool Exotics (Exotic Pool, Single): Exotic wagers on a single race.

Starts: the total number of horse starts in races or a race meet.

State: When capitalized, it refers to the State government of Iowa.

Systems thinking: a holistic way to investigate/analyze factors and interactions that could contribute to a possible outcome. It focuses on the way different parts of a system interact and influence one another.

Unique Starters: total number of unique horses participating in a race meet. A horse that starts in multiple races at a race meet is counted as one unique starter.

Vertical wagers: wagers placed on a single race outcome (e.g. Win, Exacta, Trifecta).

WPS handle: combined total handle for the win, place and show pools.

Abbreviations used in the report:

QH – Quarter Horse

SB – Standardbred

TB - Thoroughbred

Figure 7 Race Condition - Race Type Abbreviations Used in Report

Daily Racing Form Race Type Abbreviations	
Race Type	**Description**
ALW	Allowance
AOC	Allowance Optional Claiming
CLM	Claiming
DBY	Derby
DTR	Derby Trial
FTR	Futurity Trial
FUT	Futurity
HCP	Handicap
INS	Invitational Stakes
MCL	Maiden Claiming
MDN	Maiden
MSW	Maiden Special Weight
OCL	Optional Claiming
SOC	Starter/Allowance Optional Claiming
STA	Starter Allowance
STK	Stakes
STR	Stakes Trial
TRL	Trial
WCL	Waiver Claiming
WMC	Waiver Maiden Claiming

Source: Daily Racing Form

Figure 8 Racetrack Abbreviations Used in Report

Daily Racing Form Track Abbreviations	
Track	**Abbreviation**
(Downs at) Albuquerque	ALB
Arapahoe Park	ARP
Arizona Downs	AZD
Belterra Park	BTP
Canterbury Park	CBY
Columbus	CLS
Delta Downs	DED
Evangeline Downs	EVD
Fairgrounds	FG
Fair Meadows Tulsa	FMT
FanDuel Horse Racing	FAN
Fonner Park	FON
Gulfstream Park	GP
Hawthorne Park	HAW
Horseshoe Indianapolis	IND
Lone Star Park	LS
Louisiana Downs	LAD
Mahoning Valley Race Course	MVR
Oaklawn Park	OP
Prairie Meadows	PRM
Remington Park	RP
Ruidoso Downs	RUI
Sam Houston	HOU
Sunland Park	SUN
SunRay Park	SRP
Tampa Bay Downs	TAM
Thistledown	TDN
Turf Paradise	TUP
Will Rogers Downs	WRD
Zia Park	ZIA

Source: Daily Racing Form

History and Overview of Iowa Horse Racing

The national economic trends in the horse racing industry have been affected by several factors over the past 50 years including political, economic, competitive, social and technological changes.

The negative impacts on horse racing began in the 1970s, but the true effects were masked by unique events. The decade had three Thoroughbred Triple Crown winners in a short span of time keeping horse racing in the spotlight. Racetracks were still considered a good investment and there were several new tracks built.

A few trends that would impact racing for a long time started in the 1980s. Racetracks began to lobby state legislatures for tax relief as economic trends became clearer and tracks experimented with ways to expand market penetration and distribution with intertrack wagering, interstate wagering and off-track betting (OTBs). The first version of account wagering was introduced with telephone operators taking wagers in some jurisdictions. In 1988 the passage of the Indian Gaming Regulatory Act (IGRA) would influence the competitive market over the next several decades.

Perhaps the most significant changes in the competitive market of horse racing began in the 1990s. If you only look at the horse wagering handle (total amount wagered on pari-mutuel wagering) it is deceiving. The changes had a significant impact over the next 30 years on brick and mortar wagering facilities such as racetracks and OTBs.

During this decade full card simulcasting, greater product distribution, and commingling of pools proliferated, account wagering began to expand and both casinos and racinos were legalized in many jurisdictions. The rapid expansion of gaming during this decade had a significant negative impact on the horse racing competitive environment, but due to the large increase in distribution channels, the impact was not apparent.

Because of the expanded distribution and commingling, pari-mutuel handle grew (U. S. Thoroughbred handle increased 52.6 percent from 1990 to 2000[4]) but profit margins on significant portions of that handle were considerably less and the growth was exclusively from increased distribution from simulcasting. Besides lower margins, the expenses of distribution and third-party technology companies increased costs for racetracks. By the mid-90s horse and greyhound simulcast wagering used more satellite time than major league sports. The large growth of distribution channels was the major reason for handle growth in the 1990s.

Another development in the 1990s that influenced the pari-mutuel market was racetrack and racing company consolidation. Several entities (Magna/Stronach, Churchill Downs, and Penn Gaming) formed conglomerate organizations which increased their power as content suppliers and dramatically increased prices (host fees, or the royalty for importing a simulcast racing signal for wagering) of their content.

The wagering growth of the 1990s ended in 2003. U. S. Thoroughbred handle peaked at $15.18 billion in 2003 and by 2014 had returned to near the 1995 level of about $10.5 billion.[5]

More states approved advanced deposit wagering (ADW) also known as internet account wagering after a 2000 amendment to the Interstate Horse Racing Act of 1978 was passed. Growth of account wagering and the practice of rebating to patrons started in the 1990s but rapidly accelerated in the 2000s. For example, the Oregon Hub

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[4] The 2023 Fact Book," The Jockey Club, http://www.jockeyclub.com/Default.asp?section=Resources&area=11 (Accessed January 19, 2024.)

[5] Ibid

where many large ADW providers process pari-mutuel wagers in Oregon, due to favorable tax rates, saw wagering handle for multi-jurisdictional simulcast wagering licensees grow from $19 million in 2000 to $6.4 billion in 2022.[6]

Also impacting the pari-mutuel markets with the growth of ADW handle was the success and growth of computer-assisted-wagering (CAW), also referred to as computer robotic wagering (CRW). The success of the CRW wagering systems coupled with the rebates they receive have resulted in exceptional win rates that created negative settlements for many wagering sites. When one location has more winning wagers placed than another, the losing dollars from the one site “pay” for the winning wagers elsewhere and can result in a negative settlement for the site with more losing wagers. This shifting of winning dollars to the ADWs that host the CRW wagers means those dollars will not be available to be churned in the local market, which has a net negative impact on the volume wagered at brick-and-mortar facilities.

Technological advances facilitate better video streaming of the races on computers and phones. This allows patrons easy access to video from anywhere at any time and, historically, access to video has had a very significant positive effect on pari-mutuel wagering growth. Improved technology also made providing critical handicapping data to patrons more user-friendly. Technological advances will continue to enhance the internet and mobile wagering experience for the patron that chooses this method of pari-mutuel wagering at the expense of the on-track or OTB experience.

The social environment and associated consumers' behaviors and attitudes toward animals present challenges for the horse racing industry as it tries to foster its social license to operate *(generally defined as “a level of acceptance or approval by local communities and stakeholders of organizations and their operations or societal acceptance, tolerance and consent to an activity that is generally considered to be outside the norm).*[7] The issues confronting racing integrity, safety, and animal welfare concerns have been well documented in the national media and industry trade journals.

Perhaps due to competitive market forces and cultural evolution, it has contributed to the decline of several industry benchmarks which will be reviewed in this report. For example, the U.S. Thoroughbred foal crop in 1990 was 40,333 and in 2022 it is estimated to be 17,300. The number of races run in 1990 was 72,664 and in 2022 it was only 33,453.[8]

The history of horse racing in Iowa since its inception has not been unlike horse racing’s evolution nationally during that time. Iowa horse racing has faced the same market forces and competition for gambling dollars. In this report, those trends will be documented, and Iowa benchmarked compared to national and Mid-America Race Region trends.

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[6] “Oregon Racing Commission Quarterly Hub Handle Report,” Oregon Racing Commission, https://www.oregon.gov/racing/Parimutuel%20Handle/MJ%20Hubs%20Stats/QT%20HND.pdf (Accessed January 19, 2024.)
[7] “What is the Social License?” https://socialicense.com/definition.html (Accessed January 19, 2024)
[8] The 2023 Fact Book,” The Jockey Club, http://www.jockeyclub.com/Default.asp?section=Resources&area=11 (Accessed January 19, 2024.)

Pari-Mutuel Wagering in Iowa

Horse racing began in Iowa in 1983 at several fairs around the state and the pari-mutuel racing at the fairs ended by the late 1980s.[9] Iowa's first state's pari-mutuel license was issued for a horse track in Des Moines in 1984. The Polk County Board of Supervisors supported a $40 million bond issue to build a racetrack. Iowa's first and only horse racetrack, Prairie Meadows opened for live racing on March 1, 1989.[10]

Unfortunately, wagering was well below consultant's expectations and by November 1991 Prairie Meadows filed for Chapter 11 bankruptcy. To help bail out the track, legislators approved a bill in 1994 to permit Prairie Meadows to install slot machines.[11] While Prairie Meadows was not the first racino in the nation it was an early adopter of the trend. West Virginia in 1990 experimented with a racino prototype when a limited number of machines were installed at Mountaineer Park. In 1992 Louisiana and Rhode Island legalized racino gambling with Rhode Island opening a racino at a greyhound track in 1993. West Virginia Supreme Court ruled the laws were not clear to allow VLTs at the racetracks but in 1994 the West Virginia Lottery Act authorized local referendums in counties where four tracks existed. Later in 1994 three counties voted to permit racinos.[12]

The Prairie Meadows racino opened in April 1995 and quickly helped repay the nearly $90 million of debt to Polk County in about 20 months. Prairie Meadows is also unique in its structure as a public nonprofit and currently only one of two casinos that functions as a nonprofit in the U.S..[13]

The pari-mutuel side of the Prairie Meadows business experienced similar distribution expansion and competitive forces from other gambling that most racetracks in the states faced as previously discussed.

Prairie Meadows pari-mutuel handle while more erratic due to a smaller volume also benefited from the wider distribution.

There has been continuous and significant growth in gambling options in the U.S. evolving initially in the early 1960s from lotteries but expanding with casino style gambling particularly after the passing of the 1988 Indian Gaming Regulatory Act. According to the American Gaming Association, 45 states permit legal casino gaming. Six states have legal online casino gambling with a seventh state, Rhode Island, to start in 2024 according to Spectrum Gaming Group. Also, sports wagering in the U.S. has rapidly expanded since the U.S. Supreme Court struck down the Professional and Amateur Sports Protection Act (PASPA).

The pari-mutuel wagering business both at Prairie Meadows and nationally has struggled to compete with the myriad of options now easily available to most any gambling customer.

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[9] Simona Balazs and Alison Davis, "The Influence of the Race Horse Industry on Iowa's Economy," page 5, June 2019, prepared by the University of Kentucky.
[10] "Our History," Prairie Meadows website, https://www.prairiemeadows.com/about-us/history (accessed on December 26, 2023)
[11] "Prairie Meadows: A history of bust and boom," Des Moines Register, May 21, 2016, https://www.desmoinesregister.com/story/news/politics/2016/05/21/prairie-meadows-history-bust-and-boom/84481730/
[12] Sharon Harris & Marcus Webb with contributions from Tony Caporicci of Netbooth, "Racinos, Yesterday, Today and Tomorrow," Part one of a three-part series, Casino Enterprise Management, November 2004, page 29
[13] "Our History," Prairie Meadows website, https://www.prairiemeadows.com/about-us/history (accessed on December 26, 2023)

When Prairie Meadows began, race meets for Thoroughbreds, Quarter Horses, and Standardbreds (harness horses) were held. According to the USTA, October 2011 was the last year that Standardbred racing was run at Prairie Meadows.[14]

Today as we will see throughout this report, Iowa racing and breeding is facing challenges to compete both with the horse racing pari-mutuel product compared to other racing products but also like all racetracks to compete with the vast expansion of gambling options.

Iowa Horse Breeding Industry

Besides the pari-mutuel business side of the Iowa horse racing industry, perhaps equally or even more important is the breeding sector in Iowa.

The Thoroughbred breeding industry, like Prairie Meadows, saw a resurgence when the slot machines were added at the racetrack. In 1991 the Iowa Thoroughbred foal crop was 186 foals, 0.5 percent of the national foal crop. When slots were introduced in 1995 the foal crop in Iowa grew to 208 or 0.7 percent of the national foal crop. By 1998 the Iowa foal crop peaked at 575 foals which represented 1.7 of the national foal crop that year.[15]

The foal crop in Iowa remained strong through 2001 when it was 494 or 1.4 percent of the national foal crop. Unfortunately, like the decline in foal crops across the country, Iowa's Thoroughbred foal crop declined at a faster rate than even the national foal crop. In 2021 the Iowa Thoroughbred foal crop was only 156, which is less than 0.9 percent of the national foal crop.[16]

Another factor that affected the foal crops in Iowa was the growth of racinos in other states which funded their own breeding incentives. As more states developed enhanced financial benefits for state-breds funded by the casino legislation, some of the growth of the early adaptors like Iowa lost some stallions and mares to other states offering either better incentives or similar programs but geographically closer to the breeder(s).

Like the Iowa Thoroughbred foal crop, the Iowa Quarter Horse and Standardbred foal crops have declined since the early 2000s. Quarter Horse foal numbers were close to 200 in 2004, 2005 and 2006 and Standardbred foal numbers reached just over 300 in 2007.

Figure 9 Iowa Foal Crops

Iowa Foals Born											
Breed	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Quarterhorse	120	88	121	77	94	90	99	87	104	87	105
Standardbred	226	232	226	233	254	277	301	292	279	264	277
Thoroughbred	293	274	292	220	220	208	167	170	171	175	212
Total Number of Foals Born	639	594	639	530	568	575	567	549	554	526	594

Source: Iowa Department of Agriculture and Land Stewardship

[14] Email from Mike Tanner, United States Trotting Association Executive Vice President/CEO to Douglas Reed, Subject: Iowa, August 6, 2024.
[15] "Distribution of Registered Foal Crops by State," The Jockey Club Fact Book 2023, https://www.jockeyclub.com/default.asp?section=FB&area=4 (Accessed January 15, 2024.)
[16] Ibid

The breeding industry in Iowa is important since it contributes to the economic impact of the agriculture industry in Iowa and is beneficial to the Iowa horse breeding industry which are two of the specific criteria for granting licenses (491-1.7 (99D, 99F)). The Iowa breeding industry is important as it has a significant impact on the quantity and quality of racing animals available for the racing program. Sustaining and hopefully strengthening the breeding industry is one of the goals of the Horseracing Study.

As indicated in Figure 9 above the Thoroughbred foal crop continued to decline the past ten years except for a good resurgence with the 2023 foal crop. Standardbred and Quarter Horse foal crops for the past ten years have been reasonably stable. The current foal crops of Thoroughbreds and Quarter Horses are not sufficient for the Prairie Meadows racing program to be an incubator and thus at this time it is very important to work with other jurisdictions to maintain a larger supply of active race horses to host a race meet that provides both sufficient days for horsemen to migrate to Iowa but also provide a racing product competitive to attract the wagering customers in the simulcast market.

If the racing program improves and offers more opportunities and grows interest in the Iowa racing product, it should help grow the breeding industry.

Enabling Legislation Review

As part of our evaluation of the Iowa horse industry the Iowa Administrative Code Chapter 99D Pari-Mutuel Wagering, 99F Gambling Games and Sports Wagering Regulation, and the IRGC Administrative Rules, Chapters 1-14 were reviewed. This was done to understand the pertinent legislative intent as it relates to the Horseracing Study and to gain insight into the existing rule's impact on the industry and consider potential modifications that could sustain, and strengthen, the racing and breeding industry in Iowa.

While there are seven specific criteria for granting licenses (491-1.7 (99D, 99F)) the two most relevant to the purpose of the Horseracing Study issued by the IRGC are:

1.7(3) *Economic impact and development. (parts a-g)*

1.7(6) *Nurture of the racing industry. The commission will consider whether the proposed racetrack operation would serve to nurture, promote, develop, and improve the racing industry in Iowa and provide high-quality racing in Iowa. The commission will also consider if the proposed racetrack operation will maximize purses and is beneficial to Iowa breeders.*

Given the goal of the Horseracing Study is to “sustain, and hopefully strengthen, the racing and breeding industry in Iowa,” the overriding goals of our recommendations are consistent with the above criteria for licensing as well as meeting the goals of the Study.

Pertinent Iowa Administrative Code and IRGC Administrative Rules relevant to the Scope of Work

While the entire Pari-Mutuel Wagering Code and IRGC Administrative Code were important to review and provides insight into the Iowa racing industry there are a few sections that are directly relevant to the questions needing answers in the Scope of Work. While the Code and Rules will be considered when analyzing the questions, the report will not limit recommendations to the constraints of the Code and Rules.

Recommendations will be made that both consider the Code and Rules but also consider potential modifications to the Code and Rules when such recommendations can meet the goal of sustaining and/or improving the racing and breeding industry in Iowa.

The following is a listing of the regulations that we consider to be most relevant to the Scope of Work questions:

<u>Iowa Administrative Code</u>

Chapter 99D – Pari-Mutuel Wagering

99D.7 Powers – §3 and §5 outline the standards currently required for race seasons (67 Thoroughbred days, 26 Quarter Horse days, and the Thoroughbred and Quarter Horse racing seasons shall be run independently unless mutually agreed upon by the associations representing the Thoroughbred and Quarter Horse owners and the licensee of the horse racetrack located in Polk County) and commission regulation of and division of purse structure (76 percent Thoroughbred, 15.25 percent Quarter Horse, and 8.75 percent Standardbred).

99D.9 Licenses §1 only Quarter Horse and Thoroughbred racing shall be allowed to be conducted at the horse racetrack located in Polk County.

99D.9D Alternative simulcasting licensure §1 allows for simulcast of races if there is an agreement with the Iowa's horsemen's benevolent and protective association for source market fees.

99D.11 Pari-Mutuel Wagering – advance deposit wagering (ADW) - all parts of this section are important as it addressed the licensee deductions (takeout) from wagers, the requirements for simulcasting (no less than sixty performances of nine live races each day), advance deposit wagering requirements, allocation of net revenue from ADW and statewide source market fees.

99D.12 Breakage §1 pertains to the allocations of breakage for Iowa-foaled horses as well as the horse racing promotion fund.

99D.13 Unclaimed winnings – details the allocation of unclaimed winnings (outs tickets).

99D.14 Race meetings – tax – fees – tax exemption – this section details regulatory fees required of licensee.

99D.15 Pari-Mutuel wagering taxes – rate – credit –this section addresses the tax on handle (gross sum wagered) as well as tax credits granted to the licensees for horse races. §4 addresses the tax on simulcast handle and tax credits granted to the licensees.

99D.22 Native horses or dogs.

§1.a.(1) requires licensee hold at least one race on each racing day limited to Iowa-foaled horses.

§1.a.(2) If Iowa-foaled horses are in a race not limited to Iowa-foaled horses that is not a stakes race, the licensee shall allow any Iowa-foaled horse an additional three-pound weight allowance beyond the stated conditions of the race.

§1.a.(2)b a sum equal to 12 percent of the purse won by an Iowa-foaled horse …. shall be used to promote the horse… breeding industries. The 12 percent withheld from breakage…… paid by end of year by the State Department of Agriculture and Land Stewardship by December 31 of each calendar year.

§1.a.(2)c addresses the allocation of funds for the Iowa horse breeders fund and funds for Iowa-foaled breeder's awards or purse supplements (no less than 20 percent of all net purse moneys ….. for Iowa-bred foals in the form of breeder's awards or purse supplement awards….).

§2 are considerations to determine if a horse is an Iowa-foaled horse.

§3 Outlines the responsibilities of the Department of Agriculture and Land Stewardship.

Chapter 99F – Gambling Games and Sports Wagering Regulations

99F.5A §2 Licenses to conduct gambling games shall be restricted to those counties where an excursion gambling boat, gambling structure, or racetrack enclosure was operation and licensed to conduct gambling games on June 1, 2022.

99F.6 §4.a(3) This section details the supplements to purses from sports wagering (four percent of net receipts) and from casino revenue (no less than eleven percent of the first two hundred million dollars of net receipts, and six percent of net receipts above two hundred million dollars.) Additionally, live Standardbred horse racing shall not be conducted at the horse racetrack in Polk County, but the purse moneys designated for Standardbred racing pursuant to section 99D.7, subsection 5, paragraph "b", shall be included in calculating the total annual purses required to be paid pursuant to this subsection.

IRGC Administrative Rules - 491

In general, after review of the IRGC Administrative Rules they are relatively consistent with the ARCI Model Rules and many other state rules so we have little concern that it may impact recommendations but if so, we will note such concerns in those recommendations.

491 – 1.7(3) and 1.7(6) previously mentioned above, these license criteria are consistent with the goals and recommendations of the Horseracing Study.

491-8.4 (99D) Simulcast wagering – the simulcasting is an integral and significant part of pari-mutuel wagering everywhere today and as such the rules are consistent with other jurisdictions and we see no area of concern that the existing rules will be detrimental to the analysis in the Scope of Work.

491 – 8.5(99D) Interstate common-pool wagering.

8.5(2)c - net-price calculation method is permitted.

491-8.6(99d) Advance deposit wagering – over the past 20 years a majority of pari-mutuel handle has migrated to ADW and given the importance of ADW we reviewed this section and during our analysis, we anticipate reviewing again to see what recommendations may require changes.

491-8.7(99d) Alternative simulcast operator (ASO) – part of the analysis will require an in-depth understanding of the operation and implementation of the in-state off-track simulcasting since it is both different than other jurisdictions and changes have recently occurred in Iowa.

Benchmarking

Benchmarking Iowa both Nationally, within the Mid-America Race Region, and other comparable tracks – Thoroughbred and Quarter Horse

Benchmarking Iowa racing and breeding gives a perspective of how the Iowa industry trends compare to others in the industry but also helps identify areas that are doing well and other areas that need improvement.

Since the Standardbred racing model in Iowa is not pari-mutuel and quite different, we will first benchmark the Prairie Meadows' mixed breed racing and breeding industry below and separately benchmarked the Iowa Standardbred racing and breeding industry in the next section.

National Benchmarking to Iowa – Handle & Field Size

National handle rebounded some after the Covid-19 decline but in 2023 has receded back to pre-Covid-19 total handle. National handle is down 23.2 percent since the peak in 2003. Prairie Meadows total handle on live racing in 2003 was $57.8 million[17] and $41.1 million in 2023 thus down 28.8 percent.

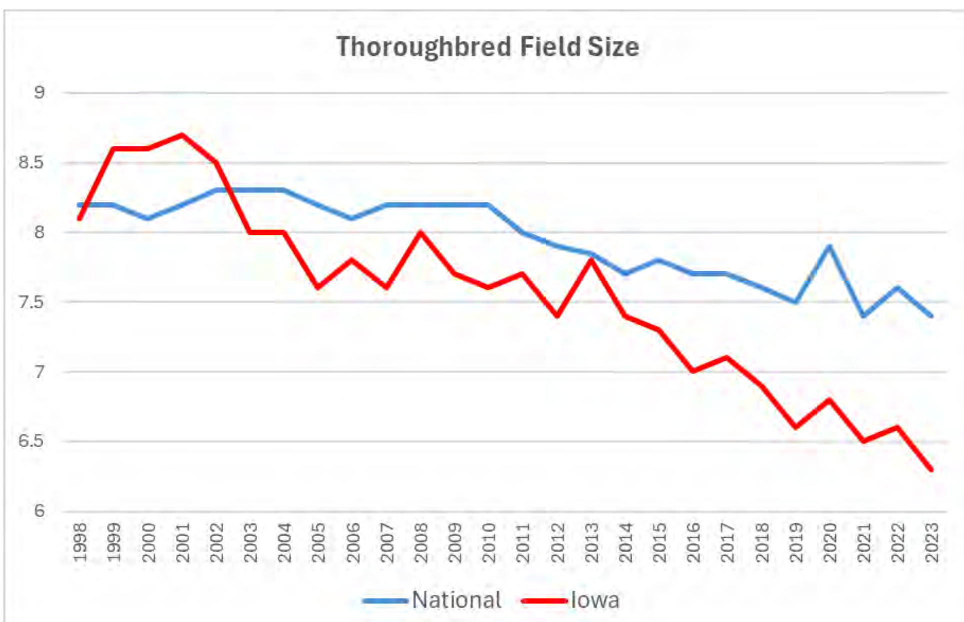
Figure 10 Total Prairie Meadows Handle vs. Total Thoroughbred National Handle

Year	Prairie Meadows Total Live Handle	Thoroughbred Total National Handle
2019	$ 37,754,649	$11,033,824,363
2020	$ 43,455,138	$10,922,936,290
2021	$ 49,413,057	$12,215,598,838
2022	$ 42,452,236	$12,108,807,335
2023	$ 41,148,310	$11,658,624,859

Source: Prairie Meadows, IRGC, and the Jockey Club Fact Book

In the last three years while total live handle at Prairie Meadows has trended like national handle, the per race average handle tells another story. Prairie Meadows average handle per race is down 14.7 percent in this same period while national handle per race is only down .09 percent. Looking at trends and specifically at field size trends, we believe much of the downward trend is a result of declining field size at Prairie Meadows.

Figure 11 Thoroughbred Field Size Trend - National vs. Iowa



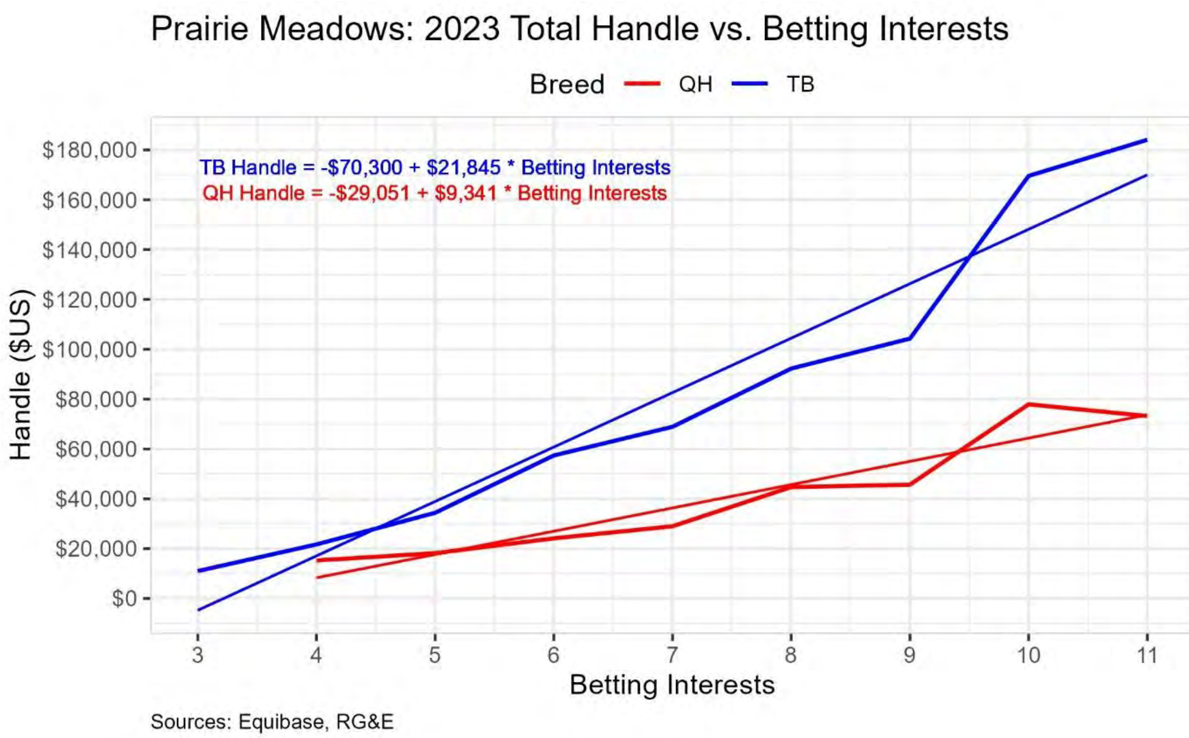
Sources: Iowa HBPA & The Jockey Club 2024 Fact Book

[17] "Iowa Racing and Gaming Commission 2003 Annual Report," Iowa Racing and Gaming Commission, https://irgc.iowa.gov/media/71/download?inline= Accessed on March 24, 20024.

Prairie Meadows has been below the national trend in field size since 2003 and the gap is widening in the wrong direction. This is a bad trend and does have a negative impact. If things remain the same, this will continue to have a serious negative impact on the product and the customer's interest.

The impact is apparent when you look at the impact field size has on handle at Prairie Meadows in 2023.

Figure 12 2023 Prairie Meadows Field Size vs. Handle



Notes:

- Prairie Meadows does not have any coupled entries indicated in the Daily Racing Form charts, so the number of runners (field size) equals the number of betting interests.
- Each additional betting interest for Thoroughbreds had twice the impact in handle as an additional betting interest for Quarter Horses.

Looking at the data by breed tells a different story. Per race live handle on Thoroughbred races in Iowa is down 16.1 percent in three years, while per race live handle on Quarter Horse races in Iowa is up 19.9 percent. However, it should be noted that currently the average handle per race in Iowa for Thoroughbred races is close to twice the Iowa average handle on a Quarter Horse race. When looking at the trend of field size for both breeds, we again observe that the change in field size for the races explains much of the trend. (See both Figure 13 and Figure 14 below as well as Appendix #2 Race Data, Field Size, and Purses for a complete data comparison.)

Figure 13 Iowa Live Racing Thoroughbred Handle & Race Data

Prairie Meadows Handle On Live Thoroughbred Racing							
Year	Total Handle	On-Track	Off-Track	Races	Starts	Field Size	Avg. Handle per Race
2020	$ 37,779,792	$ 1,408,155	$ 36,371,637	482	3274	6.79	$ 78,381
2021	$ 43,143,979	$ 2,134,179	$ 41,009,800	588	3787	6.44	$ 73,374
2022	$ 37,502,276	$ 2,223,726	$ 35,278,550	573	3766	6.57	$ 65,449
2023	$ 34,233,139	$ 2,138,233	$ 32,094,905	556	3520	6.33	$ 61,570

Source: Prairie Meadows & Jockey Club Fact Book
Note: PRM Field size in 2014 was 7.36

Figure 14 Iowa Live Racing Quarter Horse Handle & Race Data

Prairie Meadows Handle On Live Quarter Horse Racing							
Year	Total Handle	On-Track	Off-Track	Races	Starts	Field Size	Avg. Handle per Race
2020	$ 5,675,346	$ 419,364	$ 5,255,983	188	1374	7.31	$ 30,188
2021	$ 4,888,446	$ 472,714	$ 4,415,732	187	1305	6.98	$ 26,141
2022	$ 4,949,960	$ 500,196	$ 4,449,764	195	1287	6.60	$ 25,384
2023	$ 6,915,171	$ 549,643	$ 6,365,528	212	1486	7.01	$ 32,619

Source: Prairie Meadows, IRGC Annual Reports

The national handle per race for Quarter Horse races is $50,527 (See Appendix #1 Pari-Mutuel Handle Data, Number of Races, Field Size) compared to the average Quarter Horse handle per race in Iowa of $32,619. However, the Iowa average handle per race has increased 8 percent since 2020 while the national average has decreased 20 percent over the same period.

National Benchmarking to Iowa – Racing data

Figure 15 National Race Data

National Data (Jockey Club Fact Book)				
Year	Days	Races	Starts	Field Size
2019	4,425	36,207	272,553	7.53
2020	3,302	27,700	220,006	7.94
2021	4,072	33,565	247,405	7.37
2022	4,104	33,453	244,133	7.3
2023	3,879	31,746	235,965	7.43

Source: Jockey Club Fact Book

When you compare the racing data for Thoroughbred racing at Prairie Meadows in Figure 13 above to the national data, the trend of number of races run is similar to the national figures. However, where Prairie Meadows is struggling is with declining field size, in 2023 the average field size was only 6.33 compared to the national average of a full horse more per race at 7.43. This indicates that Prairie Meadows is not competitive compared to races offered nationally. As mentioned elsewhere in the report, field size is highly correlated to handle on races.

We were unable to obtain national averages for field size for Quarter Horse races but in Figure 14 you can see that the average field size for Quarter Horse races was declining from 2020 to 2022 but did rebound to 7.01 which is better than the Thoroughbred races at Prairie Meadows.

We benchmarked Prairie Meadows to the Mid-America Race Region and other comparable tracks below and that data provides more useful insight regarding strategy since those tracks represent the core competitive market which Prairie Meadows' racing and breeding industry compete with. Neither Quarter Horse nor Thoroughbred field size in Iowa compares well with Mid-America Race Region tracks.

National Benchmarking to Iowa – Breeding data

Since Quarter Horse foal crops are not used primarily for racing, it is not as useful to compare the Iowa Quarter Horse foal crop to the national foal crops.

Figure 16 Iowa vs. National Thoroughbred Foal Crops

Thoroughbred Foal Crop			
Crop Year	Iowa	North America	Pct. Of NA Crop
2001	494	37,901	1.3
2002	462	35,978	1.3
2003	434	37,067	1.2
2004	364	37,949	1
2005	386	38,365	1
2006	356	38,104	0.9
2007	296	37,499	0.8
2008	287	35,274	0.8
2009	262	32,364	0.8
2010	242	28,420	0.9
2011	217	24,941	0.9
2012	290	23,542	1.2
2013	262	23,248	1.1
2014	254	23,001	1.1
2015	262	23,047	1.1
2016	202	22,680	0.9
2017	199	22,254	0.9
2018	173	21,284	0.8
2019	154	20,518	0.8
2020	162	19,824	0.8
2021	156	19,200	0.8
2022	155	18,700	0.8

Source: Jockey Club Fact Book – Jockey Club State Fact Book - Iowa
*2022 Estimated figures
Figures as of 3/1/2024

Figure 17 Iowa Department of Agriculture and Land Stewardship Iowa Foals

Iowa Foals Born											
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Quarterhorse	120	88	121	77	94	90	99	87	104	87	105
Standardbred	226	232	226	233	254	277	301	292	279	264	277
Thoroughbred	293	274	292	220	220	208	167	170	171	175	212
Total Number of Foals Born	639	594	639	530	568	575	567	549	554	526	594

Source: Iowa Department of Agriculture and Land Stewardship

We have looked at both the Jockey Club foal crop data as well as the Iowa Department of Agriculture data for Iowa foals born. The Iowa data does indicate that there was an uptick in Thoroughbred foals born.

As reported in numerous trade journals, the Thoroughbred foal crop has been in serious decline the past few decades. Iowa's Thoroughbred foal crop is also in decline and represents even a smaller percentage of the entire registered population than it did two decades ago.

Mid-American Racing Region and other comparable tracks benchmarking to Iowa

The Mid-America Race Region and other tracks used in benchmarking comparisons to Iowa were determined by analyzing 2021-2023 Daily Racing Form charts, where the top 80 percent of Prairie Meadows trainers by starts migrated (Top Prairie Meadows trainers were defined as the smallest group of trainers accounting for 80 percent of starts), as well as the RGE's team of expert's knowledge of the competitive horse racing environment.

When analyzing racing data, we believe comparing Prairie Meadows to the Mid-America Race Region and other comparable tracks is even more important and insightful when analyzing data for this report. The reason is that Prairie Meadows' primary competition for horses and even customer attention is among those tracks and region.

Mid-American Racing Region and other comparable tracks benchmarking to Iowa - Handle

To measure race handle by track, we will look at average win, place, and show handle (WPS Handle Per Race). The reason we only used WPS handle is because for almost all races there is a win, place, and show pool thus minimizing any inconsistency in comparison of races with different exotic pools. We also compared single race exotic (vertical exotic wagers) totals but due to the number or races without the same number of exotics offered we did not put as much emphasis on that when benchmarking. We did not analyze any multi-race exotics (horizontal wagers) since those handle totals are reported only on the last race of the series and they are impacted when there are carryover pools. Given the large difference in average handle by breed at Prairie Meadows we did the comparison by breed with other tracks.

When you do not include the tracks that do not export their live races (Fair Meadows, Fonner Park, SunRay Park, and Texas tracks currently) Iowa average WPS handle is consistently on the lowest end of averages for both Thoroughbreds and Quarter Horses. We again believe that a significant part of this is due to the small field size of the races in Iowa.

Figure 18 Thoroughbred Average Win. Place, Show Handle Comparisons for Mid-America Race Region

Mid-America Race Region - Thoroughbred Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
Iowa	PRM	596	573	556	$ 24,619	$ 24,607	$ 23,699
Arkansas	OP	589	609	654	$ 203,274	$ 227,971	$ 241,996
Illinois	FAN	302	423	455	$ 17,645	$ 24,339	$ 29,284
	HAW	415	579	527	$ 59,391	$ 50,729	$ 59,261
Indiana	IND	998	965	983	$ 66,690	$ 64,823	$ 79,210
Louisiana	DED	953	801	727	$ 51,879	$ 49,782	$ 48,826
	EVD	711	691	528	$ 44,341	$ 39,609	$ 59,040
	FG	717	757	696	$ 117,555	$ 109,734	$ 112,497
	LAD	586	575	450	$ 25,742	$ 27,432	$ 30,219
Minnesota	CBY	539	529	396	$ 54,883	$ 58,568	$ 44,049
Nebraska	FON	268	313	320	$ 25,701	$ 24,145	$ 9,453
Oklahoma	FMT	165	123	117	$ 8,851	$ 12,077	$ 713
	RP	601	600	605	$ 48,829	$ 40,842	$ 40,439
	WRD	270	252	248	$ 28,300	$ 30,120	$ 30,108
Texas	Hou	405	441	360	$ 72,955	$ 69,863	$ 7,377
	LS	455	402	379	$ 66,146	$ 49,752	$ 20,947
	RET	0	0	0	n/a	n/a	n/a

Source: Daily Racing Form Charts
Statistics by Race Breed

Figure 19 Quarter Horse Win, Place, Show Handle Comparisons for Mid-America Race Region

Mid-America Race Region - Quarter Horse Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
Iowa	PRM	191	195	212	$ 9,999	$ 9,602	$ 11,686
Arkansas	OP	0	0	0	n/a	n/a	n/a
Illinois	FAN	4	3	3	$ 25,793	$ 23,473	$ 27,462
	HAW	0	0	0	n/a	n/a	n/a
Indiana	IND	219	227	215	$ 29,725	$ 27,786	$ 32,358
Louisiana	DED	429	508	531	$ 17,493	$ 19,754	$ 20,092
	EVD	434	333	343	$ 19,954	$ 16,413	$ 17,625
	FG	3	0	0		n/a	n/a
	LAD	278	322	329	$ 12,716	$ 14,155	$ 11,730
Minnesota	CBY	76	73	39	$ 21,860	$ 25,286	$ 21,735
Nebraska	FON	0	0	0	n/a	n/a	n/a
Oklahoma	FMT	176	160	120	$ 7,289	$ 7,855	$ 5,295
	RP	477	444	456	$ 26,896	$ 24,620	$ 22,312
	WRD	227	240	225	$ 6,254	$ 6,782	$ 6,809
Texas	Hou	401	242	238	$ 22,342	$ 21,609	$ 16,604
	LS	307	281	302	$ 26,424	$ 20,822	$ 19,538
	RET	0	208	215	n/a	$ 15,755	$ 15,399

Source: Daily Racing Form Charts
Statistics by Race Breed

Similar results were observed when comparing Iowa to other comparable tracks not in the Mid-America Race Region (see Appendix #1 Pari-Mutuel Handle Data, Number of Races, Field Size for the complete data comparison).

Except for racetracks that do not export their live races and a few small fair-type race meets, Prairie Meadows average WPS handles do not benchmark well compared to racetracks in the Mid-America Race Region and other comparable tracks.

Mid-American Racing Region and other comparable tracks benchmarking to Iowa – Racing data

In this section we first benchmarked Thoroughbred data by state followed by benchmarking both Thoroughbreds and Quarters compared to other racetracks.

Figure 20 is the Jockey Club Fact Books Thoroughbred data by state. It is important when looking at this data to keep in mind that the data is greatly influenced by the number of racetracks in the state and the population in those states since in many cases the purses are funded by casino or other gaming revenue in many of those jurisdictions.

Figure 20 2023 Jockey Club Fact Books - State Racing Data

2023 Jockey Club Fact Book Race Data							
State	Races	Gross Purses	Starters	Starts	Race Days	Avg. Field Size	Avg Starts Per Runner
Arizona	708	$ 11,573,585	1373	4918	104	6.9	3.6
Arkansas	594	$ 45,023,060	1885	5193	62	8.7	2.8
Colorado	231	$ 2,263,788	459	1477	36	6.4	3.2
Florida	2464	$ 99,156,800	5833	19060	262	7.7	3.3
Illinois	981	$ 23,504,790	1409	6593	126	6.7	4.7
Indiana	983	$ 32,443,230	2644	7837	116	8	3
Iowa	556	$ 16,915,910	936	3519	80	6.3	3.8
Louisiana	2204	$ 69,091,500	4669	17593	259	8	3.8
Minnesota	396	$ 10,344,350	760	2565	53	6.5	3.4
Nebraska	402	$ 3,094,698	747	2728	55	6.8	3.7
New Mexico	777	$ 26,364,449	1519	6439	121	8.3	4.2
Ohio	2296	$ 58,429,600	3480	15433	285	6.7	4.4
Oklahoma	930	$ 25,620,523	1987	6794	101	7.3	3.4
Texas	755	$ 22,015,835	1827	5956	91	7.9	3.3

Source: Jockey Club Fact Books

The data in this chart is difficult to make any fair comparisons but it does give some idea of the competitive environment since some states that have multiple tracks can offer more race days, provide a reasonable circuit for horsemen to compete, not have just one track generate the funds for purses or bear the expenses of providing live racing including the new regulatory expense with HISA for the state.

First to examine competitiveness of the tracks we will look at mean and median earnings per race and the earnings per start since purses are an important measure used to attract owners and trainers to race at a facility.

It is also important to look at the earnings per start relative to the number of starts and the unique starters (unique horses competing during a meet for prize money).

Figure 21 Mid-America Race Region Thoroughbred Mean/Median Earnings Per Race and Earnings Per Start

Mid-America Race Region - Thoroughbred Data										
		Mean Earnings Per Race			Median Earnings Per Race			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	$ 25,996	$ 28,795	$ 30,395	$ 18,190	$ 20,000	$ 22,670	$ 4,025	$ 4,386	$ 4,802
Arkansas	OP	$ 69,230	$ 73,403	$ 76,827	$ 36,000	$ 42,000	$ 48,000	$ 8,137	$ 8,243	$ 8,702
Illinois	FAN	$ 11,549	$ 13,295	$ 15,212	$ 8,500	$ 11,000	$ 13,230	$ 2,134	$ 2,240	$ 2,287
	HAW	$ 15,789	$ 25,153	$ 24,947	$ 12,260	$ 18,600	$ 19,820	$ 2,133	$ 3,403	$ 3,677
Indiana	IND	$ 31,309	$ 33,688	$ 32,963	$ 33,000	$ 34,000	$ 34,000	$ 4,437	$ 4,301	$ 4,135
Louisiana	DED	$ 24,639	$ 25,964	$ 26,737	$ 19,000	$ 19,480	$ 20,150	$ 2,958	$ 3,228	$ 3,267
	EVD	$ 17,706	$ 17,378	$ 23,228	$ 14,420	$ 14,000	$ 18,180	$ 2,492	$ 2,521	$ 2,879
	FG	$ 41,272	$ 41,395	$ 44,916	$ 27,000	$ 28,000	$ 44,750	$ 5,146	$ 5,454	$ 5,789
	LAD	$ 14,278	$ 15,518	$ 19,546	$ 11,000	$ 12,500	$ 15,510	$ 2,140	$ 2,259	$ 2,421
Minnesota	CBY	$ 24,964	$ 25,588	$ 23,717	$ 18,000	$ 20,000	$ 20,450	$ 3,427	$ 3,500	$ 3,662
Nebraska	FON	$ 7,009	$ 7,219	$ 8,070	$ 5,300	$ 6,000	$ 7,336	$ 888	$ 966	$ 1,200
Oklahoma	FMT	$ 11,164	$ 11,316	$ 12,788	$ 8,470	$ 8,003	$ 8,470	$ 1,824	$ 1,966	$ 2,213
	RP	$ 29,678	$ 29,336	$ 27,888	$ 22,028	$ 20,976	$ 25,000	$ 3,573	$ 3,641	$ 3,539
	WRD	$ 15,117	$ 16,728	$ 19,547	$ 11,220	$ 13,080	$ 15,600	$ 2,259	$ 2,580	$ 2,891
Texas	Hou	$ 31,229	$ 27,581	$ 28,139	$ 24,500	$ 18,000	$ 19,185	$ 3,883	$ 3,595	$ 3,567
	LS	$ 30,041	$ 31,069	$ 30,701	$ 23,000	$ 33,000	$ 33,000	$ 4,075	$ 4,016	$ 3,886
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Daily Racing Form Charts – Statistics by Horse Breed

Figure 22 Mid-America Race Region Thoroughbred Starts, Unique Starts, & Earnings Per Start

Mid-America Race Region - Thoroughbred Data										
		Starts			Unique Starters			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	3849	3762	3519	1044	967	936	$ 4,025	$ 4,386	$ 4,802
Arkansas	OP	5011	5423	5774	2054	2088	2185	$ 8,137	$ 8,243	$ 8,702
Illinois	FAN	1634	2511	3027	487	628	684	$ 2,134	$ 2,240	$ 2,287
	HAW	3072	4280	3576	1086	1313	1076	$ 2,133	$ 3,403	$ 3,677
Indiana	IND	7043	7559	7837	2235	2401	2644	$ 4,437	$ 4,301	$ 4,135
Louisiana	DED	7938	6443	5950	2750	2454	2382	$ 2,958	$ 3,228	$ 3,267
	EVD	5052	4763	4260	1555	1516	1587	$ 2,492	$ 2,521	$ 2,879
	FG	5751	5745	5400	2740	2731	2721	$ 5,146	$ 5,454	$ 5,789
	LAD	3909	3950	3633	1322	1434	1619	$ 2,140	$ 2,259	$ 2,421
Minnesota	CBY	3926	3867	2565	1107	1067	760	$ 3,427	$ 3,500	$ 3,662
Nebraska	FON	2116	2339	2152	718	682	595	$ 888	$ 966	$ 1,200
Oklahoma	FMT	1010	708	676	431	351	326	$ 1,824	$ 1,966	$ 2,213
	RP	4992	4834	4767	1699	1640	1680	$ 3,573	$ 3,641	$ 3,539
	WRD	1807	1634	1677	654	648	649	$ 2,259	$ 2,580	$ 2,891
Texas	Hou	3257	3383	2840	1377	1329	1209	$ 3,883	$ 3,595	$ 3,567
	LS	3354	3110	2994	1402	1312	1311	$ 4,075	$ 4,016	$ 3,886
	RET	0	0	0	0	0	0	n/a	n/a	n/a

Source: Daily Racing Form Charts – Starts by Race Breed, Unique Starters and Earnings Per Start by Horse Breed

Looking at the above two tables, Prairie Meadows benchmarks very well when looking at earnings per start but you do need to keep in mind that due to the smaller average field size there are less starts and unique starters competing for a race purse.

If you look at mean and median earnings per race it still appears that from a purse perspective with a couple of exceptions of Oaklawn Park and Fairgrounds, that Prairie Meadows is competitive with purses. If you look at the same data for other comparable tracks which can be found in the Part Three - Appendices the results are similar with only a few notable exceptions such as Florida and Zia Park in 2023. Zia Park reduced their race dates and number or races significantly in 2023 from the prior year.

Figure 23 Mid-America Race Region Quarter Horse Mean/Median Earnings Per Race, & Earnings Per Start

Mid-America Race Region - Quarter Horse Data											
		Mean Earnings Per Race				Median Earnings Per Race				Earnings Per Start		
State	Track	2021	2022	2023		2021	2022	2023		2021	2022	2023
Iowa	PRM	$ 17,805	$ 19,926	$ 20,157		$ 11,000	$ 13,675	$ 14,500		$ 2,536	$ 3,021	$ 2,876
Arkansas	OP	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Illinois	FAN	$ 32,403	$ 33,333	$ 33,333		$ 30,000	$ 30,000	$ 30,000		$ 4,800	$ 4,545	$ 4,348
	HAW	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Indiana	IND	$ 26,016	$ 30,042	$ 27,909		$ 17,000	$ 17,820	$ 17,640		$ 3,005	$ 3,336	$ 3,095
Louisiana	DED	$ 22,465	$ 22,751	$ 23,303		$ 14,000	$ 17,000	$ 17,000		$ 2,634	$ 2,716	$ 2,731
	EVD	$ 16,798	$ 19,513	$ 18,568		$ 10,500	$ 13,900	$ 12,400		$ 2,254	$ 2,476	$ 2,319
	FG	$ 100,000	n/a	n/a		$ 100,000	n/a	n/a		$ 10,000	n/a	n/a
	LAD	$ 11,394	$ 11,050	$ 11,184		$ 8,300	$ 7,830	$ 7,500		$ 1,511	$ 1,663	$ 1,585
Minnesota	CBY	$ 22,574	$ 22,960	$ 22,361		$ 18,090	$ 19,000	$ 16,000		$ 3,131	$ 3,280	$ 3,206
Nebraska	FON	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a
Oklahoma	FMT	$ 11,156	$ 11,721	$ 13,574		$ 9,300	$ 9,425	$ 12,475		$ 1,560	$ 1,670	$ 1,859
	RP	$ 30,492	$ 31,957	$ 31,329		$ 20,210	$ 22,010	$ 21,150		$ 3,421	$ 3,530	$ 3,597
	WRD	$ 15,864	$ 18,443	$ 19,177		$ 12,100	$ 14,500	$ 15,050		$ 1,931	$ 2,258	$ 2,290
Texas	Hou	$ 26,935	$ 24,397	$ 20,898		$ 20,000	$ 16,500	$ 17,500		$ 3,031	$ 2,759	$ 2,392
	LS	$ 21,852	$ 23,361	$ 25,275		$ 13,600	$ 15,000	$ 15,000		$ 2,308	$ 2,677	$ 2,848
	RET	n/a	$ 19,795	$ 21,293		n/a	$ 12,500	$ 15,000		n/a	$ 2,303	$ 2,538

Source: Daily Racing Form Charts – Statistics by Horse Breed

Figure 24 Mid-America Race Region Quarter Horse Starts, Unique Starters, & Earnings Per Start

Mid-America Race Region - Quarter Horse Data											
		Starts				Unique Starters				Earnings Per Start		
State	Track	2021	2022	2023		2021	2022	2023		2021	2022	2023
Iowa	PRM	1341	1286	1486		447	437	514		$ 2,536	$ 3,021	$ 2,876
Arkansas	OP	0	0	0		0	0	0		n/a	n/a	n/a
Illinois	FAN	27	22	23		15	14	15		$ 4,800	$ 4,545	$ 4,348
	HAW	0	0	0		0	0	0		n/a	n/a	n/a
Indiana	IND	1896	2044	1939		420	502	478		$ 3,005	$ 3,336	$ 3,095
Louisiana	DED	3659	4255	4531		1655	1519	1650		$ 2,634	$ 2,716	$ 2,731
	EVD	3235	2624	2747		1373	1248	1271		$ 2,254	$ 2,476	$ 2,319
	FG	30	0	0		30	0	0		$ 10,000	n/a	n/a
	LAD	2096	2140	2321		1201	1216	1228		$ 1,511	$ 1,663	$ 1,585
Minnesota	CBY	548	511	272		207	188	124		$ 3,131	$ 3,280	$ 3,206
Nebraska	FON	0	0	0		0	0	0		n/a	n/a	n/a
Oklahoma	FMT	1259	1123	876		665	606	527		$ 1,560	$ 1,670	$ 1,859
	RP	4251	4020	3972		1977	1830	1830		$ 3,421	$ 3,530	$ 3,597
	WRD	1865	1960	1884		858	901	910		$ 1,931	$ 2,258	$ 2,290
Texas	Hou	3564	2140	2079		1670	1210	1200		$ 3,031	$ 2,759	$ 2,392
	LS	2907	2452	2680		1519	1228	1492		$ 2,308	$ 2,677	$ 2,848
	RET	0	1788	1804		0	1134	1066		n/a	$ 2,303	$ 2,538

Source: Daily Racing Form Charts – Starts by Race Breed, Unique Starters and Earnings Per Start by Horse Breed

Benchmarking the Quarter Horse earnings per start, Prairie Meadows is competitive with several tracks in the region, slightly lower than Remington Park, Canterbury Park and Indiana. FanDuel in Illinois is not relevant since they only run three or four Quarter Horse races each year. If you include the other comparable tracks found in Appendix #2 Race Data, Field Size, and Purses, Prairie Meadows offers better purses than tracks in Arizona, Colorado and Ohio but are not too competitive with the New Mexico Quarter Horse purses.

When comparing the mean and median earnings per race the results are somewhat similar but there are large differences between the mean and median at some tracks and not others which no doubt is due to the amount of purse money in stakes races at the top end accounting for the difference. It does help us understand the different approaches to allocating purse funds between stakes races and overnights at different tracks.

Figure 25 Mid-America Race Region Thoroughbred Race Data

Mid-America Race Region - Thoroughbred Data												
		Number of Race Days				Number of Races				Avg. Field Size		
State	Track	2021	2022	2023		2021	2022	2023		2021	2022	2023
Iowa	PRM	84	82	80		596	573	556		6.5	6.6	6.3
Arkansas	OP	61	64	68		589	609	654		8.5	8.9	8.8
Illinois	FAN	44	60	60		302	423	455		5.4	5.9	6.7
	HAW	50	68	66		415	579	527		7.4	7.4	6.8
Indiana	IND	116	116	116		998	965	983		7.1	7.8	8
Louisiana	DED	103	89	82		953	801	727		8.3	8	8.2
	EVD	83	84	61		711	691	528		7.1	6.9	8.1
	FG	76	83	78		717	757	696		8.0	7.6	7.8
	LAD	84	82	60		586	575	450		6.7	6.9	8.1
Minnesota	CBY	64	64	53		539	529	396		7.3	7.3	6.5
Nebraska	FON	30	37	42		268	313	320		7.9	7.5	6.7
Oklahoma	FMT	16	13	12		165	123	117		6.1	5.8	5.8
	RP	67	67	67		601	600	605		8.3	8.1	7.9
	WRD	29	28	26		270	252	248		6.7	6.5	6.8
Texas	Hou	43	50	42		405	441	360		8.0	7.7	7.9
	LS	48	45	42		455	402	379		7.4	7.7	7.9
	RET	0	0	0		0	0	0		0	0	0

Source: Daily Racing Form Charts – Statistics by Horse Breed

As noted elsewhere in this report, Prairie Meadows' average field size for Thoroughbred races is one of the smallest in the region. In 2023 only Fair Meadows, the fair meet in Tulsa, had a smaller average field size. Even if we look at the average field size of the other comparable tracks in the Appendix #2 Race Data, Field Size, and Purses, only Belterra Park in Ohio has a 6.3 average field size like Prairie Meadows otherwise the other tracks have a larger average field size.

When looking at the number of races offered in the Mid-America Race Region, the average number of Thoroughbred races offered at a track in 2023 was 500, making Prairie Meadow slightly above the average number. Indiana and Delta Downs offer the greatest number of races.

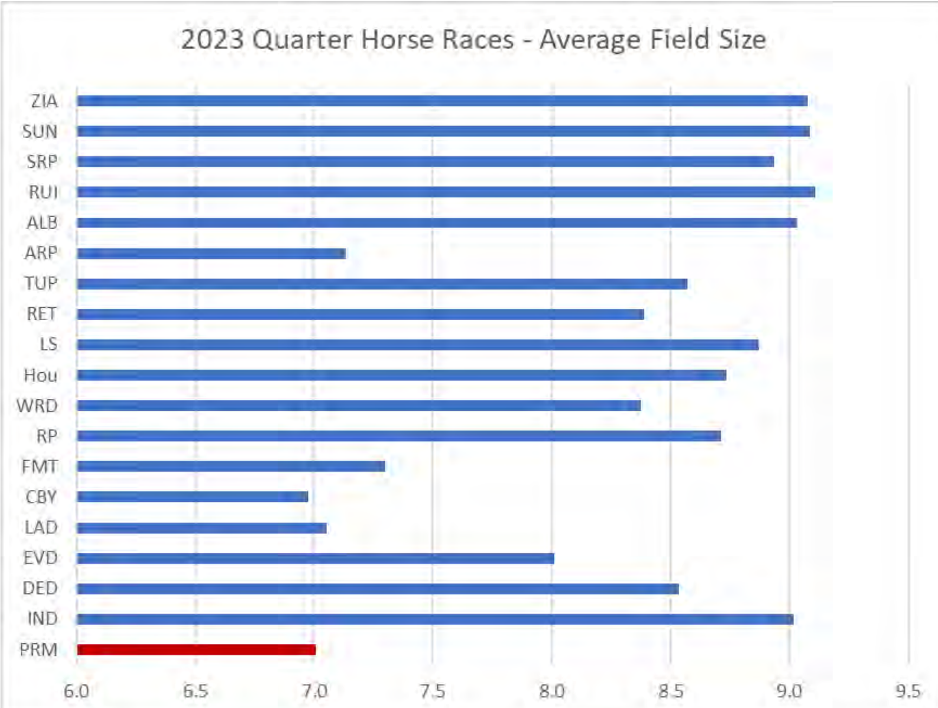
Figure 26 Mid-America Race Region Quarter Horse Race Data

Mid-America Race Region - Quarter Horse Data										
		Number of Race Days			Number of Races			Average Field Size		
State	**Track**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Iowa	PRM	58	60	60	191	195	212	7.0	6.6	7.0
Arkansas	OP	0	0	0	0	0	0	n/a	n/a	n/a
Illinois	FAN	4	3	3	4	3	3	6.8	7.3	7.7
	HAW	0	0	0	0	0	0	n/a	n/a	n/a
Indiana	IND	112	112	114	219	227	215	8.7	9.0	9.0
Louisiana	DED	45	60	60	429	508	531	8.5	8.4	8.5
	EVD	53	44	46	434	333	343	7.5	7.9	8.0
	FG	1	0	0	3	0	0	10	n/a	n/a
	LAD	38	45	45	278	322	329	7.5	6.6	7.1
Minnesota	CBY	27	25	16	76	73	39	7.2	7.0	7.0
Nebraska	FON	0	0	0	0	0	0	n/a	n/a	n/a
Oklahoma	FMT	20	20	16	176	160	120	7.2	7.0	7.3
	RP	49	50	48	477	444	456	8.9	9.1	8.7
	WRD	28	27	27	227	240	225	8.2	8.2	8.4
Texas	Hou	42	25	25	401	242	238	8.9	8.8	8.7
	LS	30	30	32	307	281	302	9.5	8.7	8.9
	RET	0	22	24	0	208	215	n/a	8.6	8.4

Source: Daily Racing Form Charts – Statistics by Horse Breed

When benchmarking Quarter Horse race average field size, three tracks, Prairie Meadows, Louisiana Downs, and Canterbury Park are only averaging about seven per race while other major tracks in the region all are over eight per race and some even close or over nine per race. If we also look at the other comparable tracks in the Appendix #2 Race Data, Field Size, and Purses the results are the same, only Belterra Park (which only ran 5 Quarter Horse races in 2023) and Arapahoe Park average field size is like Prairie Meadows while the other tracks in that group are at eight and half or nine per race. In Figure 27 Quarter Horse Field Size - Prairie Meadows and Comparable Tracksbelow the average field size for all the Quarter Horse races at the tracks is 8.43 while Prairie Meadows Quarter Horse races have an average field size of 7.0 in 2023.

Figure 27 Quarter Horse Field Size - Prairie Meadows and Comparable Tracks



Comparing the number of Quarter Horse races run at the tracks, Prairie Meadows is somewhat below the 2023 average number of races run of 269. However, it is difficult to make fair comparisons since most of the tracks in this region do not run mixed meets but run separate Quarter Horse and Thoroughbred race meets thus having to rely on all Quarter Horse races to run a full day of races. Of course, those tracks also have more stall space for the horses since separate meets are run.

We think it is worth looking at the New Mexico tracks from the other comparable tracks we examined. New Mexico runs mixed meets like the current Prairie Meadows race season.

Figure 28 New Mexico and Iowa Quarter Horse Race Data

Other Comparable Tracks - Quarter Horse Data										
		Number of Race Days			Number of Races			Average Field Size		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
🕮 **Iowa**	PRM	58	60	60	191	195	212	7.0	6.6	7.0
🕮 **New Mexico**	ALB	24	33	36	124	174	181	8.5	8.8	9.0
	RUI	46	47	46	362	418	382	8.8	8.6	9.1
	SRP	18	18	15	85	79	107	8.0	9.1	8.9
	SUN	1	42	26	5	256	237	8.8	8.8	9.1
	ZIA	36	26	15	165	218	152	8.9	9.0	9.1

Source: Daily Racing Form Charts – Statistics by Horse Breed

Unfortunately, what immediately is noticeable is that Prairie Meadows' average field size for Quarter Horse races is two horses less per race. However, comparing the two state's mixed meets we can see Iowa is comparable to most of the tracks in New Mexico regarding the number of races offered. It should be noted that in New Mexico, Ruidoso's race meet is different from the other four tracks because they rely much more on Quarter Horses to fill races as the meet runs numerous futurities and derbies most with many trial races and Ruidoso is home to the All-American Futurity.

Mid-American Racing Region and other comparable tracks benchmarking to Iowa – State-Bred Races

Figure 29 Mid-America Race Region, Thoroughbred - State-Bred & Unrestricted Race WPS Handle and Field Size

Mid-America Race Region - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 24,305	$ 23,044	$ 23,257	$ 25,137	$ 26,971	$ 24,317
☐ Arkansas	OP	8.2	8.6	8.5	10.1	10.5	10.5	$ 206,216	$ 228,410	$ 240,642	$189,716	$ 226,003	$ 249,413
☐ Illinois	FAN	5.3	5.9	6.6	5.7	6.1	6.7	$ 17,408	$ 23,906	$ 28,796	$ 18,665	$ 26,253	$ 31,405
	HAW	7.4	7.4	6.8	7.4	7.3	6.5	$ 58,722	$ 49,928	$ 58,953	$ 66,222	$ 58,365	$ 63,340
☐ Indiana	IND	6.7	7.4	7.7	7.4	8.3	8.3	$ 67,916	$ 64,714	$ 80,428	$ 65,418	$ 64,942	$ 77,702
☐ Louisiana	DED	8.4	8.1	8.1	8.2	7.9	8.1	$ 52,485	$ 50,456	$ 48,163	$ 50,810	$ 48,509	$ 49,942
	EVD	7	6.7	8.1	7.3	7.2	8.1	$ 43,717	$ 38,296	$ 60,074	$ 45,378	$ 41,656	$ 57,581
	FG	7.8	7.3	7.5	8.4	8	7.5	$ 125,304	$ 122,947	$ 125,324	$104,650	$ 91,395	$ 94,854
	LAD	6.7	6.9	8.3	6.6	6.7	7.6	$ 25,634	$ 27,677	$ 30,944	$ 25,974	$ 26,993	$ 28,979
☐ Minnesota	CBY	7.2	7.3	6.5	7.6	7.2	6.5	$ 54,520	$ 58,046	$ 43,123	$ 56,652	$ 60,187	$ 46,863
☐ Nebraska	FON	8	7.6	6.7	6.9	7	6.6	$ 26,339	$ 24,427	$ 9,619	$ 20,824	$ 22,327	$ 8,652
☐ Oklahoma	FMT	6.1	5.7	5.6	6.2	5.9	6.1	$ 8,645	$ 11,970	$ 685	$ 9,515	$ 12,381	$ 787
	RP	8.1	8	7.8	8.7	8.2	8.1	$ 50,547	$ 40,789	$ 40,626	$ 45,460	$ 40,966	$ 39,989
	WRD	6.5	6.2	6.5	7	6.9	7.3	$ 27,022	$ 28,754	$ 28,984	$ 30,372	$ 32,416	$ 32,048
☐ Texas	Hou	8	7.6	7.8	8.1	8	8.1	$ 73,688	$ 69,401	$ 6,982	$ 70,496	$ 71,360	$ 8,419
	LS	7.5	7.7	8	7.1	7.8	7.7	$ 69,447	$ 51,206	$ 21,641	$ 58,069	$ 46,292	$ 19,366
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Daily Racing Form Charts – Statistics by Horse Breed

Reviewing the Thoroughbred data, for the most part, state-bred race WPS mean handle does compare well with open, unrestricted races. At Prairie Meadows and some tracks, it does appear that the larger average field size on the state-bred races may be the reason the races handle more or the same as open races. That is not always the case for every track for example Hawthorne in Illinois the state-bred races are outhandling the unrestricted races even though field size is not larger in state-bred races.

Prairie Meadows state-bred versus unrestricted races does benchmark like the other tracks when comparing the two, even though no real consistency for all tracks is evident. What is noticeable though and is the same as previous observations, overall due to the shorter average field size compared to most other tracks the mean handle for all races is lower at Prairie Meadows than most other tracks.

In Appendix #3 State-bred Race Benchmarking we also compared mean handle for single race exotic wagers and the results are much the same as the WPS handle comparison. There are some exceptions. In 2023 at Hawthorne the mean single race exotic wagers for state-bred races were lower compared to unrestricted races while the WPS handle on the state-bred races was higher than the unrestricted races. In all three years in Indiana while the

WPS mean handle for state-bred races is very close to the same as the unrestricted races, the single race exotic for state-bred races all three years is larger than the unrestricted races. This most likely is more noticeable with the exotic wagers since the field size on state-bred races is larger and the impact of field size on handle is more noticeable with exotic wagers due to the large impact on the number of combinations to wager on is affected much more with exotic wagers.

Appendix #3 State-bred Race Benchmarking also includes the same mean handle comparisons for the other comparable tracks we have used for benchmarking (Tracks in AZ, CO, FL, NM, and OH). There are not many notable differences in that data except that the mean handles for Prairie Meadows is about the same as some tracks in CO, NM and OH.

Figure 30 Mid-America Race Region, Quarter Horse - State-Bred & Unrestricted Race WPS Handle and Field Size

Mid-America Race Region - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 9,757	$ 9,405	$11,098	$10,540	$10,036	$13,248
☐ Arkansas	OP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Illinois	FAN	6.8	7.3	7.7	n/a	n/a	n/a	$25,793	$ 23,473	$27,462	n/a	n/a	n/a
	HAW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Indiana	IND	8.7	8.9	9	8.7	9.1	9	$29,735	$ 27,898	$33,243	$29,713	$27,636	$31,031
☐ Louisiana	DED	8.2	8.3	8.5	8.8	8.5	8.6	$17,237	$ 18,216	$18,953	$17,672	$20,892	$21,016
	EVD	7.2	7.8	8	7.7	7.9	8	$19,421	$ 16,301	$17,513	$20,534	$16,543	$17,760
	FG	n/a	n/a	n/a	n/a	n/a	n/a	$43,147	n/a	n/a	n/a	n/a	n/a
	LAD	7.2	6.4	7	7.8	7	7.2	$12,247	$ 13,909	$11,826	$13,127	$14,480	$11,595
☐ Minnesota	CBY	7.1	7	7.2	7.4	7.1	6.6	$20,757	$ 23,921	$21,647	$23,981	$27,135	$21,849
☐ Nebraska	FON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Oklahoma	FMT	7.2	7.1	7.2	6.9	6.8	7.8	$ 7,453	$ 8,116	$ 5,263	$ 6,144	$ 6,813	$ 5,500
	RP	8.9	9.1	8.8	8.8	8.8	8.5	$26,797	$ 24,706	$22,057	$27,298	$24,261	$23,515
	WRD	8.2	8.2	8.5	8.4	7.9	8.1	$ 6,257	$ 6,965	$ 6,673	$ 6,245	$ 6,104	$ 7,173
☐ Texas	Hou	9	8.9	8.7	8.6	8.7	8.9	$23,182	$ 21,743	$16,768	$19,973	$21,081	$15,716
	LS	9.5	8.7	8.9	9.6	8.6	8.5	$26,643	$ 21,005	$20,002	$25,146	$19,169	$15,761
	RET	n/a	8.6	8.4	n/a	8.6	8.5	n/a	$ 15,016	$14,912	n/a	$18,154	$17,529

Source: Daily Racing Form Charts – Statistics by Horse Breed

As seen in the national data the first observation with the Quarter Horse mean WPS handle comparisons is the smaller pool sizes that the Quarter Horse races have compared to the Thoroughbred races. Because of the smaller pool sizes in terms of real dollars the difference between tracks in mean handle is not as large. Also because of the smaller pool sizes there seems to be less of a differential in mean handle at each track between the state-bred races and the unrestricted races.

In Appendix #3 State-bred Race Benchmarking, we also compared the single race exotic mean handle for the Mid-American race region tracks and the data is much the same as the WPS handle above. Likewise with the Thoroughbred data, we benchmarked Iowa Quarter Horses with the other comparable tracks we have used throughout this section to compare mean handles and that data is in the same appendix for completeness.

Figure 31 Mid-America Race Region, Thoroughbred - State-Bred and Unrestricted Races

Mid-America Race Region - Thoroughbred Data										
		Unrestricted Races			State-bred Races			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	371	345	324	225	228	232	37.8%	39.8%	41.7%
Arkansas	OP	484	498	553	105	111	101	17.8%	18.2%	15.4%
Illinois	FAN	245	345	370	57	78	85	18.9%	18.4%	18.7%
	HAW	378	524	490	37	55	37	8.9%	9.5%	7.0%
Indiana	IND	508	501	544	490	464	439	49.1%	48.1%	44.7%
Louisiana	DED	608	524	456	345	277	271	36.2%	34.6%	37.3%
	EVD	444	421	309	267	270	219	37.6%	39.1%	41.5%
	FG	448	440	403	269	317	293	37.5%	41.9%	42.1%
	LAD	401	369	284	185	206	166	31.6%	35.8%	36.9%
Minnesota	CBY	397	400	298	142	129	98	26.3%	24.4%	24.7%
Nebraska	FON	237	271	265	31	42	55	11.6%	13.4%	17.2%
Oklahoma	FMT	126	91	85	39	32	32	23.6%	26.0%	27.4%
	RP	398	421	427	203	179	178	33.8%	29.8%	29.4%
	WRD	167	158	157	103	94	91	38.1%	37.3%	36.7%
Texas	Hou	312	337	261	93	104	99	23.0%	23.6%	27.5%
	LS	323	283	265	132	119	114	29.0%	29.6%	30.1%
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Daily Racing Form Charts – Statistics by Horse Breed

If the goal is to run a high percentage of Thoroughbred state-bred races, Prairie Meadows benchmarks very well compared to the other Mid-America race region tracks, especially when you compare the foal crops in Iowa to those in Indiana, Louisiana, and Oklahoma (see the section below on state foal crop comparisons).

There is a challenge in balancing the number of unrestricted races and state-bred races in many jurisdictions especially given declining foal numbers and sometimes limited supply of active horses in a barn area. While there are many in-state benefits to running the restricted races, a racing department that cannot fill enough unrestricted races will find it difficult to attract those stables.

From the other comparable tracks, New Mexico and Ohio tracks also offer a high percentage of state-bred races.

Figure 32 New Mexico and Ohio Percentage of State-Bred Races

Other Tracks - Thoroughbred Data																	
		Unrestricted Races			State bred Races			Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Pct. of State Bred Races			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Iowa	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%	
New Mexico	ALB	69	122	114	56	69	50	7.7	8.2	8.9	7.9	8.3	8.5	44.8%	36.1%	30.5%	
	RUI	71	48	67	72	39	79	7.3	6.6	7.9	7.7	6.9	7.6	50.3%	44.8%	54.1%	
	SRP	53	65	71	39	38	33	7.6	8.8	8.1	7.4	8.4	8.4	42.4%	36.9%	31.7%	
	SUN	1	117	117	3	147	126	5	7.1	7.9	9	7.8	8.1	75.0%	55.7%	51.9%	
	ZIA	125	148	90	88	103	60	7.7	7.4	9	8	7.6	8.8	41.3%	41.0%	40.0%	
Ohio	BTP	591	585	606	153	162	143	6.6	6.6	6.4	6.3	6.2	6	20.6%	21.7%	19.1%	
	MVR	548	501	506	279	309	317	7.8	7.2	7.3	8	7.6	7.7	33.7%	38.1%	38.5%	
	TDN	474	451	413	329	351	395	6.5	6.5	6.3	7.1	7.2	6.6	41.0%	43.8%	48.9%	

Source: Daily Racing Form Charts – Statistics by Horse Breed

New Mexico runs mixed meets like the current Prairie Meadows race season. According to the Jockey Club State Fact Book, the 2021 New Mexico Thoroughbred foal crop was 335 and the 2022 foal crop was estimated to be 273. New Mexico regulations require the track offer three state-bred races per day.

Ohio's Thoroughbred foal crop is more than twice that of Iowa. Ohio 2022 foal crop was 361. Ohio-breds in 2023 consisted of 1,108 starters making 6,670 starts with earnings of over $28.8 million. Total purses in Ohio in 2023 were over $60.7 million with 2,380 races, 3,575 starters and 16,095 starts. 95.88 percent of the earnings by Ohio-breds was earned in Ohio.[18] Since there is year around racing and attractive purses it is easy to see why most Ohio-breds stay in Ohio. 2,380 races were run in 2023, of which 35.9 percent were for Ohio-accredited or Ohio-foaled horses. Two, Three, Four, and Five-year-old horses account for 85-90 percent of all starts in races in most jurisdictions (See Question 1 - Statutory requirements notwithstanding, how many race days should be conducted? for analysis). For 2023 those four years of Ohio-bred foals totaled 1,608. Thus, it is obvious that compared to Iowa there are many more Ohio-breds participating in the filling of races in 2023.

[18] "The Jockey Club State Fact Book – Ohio," The Jockey Club, https://www.jockeyclub.com/factbook/StateFactBook/Ohio.pdf (Accessed on July 8, 2024)

Figure 33 Mid-America Race Region, Quarter Horse - State-Bred and Unrestricted Races

Mid-America Race Region - Quarter Horse Data										
		Unrestricted Races			State-bred Races			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	132	134	154	59	61	58	30.9%	31.3%	27.4%
Indiana	IND	118	130	129	101	97	86	46.1%	42.7%	40.0%
Louisiana	DED	177	216	238	252	292	293	58.7%	57.5%	55.2%
	EVD	226	179	188	208	154	155	47.9%	46.2%	45.2%
	FG	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a
	LAD	130	183	192	148	139	137	53.2%	43.2%	41.6%
Minnesota	CBY	50	42	22	26	31	17	34.2%	42.5%	43.6%
Oklahoma	FMT	154	128	104	22	32	16	12.5%	20.0%	13.3%
	RP	383	358	376	94	86	80	19.7%	19.4%	17.5%
	WRD	182	189	164	45	51	61	19.8%	21.3%	27.1%
Texas	Hou	296	193	201	105	49	37	26.2%	20.2%	15.5%
	LS	262	253	269	45	28	33	14.7%	10.0%	10.9%
	RET	n/a	159	175	n/a	49	40	n/a	23.6%	18.6%

Source: Daily Racing Form Charts – Statistics by Horse Breed

The comparison of Quarter Horse state-bred races offered versus unrestricted races is interesting due to the significant differences in the percentage of state-bred races by state. Of course, as noted above there is a significant correlation between the size of the state foal crops and the number of state-bred races that can be run. While we do not have racing foal crop size by every state for Quarter Horses, surprisingly Texas and Oklahoma run a smaller percentage of state-bred Quarter Horse races compared to Prairie Meadows. Oklahoma's racing foal crop for example according to the Oklahoma Horse Racing Commission was 974 for the 2022 season.

Again, it is worth looking at the New Mexico tracks from the other comparable tracks we examined. New Mexico runs mixed meets like the current Prairie Meadows race season and New Mexico requires the track offer three state-bred races per day.

Figure 34 New Mexico and Iowa Quarter Horse Percentage of State-Bred Races

Other Tracks - Quarter Horse Data																
		Unrestricted Races			State bred Races			Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Pct. of State Bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%
New Mexico	ALB	80	104	106	44	70	75	8.4	8.7	8.8	8.6	9	9.3	35.5%	40.2%	41.4%
	RUI	276	315	288	86	103	94	8.8	8.6	9.1	8.7	8.5	9.2	23.8%	24.6%	24.6%
	SRP	59	54	72	26	25	35	7.8	9.1	8.7	8.5	9	9.5	30.6%	31.6%	32.7%
	SUN	4	159	145	1	97	92	9.3	8.6	9	7	9.1	9.2	20.0%	37.9%	38.8%
	ZIA	104	138	86	61	80	66	8.9	9	9	8.9	9.1	9.2	37.0%	36.7%	43.4%

Source: Daily Racing Form Charts – Statistics by Horse Breed

In New Mexico, Ruidoso Downs runs the smallest percentage of state-bred Quarter Horse races in comparison to the other four tracks in the state. Ruidoso is known to have some of the most competitive Quarter Horse racing in the country and has a prestigious stakes program headlined by the Triple Crown of Quarter Horse Racing (Ruidoso Futurity, Rainbow Futurity, and All-American Futurity).

Field size is over 9 horses in all state-bred Quarter Horse races for all five tracks in New Mexico in 2023 and was only 7.3 in Iowa. One of the reasons for this can be attributed to a year-round circuit of Quarter Horse racing in New Mexico providing a long race season for those horses to stay and campaign in one region, however the horsemen still need to relocate several times a year for stabling.

The gap in quality of state-bred versus unrestricted bred in Quarter Horse racing in New Mexico is much smaller than on the Thoroughbred side. Quarter Horse trainers enter state-bred horses in unrestricted races more frequently. In jurisdictions that the state-bred Quarter Horse quality is not as good as unrestricted races can hinder recruitment of horses and horsemen. By offering a large amount of state-bred Quarter Horse racing this can factor in trainers' decisions to run in jurisdictions other than Iowa to get more opportunities elsewhere.

Mid-American Racing Region and other comparable tracks benchmarking to Iowa – Breeding data

Figure 35 Mid-America Race Region - State Thoroughbred Foal Crops

THOROUGHBRED FOAL CROP							% of NATIONAL FOAL CROP						
State	2017	2018	2019	2020	2021	2022	State	2017	2018	2019	2020	2021	2022
IA	199	173	154	162	156	155	IA	0.9	0.8	0.8	0.8	0.8	0.8
IL	190	176	151	150	140	119	IL	0.9	0.8	0.7	0.8	0.7	0.6
IN	460	427	414	413	434	429	IN	2.1	2	2	2.1	2.3	2.3
MN	185	180	167	140	131	107	MN	0.8	0.8	0.8	0.7	0.7	0.6
NE	43	36	33	51	99	74	NE	0.2	0.2	0.2	0.3	0.5	0.4
OH	399	403	406	398	396	355	OH	1.8	1.9	2	2	2.1	1.9
AR	327	292	269	293	291	262	AR	1.5	1.4	1.5	1.5	1.5	1.4
LA	1085	972	950	837	821	766	LA	4.9	4.6	4.6	4.2	4.3	4.1
OK	568	529	441	451	361	370	OK	2.6	2.5	2.1	2.3	1.9	2
TX	407	377	317	382	360	338	TX	1.8	1.8	1.5	1.9	1.9	1.8

Source: Jockey Club State Fact Books
*2022 Estimated figures, Figures as of 3/1/2024

Quarter Horse foal crop data is more difficult to find since the Quarter Horse is bred for many purposes and horse racing is only one of many uses. Useful data for horse racing benchmarking is only available in the horse racing states that specifically report Quarter Horse registrations for state-bred races. Such data is often not available or difficult to obtain.

Figure 36 Iowa, Indiana, Minnesota, Oklahoma - Quarter Horse Foal Data

Iowa, Indiana, Minnesota, Oklahoma Quarter Horse Foal Data				
Year	Iowa Foals Born	IN QH Foals Bred	MN QH Foals	OK QH Foals
2012	n/a	256	39	1100
2013	120	241	44	1154
2014	88	251	47	1084
2015	121	248	39	1129
2016	77	197	31	1101
2017	94	206	43	1067
2018	90	190	47	1007
2019	99	156	42	956
2020	87	76	37	1032
2021	104	92	39	982
2022	87	71	44	974

Sources: Iowa Department of Agriculture and Land Stewardship, Indiana Horse Racing Annual Report 2023, Minnesota Racing Commission Biennial Report 2021-2022, 2017 MRC Annual Report and Oklahoma Horse Racing Commission
Notes: Quarter Horse programs register all mares foaling in Indiana for purposes of having an Indiana bred or sired registered foal, Oklahoma foal data for the years 2020-2022 may be slightly under reported due to pending registration status, data for Oklahoma is as of June 28, 2024.

Figure 37 Iowa Department of Agriculture and Land Stewardship Iowa Foals

	Iowa Foals Born										
Breed	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Quarterhorse	120	88	121	77	94	90	99	87	104	87	105
Standardbred	226	232	226	233	254	277	301	292	279	264	277
Thoroughbred	293	274	292	220	220	208	167	170	171	175	212
Total Number of Foals Born	639	594	639	530	568	575	567	549	554	526	594

Source: Iowa Department of Agriculture and Land Stewardship

In comparison to Indiana and Minnesota, Iowa does have a stable and somewhat larger racing foal crop to support state-bred races. It is no surprise Minnesota is struggling to fill state-bred races for Quarter Horses with field size of 6.6 and only 17 state-bred races in 2023.

What is a surprise is that with a severe decline in the number of Indiana-bred racing Quarter Horses they still managed an average field size of 9 and 86 races in 2023. However, based on our data regarding the inventory of 2-, 3-, 4- & 5-year-olds being the substantial portion of your inventory, we suspect that Indiana may see a decline in the field size and number of races run in the next couple years based on the sharp decline in state-bred racing Quarter Horses there.

Benchmarking the Iowa Standardbred Racing and Breeding Industry

Benchmarking Iowa racing and breeding gives a perspective of how the Iowa industry trends compare to others in the industry but also helps identify areas that are doing well and other areas that need improvement. The Iowa Standardbred racing and breeding industry is different compared to the remainder of the United States and Canada in that there is no pari-mutuel wagering on any Standardbred races run in Iowa. This creates a unique situation where none of the wins or earnings from Iowa races count regarding race conditions and qualifications in most other races with pari-mutuel wagering on the Standardbred races.

Nationally, Standardbred race dates and subsequent races have declined since 2014. Gross purses paid have increased by 23.89% since 2014. Likewise, the average purse per race and earnings per starter have increased as well.

Figure 38 National Standardbred Data

National Standardbred Data							
Year	Race Dates	Purse Races	Gross Purses Paid	Avg. Purses	Unique Starters	Earnings Per Starter	Registered Foals
2014	3,857	44,375	$408,981,024	$9,216	20,287	$20,159	7,448
2015	3,906	44,692	$424,555,242	$9,500	19,622	$21,636	7,048
2016	3,835	43,488	$423,038,193	$9,728	18,934	$22,343	7,210
2017	3,774	41,931	$435,104,465	$10,377	18,022	$24,143	6,885
2018	3,622	40,304	$432,086,536	$10,721	17,165	$25,173	6,970
2019	3,595	40,449	$442,748,786	$10,946	16,851	$26,274	6,860
2020	2,485	29,275	$306,756,014	$10,478	16,084	$19,072	8,332
2021	3,409	38,477	$441,585,319	$11,477	16,202	$27,255	8,628
2022	3,426	38,435	$489,286,358	$12,730	16,379	$29,873	8,631
2023	3,346	38,920	$506,686,942	$13,019	16,748	$30,254	n/a

Source: United States Trotting Association

Iowa race dates have fluctuated as well, decreasing over the decade by about 14%. For 2024, race dates are one day higher than in 2014 at 37 race days. Similar to and slightly better than the national trend, gross purses have increased by 26%, also moving the average purse per race and earnings per starter up.

Figure 39 Iowa Standardbred Data

Iowa Standardbred Data						
Year	Race Dates	Purse Races	Gross Purses Paid	Avg. Purses	Unique Starters	Earnings Per Starter
2014	36	397	$1,457,085	$3,670	274	$5,318
2015	34	408	$1,427,584	$3,499	287	$4,974
2016	36	412	$1,439,674	$3,494	268	$5,372
2017	38	424	$1,440,823	$3,398	267	$5,396
2018	33	356	$1,388,951	$3,902	234	$5,936
2019	29	329	$1,497,948	$4,553	236	$6,347
2020	33	400	$1,668,932	$4,172	274	$6,091
2021	29	345	$1,466,323	$4,250	228	$6,431
2022	33	371	$1,679,651	$4,527	208	$8,075
2023	31	365	$1,836,914	$5,033	224	$8,201

Source: United States Trotting Association

Unique starters in Iowa are also within the same range as the national trend. Unique starters declined by 18.25% since 2014 in Iowa while a similar metric for the national trend is a decline of 17.44%.

Purses compared to Mid-America Race Region

Purses are the carrot that attracts owners to buy horses and race them. In the case of Iowa, purses are the lowest in the Mid-America Race Region. However, as will be seen, this does not deter or limit breeding and racing as the horses that race in Iowa have good value for sale when they finish their three-year-old season.

Figure 40 Total Annual Purses in Selected States

	Total Purses		
State	2021	2022	2023
Iowa	$ 1,466,323	$ 1,679,651	$ 1,836,914
Illinois	$ 7,251,483	$ 9,220,753	$ 6,696,340
Indiana	$ 36,155,545	$ 37,834,803	$ 45,357,318
Minnesota	$ 3,900,000	$ 5,700,000	$ 6,100,000

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

State-bred purses make up most of the purses paid, and races run in Iowa. The state-bred offering is 95-96% of the total purses versus approximately 50% in the other Mid-America Race Region. This factor creates an incubated industry in Iowa where there is only value to competing by purchasing, breeding and racing Iowa-bred horses.

Figure 41 Iowa-Sired or Iowa-Foaled Standardbred Races

Iowa-Sired or Iowa-Foalded Standardbred Races			
Year	Purse Races	No. Iowa-sired or Iowa-foaled races	Pct of races for Iowa-sired or Iowa-foaled
2021	345	251	72.8%
2022	371	302	81.4%
2023	365	285	78.1%

Source: United States Trotting Association

Given the unique aspects of the Iowa Standardbred racing industry a positive is that it does not have to rely on other out of state horses to fill races and as seen in the USTA data for the past three years, 72.8 to 81.4 percent of the races were for Iowa-sired or Iowa-foaled horses.

Figure 42 State-Bred Purses Offered in Selected States

	State Bred Purses		
	2021	2022	2023
Iowa	$ 1,393,823	$ 1,606,653	$ 1,756,912
Illinois	$ 3,941,495	$ 4,134,072	$ 3,419,206
Indiana	$ 14,740,835	$ 14,090,462	$ 15,137,797
Minnesota	$ 897,000	$ 1,311,000	$ 2,074,000

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Figure 43 shows the breakdown of average purse offered per race. Again, Iowa is the lowest of the Mid-America Race Region. However, Iowa is not in proximity, nor does it have the purses to compete with the eastern region harness racetrack, but they have created a very useful system to stimulate and support Iowa Standardbred breeding.

Figure 43 Average Purse per Race for Selected States

	Purse Per Race		
	2021	2022	2023
Iowa	$ 4,250	$ 4,527	$ 5,033
Illinois	$ 10,404	$ 13,640	$ 13,079
Indiana	$ 18,831	$ 19,706	$ 23,624
Minnesota	$ 7,091	$ 9,253	$ 9,903

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Breeding Stats and Discussion

When examining the breeding industry metrics, it shows that despite the purse structure, Iowa Standardbred breeding holds up well when compared to the other jurisdictions in the Mid-America Race Region. This is most likely because of the value created for each horse for sale to other jurisdictions after their time in Iowa. The emphasis on racing at two and three is not unlike other Standardbred jurisdictions but the states of Indiana, New Jersey, New York, Pennsylvania, and Ohio (and the Province of Ontario) all require and attract older horses for their programs. This means there is a good market for the Iowa horses to continue racing outside of the state.

Figure 44 Annual Foal Crop for Selected States

Foals			
State	**2021**	**2022**	**2023**
Iowa	331	312	330
Illinois	550	552	401
Indiana	884	806	733
Minnesota	189	141	164

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

For the number of days of racing and purse structure, Iowa produces many foals to support racing in Iowa. This is unique to the three racing breeds in the state as the Thoroughbreds and Quarter Horses do not produce enough to support racing at Prairie Meadows and thus need horses bred in other jurisdictions.

Figure 45 Breeders Awards Paid for Selected States

	Breeders' Awards		
State	**2021**	**2022**	**2023**
Iowa	$ 80,574	$ 92,254	$ 101,148
Illinois	$ 237,269	$ 345,599	$ 353,929
Indiana	$ 1,000,000	$ 1,000,000	$ 1,000,000
Minnesota	$ 83,732	$ 105,510	$ 86,694

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

The Iowa breeders' awards in Figure 45 above does not include the Stallion awards which have averaged $26,800 over the past three years.

Figure 46 Number of Stallions for Selected States

Stallions			
State	**2021**	**2022**	**2023**
Iowa	61	61	64
Illinois	74	84	66
Indiana	103	101	84
Minnesota	30	37	38

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

The number of Iowa stallions reported above by the USTA is higher than those reported by the Iowa Department of Agriculture and Land Stewardship since they report active stallions, but we found it difficult to get consistent data across all states.

Figure 47 Number of Mares for Selected States

Mares (Breeding Year)			
State	**2020**	**2021**	**2022**
Iowa	432	484	550
Illinois	967	1044	827
Indiana	1305	1198	1300
Minnesota	380	409	432

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Once again given the niche program of the Iowa Standardbred racing and breeding industry we find the breeding program to be very good when compared to some major harness racing jurisdictions. With limited resources the IHHA has created a very viable program.

SWOT Analysis

SWOT (items under each section are not listed in any prioritized fashion)

Strengths

- Strong casino business at Prairie Meadows. $244M in GGR in 2023.
- Legislation codifying how purses are derived, and the amounts provides certainty.
- Minimum racing days are in the statute provides certainty for horsemen.
- Pari-mutuel tax structure is minimal under current thresholds.
- Reasonable stable breeding industries for all breeds.
- Lights to permit the option of evening and night racing.
- Cost of living is lower than major population centers.
- Plenty of room to raise horses.

- Friendly legislature and regulator.
- Modern racing facility for Thoroughbred and Quarter Horses.
- The facility is well maintained both front side and barn area. Horsemen in general like the facilities and appreciate well maintained areas. Training track, many hot-walkers, jogging ring, good dorms (but not enough), clean barn area compared to many competitors.
- The current structure of Standardbred racing being non-pari-mutuel allows for sale of horses with conditions to other jurisdictions as USTA does not recognize wins at non-pari-mutuel race meets.
- Strong jockey colony by numbers for both breeds.
- Purse structure is competitive with several competing tracks (except Oaklawn).
- The current mixed meet is considered a strength by many stakeholders but has some limiting factors - (open races hard to fill).
- Iowa State University as an invested breeder.
- Horse racing is more likely to be viewed in Iowa positively since the state is agriculturally centric.

Weaknesses

- Field size below North American average for both pari-mutuel breeds. This negatively impacts handle potential. Appendix #2 Race Data, Field Size, and Purses.
- Legislation codifying how purses are derived and amounts limits innovation and accountability.
- Minimum racing days in statute do not provide a minimum number of races and do not allow for flexibility when needed as market conditions change. (However, there is a minimum number of total races needed to simulcast.)
- No turf track limits the type of stables they attract.
- Iowa racing is trying to serve all needs, high-end and low-end stables, mixed meet, three breeds limits resources etc. Too many options available at once.
- The statute for purses limits the benefits of gaming growth and no pari-mutuel revenues tied to purses means the product is not tied to market forces.
- All stakeholders must have a significant shared stake in all pari-mutuel handle related revenues and have both a risk or reward based on Iowa's trends in handle.
- Limited number of off-site training centers.
- Season length is tough on 2-year-old horses making the races and getting starts. Similarly, horsemen who winter in Iowa have limited time to get their horses ready for a May opening of the racing season. QH have an extra month to get ready.
- Acquiring quality staff on both the backstretch and racing department. This issue also makes attracting stables and racing department help a challenge.
- Current mixed meet could inhibit growth but due to practical limitations and whether either/both breed(s) can be sufficient standalone meets - mixed meet creates issues with stalls for each breed.
- National decline in foal crops (supply chain) and decline in handle (demand side).
- Unclear whether the breeders' awards and Iowa-bred program is stimulating production or buyer demand.
- Difficult to fill open races and many trainers realize the problem. Also, many trainers feel too many conditions are written while at the same time they realize everyone is self-serving and requests only what they need.

- The makeup of many stakeholder organizations is skewed with in-state representation thus this could lead to efforts of self-serving to a more limited group.
- No tote operator on-site, causes mutuel manager to do two jobs of tote operator and mutuel manager.

Opportunities

- More incentives for Standardbred Breeding and subsequent sale of horses. (This works for all breeds really.)
- Circuit that will share horse supply and provide longer seasons of racing for Iowa-bred horses. Branding the circuit and cooperating adds value and market exposure.
- More opportunities for Iowa-bred horses to race and earn money.
- Improving field size will lead to pari-mutuel handle growth.
- Potential for more money to purses out of gaming and racing handle. Tie racing pari-mutuel revenues to market forces.
- Coordinated efforts to increase the number of active horses participating at a live race meet in Iowa.
- Stakeholders fully aligned to make changes and monitor those changes with ongoing metrics.
- Potential to expand export simulcast revenue and/or ADW revenue.
- HISA – Since HISA is the latest requirements for safety and welfare in racing and a Federal Law it will be viewed by many as the standard or “best practices” model.
- Potential for equine related sales tax rebate to go to out of Iowa out of state owners/breeders’ awards or create a developer’s bonus like some other states have done.
- Fully coordinated marketing efforts
- 84 percent of horses racing at Prairie Meadows in 2023 and 2022 were 2, 3, 4 or 5 year olds. Knowing the four foal crops size both in Iowa and nationally will help in forecasting the supply of horses before deciding on the number of races and days in future years.
- Consistent data resources kept independent of any one group. Data metrics over time can be used as benchmarks to aid regulators in decisions and allocation of resources.
- With a small market share remaining for “B” level tracks there is an opportunity to share resources to compete instead of each competing alone for the small market share not controlled by “A” level conglomerates and racing circuits.

Threats

- Nebraska’s impact/growth is unknown at this point. Columbus cited as a potential drain on horse supply.
- Declining racing in Illinois and Minnesota could be considered a threat, making Iowa more of an Island.
- Hawthorne may be opening a casino eventually, no certainty about when or how that competitor will evolve.
- Accel Entertainment purchase agreement of FanDuel Sportsbook & Horse Racing (former Fairmount Park) may lead to a racino in Illinois.
- Kansas approved HHR and the track in Wichita, Eureka, may open in a few years.
- Any change in tone of PRM Board to anti-racing as well as legislature.
- Society changes/attitudes about animal racing.
- Any scandal in horse racing affects the image/brand of the sport.

- National decline in handle, interest in horse racing and further competitive forces impacting all horse racing jurisdictions.
- Continued decline in foal crops and interest in horse ownership.
- Not operating racing to the highest safety and integrity standards may create Iowa as a target from various groups attacking racing or those wishing to uncouple funding for racing from casino revenues.
- Casino revenue generates 97% of the purse revenues.
- Potential Cedar Rapids casino negative impact on Prairie Meadows casino revenue.
- Unwillingness to react to market forces, and experiment with change.
- Continued decline in the product if efforts to improve it are not taken.
- Some self-serving groups prefer the status quo.

Situational Analysis and Competitive Forces

Situational analysis

The trends in horse racing over the past several decades have been well documented. Handle is a good benchmark to measure consumer interest in the product and since Thoroughbred handle is about 86.5% of the market share, we will provide a brief look at the Thoroughbred racing trends as that data is most readily available.

Handle peaked in 2003 in the U.S. at just over $15 billion. Handle declined to $10.5 billion in 2014 before rebounding to $12.2 billion in 2021 with the largest one-year gain of 11.8 percent from 2020 to 2021. A good portion of the 2021 gain was the post Covid effect of a great increase in account wagering due to closures for live spectators and the fact that many other sports options to wager on were negatively impacted by Covid-19.[19] Handle for 2023 as reported by Equibase was $11.5 billion, a decrease of 4.5 percent since 2021 or down 23.2 percent since the peak in 2003.

Of note regarding handle, racing's market share is dominated by large companies such as Churchill Downs, the New York Racing Association, and the Stronach Group. Those three entities alone account for approximately 56-57 percent of handle each year in 2021-2023 and approximately 30-32 percent of all races run the same years. If you add Penn National Gaming's racetrack interests in the U.S., the market share is even greater.

The Thoroughbred foal crop is also dominated by just five states. Kentucky's 2022 foal crop is 46 percent of the entire US crop. Kentucky, California, Florida, New York and Louisiana's crops are combined are 73 percent of the 2022 foal crop.[20]

[19] "Pari-Mutuel Handle," Jockey Club Fact Book 2023, https://www.jockeyclub.com/default.asp?section=FB&area=8 Accessed March 22, 2024.
[20] "The American Racing Manual 2023," The Jockey Club, https://jockeyclub.com/Default.asp?section=Resources&area=11 Accessed March 24, 2024.

Figure 48 Thoroughbred Race and Wagering Data

Thoroughbred Data				
Year	1990	2003	2022	2023
Handle	9,385	15,180	12,104	11,658
Foal Crop	40,333	33,967	17,300	n/a
Races	72,664	53,500	33,453	n/a
Field Size	8.91	8.3	7.59	n/a
Starts/Runner	7.94	6.62	6.01	n/a
Gross Purses	715	1,056	1,310	n/a

Sources: The 2024 Jockey Club Fact Book and Equibase
Note: Handle and Gross purses are in millions.

Other Thoroughbred racing benchmarks of note during the same time have been negatively impacted. The Thoroughbred foal crop, number of races, field size, and starts made per runner have all declined in the past couple of decades. The one bright spot has been the growth of purses, fueled by other gaming revenues.

Since Prairie Meadows reopened in 1995 several racetracks in the U.S. have closed with recent closures including Arlington Park and Golden Gate Fields. The decline in racing is not only in the U.S. but also in some notable countries that have seen similar trends with racing closing sometime this year in both Macau and Singapore.

Prairie Meadows was conceptualized and developed during the era when racetracks were built for the public to come to the facility itself in large volumes and experience live horse racing. Typically, guests arrived no earlier than two hours before the first race and left shortly after the last race. Most of the wagering was on the horses running around the racetrack except for special events like the Kentucky Derby. In fact, almost every racetrack built before 2000 would be considered “overbuilt.”

Opening in 1989, Prairie Meadows architects did not contemplate full card simulcast wagering, OTB wagering or ADW. As those three methods of wagering were introduced and subsequently grew, the design, size and use of the “1980s” Prairie Meadows was/is no longer relevant to how it was initially conceived to operate. A person can wager from home or while at a baseball game or restaurant far away from the racetrack. During the 2000s to present day, many aging facilities like Gulfstream Park, the Meadows, Penn National and Turfway Park were torn down and rebuilt to accommodate the change in use as well as alternative forms of gambling. The only racetrack built in the last 15 years as only a racetrack without other gaming revenue was Pinnacle Race Course in the Detroit Metro Area which opened in 2008 and was a failure, closing in 2010.

A New Model for Purse Revenue

The racing industry in Iowa is in a position where it can either make changes in efforts to improve and grow or contract based on future decisions and other competitive forces/headwinds that are distinct possibilities over the next five to ten years. Iowa has a solid foundation to build from based on the economic engine of Prairie Meadows Racetrack and Casino. The casino at Prairie Meadows consistently provides around $23 Million in purse funding annually. Sports betting, ADW and casino revenue also contribute to the total purse pool.

Interestingly, pari-mutuel wagering on Prairie Meadows itself does not contribute to the purse pool and is the exception compared to the norm with racing jurisdictions across North America.[21]

Prairie Meadows purses are currently competitive in the Mid-America Race Region apart from a few Thoroughbred tracks and a few Quarter Horse race meets. This is reviewed in more detail in the benchmarking section and in answering the required RFP questions pertaining to purses.

In the Thoroughbred Times back in 2008 Don Clippinger the editorial director of the magazine noted something still relevant today in an article “State of the Industry: Thoroughbred Economy in 2007-08" “...’2007 may be viewed in retrospect as the year in which the direct link between purses and handle was broken’... He discusses the impact of the creation of racinos and the use of revenue from other forms of gaming to fund purses on the Thoroughbred industry. He goes on to point out that ‘...the reliance on non-pari-mutuel sources (for purses) diminishes the importance of the money bet on the horses and the attention that should be accorded to the trends in pari-mutuel wagering’”[22]

When purses were funded through handle, the racing industry had a strong incentive to provide high quality racing as valued by consumers. If purses are only funded by gaming revenue many industry stakeholders have no incentive to provide high quality racing with fuller fields that drive handle.

The issues noted in the article by Don Clippinger were directly applicable to the Iowa racing industry then as it is now. The Iowa racing industry (except for Prairie Meadows management) has no incentive to respond to market forces regarding the horse racing product. Purses depend on gaming revenues, not racing handle. The quality or quantity of the races do not impact the purses won by producers/suppliers in the industry.

While pari-mutuel handle will not be the largest source of purse money in Iowa it must have some impact. Without market incentives, we do not expect the racing industry in Iowa to act to meet the goals outlined to sustain and improve the racing product for consumers. “A large and steady stream of purse money that assures revenues for the industry and comes with no requirements or expectations is an ideal situation for average and below average producers in the industry and the overall industry will likely resist any change to the situation.”[23]

Industry stakeholders need to be given incentives to improve the product and have a stake in the results. We believe that it is very important that revenue generated for the industry must have some tie to the product (even though it will not be the largest source) so that stakeholders that produce the product have a stake in the product and results of the revenue generated from that product.

We believe that a funding model that includes pari-mutuel revenue must be adopted (which will require change to the Iowa Code 99F.6 and perhaps other sections of Code.)

[21] “Iowa Racing & Gaming Commission 2023 Annual Report,” https://irgc.iowa.gov/media/318/download?inline= (Accessed April 30, 2024.

[22] Dr. Margaret Ray & F. Douglas Reed, “Analysis of the Prairie Meadows Racing Program and Recommendations for Improvements,” April 30, 2009. Prepared for The Prairie Meadows Board of Directors’ Horse Committee.

[23] Ibid

The current model is illustrated below in Figure 49 shows that presently, approximately 97 percent of funding for the industry is from casino revenue.

Figure 49 Current Iowa Racing Sources of Funding - 2023

PRM Sources of Racing Revenue - 2023		
Actual Source of Funding	**Net to racing industry**	**Pct of Purses**
Casino (slots, table games, poker)	$ 23,404,031	97.00%
Sports wagering, net	$ 565,791	2.34%
Advance deposit wagering (ADW)*	$ 158,000	0.65%
2023 Purse generated	$ 24,127,822	100.00%

Sources: Prairie Meadows and RGE
*ADW figure is an estimate.

Figure 50 is the current pari-mutuel handle for live racing, export and import for 2023 and potential revenues from those sources.

Figure 50 Potential Pari-Mutuel Sources of Revenue Based on 2023 Handle

Potential Pari-Mutuel Revenue Sources - (2023 data)				
Pari-Mutuel Sources (2023 data)	**Handle**	**Commisions, host fees, or net revenue**	**Rev. Pct. of handle**	**Fifty Pct. to Purses**
PRM Live race handle	$ 2,687,876	$ 490,286	18.24%	$ 245,143
PRM Export Live race handle	$ 38,456,502	$ 1,293,211	3.36%	$ 646,605
ASO - IA HISA* Import handle	$ 3,610,426	$ 532,177	14.74%	$ 266,088
ASO - Horseshoe* Import handle	$ 6,484,335	$ 955,791	14.74%	$ 477,895
PRM Import handle	$ 7,328,533	$ 1,080,226	14.74%	$ 540,113
			Total	$ 2,175,845

Sources: IRGC Annual Reports, Prairie Meadows and RGE
Note: Horse racing handle (live, export, import) does not currently provide funding towards purse/supplements. *Import handle revenues are estimates.

Using the 2023 data we derived a recommended model for funding that would include pari-mutuel revenues as part of the funding for purses/supplements. There are several important things to note regarding the model and how it should be developed soon. (We realize legislative change would be necessary to adopt a new model.)

> (Note: for demonstration purposes we are using 2023 data but agreeing to a final model there are several things to consider. For example, potentially considering 2024 data or a 3-year average, instead of 2023, in calculations. Also, stakeholders could consider reasonable expense deductions for the cost of exporting and importing simulcast signals and a fair revenue fee for third party non-racing entities (ASOs) import simulcasting).

The model intent was to leave each stakeholder in the same financial position **IF** all revenue sources remained identical to the base year(s). This was done with the thought that if some stakeholders were to be immediately required to be in a worse position with the status quo this would lead to industry infighting and not potential progress. We thought it was more important to look to the future and create a model where if strategies were implemented to increase revenue sources, all parties would benefit with a rising tide.

In addition, the model proposes one percentage to use regardless of the amount of casino revenue generated. This provides an upside for racing if inflation and best business practices improve the casino revenue. The model also incorporates the pari-mutuel revenue with similar upside and downside so important to tying it to the market forces of the product.

The model uses a simple 50-50 split of pari-mutuel revenue, but it should be noted that in many racing jurisdictions the operator is allowed to subtract reasonable deductions for simulcast transmission costs before the net pari-mutuel revenue is split 50-50. This is not part of the model due to us not having those costs as they are contractual in nature and are not important to presenting the concept.

Second, goals in developing the model were to have stakeholders have a financial interest in the horse racing product and thus be rewarded when the product revenues increase while also have a risk in the opposite should product generated revenues decline. Currently if the pari-mutuel product is of no interest to the wagering public there is no economic incentive for the suppliers to be concerned, in fact the current suppliers only benefit from small field size.

The next two figures, Figure 51 and Figure 52 demonstrate calculations so that total horse racing revenue is identical to the current model's revenue but incorporates all revenue including pari-mutuel.

Figure 51 Calculations to Derive a New Model

Change Needed to Casino Revenue to Keep all Stakeholders the Same if Casino and Pari-Mutuel Revenue Equal 2023				
Casino revenue calculations & new model				
	Casino Revenue	Pct.to Racing	Amount to Racing	
Current Model 11% of first $200 million	$ 200,000,000	11%	$ 22,000,000	
Current Model 6% all revenue over $200 million	$ 23,400,516	6%	$ 1,404,031	
	$ 223,400,516		$ 23,404,031	2023 Actual
New Model - One Flat Pct. When Combined with Pari-Mutuel Revenue Puts All Stakeholders Whole Based on 2023 Status Quo	$ 223,400,516	9.50%	$ 21,228,186	

Source: Prairie Meadows and RGE

Figure 52 New Model Based on 2023 Revenue

Model Based on 2023 Revenues			
Source of funding	**Total Potential Purse Sources**	**Hypothetical Model** (keeps every stakeholder same as 2023)	**Pct of Purses**
Casino (slots, table games, poker)*	$ 23,404,031	$ 21,228,186	87.98%
Sports wagering, net	$ 565,791	$ 565,791	2.34%
Advance deposit wagering (ADW)	$ 158,000	$ 158,000	0.65%
PRM Live race handle 50 Pct. to purses**	$ 245,143	$ 245,143	1.02%
PRM Export race handle 50 Pct. to purses**	$ 646,605	$ 646,605	2.68%
ASO - IA HISA* Import handle 50 Pct. to purses**	$ 266,088	$ 266,088	1.10%
ASO - Horseshoe* Import handle 50 Pct. to purses**	$ 477,895	$ 477,895	1.98%
PRM Import race handle 50 Pct. to purses**	$ 540,113	$ 540,113	2.24%
		$ 24,127,822	100%

Sources: Prairie Meadows and RGE
Notes:
*Casino revenue with this model would be 9.5 percent for all revenue with no cap
**Pari-Mutuel revenue with this model accounts for 9.67 percent of purse/supplements and could increase as handle increases
All stakeholders will have a stake in both casino and pari-mutuel revenues, reward, and risk potential.

If you look at Figure 49 and Figure 52 you can see that the revenue to racing is identical assuming all casino revenue and pari-mutuel revenue is constant. This way no stakeholder is put in a worse position if the status quo remains. It should be the intent of stakeholders to grow the revenue sources, should that occur all stakeholders benefit with no limiting cap that reduces potential growth if casino or racing revenue increase. Of course, a disincentive should also exist providing the product(s) does/do not attract consumers interests then it would have a negative impact.

The following Figure 53 provides a few "what if" scenarios to demonstrate the model. One illustrates a 5 percent increase in casino and pari-mutuel revenue, the second is a 5 percent decrease in both and the third show stagnant casino revenue and a 10 percent growth in pari-mutuel (which we feel is very achievable and as of this report 2024 pari-mutuel is up even more.)

It is notable that in the third example, with no change in casino revenue and only a 10 percent gain in handle, pari-mutuel revenue accounts for 10.48 percent of purse/supplements which we feel is a positive for the industry and its goals. Also, of note with only the 10 percent gain in pari-mutuel the racing industry is better off if all other things remain static.

Figure 53 "What-If" Changes to the Revenue Model for Racing

What If Model with Changes in Casino Revenue and Pari-Mutuel Handles				
5 % increase casino and live, export & import	**Casino Rev. or Handle**	**Pct. Net to Racing**	**Purses**	**Pct. of Purses**
Casino (slots, table games, poker) 5% Increase	$ 234,570,542	9.50%	$ 22,289,596	88.11%
Sports wagering, net			$ 565,791	2.24%
Advance deposit wagering (ADW)			$ 158,000	0.62%
PRM Live race handle 50 Pct. to purses**	$ 2,822,270	18.24%	$ 257,400	1.02%
PRM Export race handle 50 Pct. to purses**	$ 40,379,327	3.36%	$ 678,936	2.68%
ASO - IA HISA* Import handle 50 Pct. to purses**	$ 3,790,947	14.74%	$ 279,393	1.10%
ASO - Horseshoe* Import handle 50 Pct. to purses**	$ 6,808,552	14.74%	$ 501,790	1.98%
Import race handle 50 Pct. to purses**	$ 7,694,960	14.74%	$ 567,119	2.24%
			$ 25,298,024	100.00%
5 % decrease casino and live, export & import	**Casino Rev. or Handle**	**Pct. Net to Racing**	**Purses**	**Pct. of Purses**
Casino (slots, table games, poker) 5% decrease	$ 212,230,491	9.50%	$ 20,166,777	87.84%
Sports wagering, net			$ 565,791	2.46%
Advance deposit wagering (ADW)			$ 158,000	0.69%
PRM Live race handle 50 Pct. to purses**	$ 2,553,482	18.24%	$ 232,886	1.01%
PRM Export race handle 50 Pct. to purses**	$ 36,533,676	3.36%	$ 614,275	2.68%
ASO - IA HISA* Import handle 50 Pct. to purses**	$ 3,429,905	14.74%	$ 252,784	1.10%
ASO - Horseshoe* Import handle 50 Pct. to purses**	$ 6,160,118	14.74%	$ 454,001	1.98%
Import race handle 50 Pct. to purses**	$ 6,962,106	14.74%	$ 513,107	2.24%
			$ 22,957,620	100.00%
No change in casino, 10% increase in live, export & import	**Casino Rev. or Handle**	**Pct. Net to Racing**	**Purses**	**Pct. of Purses**
Casino (slots, table games, poker) no change	$ 223,400,516	9.50%	$ 21,228,186	87.20%
Sports wagering, net			$ 565,791	2.32%
Advance deposit wagering (ADW)			$ 158,000	0.65%
PRM Live race handle 50 Pct. to purses**	$ 2,956,664	18.24%	$ 269,657	1.11%
PRM Export race handle 50 Pct. to purses**	$ 42,302,152	3.36%	$ 711,266	2.92%
ASO - IA HISA* Import handle 50 Pct. to purses**	$ 3,971,469	14.74%	$ 292,697	1.20%
ASO - Horseshoe* Import handle 50 Pct. to purses**	$ 7,132,769	14.74%	$ 525,685	2.16%
Import race handle 50 Pct. to purses**	$ 8,061,386	14.74%	$ 594,124	2.44%
			$ 24,345,406	100%

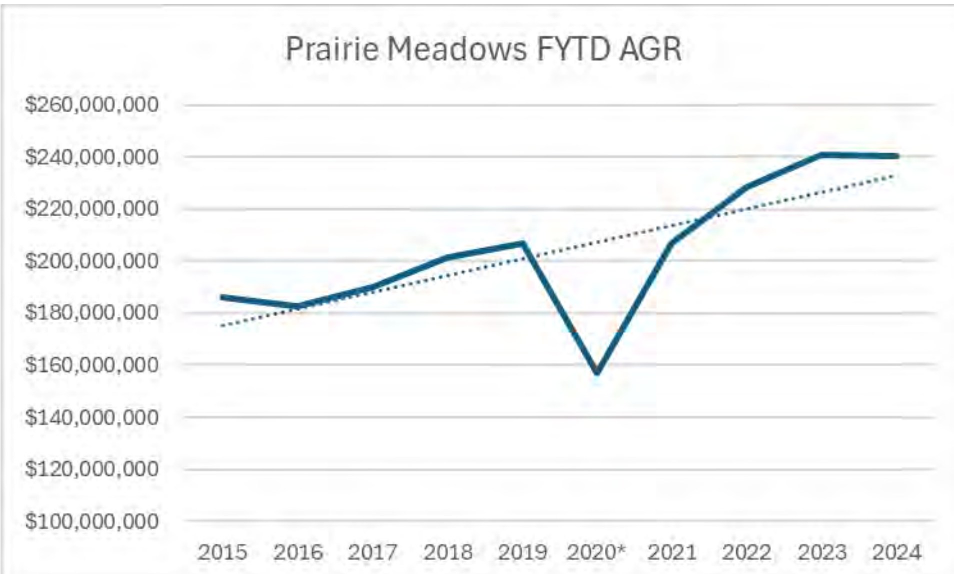
Sources: Prairie Meadows and RGE

We believe this model provides the framework to create a new model using either the current year data or an average of the past three years that may account for any anomalies in one year. We feel it is important that stakeholders have "skin in the game," and that the horse racing product market forces/incentives of the product are correlated to the value of the product.

It is also worth noting that with a 10.25 percent gain in casino adjusted gross revenue from the model's base year figure, horsemen from that point on are better off with new model JUST from casino revenue and gain more with this model for any revenue exceeding that. This is not counting any pari-mutuel revenue which still influences total purses. In short, if all tides rise all boats rise.

The Figure 54 below is the trend of Prairie Meadows fiscal year adjusted gross revenue.

Figure 54 Prairie Meadows FYTD AGR



Source: Iowa Racing and Gaming Commission
Note: 2020* Covid-19

Purses and industry funding

Historically, from the owners and breeders' perspective, purses and racing opportunities have been an indicator of health and a driver of investment in areas such as breeding and horse ownership. To grow the Iowa Industry, it would be nice if purses increase at the minimum of the rate of inflation and that growth will continue to promote investment. It is a three-year proposition for a person to breed a mare until that foal has a chance to make it to the racetrack. It would be two years if the foal is sold at the yearling sales to see a return on investment. Purse growth allows a breeder to continue to make decisions to breed their mares in Iowa versus another jurisdiction. Increasing opportunities to earn revenue would also provide incentives to breed.

While there is a solid foundation for the generation of purses, sustained growth is not as certain. Over the past 20 years the Iowa metrics that indicate the health of the industry such as foal crop, horse population, number of owners have declined. These trends have followed national trends and is benchmarked in the report.

From the racetrack perspective there is currently a legislated supplement from casino revenues and sport wagering amounting to close to $24 million for racing in the form of purses. Like the owners and breeders any change between the increase in cost of racing and declining racing revenues results in a negative impact which is in effect a quasi-supplement to racing beyond the legislative supplement. This in effect raises the subsidy to racing beyond the legislative required purse allocation.

Another quasi-supplement to racing is a result of the current legislation that breakage allocation (99D.12) "should be retained by the licensee to supplement purses for races restricted to Iowa-foaled horses to supplement purse money for Iowa-foaled horses finishing first, second, third, or fourth in any other race." This amount does not cover the 12 percent for breeders (99D.22) and the licensee in agreements with horsemen, covers the portion of that 12 percent that the breakage fund does not cover. As a result of the legislation not providing enough revenue, Prairie Meadows pays the horse stakeholders an amount above and beyond what is required by law.[24]

All stakeholders should have a financial interest in the results. Also, each stakeholder will continue to face rising inflation costs and maintenance of their capital investments, whether it is cost for horses and care or cost to maintain barns, labor, and racing facilities.

But beyond the purse subsidies there is no legislative directive of any substantial value as to how does the industry determines what capital improvements, for the benefit of the entire industry, should be invested in and how those are paid for.

Iowa Racing and Breeding in the Mid-America Race Region

Race funding is a part of the Iowa Code and the racino in Des Moines was established by legislators in a bill in 1994. We feel it is important for the racing industry in any jurisdiction that receives such funding to also work to maintain a viable industry in the state. Legislators over time have changed laws and there have been efforts in jurisdictions to "uncouple" horse racing and funding from gaming.

In the Benchmarking section of this report, while Iowa is competitive with some comparisons it also lags many tracks in other areas. Field size and handle being two important areas Iowa lags most other comparable jurisdictions. They lag in that area even while having reasonably competitive purses in comparison. The current lack of importance of any funding tied to the market forces that drive handle does not provide incentive to address this issue.

Discussed in the Benchmarking section and elsewhere in the report, it is important to understand the impact the declining supply of horses has for the entire racing industry and Iowa.

The state-bred program in Iowa does compare well to other similar jurisdictions but clearly on its own cannot sustain a viable industry in Iowa. With only one track and one gaming entity (Prairie Meadows) in the state supporting the industry it is not in a position currently to do it all nor are the resources currently in place to do so. There currently needs to be a balance in the number of Iowa races offered when there is only one track, if too many Iowa-bred races become the norm but not enough to run a full race meet, horsemen without Iowa-bred horses may stop coming since those horses will not be able to get enough starts. We did hear this complaint from several trainers on our visit to Iowa. Until foal crops show significant upward growth it would seem important to consider cooperative efforts from jurisdictions that don't have large breeding programs like Kentucky or Florida to make efforts to provide enough opportunities to earn money but at the same time produce a viable product of interest for the public.

[24] Microsoft Teams virtual meeting of RGE with Prairie Meadows Executives, April 22, 2024.

Migration of Horses and Horsemen and Iowa Racing

With a goal of sustaining or improving the product and the current deficiency in the field size at Prairie Meadows it is important to understand the supply side that produces the product. To help analyze this we looked at data for the past three years of where the suppliers (horses and horsemen) migrate when not racing at Prairie Meadows.

To identify migration patterns of Iowa's core racing participants before, during and after Prairie Meadows' race meet, this study focused on Iowa's "top" jockeys and trainers, defined as the smallest group to generate 80 percent of Prairie Meadows' starts.[25] This approach corresponds with the Pareto Principle, or the 80-20 Rule, which states that for many outcomes, roughly 80 percent of consequences come from 20 percent of causes. In this case, roughly 80 percent of starts at Prairie meadows are likely to come from 20 percent of jockeys and trainers – the vital few. Out-of-state racing activity of Prairie Meadows' top participants was tracked by year and breed using unique jockey and trainer identification keys assigned by Equibase and reported for every race entry.[26]

Using the 80-20 rule we knew this would look at the majority of starts while also not looking at trainers/jockeys that only came to Iowa for a few stake races or other races but race in thousands of races elsewhere.

Migration patterns change in response to changing racetrack dynamics, such as when casino revenue for racing increases (e.g., Arkansas 2018), a state legislature earmarks considerable additional funding for racing (e.g., Texas 2019), or a racetrack loses a major source of purse revenue (e.g., Canterbury Park 2023). The Federal Trade Commission (FTC) introduced the Horseracing Integrity and Safety Authority (HISA) and related oversight in recent years. While most states, including Iowa, are subject to HISA regulations, states including Nebraska, Louisiana and Texas were not regulated by HISA in 2023.[27] HISA's oversight could impact jockeys' and trainers' migration patterns.

The following map shows the most popular out-of-state tracks among Iowa's top trainers in 2023. (The maps for all three years and those for jockeys are in Appendix #6 Migration Maps, Trainers, Jockeys and Owner Residency. Each racetrack at which the top jockeys and trainers started at least 100 times is shown on the maps for Quarter Horse jockeys, Quarter Horse trainers, Thoroughbred jockeys and Thoroughbred trainers.)

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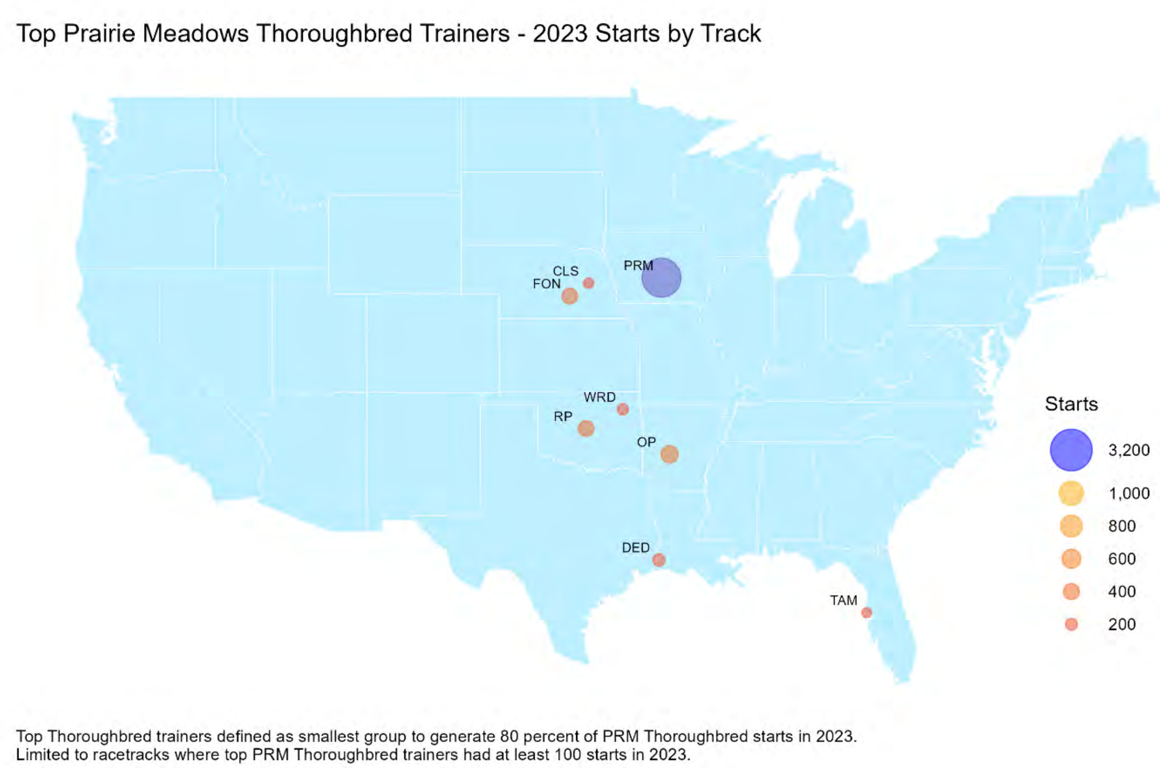
[25] Migration patterns of horsemen based out-of-state with just a few starts in Iowa were not studied because the focus was on Iowa's core participants.

[26] Horses, jockeys, owners, and trainers have unique identification keys. Unique owner keys are assigned based on the ownership interests in each race entry. Someone can own a horse as an individual, stable, corporation, and/or partner. Unlike horses, jockeys and trainers, a major owner could be associated with dozens of owner keys due to varying ownership interests in numerous race entries. Standard race chart data did not list owner keys unless a horse was claimed. Supplemental data was received with owner keys for every race entry.

[27] HISA Annual Metrics Report 2023. https://bphisaweb.wpengine.com/wp-content/uploads/2024/04/HISA-2023-Annual-Metrics-Report-FINAL-04-03-24.pdf. Accessed April 10, 2024

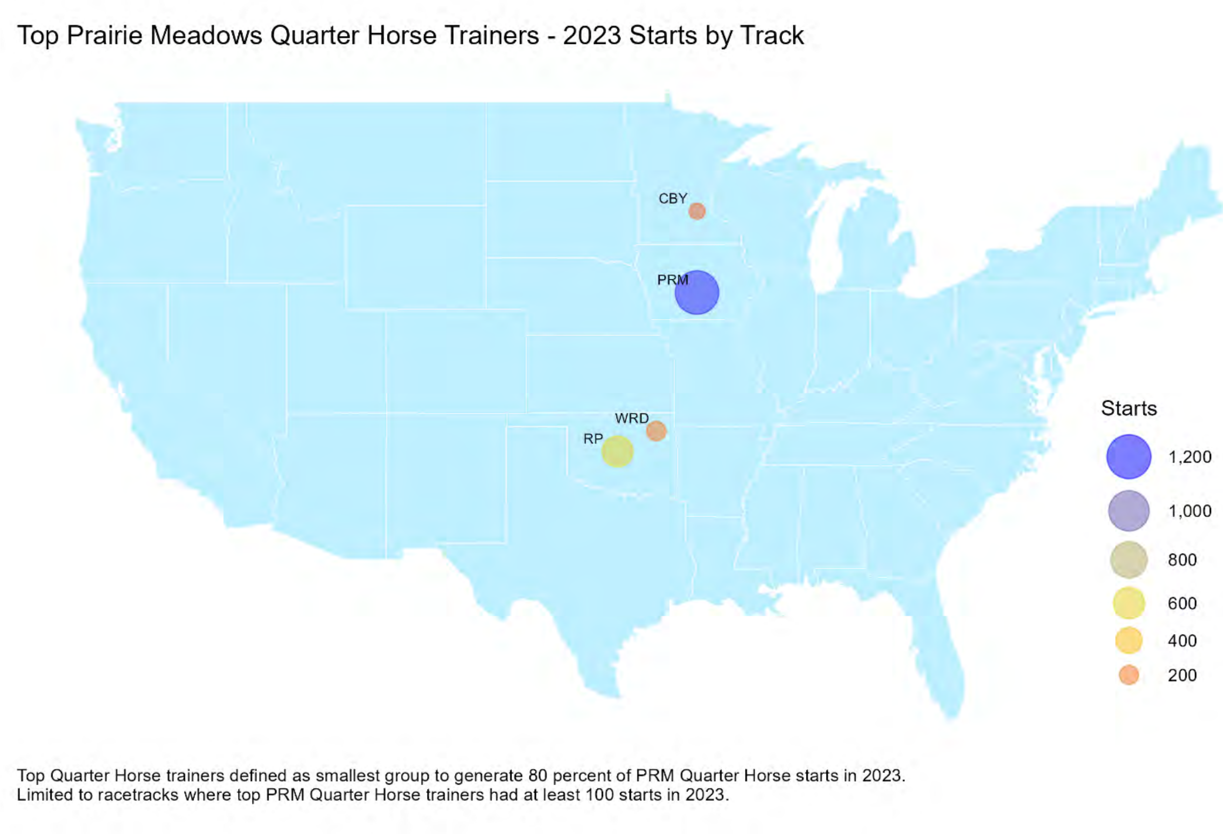
Figure 55 2023 Migration Map - Thoroughbred Top Trainers by Starts at Prairie Meadows

Note: Sources for all the migration maps was the Daily Racing Form Charts and RGE



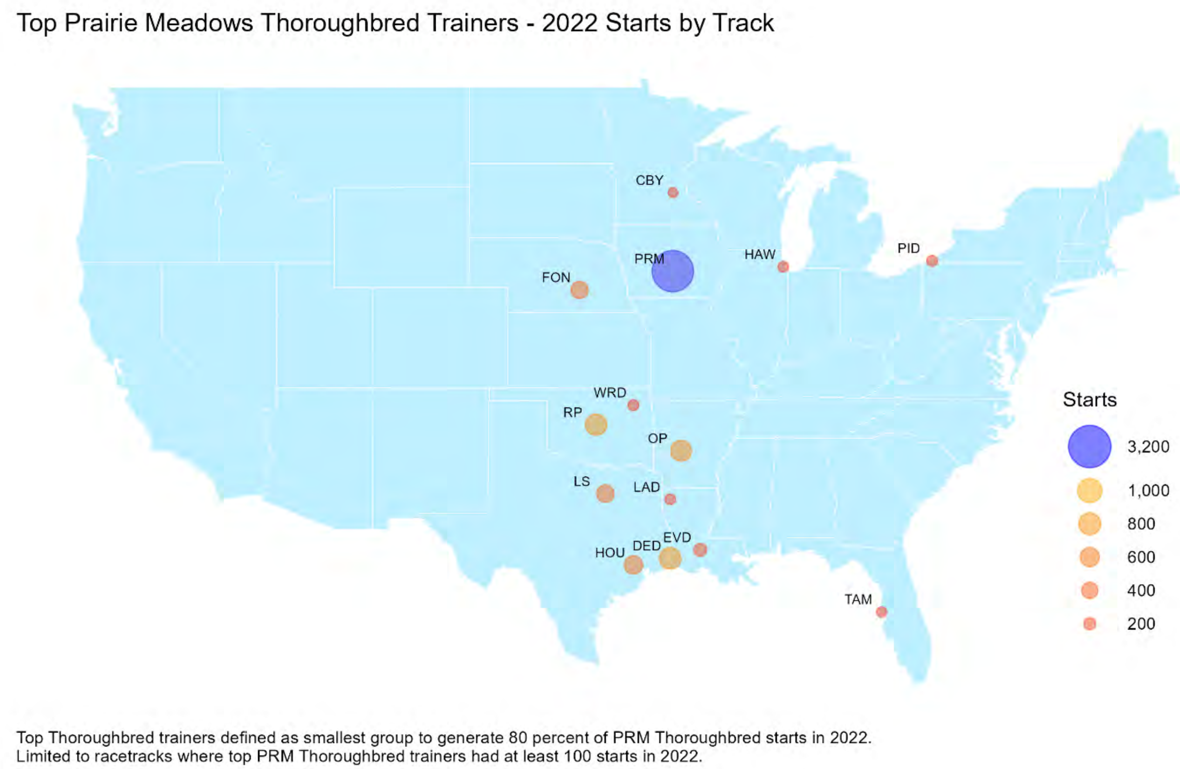
It is worth noting that the Thoroughbred migration map changed dramatically between 2022 and 2023. We will include the 2022 Thoroughbred map below the Quarter Horse migration map for illustration of those changes.

Figure 56 2023 Migration Map Quarter Horse Top Trainers by Starts at Prairie Meadows



There was not a lot of change in the Quarter Horse maps for 2022 and 2021. The only difference is that in both of those years about 200 starts were also made at Ruidoso Downs in the two years.

Figure 57 2022 Migration Map Thoroughbred Top Trainers by Starts at Prairie Meadows



If you compare the 2023 and 2022 Thoroughbred migration maps, there is a significant change. While we do not have enough data to explain why in 2022 horses/trainers raced at many more tracks compared to 2023. We do believe some of the migration change may have been a reaction to the HISA regulatory model and the fact that not all jurisdictions have the same regulations.

You can see that in 2022 more migration occurred between Louisiana and some from Texas compared to the migration in 2023. There were also more tracks where horsemen raced at both Prairie Meadows and other tracks compared to 2023. Part of the reason for the change in the Thoroughbred maps may have been due to the fact the top trainers by starts (making more than 100 starts at Prairie Meadows) made considerably less starts in 2023 compared to 2022. This would indicate to us that part of the change in the maps is the fact that smaller stables accounted for more starts in 2023 compared to the larger stables that went out of state.

Migration patterns among Iowa's top racing participants favored states that could be described as Mid-America Race Region with distinctive latitudinal characteristics, and which reflected the addresses of Iowa licensees. Prairie Meadows is a considerable distance away from racetracks in non-adjacent states, making in-meet migration difficult.

Northern latitudes. Northern latitude states of Minnesota and Nebraska, Iowa's adjacent neighbors, were popular among Iowa's jockeys and trainers. In Minnesota, Canterbury Park's racing season overlaps with Prairie

Meadows'. The Shakopee Mdewakanton Sioux Community provided purse enhancements to Canterbury Park through a 10-year cooperative marketing agreement that expired on December 31, 2022, which could change the dynamics of in-meet migration for Iowa racing participants. In Nebraska, Fonner Park races primarily in February-May and Columbus races primarily in October, providing nearby off-season race meet options for Prairie Meadows' racing participants.

Middle latitudes. Middle latitude states of Colorado, Illinois, Indiana, Kentucky, Ohio and states farther east were not popular among Iowa's top jockeys and trainers despite offering many in- and off-season racing opportunities relative to Prairie Meadows.

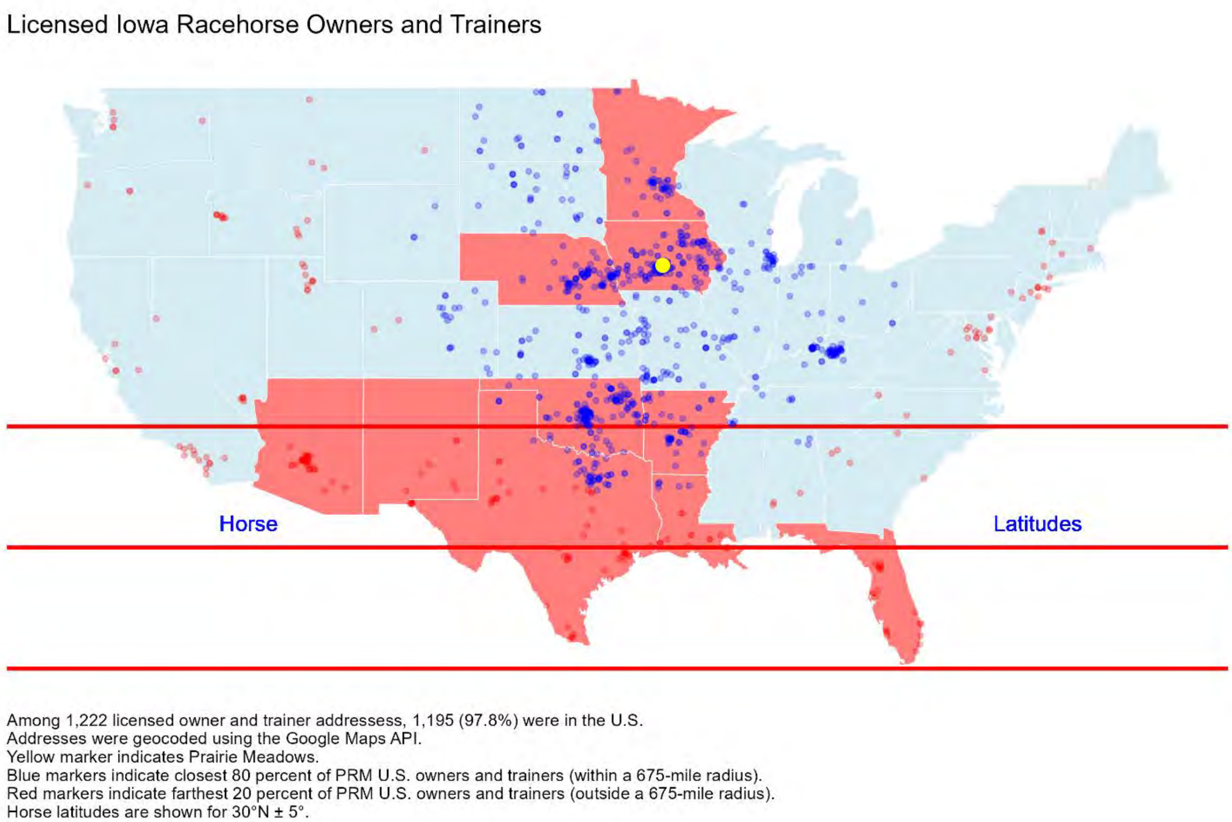
Southern latitudes ("Horse Latitudes"). Southern latitude racing states of Arizona, New Mexico, Texas, Oklahoma, Arkansas, Louisiana and Florida were popular among Iowa's top jockeys and trainers. These states are within the "Horse Latitudes," a term for the area between 25° and 35° latitude that has its origins in the oceanic equine trade as far back as the 1500s.[28, 29] Prairie Meadows' top jockeys and trainers started most often in Arkansas (particularly at Oaklawn Park, 9.5 hours away), Louisiana (predominantly at Delta Downs, 15 hours away) and Oklahoma (Fall at Remington Park, 7.5 hours away, and Winter/Spring at Will Rogers Downs, 6.5 hours away). These racetracks primarily raced during Prairie Meadows' off-season. To highlight the difficulty of shipping to these racetracks during Iowa's race meet, Delta Downs' 2023 April-September Quarter Horse race meet only had 16 starts from Iowa's top jockeys and trainers, while its October 2022-February 2023 race meet had 720 combined starts from Iowa's top jockeys and trainers. Fairmount Park's Quarter Horse and Thoroughbred race meets in June-July 2023 had a combined 22 starts by Iowa's top racing participants.

With declining supplies, again like the state breeding programs, it would seem cooperative efforts to improve the racing product with other jurisdictions will increase opportunities for all. Iowa is currently not in a situation to be self-sufficient. Perhaps this will change but action must be taken now to sustain and hopefully improve the racing industry in Iowa.

It may also be worth looking at not only where the horses and trainers migrate but also where do the horse owners and trainers reside.

[28] Taube, E. (1967). The Sense of "Horse" in Horse Latitudes. Journal of Geography, 66(7), 385–387. Accessed Apr 10, 2024. https://www.tandfonline.com/doi/abs/10.1080/00221346708981396 Accessed April 10, 2024
[29] Quinion, Michael (1996). Horse Latitudes. World Wide Words: Investigating the English language across the globe. https://www.worldwidewords.org/qa/qa-hor3.htm Accessed April 11, 2024

Figure 58 Iowa Licensed Racehorse Owners and Trainers by Address



Source: IRGC and RGE

With 80 percent of the owners and trainers living within a 675-mile radius we believe if there are more racing opportunities in the Mid-America Race Region this would enhance ownership wanting to race in this region since owners would have more opportunities not only to race but also to see their horses race at tracks located in the region where most owners reside.

Throughout this report we must consider many uncertainties and the influences that other jurisdictions' actions have on the racing in Iowa and any recommendations and decisions. Throughout the report we will discuss the interconnectedness of not only the RFP questions in the Scope of Work but also how Iowa is not an island and strategies must consider not only the internal (Iowa industry) affects each decision may have but also how changes in other jurisdictions will have impacts.

Just in the Mid-America Race Region alone there are important uncertainties that we cannot predict but will impact the Iowa racing and breeding industry and the changes Iowa makes. A few examples include:

- Will Illinois racetrack(s) build out racinos?
- How will Nebraska racing evolve over the next five to ten years?
- What will the purse structure at Canterbury Park look like in three to five years based on uncertainties in Minnesota?

- Kansas and Wyoming are both considering expansion of live racing and/or HHR.
    - Wyoming's purses may increase and become more competitive for horses with Iowa.
- Will internal and external stakeholders cooperate? Can Iowa make changes?
- Will it be easy to make law/rule changes to facilitate some of the changes needed?
- What will happen with HISA or alternative regulatory schemes? They currently are presenting problems and challenges with the potential recommendations we think are necessary.

Another uncertainty is the industry's willingness to change and experiment with new ideas and not just maintain "the way we have always done things." There are many barriers to change. A few include stakeholders with divergent interests, self-serving interests, complexity of issues and a natural fear of change.

Lastly, it is worth noting that with Iowa having a significant agriculture base that it is important for the Iowa racing industry to make sure it makes efforts to always maintain and increase the economic impact the industry has on the state. The industry's economic impact helps support and grow its political capital so important to not only having legislative influence but also protecting the industry resources.

Competitive Forces

Iowa is not sheltered from any of the competitive forces that have impacted horse racing in North America for the past thirty years. Between expanded gaming opportunities (19 casinos in Iowa), sports betting, and competition for a declining horse population with jurisdictions where purse structure is rising not to mention generally more entertainment options, Iowa horse racing continues to face intense competition. With the passage of casino gaming at racetracks in Nebraska as well as the potential passage of online gaming in the State, the Iowa racing industry can expect more competition soon.

We will briefly look at the Iowa horse racing industry environment using the Porter Five Forces Model to identify and analyze the industry's competitive forces.

The five forces are: competitive rivalry, supplier power, buyer (customer) power, threat of substitution, and threat of new entry.

Competitive Rivalry

Both the gambling market and the pari-mutuel wagering market are very competitive with many options for consumers. The high fixed and variable costs of providing a racing product normally put horse racing at a disadvantage.

When looking at the gambling market there exists a great number of competitors. The Iowa market and the national market have greatly expanded options for consumers over the past decades. The type of gaming options continued to expand, for example the proliferation of sports wagering. The distribution of gambling options has also grown with expanded online gambling options. The competition for the gambling dollar has expanded greatly since Prairie Meadows was reopened in 1995.

Even looking at the pari-mutuel market as a game of skill, the competitive market for skill-based gambling and pari-mutuel has become much greater and more competitive. As a game of skill pari-mutuel in Iowa must also compete with sports wagering and some table games that require skill.

When Prairie Meadows competes for pari-mutuel customers, they face great challenges given that any customer that wagers considerable sums can easily shop for rebates and has many options. Also, Prairie Meadows runs races in what would be considered peak season with many racetracks running in the summer and two premier signals of Del Mar and Saratoga in July, August and early September offer a product that captures great market share.

Prairie Meadows, when competing nationally for pari-mutuel customers, also struggles to provide a competitive product since it has one of the smallest average field sizes for races offered at that most competitive time of year.

Throughout this report is data comparing Iowa's racing and breeding industry with the Mid-America Race Region tracks, other comparable tracks, and national trends. Figure 59 gives us a comparison of how the live racing handle compares with many Mid-America Race Region tracks.

Figure 59 Mid-America Race Region Track Average Daily Handle

Mid-America Race Region - Average Daily Handle											
		Total Handle (DRF Charts)			Race Days			Avg. Total Handle Per Day			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Iowa	PRM	$ 49,548,459	$ 42,476,916	$ 41,210,102	84	82	80	$ 589,863	$ 518,011	$ 515,126	
Arkansas	OP	$ 338,839,310	$ 401,023,322	$ 463,018,724	61	64	68	$ 5,554,743	$ 6,265,989	$ 6,809,099	
Illinois	FAN	$ 11,894,743	$ 24,518,275	$ 33,352,477	44	60	60	$ 270,335	$ 408,638	$ 555,875	
	HAW	$ 72,261,753	$ 82,704,765	$ 86,526,550	50	68	66	$ 1,445,235	$ 1,216,247	$ 1,311,008	
Indiana	IND	$ 223,494,974	$ 228,597,201	$ 279,682,298	116	116	116	$ 1,926,681	$ 1,970,666	$ 2,411,054	
Louisiana	DED (TB only)	$ 166,892,602	$ 136,082,749	$ 118,291,733	103	89	82	$ 1,620,317	$ 1,529,020	$ 1,442,582	
	EVD (TB only)	$ 94,024,407	$ 80,890,433	$ 100,651,994	83	84	61	$ 1,132,824	$ 962,981	$ 1,650,033	
	FG	$ 241,705,957	$ 246,683,856	$ 227,276,901	77	88	86	$ 3,139,038	$ 2,803,226	$ 2,642,755	
	LAD (TB only)	$ 43,641,333	$ 44,442,184	$ 37,633,667	84	82	60	$ 519,540	$ 541,978	$ 627,228	
Minnesota	CBY	$ 90,943,965	$ 97,334,605	$ 47,024,311	64	64	53	$ 1,420,999	$ 1,520,853	$ 887,251	
Nebraska	FON*	$ 21,134,332	$ 21,700,776	$ 6,486,986	30	37	42	$ 704,478	$ 586,507	$ 154,452	*
Oklahoma	RP (TB only)	$ 98,107,470	$ 85,773,061	$ 82,574,300	67	67	67	$ 1,464,291	$ 1,280,195	$ 1,232,452	
	WRD (TB only)	$ 22,582,137	$ 23,394,147	$ 21,308,015	29	28	26	$ 778,694	$ 835,505	$ 819,539	
Texas	Hou (TB only)*	$ 94,934,907	$ 101,971,901	$ 6,390,548	43	50	42	$ 2,207,789	$ 2,039,438	$ 152,156	*
	LS (TB only)*	$ 81,099,170	$ 51,499,787	$ 14,972,547	48	45	42	$ 1,689,566	$ 1,144,440	$ 356,489	*

Sources: Daily Racing Form Charts & RGE
Note: *FON, HOU, & LS did not export live races in 2023, and LS only exported the signal for part of the year in 2022.

Iowa handle is underperforming in this very competitive market, and we will look at this in more detail in several other sections of the report.

We have seen numerous studies that illustrate how important field size is in the competitive market for pari-mutuel handle and to attract the wagering customers.

- Jennifer Owen, Research Consultant, Aspire Wealth Management Pty Ltd., presenting December 9, 2014, at the Global Symposium on Racing & Gaming as part of the panel entitled "Declining Field Size: A Global Issue," stated the results of her regression model examining the U.S. pari-mutuel market: "The 2013 base case is a field size of 7.86, some 43,000 races run and an industry handle of 11 billion (dollars). Consolidation of starters into fewer races with the upper band of 10 horses per field indicates an uplift of handle could be possible of the magnitude of 43 percent. Should field sizes contract further to say, six per race, the regression indicates potential downside of 58 percent to industry handle."[30]

- During the same panel, Steve Koch, who was then the Vice President of Racing for Woodbine Entertainment Group, analyzed over 1,500 races at Woodbine, using a multivariate regression model, and found an increase from 7 to 8 starters would increase handle more than 10 percent.[31]
- A University of Arizona Race Track Industry Program study in 2006 analyzed more than 400,000 races offering trifecta wagering at 12 tracks in the United States (including Belmont Park) from 1992 through 2005. The average trifecta wagering pool for eight-horse fields was 27.7 percent higher than for seven-horse fields.[32]

Supplier Power

We can look at two types of suppliers that are needed to produce the live racing in Iowa. One is the horses and horsemen. The second is the various technological companies that supply necessary services to conduct simulcasting which is 93 percent of the pari-mutuel handle.

As an integral part of putting on the "show," the horsemen have considerable supplier power, and it has grown over time. Many decades ago, when racing faced little competition, the horsemen had very little supplier power and the racetracks had much more power as a "buyer" of the horse supply. Now with the increase in competition for simulcast racing and gambling and the rapidly declining foal crops (greatly reducing supply) the supply of horses is not able to meet the demand a racetrack would need to produce attractive races with larger fields that consumers desire.

Additionally, there are few suppliers of the totalizator and broadcast technologies needed for simulcasting the product. This positions those suppliers as oligopolies or in some cases monopoly power.

Buyer (Customer) Power

The buyer has considerable power since they have many products that are comparable to choose from and they can choose the product that offers them the best value. For example, a buyer who wagers larger sums can shop for the best rebate. Every buyer also will have the ability to decide where to wager based on field size and quality of the races.

Threat of Substitution

The threat of substitution for the Prairie Meadows live race product is great. First, on any given day consumers that prefer pari-mutuel racing have many racetracks to choose from. In addition, now with sports wagering growing it has provided sport and skill-based gamblers a viable substitute all year.

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[30] Transcripts from "2014 Global Symposium on Racing & Gaming," University of Arizona. https://rtip.arizona.edu/sites/rtip.arizona.edu/files/Declining%20Field%20Size-%20A%20Global%20Issue.pdf Accessed May 13, 2024.

[31] Ibid.

[32] F. Douglas Reed, then Director of the University of Arizona Race Track Industry Program 2006, Student Study conducted by Mr. Reed, University of Arizona faculty and students.

Even when looking at the substitution effect from the horsemen's (suppliers) perspective they have many options to race their horses at many tracks in the region during the normal months that Iowa conducts live racing. There are considerably more racetracks running in the summer compared to the winter.

Threat of New Entry

Nebraska may be the most likely and closest new entry to compete with Iowa horse racing and how Nebraska expands will provide more competition and make Iowa's strategy more fluid as they will need to anticipate and react to any growth in competition for horses and as a result the ability to provide a quality product. Another similar threat is Hawthorne or FanDuel (former Fairmount Park) and the Illinois market when/if they build out the approved racinos. In addition, but perhaps not as big a threat is Wyoming and Kansas are both considering expansion or addition of live racing.

RFP Questions, Analysis, and Responses (4.1.1 of the RFP)

The Horse Racing Study RFP issued by the IRGC in the Scope of Work, Section 4.1.1, included questions the contractor is responsible for answering when conducting the Study. The following is discussion, analysis and answers to those questions as it relates to the overall Strategic Plan & Action Plan and considering the Appendix #8 Stakeholder Feedback Summary, Benchmarking reports, Situational Analysis and Competitive Forces, and the SWOT Analysis in this report.

- What does the ideal race meeting look like in Iowa that will maximize participation by the racing industry (field size, breeding industry) and public (handle) while factoring in purse limitations and requirements set forth in Iowa Code?
    - Statutory requirements notwithstanding, how many race days should be conducted?
        - What days of the week should racing be conducted?
        - What should the post time be?
    - What should the annual purse amount be?
        - What should the annual daily purse be?
        - How much purse money should be allocated for Iowa-bred horses?
        - How much purse money should be allocated by breed?
    - What time of the year should racing take place?
    - What marketing strategies should be employed to promote the meet and increase attendance? Who should be responsible for any additional marketing strategies employed?
    - Would any additional amenities or change in amenities enhance or diminish interest from the public?
    - Should additional incentives be offered to attract new trainers and owners?
    - Does the current number of Iowa-bred races offered promote or diminish interest from the public?
    - Does the current stakes program promote or diminish interest from the public?
    - Does a mixed racing meet promote or diminish interest from the public?
    - What should the stall allocation be with respect to the number of Iowa-bred and out-of-state-bred racehorses?
    - What types of racing conditions should be favored to maximize interest and field size?
    - Would the cost of installing and maintaining a turf course offset any potential benefit for the racetrack and Iowa industry?
    - Is the current amount of barn space adequate to support the ongoing racing meet?

- How will the Horse Racing Integrity & Safety Act (HISA) continue to impact the Iowa racing industry?
- Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?
- How can the breeding industry be strengthened in Iowa?
- Would any state law or rule changes enhance racing in Iowa?
- Does the current model for Standardbred racing provide sustainability for Iowa Standardbred racing?
- Are there any recommendations to enhance Standardbred racing, and what are the pros and cons of those enhancements?

Introduction to Scope of Work Questions

Horse Racing in Iowa is at a crossroads. With the inception of Prairie Meadows in 1989 and with a brief hiatus from 1991 until 1995 when the current racino structure launched, horse racing in Iowa is neither immune nor far removed from the national trends all jurisdictions are facing.

The following questions will give an in-depth perspective and explanation of where the Iowa Racing Industry sits compared to North America and the competition of the other Mid-America Race Region jurisdictions and racetracks.

One difficult challenge of analyzing the questions and the Iowa racing industry in relation to the North America trends and the Mid-America Race Region is the many external factors and changing "unknowns" that make this task something that the Iowa racing industry must continually monitor and adjust to those external factors. It will always be a dynamic environment and not static.

Some examples of the dynamic situation are when Iowa determines what might now be the perfect racing season, days of week to race and post times, all those decisions can be quickly affected when others in the system change or react.

When Iowa finds a niche day of the week and time to run, in a couple of seasons many other tracks may try to exploit that same niche, and now that day and the revenue generated is not as great since the competitive landscape has changed. Another good example that has a large impact on the seasonality and competitive environment is the unknowns that could have a very significant impact on decisions made.

Other states or tracks in the Mid-America Race Region are trying to adjust and make strategic changes as well. Nebraska, a neighboring state, approved racinos and how they will develop or expand horse racing that will impact Iowa. Likewise, it is possible there may be more competition in Illinois, Kansas and Minnesota. Will Hawthorne invest in a racino that has already been approved by the state?[33] Kansas has approved historical

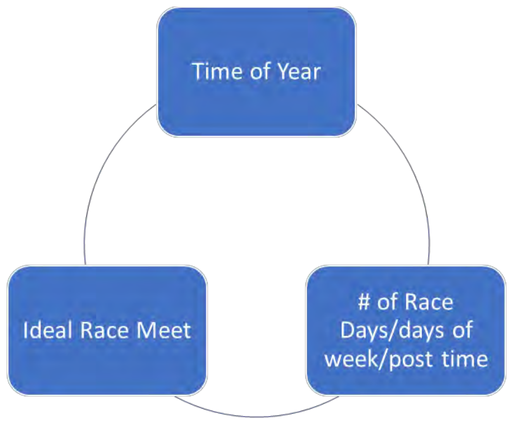
[33] Bob Kieckhefer, "Il Gaming Board Urges Action on Racino Construction," February 8, 2024, BloodHorse, https://www.bloodhorse.com/horse-racing/articles/274940/il-gaming-board-urges-action-on-racino-construction Accessed April 21, 2024.

horse racing (HHR) machines at one location in Wichita.[34] In Minnesota, the Minnesota Racing Commission approved HHR for Canterbury Park, however that was negated by the legislature.[35]

For these reasons and others, even when decisions to the questions and strategy are made, it will take constant monitoring, measuring metrics, and possible reactive changes to sustain or improve the results of changes made. Also, it is important to note some of the changes require time to fully implement and one season may not be a reason to overreact.

Many of the questions asked in the RFP are interrelated to one another. For example:

Figure 60 Interrelated Nature of RFP Questions



Source: RGE

The ideal race meet is part and parcel to the best time of year to race for the best return to Iowa. Additionally, the number of race days, number run per week, days of week and when to run (post time) are all a function of what the competition is doing at the time of year the ideal race meet runs.

Likewise, the following shows interrelatedness in the questions and subsequent variables related to Prairie Meadows ability to attract horses for their race meet.

[34] Matthew Kelly, "Casino at old Wichita Greyhound Park will open later than planned. Here's when and why." March 21, 2024, https://www.kansas.com/news/local/article286965370.html Accessed April 2, 2024.
[35] Tom Hauser, "Ban on 'historical horse racing' machines headed to House floor," KSTP.com News, https://kstp.com/kstp-news/top-news/ban-on-historical-horse-racing-machines-headed-to-house-floor/ Accessed April 21, 2024.

Figure 61 Interrelatedness of Decisions to Attract Horses to a Race Meet

Source: RGE

Another factor in dealing with the interrelatedness of the questions is the diversity of stakeholders impacted by each decision. For example, the horse racing product the public wagers on can be compared to a retail product on a store shelf with competing products or a show put on at a theatre with actors. How that product is positioned in relation to the competition impacts the stakeholders' success, mediocrity, or failure.

The parties involved have a critical role in the result of whether the product is competitive, and consumers choose it over other products. If the product the suppliers send to the retail shelf is not a good product relative to other products, consumers will not buy it and it will sit on the shelf. On the other hand, if the product is competitive and the retail store does not give it good exposure or marketing by placing it where consumers can't see it or don't know about it, again the product may not find the interest of consumers. It was said "great marketing can kill a bad product"[36] but also if the product is competitive but has poor placement, price or promotion it may not be as competitive as it should. It is important that stakeholders understand that many parties are part of the equation to sustaining and improving horse racing.

Purses are what horse owners and trainers look at for the ability to maximize returns on their horse investments. Opportunities to race, the types of races offered and whether a horse will be allowed to race are all components of the decision-making process made by owners and their trainers as it relates to whether to run at Prairie Meadows.

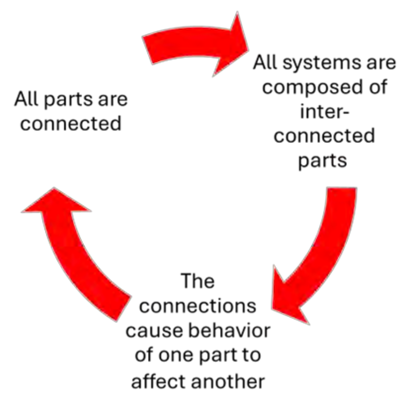
The Iowa horse racing industry, like the North American version, should be viewed as one large system whereby ***Systems Thinking*** is employed. Systems thinking is about scrutinizing, exploring, and researching what set of

[36] Derek Dunham, "Nothing Kills a Bad Product Faster than Good Advertising," VarsityBranding.Com https://varsitybranding.com/2015/05/14/nothing-kills-a-bad-product-faster-than-good-advertising/ Accessed April 21, 2024.

factors and interactions are contributing to or could contribute to a possible outcome. Examples of systems are ecosystems, automobile operations and the human body.

Looking again at Figure 61 above and applying systems thinking, the ability to attract horses leads to fuller, more competitive fields of horses that will generate higher handle. Higher handle generates more revenue which can make incentives or purse money more attractive to attract more horses. (As discussed in the Situational Analysis and Competitive Forces portion of this report we feel it is important that the horse racing revenues be tied to market forces of the product.) Feedback loops such as this are associated with systems and systems thinking.

Figure 62 Feedback Loop & Systems Thinking



Source: RGE

RFP – Section4 – Scope of Work

What does the ideal race meeting look like in Iowa that will maximize participation by the racing industry (field size, breeding industry) and public (handle) while factoring in purse limitations and requirements set forth in Iowa Code.

Question 1- Statutory requirements notwithstanding, how many race days should be conducted?

For an ideal race meet in Iowa what is needed is competitive purses, a supply of active horses, and good utilization of that supply of horses to create an attractive product for the public (field size, handle) which will also provide race opportunities for horsemen subsequently adding value to the racing and breeding industry.

When you look at the race meet what is important is supply, demand, and from the horsemen's perspective opportunities. Opportunities or races are more important than days, while we are not dismissing the importance of days. For example, in 2023 of the 80 days at Prairie Meadows, 17 of those days offered seven races and three days offered eight races. Thus, if you had four less days but ran nine or more races each day you are essentially offering the same number of opportunities.

When looking at the racetracks in the Mid-America Race Region, the Thoroughbred jurisdictions with about 600 or more racing opportunities in a year show sign of greater vibrancy than those with less race days.

In the comparison here, field size for those tracks (or state circuits like Louisiana) that are above the threshold, show higher field size and handle per race than Prairie Meadows. While close to the threshold, the Prairie Meadows field size and handle per race are below the comparison locations.

Figure 63 Thoroughbred Races, WPS Average Handle & Field Size

Mid-America Race Region - Thoroughbred Data										
		Number of Races			Avg. WPS Handle Per Race			Avg. Field Size		
State	**Track**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Iowa	PRM	596	573	556	$ 24,619	$ 24,607	$ 23,699	6.5	6.6	6.3
Arkansas	OP	589	609	654	$ 203,274	$ 227,971	$ 241,996	8.5	8.9	8.8
Illinois	FAN	302	423	455	$ 17,645	$ 24,339	$ 29,284	5.4	5.9	6.7
	HAW	415	579	527	$ 59,391	$ 50,729	$ 59,261	7.4	7.4	6.8
Indiana	IND	998	965	983	$ 66,690	$ 64,823	$ 79,210	7.1	7.8	8
Louisiana	DED	953	801	727	$ 51,879	$ 49,782	$ 48,826	8.3	8	8.2
	EVD	711	691	528	$ 44,341	$ 39,609	$ 59,040	7.1	6.9	8.1
	FG	717	757	696	$ 117,555	$ 109,734	$ 112,497	8.0	7.6	7.8
	LAD	586	575	450	$ 25,742	$ 27,432	$ 30,219	6.7	6.9	8.1
Minnesota	CBY	539	529	396	$ 54,883	$ 58,568	$ 44,049	7.3	7.3	6.5
Nebraska	FON	268	313	320	$ 25,701	$ 24,145	$ 9,453	7.9	7.5	6.7
Oklahoma	FMT	165	123	117	$ 8,851	$ 12,077	$ 713	6.1	5.8	5.8
	RP	601	600	605	$ 48,829	$ 40,842	$ 40,439	8.3	8.1	7.9
	WRD	270	252	248	$ 28,300	$ 30,120	$ 30,108	6.7	6.5	6.8
Texas	Hou	405	441	360	$ 72,955	$ 69,863	$ 7,377	8.0	7.7	7.9
	LS	455	402	379	$ 66,146	$ 49,752	$ 20,947	7.4	7.7	7.9
	RET	0	0	0	n/a	n/a	n/a	0	0	0

Sources: Daily Racing Form Charts & RGE
Note: Mid 2022 Texas stopped exporting their simulcast signal.

Looking at the Quarter Horse racetracks in the Mid-America Race Region, those with 200 or more racing opportunities provided healthy race meets but we did not see the same correlation in field size that we saw with the Thoroughbred race meets. Almost all the Quarter Horse race meets had better field size, but they also struggle when comparing pari-mutuel handle. In most cases the Quarter Horse pari-mutuel handle is much less.

Figure 64 Quarter Horse Races, WPS Average Handle & Field Size

Mid-America Race Region - Quarter Horse Data										
		Number of Races			Avg. WPS Handle Per Race			Average Field Size		
State	**Track**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Iowa	PRM	191	195	212	$ 9,999	$ 9,602	$ 11,686	7.0	6.6	7.0
Arkansas	OP	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a
Illinois	FAN	4	3	3	$ 25,793	$ 23,473	$ 27,462	6.8	7.3	7.7
	HAW	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a
Indiana	IND	219	227	215	$ 29,725	$ 27,786	$ 32,358	8.7	9.0	9.0
Louisiana	DED	429	508	531	$ 17,493	$ 19,754	$ 20,092	8.5	8.4	8.5
	EVD	434	333	343	$ 19,954	$ 16,413	$ 17,625	7.5	7.9	8.0
	FG	3	0	0		n/a	n/a	10	n/a	n/a
	LAD	278	322	329	$ 12,716	$ 14,155	$ 11,730	7.5	6.6	7.1
Minnesota	CBY	76	73	39	$ 21,860	$ 25,286	$ 21,735	7.2	7.0	7.0
Nebraska	FON	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a
Oklahoma	FMT	176	160	120	$ 7,289	$ 7,855	$ 5,295	7.2	7.0	7.3
	RP	477	444	456	$ 26,896	$ 24,620	$ 22,312	8.9	9.1	8.7
	WRD	227	240	225	$ 6,254	$ 6,782	$ 6,809	8.2	8.2	8.4
Texas	Hou	401	242	238	$ 22,342	$ 21,609	$ 16,604	8.9	8.8	8.7
	LS	307	281	302	$ 26,424	$ 20,822	$ 19,538	9.5	8.7	8.9
	RET	0	208	215	n/a	$ 15,755	$ 15,399	n/a	8.6	8.4

Sources: Daily Racing Form Charts & RGE

Providing over 600 Thoroughbred races and over 200 Quarter Horse races per year can be easily accomplished without Prairie Meadows carrying the entire load. Later in the report, and throughout many sections, we will discuss the idea of a circuit and explain our rationale for that recommendation. The need to cooperate to improve the supply of active horses and provide more opportunities is very important. For example, if there are only 63 Thoroughbred days, not 67 and 24 Quarter Horse days not 26, but the overall product improves, active supply of horses increases, and more opportunities for both Iowa-bred and open horses increases that will serve the industry best rather than having an arbitrary number of days that might equate to less opportunities. Likewise at some point if a successful circuit provides more supply, more days may be the correct formula. Of course, we recognize the importance of the need for safeguards or “fences” on any legislative change so there is some flexibility (business environments evolve) but also some security that racing will continue since it is a long-term investment.

We are not dismissing the importance of days or length of season when opportunities are provided. What we feel is like so many of the answers to the questions is the fact that many of the questions are interrelated and we must consider the entire racing system.

Before you allocate race days, it is easy to have a good idea of what the supply of horses will be as you plan for each year. In 2022 and 2023 looking at all races for the mixed meets at Prairie Meadows, 84 percent of all runners were either 2, 3, 4 or 5-year-olds. If you add the six-year-old horses, those foal crops account for 92-93 percent of all runners. We found similar results when working with Spectrum Gaming on the “Gaming Market Study: State of New York” prepared for the New York State Gaming Commission in 2021.

"Horses aged 2, 3, 4, and 5 comprised 89.4 percent of all horses that ran at the NYRA tracks the past 10 years. For example, the foal crops of 2014-2017 accounted for more than 90 percent of the supply of horses for NYRA in 2019."[37]

What this means is that if you track the four foal crops for horses that will be 2,3, 4, and 5 for the upcoming season both nationally and for Iowa-breds and monitor the percentage of Iowa-breds as a percentage of all horses running at Prairie Meadows, you will have a good idea of the supply trend. When allocating race days, or planning a race meet and race schedule, this data will give you a very good insight into what next year's supply will be in comparison to the prior years.

For a practical example we will look at the 2019 season where the Thoroughbred foal crops that made up the 2-, 3-, 4-, and 5-year-old horses were 2014 to 2017 and compare that to what will be the same data for a 2025 race meet using the foal crops of 2020-2023 which would be the 2-, 3-, 4- and 5-year-old horse for the 2025 racing season.

Figure 65 Four Year Thoroughbred Foal Crop Supply (2-, 3-, 4-, and 5-year-olds for Racing Year)

Four Year Thoroughbred Foal Crop Supply (2, 3, 4 & 5 yr. olds)					
Foal Crop Years	**Racing Year**	**Four-Years Total Foals**	**Four-Years Total Iowa Foals**	**TB Races Run**	
2014-2017	2019	84,745	1,006	591	
2020-2023	2025	70,785	728	556	*
Pct. Chg.		-16.5%	-27.6%	-5.9%	

Sources: Iowa Department of Agriculture and Land Stewardship, The Jockey Club, Daily Racing Form Charts, and RGE
Note: * for this illustration we will assume that in 2025 the same number of Thoroughbred races are planned as were run in 2023.

What we observe from Figure 65 is that the national Thoroughbred foal crop for the total of the four years representing most horses that will race for that racing year declined by 16.5 percent and the Iowa foal crop dropped by 27.6 percent for the racing year 2019 compared to 2025. Since there is only a plan to reduce the number of races by about 6 percent, we can speculate it will be more difficult to fill races unless other factors or strategies change to address this decline in supply.

This information is also valuable to know when allocating stalls and preparing the year's racing season as you will have a reasonable indication of the supply trend of horses before all plans are made. We will discuss this elsewhere in the report and we believe this is a good metric to monitor as it will help when making decisions, like race days or the number of races, that rely on the supply of horses. The importance of recruitment of stables and stall allocation is the vital first step the racing department (and hopefully support of horsemen) in creating a successful race meet. If this step does not maximize the utility of the stable area even a perfectly written condition book cannot fix the supply problem. You cannot dramatically change your inventory once you have

[37] "Gaming Market Study: State of New York," prepared for the New York State Gaming Commission, January 2021, Spectrum Gaming Group.

finished the allotment of stalls, and the race meet begins. This topic is also discussed in Question 13 - Is the current amount of barn space adequate to support the ongoing racing meet?.

It is still important to have some parameters or guidelines regarding the need to conduct a viable racing program, but we will address this issue in more detail as we look at other questions such as Question 17 Would any State law or rule changes enhance racing in Iowa? For now, suffice it to say there are other examples of statute where horsemen's interest is protected but some fungibility in rules provides the industry the ability to cooperate with both internal and external stakeholders. We will see in this report that this is necessary.

The short answer to this question is there is not a simple "X= the number of days" necessary to answer this question. What is more important is the whole system is looked at as well as the ability to adapt to the environment while still protecting the intent of the original law. Again, what is important is competitive purses, a supply of active horses, and good utilization of that supply of horses to create an attractive product for the public (field size, handle) which will also provide race opportunities for horsemen which adds value to the racing and breeding industry. We feel confident this can be done and will address this important issue in the report.

Question 1A - What days of the week should racing be conducted?

Question 1B - What should post time be?

In North America, there are tracks and circuits that occupy days and time slots that are considered higher level or grade "A" racing. These are New York, Florida, Kentucky and Southern California and they primarily race in the afternoon in their respective time zone, Wednesday through Sunday. The next tier(s) of tracks, the Grade "B" and "C" either race concurrent to those tracks or maneuver around them to other days of the weeks or evenings if they have lights. Finding the right window of time to race can have a significant impact on the handle generated by the B or C track. With a large percent of the wagering in North America taking place through ADW or other off-site methods, finding the right window is not tied to traditional dates and times for racing and that "right window" can provide returns.

What it often comes down to is trying to capture a larger market share of a smaller market (Monday, Tuesday, Wednesday) or compete against more content and capture a lesser share of a larger market. Of course, time of day/post times also becomes an important factor when looking at the days of the week.

Besides determining when the best first post or start time is, it is <u>equally important to manage the post times</u> for all the races on a card. Following the same grading of racetracks and subsequently the races offered, it is vital to stay preferably 10 minutes off an A track's races and be no closer than five minutes, preferably in front of those A racetracks. Additionally, to maximize potential handle from off track, making sure races are not run as the exact same time as the B and C tracks competing in the time slot is a best practice. While this takes more work it is important that the stewards, jockeys, horsemen and management understand the impact this may have on pari-mutuel handle.

Prairie Meadows currently races Friday and Saturday at 6 PM Central Time and Sunday and Monday at 4 PM Central Time. Their Friday and Saturday night racing are for catching people going out to dinner and looking for entertainment. The time slot keeps them away from the bigger circuit tracks in California, Kentucky, Florida, and New York. Sunday is partially family oriented and partially simulcast signal sales focused with Monday to take advantage of a gap in the simulcast market with fewer competitors.

In 2023, Monday was the highest average total handle with $541,536 wagered nightly. Saturday is the second highest and is bolstered by their signature stakes race events, with Friday third also bolstered by signature days. Sunday is the lowest average handling day at $481,494. The post time on Sunday may be a contributing factor as there are still many "afternoon" tracks such as California that race up until 7 PM Central as well as the Eastern Time Zone tracks in New York, Florida and Kentucky wrapping up their cards.

Another important factor to consider is the number of races that TVG broadcasts, especially when those races are on the main TVG network and not TVG2. For example, on Mondays it was often the case that more Prairie Meadows races were shown on TVG. It is hard for us to quantify this effect and since the TVG contact with Prairie Meadows is confidential it is also difficult for us to use this information in our decision making. It is our understanding that Prairie Meadows is notified before the day of races which races will be on TVG or TVG2. This is helpful in managing the post times, the potential "drag," the act of delaying the start time past set post to accommodate the betting market and trying to dodge other "A" type races.

As previously mentioned, there were 20 days at the start of the meet in 2023 that Prairie Meadows ran eight or less races. Therefore, in the table below we looked at the 2023 daily average handle for all 80 days as well as only day 21 to day 80.

Figure 66 Prairie Meadows Daily Average Handle

2023 Prairie Meadows Daily Average Handle by Day of Week				
	Monday	**Friday**	**Saturday**	**Sunday**
Average Daily Handle all 80 days	$ 541,536	$ 505,102	$ 528,743	$ 481,494
Average Daily Handle Race day 21 Through Race Day 80*	$ 581,764	$ 569,082	$ 597,589	$ 505,472

Sources: Prairie Meadows and RGE
Note: *Day 21 to Day 80 was after Prairie Meadows stopped running only 7 or 8 races per day.

This table confirms again, either way we look at it that Monday was still the highest daily average handle and Sunday the lowest. One thing that does change when looking at only day 21 to day 80 is that Saturday becomes the largest handling day, but this is easily explained by the success of several signature days (one festival day and Iowa Classic) run on Saturdays. Friday average was also influenced by signature days and Monday by July 3. Sundays did much better before the Del Mar race meet began. Mid-June to mid-July Sunday handle was much better than at any other time.

Also important to consider is what the competition is and how big the market is each day. This will change depending on what time of the year you are running. It is again important to consider the interrelatedness of the questions as the time of year has influence on these factors and since we believe that the recommendations of a circuit and coordinated breeding programs are more impactful, we suggest that the industry may need to reexamine this data depending on when a final circuit is determined. Another factor that may need to be considered depending on other decisions involving a circuit is that if there is any overlap of race days within a circuit it may be beneficial to race on the same day or opposite days depending on the goal. One example would be if less races are run on overlapping days the two race cards could be branded and coordinated in the simulcast market as one race card. We discuss this elsewhere when we further explore the idea of a racing circuit.

Also as mentioned elsewhere the competitive market is constantly changing as tracks will change their race day and post time schedules often from one year to the next and this will often have an impact on Iowa's results as it changes the competitive marketplace. On this note, we do believe though that for any given year it is important to not make many changes in a specific year as customers become familiar with your schedule and often changing days of weeks or post times during a meet can have a negative impact.

We will first look at the competition and post times currently and follow that with a look at the national market on a day of the week basis to help understand the total market and potential market share that Iowa would be competing with.

Figure 67 Sample of June and July 2023 Post Times

2023 Post Times (Central) and Days of Week (June/July)							
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Prairie Meadows	4:00:00 PM	4:00:00 PM				6:00:00 PM	6:00:00 PM
MID-AMERICA							
Canterbury Park	1:00:00 PM			5:00:00 PM	5:00:00 PM		5:00:00 PM
Evangeline Downs				5:30:00 PM	5:30:00 PM	5:30:00 PM	5:30:00 PM
Hawthorne	2:30:00 PM			2:30:00 PM	2:30:00 PM		
Horseshoe Indiana		1:10:00 PM	1:10:00 PM	1:10:00 PM	1:10:00 PM		
Lone Star Park	DOESN'T SEND SIGNAL DOMESTICALLY						
Louisiana Downs	3:30:00 PM	3:30:00 PM					3:30:00 PM
EASTERN COMPETITION							
Belterra Park				1:25:00 PM	1:25:00 PM	1:25:00 PM	1:25:00 PM
Charles Town					6:00:00 PM	6:00:00 PM	6:00:00 PM
Mountaineer	6:00:00 PM	6:00:00 PM	6:00:00 PM	6:00:00 PM			
Penn National				5:00:00 PM	5:00:00 PM	5:00:00 PM	5:00:00 PM
Thistledown		11:50:00 AM	11:50:00 AM	11:50:00 AM	11:50:00 AM		
OTHER COMPETITION							
Del Mar (July/Aug)	4:00:00 PM				4:00:00 PM	6:00:00 PM	4:00:00 PM
Century Mile	4:45:00 PM					7:15:00 PM	4:45:00 PM
Emerald Downs	4:00:00 PM					7:00:00 PM	7:00:00 PM
Hastings Racecourse	3:15:00 PM						3:15:00 PM
QUARTER HORSE TRACKS							
Delta				6:10:00 PM	6:10:00 PM	6:10:00 PM	6:10:00 PM
Fair Meadows	6:00:00 PM			6:00:00 PM	6:00:00 PM	6:00:00 PM	6:00:00 PM
Retama					6:15:00 PM	6:15:00 PM	6:15:00 PM
Los Alamitos QH	7:00:00 PM					8:00:00 PM	8:00:00 PM
AVERAGE PRAIRIE MEADOWS HANDLE							
Average by Day	**$481,494.00**	**$541,536.00**				**$505,102.00**	**$528,743.00**

Source: Equibase & RGE
Note: Yellow highlighted are other tracks directly competing with Prairie Meadows

For 2024, Prairie Meadows has opted for the same weekly schedule as they ran in 2023. The competition has changed to an extent particularly Louisiana Downs moving away from the weekends and focusing on cultivating the simulcast signal sale on Tuesday and Wednesday.

Figure 68 Sample of June and July 2024 Post Times

2024 Post Times (Central) and Days of Week (June/July)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Prairie Meadows	4:00:00 PM	4:00:00 PM				6:00:00 PM	6:00:00 PM
MID-AMERICA							
Canterbury Park	1:00:00 PM			5:00:00 PM	5:00:00 PM		5:00:00 PM
Evangeline Downs					5:30:00 PM	5:30:00 PM	5:30:00 PM
Hawthorne	2:50:00 PM				2:50:00 PM		2:50:00 PM
Horseshoe Indiana		1:10:00 PM	1:10:00 PM	1:10:00 PM	1:10:00 PM		
Lone Star Park	DOESN'T SEND SIGNAL DOMESTICALLY						
Louisiana Downs		3:30:00 PM	3:30:00 PM	3:30:00 PM			
EASTERN COMPETITION							
Belterra Park				11:35:00 AM	11:35:00 AM	11:35:00 AM	11:35:00 AM
Charles Town					6:00:00 PM	6:00:00 PM	6:00:00 PM
Mountaineer	6:00:00 PM	6:00:00 PM	6:00:00 PM	6:00:00 PM			
Penn National				4:45:00 PM	4:45:00 PM	4:45:00 PM	4:45:00 PM
Thistledown		11:50:00 AM	11:50:00 AM	11:50:00 AM	11:50:00 AM		
OTHER COMPETITION							
Del Mar (July/Aug)	4:00:00 PM				4:00:00 PM	6:00:00 PM	4:00:00 PM
Century Mile				7:15:00 PM		7:15:00 PM	4:45:00 PM
Emerald Downs	4:00:00 PM					7:00:00 PM	7:00:00 PM
Hastings Racecourse						9:15:00 PM	4:30:00 PM
QUARTER HORSE TRACKS							
Delta				6:10:00 PM	6:10:00 PM	6:10:00 PM	6:10:00 PM
Fair Meadows	6:00:00 PM			6:00:00 PM	6:00:00 PM	6:00:00 PM	6:00:00 PM
Retama					6:15:00 PM	6:15:00 PM	6:15:00 PM
Los Alamitos QH	7:00:00 PM					8:00:00 PM	8:00:00 PM

Sources: Equibase & RGE
Note: Yellow highlighted are other tracks directly competing with Prairie Meadows

Looking at 2024, the <u>Sunday schedule and time slot lost some competition for Prairie Meadows so it will be interesting to see if the 2023 worst handling day does improve</u>. Monday is still the least congested and Friday and Saturday Prairie Meadows will face similar competition as they did in 2023. Louisiana Downs has opted off the Saturday and Sunday schedule and moved to Tuesday and Wednesday for their 2024 race meeting.

In July and August, the popular Del Mar meet races Thursday through Sunday and, due to their later start, competes directly with Prairie Meadows on Friday and Sunday with partial overlap on Saturday. Monday racing is free from the Del Mar competition and is a factor in that day as the highest average daily handle.

With this in mind, the Monday and Tuesday race days have the least competition for the wagering dollar. Sunday and Wednesday are the next two days of the week with slightly more competition in the evening. Thursday appears to be only slightly less competitive than Friday and Saturday, with the most competition.

There are many brick and mortar sites that do not open for simulcast on Monday or Tuesday but with the shift in handle to ADW, this is no longer as big of an issue. In fact, even California, where it once was difficult to have signals carried at the racetrack, has ADW handle seven days a week.

Figure 69 Day of Week National Handle & Race Data (May 8-August 31, 2023)

May 8 - August 31, 2023 Day of the Week National Handle and Race Data					
Day of Week	**Average Daily Handle**	**Average Number of Races**	**Average Number of Starters**	**Average Handle Per Race**	**Average Handle Per Starter**
Saturday	$ 89,819,526	258.75	1884.19	$ 347,129	$ 47,670
Sunday	$ 55,839,701	198.63	1426.50	$ 281,131	$ 39,145
Monday	$ 14,873,943	88.53	621.00	$ 168,011	$ 23,952
Monday (Excluding Memorial Day)	$ 12,207,774	82.88	577.50	$ 147,303	$ 21,139
Monday (Excluding July 3 & Memorial Day)	$ 10,954,655	79.07	552.07	$ 138,550	$ 19,843
Tuesday	$ 12,294,856	74.06	509.88	$ 166,015	$ 24,113
Tuesday (Excluding July 4)	$ 11,121,555	71.94	497.44	$ 154,600	$ 22,358
Wednesday	$ 18,705,711	103.71	722.65	$ 180,373	$ 25,885
Thursday	$ 30,250,602	112.71	835.65	$ 268,403	$ 36,200
Friday	$ 47,747,597	168.56	1244.63	$ 283,263	$ 38,363

Sources: Daily Racing Form Charts & RGE
Notes: Averages for Wednesdays influenced by Saratoga running July & August- averages on Thursdays through Sundays are influenced by both Del Mar & Saratoga running July & August.
Saturday average daily handle without the Triple Crown days is $78,528,939.

Looking at the national averages (May 8 – August 31, 2023) for handle of the above table, you can see that Monday and Tuesday have the lowest in all categories. However, this is also the day of least competition when you look at the average number of races run. Looking at how those two days compare on average in 2023, Tuesday has the higher average handle per race and per starter and a lower number of average races than Monday. Since Monday is the highest handling day on average for Prairie Meadows, it is highly possible that Tuesdays could be equal to or better than Monday. If the racing season continues in the future during similar summer months as is the current practice, we recommend running on Tuesday instead of Sunday. A second-best option would be Wednesday instead of Sunday and deciding which option may come down to tracking what the competition does.

The status quo may improve with content management help (discussed in Queston 4 and the Strategic Plan & Action Plan) and improvement to field size (discussed throughout the report). Concept two would be race Monday to Thursday. Concept three is a hybrid with Saturday to Tuesday or Saturday, Monday, Tuesday and Wednesday or Friday, Saturday, Monday, Tuesday.

Because of lights, Prairie Meadows should stick with their post times, but should look at the handle per race on Sunday/Monday and Friday/Saturday races 4 to 9. If there is a significant increase later, racing later than 4 pm may be good. We did look at the handle for all races and overall, there was a trend of handle increasing for the later races. However, due to some key factors like which races get shown on TVG, what exotic wagers are counted for each race without a sophisticated multiple regression model we could not know how much of the handle increase was just a factor of the later post times.

If Iowa wanted to consider moving later than the current 4 pm start it would be easy to analyze the data beyond what fits in the scope of this report to make such a decision.

Consistent post times are generally easier for the wagering public to follow so one start time is better than two different start times so on and so forth. On the other hand, Horseshoe Indiana made their growth on being a bridge signal, racing mid-afternoon Monday through Thursday, even though they have lights. As previously mentioned, besides determining the first race post time it is important to manage post times throughout the evenings races to avoid direct conflict with any grade "A" content track. This takes cooperation between all horsemen, jockeys and officials. You do lose a good portion of handle when post times with top tracks like Del Mar start within a few minutes of your race. Prairie Meadows may need to dedicate a person on staff to this duty as they operate with a small crew. Since the tote is not on-site (like most tracks) the mutuel manager must operate the tote and act as mutuel manager which it is reasonable to assume watching all other racetracks and their start times would be challenging at best.

Also addressed in a later question regarding mixed meets, if Prairie Meadows did run separate meets, the Quarter Horse meet would want to feature a later post time (7:00 or 7:30 pm) to take advantage of the Quarter Horse control of the import simulcast signals into California after 5:30 pm Pacific time. This is altered slightly when Del Mar races Friday twilight cards in July and August.

Since there are several unknowns at this time, making recommendations may vary if the final time of year that Prairie Meadows runs changes due to creating a viable racing circuit. With that in mind we also felt it was useful to look at the national daily average handle in the fall from September 1 to November 5. We did not include Labor Day weekend or the two Breeders' Cup days in this table as those days skew the remaining days significantly.

Figure 70 Day of Week National Handle & Race Data (September 1-November 5, 2023)

September 1- November 5, 2023 Day of the Week National Handle and Race Data					
Labor Day Weekend and Breeders Cup Days Excluded					
Day of Week	Average Daily Handle	Average Number of Races	Average Number of Starters	Average Handle Per Race	Average Handle Per Starter
Saturday	$61,750,611	197.75	1535.88	$ 312,266	$ 40,205
Sunday	$41,965,502	137.89	1033.00	$ 304,343	$ 40,625
Monday	$10,900,342	85.89	618.89	$ 126,912	$ 17,613
Tuesday	$ 9,832,395	77.44	567.00	$ 126,961	$ 17,341
Wednesday	$18,510,551	108.78	811.78	$ 170,168	$ 22,802
Thursday	$25,690,501	101.33	792.00	$ 253,525	$ 32,438
Friday	$39,777,768	133.78	1040.89	$ 297,342	$ 38,215

Sources: Daily Racing Form Charts & RGE

What is quickly noticeable is the number of races on weekends drops much more than on weekdays. Handle for the fall is also lower as the content dilutes. There are some differences to consider and when deciding, it will depend on how many days during the summer versus the fall that you run as well as what months. This ties back to the decision on the chosen circuit as that dictates the strategy for the "when" to race.

Looking at the two data tables for the summer versus the fall total handle and number of races may change the answer to this question due to the variables that need to be worked out when a circuit is pursued depending on the final days that will be run at Prairie Meadows.

Since we need to consider the whole racing system the most important decisions come first, which involve a circuit and cooperative efforts with the jurisdictions state-bred programs. Once the months you are going to run are determined you then focus on the decisions of day of week and post times. Our suggestions and data do provide most of the insight needed apart from knowing what changes other competitors will make to their schedules.

Question 2- What should the annual purse amount be?

- **Question 2A - What should the daily purse be?**
- **Question 2B - How much purse money should be allocated for Iowa-bred horses?**
- **Question 2C - How much purse money should be allocated by breed?**

Purse money is an important factor for the breeds racing in Iowa. Purse money and subsequent earnings by horses and horse owners drive further investment whether purchasing more horses, including Iowa-bred horses, as well as breeding of horses. If the opportunity to realize a return on investment is possible, investment in horses will continue. The demand for horses to race for purse money stimulates breeders to breed horses and invest in or upgrade stallions and mares. In addition, it is important that purse money keeps pace with inflation and the escalating costs of feeding, training and caring for racehorses.

Except for a couple tracks in the Mid-America Race Region (Oaklawn Park, and Fair Grounds), Prairie Meadow's mean Thoroughbred earnings per race (a fair measure of purses offered) are competitive with the other tracks in the region. In fact, if you look at Thoroughbred earnings per start, due to the short field sizes at Prairie Meadows, Iowa is better than all tracks in the Mid-America Race Region except Oaklawn and Fairgrounds.

Looking at the same data for Quarter Horse, mean earnings per race, Prairie Meadows is reasonably competitive with many in the region except for Indiana (Horseshoe Indianapolis), Remington Park and Lone Star Park. Field size for the Quarter Horse races is currently better than the Thoroughbred races at Prairie Meadows.

To answer the questions regarding purses we believe we first need to discuss Question 2C "how purse money should be allocated by breed." We think it is important to look at this from two perspectives. One, what criteria should be used to determine the proper allocation of purses to breeds and second under what circumstances should they be re-allocated.

One approach from a state policy perspective for allocating purse monies by breed would be to use economic impact for Iowa as one metric. Economic impact is an important factor as a criteria for granting licenses. (491 Administrative rules 1.7(3) Economic impact and development.) Another important criterion for granting licenses is to nurture the racing industry in Iowa. (491 Administrative rules 1.7(6) Nurture of the racing industry.) While nurture the racing industry is often emphasized, the section goes on to elaborate that "the commission will consider whether the proposed racetrack operation would serve to nurture, promote, develop, and improve the racing industry in Iowa and provide high-quality racing in Iowa."

A focus on nurturing may have been more appropriate when Iowa racing was in its infancy and during the early growth years. It seems a broader view of this goal is more appropriate for the racing and breeding program currently. Nurture, promote, develop, and improve implies more than merely subsidizing the industry. It requires supporting changes (working together on change) that lead to a larger, more sustainable, higher quality racing industry.

Several metrics should be used to measure how the above goals are being met and to that extent how the allocation of purse funds <u>may need to change over time</u> to support achieving those goals to enhance and improve the Iowa racing and breeding industry. The trend of metrics compared by breed to the national trend and comparable tracks is important. How is each breed trending compared to trends of that same breed. Some metric examples include:

- The trend in the number of Iowa-bred horses (foaled and raced by breed);
- Iowa-bred and Iowa owned racing earnings both in-state and out-of-state;
- sale of Iowa-bred horses (price and quantity);
- handle revenue (per race per breed and per meet);
- field size and other race quality measures;
- and economic impact by breed.

Figure 71 Iowa Racing Industry Economic Numbers

Economic Numbers - Iowa Racing				
2023 Race meet data	Thoroughbred	Quarter Horse	Standardbred	
Earnings Per Start	$ 4,802	$ 2,876	$ 991	
Starts	3,519	1,486	1,854	
Pct. of total Starts	51.3%	21.7%	27.0%	
Earnings total	$ 16,898,238	$ 4,273,736	$ 1,836,914	
Pct of total earnings	73.4%	18.6%	8.0%	
2023 Foals born	212	105	277	*
Live Handle	$ 34,233,139	$ 6,915,171	n/a	
Pct. Of Total Live Handle	83.2%	16.8%	n/a	
Avg. WPS handle per race	$ 23,699	$ 11,686	n/a	
Avg. number of horses stabled during live meet	774	368	224	**
Calendar days of live meet	142	105	126	
Avg. earnings per horse per day	$ 154	$ 111	$ 65	
2019 Economic Impact	$ 143,254,034	$ 16,727,038	$ 7,507,800	
Pct. Of total Economic Impact	85.5%	10.0%	4.5%	***
Statutory Purse allocation Pct.	76.00%	15.25%	8.75%	

2019 Economic Impact Source: The Influence of the Race Horse Industry on Iowa's Economy (Community & Economic Development Initiative of Kentucky and College of Agriculture, Food and Environment, University of Kentucky)
Other Sources: Daily Racing Form Charts, Iowa HBPA stall report, USTA, Iowa Department of Agriculture and Land Stewardship
Notes:
*As reported by Iowa Department of Agriculture and Land Stewardship
** Harness horses do not stable at locations, therefore we used unique starters
*** No surveys for the Standardbred racing industry were collected according to the 2019 Economic Impact and this coupled with the fact that there was no information on the number of people employed, "the total impact may be underestimated in the absence of more data[38]."

Using metrics and considering the intent of the Iowa Administrative Rules criteria for licenses, several of the suggested metrics can (and perhaps in the future) be used to modify the allocation of purses by breed based on an approximate 5-year cycle. In Appendix #9 Possible Metrics to Measure there is a list of metrics that could be considered in the future to measure the results of efforts by stakeholders and use those metrics to allocate

[38] Simona Balazs, MS and Alison Davis, PhD, "The Influence of the Race Horse Industry on Iowa's Economy," June 2019, By; Community & Economic Development Initiative of Kentucky and College of Agriculture, Food and Environment, University of Kentucky.

resources. Measuring those metrics continuously will help with decisions regarding the potential to expand or contract days, races, breed specific adjustments to resources and races and guide other important decisions.

Evaluating every 3-5 years would allow for averages over a period to be fair when reallocation occurs, would provide fairness for anomalies in data in which one year had a dramatic variance, would prevent erratic changes constantly and perhaps most important, tie key criteria to the fairness and importance of purse allocations. A method such as this should be very transparent but also create accountability and provide incentives for efforts made by stakeholders in achieving the goals and intent of the Statutes and Administrative Rules. Using such a method should also be communicated in advance to stakeholders so that efforts can be made to create a positive change to the metrics which would provide a market incentive to improve since allocation of resources would be performance dependent.

As we stated above, the second part of answering the question of how much purse money should be allocated by breed, is the question, under what circumstances should they be re-allocated? While we think it is important to adjust the allocations the timing is also important and the fairness of letting stakeholders know how and when such changes should be made.

We think a reallocation now would do more harm than good. It would create a fight to gain at others' expense. Today, what is needed is change and agreement to change to grow the purse sources and improve the industry. Once those changes are made, setting up metrics to monitor and with prior agreement on what is important, change the purse allocation as efforts to succeed and grow the total to be divided. What is important as other attempts at metrics have failed is that there must be accountability if the metrics are agreed to and likely the only stakeholder that could enforce such accountability would be the IRGC.

As an example of setting metrics to help in accountability, assigning race dates and ultimately purse pool distribution, Horse Racing Alberta (HRA) sets goals for each track and breed each year.

Figure 72 Horse Racing Alberta Metrics for 2024

THE HORSES
HORSE RACING ALBERTA

2024 Race Day Performance Metrics and Targets by Racetrack Class and Breed	Metrics		Targets		
	Races/ Day	Starts/ Race	Race Days	Total Races	Total Starts
"A" Racetrack Thoroughbred Race Days	7.5	7.5	60	450	3375
"A" Racetrack Standardbred Race Days	7.5	7.5	83	623	4669
"A" Racetrack Quarter Horse Race Days	7.5	7.5	0	50	375
"B" Racetrack Thoroughbred/Quarter Horse Race Days	6.5	6.0	49	319	1911
"B" Racetrack Standardbred Racing	6.5	6.0	17	111	663
GrandTotals			209	1552	10993

2024 Race Day Performance Metrics and Targets by Racetrack and Breed		Metrics		Targets		
		Races/ Day	Starts/ Race	Race Days	Total Races	Total Starts
Century Downs Racetrack and Casino	Thoroughbred	7.5	7.5	0	0	0
	Standardbred	7.5	7.5	62	465	3488
	Quarter Horse	7.5	7.5	0.0	0	0
	Total			62	465	3488
Century Mile Racetrack and Casino	Thoroughbred	7.5	7.5	60	450	3375
	Standardbred	7.5	7.5	21	158	1181
	Quarter Horse	7.5	7.5	0	50	375
	Total			81	658	4931
Total "A" Racetracks				143	1123	8419
Rocky Mountain Turf Club		6.5	6.0	32	208	1248
Evergreen Park		6.5	6.0	16	104	624
Millarville		6.5	6.0	1	7	39
Track On 2		6.5	6.0	17	111	663
Total "B" Racetracks				66	429	2574
GrandTotals				209	1552	10993

Thoroughbred/Quarter Horse Race Days	7.5	6.9	109	819	5661
Standardbred Race Days	7.3	7.3	100	733	5332
GrandTotals	7.4	7.1	209	1552	10993

Source: Horse Racing Alberta

We believe at this time, that the greater good can be achieved with focusing efforts on solutions to sustain and grow the Iowa racing and breeding industry and that many ideas, strategies and changes suggested in this study will not move forward without some consensus. Re-allocation of purse funds before larger efforts are supported would stagnate or continue a downward spiral for the Iowa racing industry and cause stakeholders affected by the allocation percentages to only focus on trying to obtain a larger portion of potentially shrinking funding compared to combined efforts to grow funding. We also believe it is important to change the overall purse revenue model (to achieve a stake in results for all stakeholders) and changing that is more important than making a change to the current 76 percent, 15.25 percent and 8.75 percent division of purses as stated in Chapter 99D.7.

The other parts of this question are <u>tied to many other questions</u> in the required scope of this report. **Queston 2 - What should the annual purse amount be? Question 2A – What should the annual daily purse be? And Question 2B - How much purse money should be allocated for Iowa-bred horses?**

The annual purse amount is consistent with competitor racetracks but of course would help if it were larger as better purses attract better horses. The question is “how to get there” and all strategies in this report are recommended with the intent to increase the revenue from racing, increase purses, and improve the Iowa breeding industry.

What should the annual daily purse be? The daily purse amount is greatly impacted by the number of race days and the number of races offered. As observed, currently Prairie Meadows purses are competitive. If purses grow it may allow for either expansion of race days and/or higher purses to be more competitive. Currently since purses are competitive, we believe the purse fund is good but not great. Given this fact, the focus of efforts on strategies to increase revenues is important and a pari-mutuel revenue model that is tied to market forces and efforts to improve the product should be a focus. Also, the focus should be on providing opportunities and value and those will be addressed throughout the examination of the other questions and the Strategic Plan & Action Plan. Since the purses are competitive that is not the answer to increasing field size. What must be considered is the entire competitive market and how to make the entire system fit with the changing environment and what other options horsemen have in lieu of coming to Iowa. This will be the focus throughout the examination of the other questions and lead to a Strategic Plan & Action Plan.

Improving the product will lead to greater public interest and wagering. When this is correlated to purse growth, if pari-mutuel handle is tied to purses (as it should be and is part of our recommendations), purses have a mechanism to increase. There needs to be a current focus on increasing the field size which given the current purse structure means the root cause of poor field size may not be purses.

If the purses increase, it helps the Iowa racing industry grow. Having purses tied to pari-mutuel handle correctly allows the industry to respond to market forces. This can also serve as a metric important to evaluating efforts and allocations in the future. Of course, the casino will always be the greater percentage of purse revenue generated but should not be the only source. Having the pari-mutuel handle account for a greater percentage of total purses than it currently does is necessary.

Another factor related to purses tied to handle, is the importance that purse allocations do not create a disincentive for attracting horses or promoting field size. Currently there are not enough Iowa-bred horses to sustain the racing program so “open” or non-Iowa-bred horses are required for horse supply. The balance between Iowa-bred purses versus open purses should be evaluated regularly to not create a situation where open horses choose to race elsewhere. There currently is not enough incentive to run an Iowa-bred horse in open company compared to the incentive for running in just Iowa-bred races.

A change in the percentage increase for an Iowa-bred to run in an open company race should be considered. A small decrease in the purse percentage supplement for restricted Iowa-bred races could re-allocate funds to make the purse percentage supplement for an Iowa-bred to run open considerably higher providing enough incentive to help field size in open races while also giving some Iowa-breds more opportunities to run in competitive races. We also believe it would be beneficial to allocate some of the Iowa purse and breeding funds to Iowa-breds when there is no racing in Iowa. These ideas will be addressed more appropriately in Question 16 - How can the breeding industry be strengthened in Iowa?.

Figure 73 Prairie Meadows Thoroughbred Races, Earnings, and Iowa Percentages

Thoroughbred Races - Prairie Meadows								
Year	Number of Open Races	Number of Iowa Bred Races	Open Races Avg. Field Size	Iowa Bred Races Avg. Field Size	Total Earnings Open Races	Total Earnings Iowa Bred Races	Iowa Pct. of Races Offered	Iowa Pct. of Purse Money Earned
2021	371	225	6.3	6.8	$8,331,412	$7,161,995	37.8%	46.2%
2022	345	228	6.3	6.9	$8,615,143	$7,884,278	39.8%	47.8%
2023	324	232	6.1	6.7	$8,602,676	$8,297,141	41.7%	49.1%

Sources: Daily Racing Form Charts and RGE

Figure 74 Prairie Meadows Quarter Horse Races, Earnings, and Iowa Percentages

Quarter Horse Races - Prairie Meadows								
Year	Number of Open Races	Number of Iowa Bred Races	Open Races Avg. Field Size	Iowa Bred Races Avg. Field Size	Total Earnings Open Races	Total Earnings Iowa Bred Races	Iowa Pct. of Races Offered	Iowa Pct. of Purse Money Earned
2021	132	59	7	7.2	$2,090,869	$1,309,943	30.9%	38.5%
2022	134	61	6.6	6.5	$2,423,812	$1,461,734	31.3%	37.6%
2023	154	58	6.9	7.3	$2,741,135	$1,532,088	27.4%	35.9%

Sources: Daily Racing Form Charts and RGE

Figure 73 above shows the Thoroughbred Iowa-bred horses are earning a very equitable share of the purses. Also, field size for the open Thoroughbred races is dismal. Allocating more money to Iowa-breds given the current situation would only exacerbate the problem for the open races. What can be done is encourage Iowa-breds to run in open races and earn reasonable purse money when the restricted races are not filling for those categories. Also discussed in Question 16 - How can the breeding industry be strengthened in Iowa? are other ways to provide more opportunities for Iowa-breds.

While the Quarter Horse Iowa-breds do not earn the same percentage of total purses as the Thoroughbreds, they still have a very reasonable percentage of races and purse earnings because overall, there are less opportunities and futurities and derbies are an important focus of the Quarter Horse racing schedule.

In other questions we also look at the impact that the number of Iowa-bred races may have on attracting open horses from other jurisdictions and the limiting factors of stall space for horses when you run a mixed meet.

Besides the purse allocation there are other factors that impact on the product and the appeal to the public. Those aspects are examined in other questions in this report.

Question 3- What time of the year should racing take place?

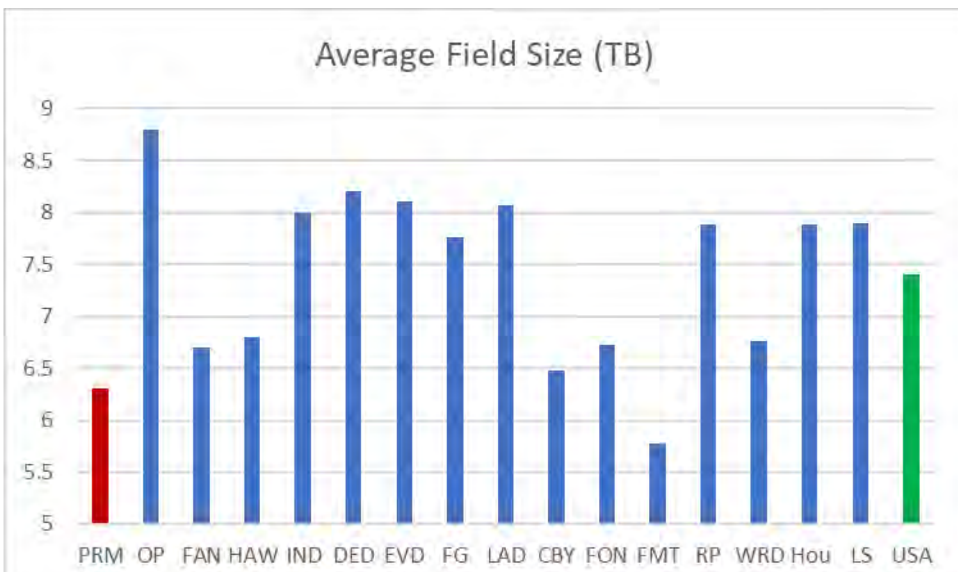
While the Iowa Thoroughbred or Quarter Horse foal crops have not increased in the past ten years (likewise the national trend has not been increasing), the quality of Iowa-breds have improved and become more competitive. One challenge facing the return on investment in an Iowa-bred foal is the availability of only about four to five months of live racing in Iowa. While racing takes place in several northern jurisdictions all year long the weather in Iowa would certainly present significant challenges in the harshest winter months of December, January and February. To some extent but not as challenging the months of November and March would also be less than ideal but not impossible to consider.

Tourism to the area would be the months of May through September but we think the horse racing product would not rely too much on the tourism to the area but more in competition with other gambling and entertainment options. Prairie Meadows says they have a drop off in attendance after the State Fair and school starts back in session.

Historically, racing has taken place at Prairie Meadows as early as April and as late as October. This timeframe would be ideal for turf racing if a turf course was developed in the future.

What may be more important currently for Prairie Meadows are the challenges it faces providing a product with full fields to make the product appealing in a very competitive simulcast market. Being able to attract enough active racehorses to participate in a race meet for the next several years is perhaps the most important factor in determining what time of year the racing should take place.

Figure 75 Thoroughbred Field Size by Track, Mid-America Race Region and Other Comparable Tracks



Sources: Daily Racing Form & RGE

Having lights to allow evening and night racing is an advantage allowing more flexibility in scheduling races when there are less tracks running to compete for the simulcast dollars and locally allows options for scheduling as well, to attract people to the live events.

The answer to this question lies in the analysis throughout this study and the answers to questions important to providing a better product.

Unfortunately, Iowa racing is not and currently cannot be an island making decisions without consideration to many other jurisdictions and their racing programs and changes others may or may not make. There are many unknowns that impact this decision. A few examples include:

- Will Illinois racetrack(s) build out racinos? Hawthorne or FanDuel (former Fairmount Park.)
  - Hawthorne Race Course's debt presents problems.[39]
- How will Nebraska racing evolve over the next five to ten years?
- What will the purse structure at Canterbury Park look like in three to five years based on uncertainties in Minnesota?
- Kansas and Wyoming are both considering expansion of live racing and/or HHR.
- Will internal and external stakeholders cooperate?
- Will Iowa have any "champions of change" that take ideas and strategies and makes the effort to facilitate change?
- Will other state's tracks and breeding organizations cooperate with Iowa in efforts to provide opportunities, incentives and coordination to benefit all stakeholders?
- What will happen with HISA or alternative regulatory schemes? They currently are presenting problems and challenges with the potential recommendations we think are necessary.

Not only do the above unknowns and potential variables make it difficult to answer this question after analyzing data, reviewing the migration of horses and horsemen for the past three years and knowing that improving field size in Iowa is a top priority we feel the answer to this question relies on efforts to cooperate with other jurisdictions to create preferably a formal circuit with a multi-year commitment or at a minimum a quasi-circuit with agreed to dates. In addition to a circuit is cooperative efforts by breed organizations in the cooperating states. This is discussed more in Question 16 - How can the breeding industry be strengthened in Iowa? and in the Strategic Plan & Action Plan.

At some point perhaps Iowa could be less reliant on horses from other jurisdictions but given the current Iowa foal crops this is not the case. More realistic is if two or three states worked together, provide incentives and create a circuit to benefit all, the supply of those cooperating could create a nice market for horsemen, breeders and ultimately races on such a circuit improves field size and the racing product for the cooperating entities. This should also provide opportunities and value for the respective state-bred horses.

If such a circuit is pursued, it does not exclude the necessity to also recruit stables from jurisdictions outside of the cooperating states. For example, tracks like Oaklawn Park and other tracks can and should remain a good source for some levels of horses but due to the very different purse structure at Oaklawn Park, by itself would not make a good circuit for enough horses for Prairie Meadows. We will look at Arkansas again in the question in the report where we exam ways to strengthen the Iowa breeding industry.

[39] Neil Milbert, "Creditors hound Hawthorne Race Course as liens exceed $5 million," Harness Racing Update, https://harnessracingupdate.com/2024/05/31/creditors-hound-hawthorne-race-course-as-liens-exceed-5-million/ (Accessed July 6, 2024)

More details will be further outlined and discussed in the Strategic Plan & Action Plan and recommendations but given the very competitive environment to provide an attractive racing product the mid-level tracks and Mid-America Race Region tracks that cooperate will have a competitive edge. Incentives and cooperative racing schedules are key. Incentives may include bonuses for horses that compete at all the cooperative tracks on the circuit, breed organizations working together to enhance the value of the state-bred horses in the cooperative states (which could include bonuses when a state-bred competes on the circuit but race out of their home state when racing is not offered in-state) and other efforts that would have to be part of the negotiations in forming a circuit that involves compromise.

The study can only recommend action but ultimately it will be the stakeholders that decide to continue to fight and face declines or cooperate. A summit of tracks that agree to explore such a "co-op" could organize a facilitated meeting with goals to achieve such efforts.

The RGE team talked to several out of state racing jurisdictions to see if such ideas would be considered. In some states we got more positive responses than others. We were encouraged in some instances and believe if good faith effort is made, a better racing and breeding program for parties can be given a chance with cooperation. The time of year to run will be dictated more by these types of negotiations and cooperative efforts as it is too high a priority to just set your own schedule without regard to out-of-state market forces.

We strongly believe that given the current state of the racing industry a few tracks that can agree to work on the racing and breeding cooperative efforts will not only be helping themselves but also be creating ideas and programs that are necessary for the mid-level breeding and racing programs. Unfortunately, Iowa currently does not have the content in the highest demand nor the purse structure to provide racing on its own for seven to ten months. This makes designing an answer to the question dependent on the efforts of cooperation and compromise.

There are some jurisdictions or ownership organizations that are very large and dominate the pari-mutuel landscape currently and those entities have several competitive advantages.

Kentucky Thoroughbred foals in 2013 were 34.6 percent of the entire US crop. In 2022 Kentucky Thoroughbred foals are 46 percent of the US foal crop. Kentucky purses and location are advantages that Iowa and other similar tracks can't match. Churchill Downs controls a lot of horse racing content, owns the majority interest in a tote company, owns Twin Spires account wagering, owns Exacta Systems a HHR vendor, other racetracks, and great revenues from historical horse racing and gaming to support racing.

New York has the second largest Thoroughbred foal crop in 2022 at 1,316 or 7.9 percent of the US crop. The New York Racing Association (NYRA) has strong support of a large foal crop, top racing content supported by gaming revenue in the state, owns NYRA Bets account wagering, owns minority interest in a tote company and a strong year around product with some of the largest pari-mutuel handle on most days.

California racing, which has been struggling, is still a major market. The California Thoroughbred foal crop is as large as New York's Thoroughbred foal crop. Del Mar is a track, while seasonal, competes with many mid-level tracks in the summer. The Stronach Group owns Santa Anita Park, Gulfstream Park (in Florida where the Thoroughbred foal crop is the fourth largest in the US), owns Xpressbet account wagering, owns a tote company, owns PariMax an HHR vendor, and other racetracks.

The three organizations have oligopolistic market strengths on many racing services and products. The three organizations make up almost 60 percent of the market share of US pari-mutuel handle. The four states (KY, NY, CA, & FL) where the three organizations operate their major racetracks, account for 68.5 percent of the total US Thoroughbred foal crop.

Iowa and other similar mid-level organizations must consider cooperative efforts or else we suspect “going it alone” will only continue to make it harder to compete for horses, customers, and resources. The only alternative to “going it alone” for Iowa would be to consider an elongated race meet running two days a week. We do not feel this is efficient or optimal for both the horsemen and the track.

Iowa in 2022 was only 0.9 percent of the US Thoroughbred foal crop. It will seem intuitive if Iowa works with a couple of other state-bred programs it could help produce a better supply of horses for the cooperative states or tracks but also make the Iowa-bred more valuable if they can earn rewards when Iowa does not offer live racing. Likewise, if a couple of cooperative states or tracks provide a path of race dates to give those horses opportunities that one state alone does not have the resources to do so, all could create value to the racing and breeding product. Yes, in time if market conditions improve the cooperating entities can modify their cooperative efforts and hopefully provide more for each individual state-bred or racing program within their own jurisdictions. Current market and supply conditions do not point to many jurisdictions sustaining a long program on their own.

Indiana has been suggested by some as a goal for horsemen in Iowa. While that model would be great, it currently is not feasible but could be kept as a goal if market conditions drastically improve. Why is the Indiana model currently not something to consider for Iowa now? First, Indiana has a strong geographical advantage bordering Kentucky and Ohio. These are both states with year around racing and both an easy shipping distance to Indiana. This greatly helps the daily supply of horses as many horses ship-in for races they cannot get or compete in at home.

Second, the Indiana Thoroughbred foal crop in 2022 is 175 percent larger than Iowa’s Thoroughbred foal crop. Third, the mean and median Thoroughbred earnings (purse measure) per race at Horseshoe Indiana are both greater than Iowa’s in 2023. Horseshoe Indiana had 983 Thoroughbred races while Iowa had 556 races. Obviously if Iowa ran 983 races their mean and median earnings/purse per race would decrease drastically. Given the current horse supply and field size, Iowa could run a longer meet but again, it would mean running two days a week like some jurisdictions have done, but this is not efficient or optimal for horsemen or the track.

Indiana Quarter Horse racing foal crop and Iowa’s Quarter Horse Racing foal crop are about the same size. Horseshoe Indiana and Prairie Meadows run about the same number of Quarter Horse races. The mean Quarter Horse earnings per race at Horseshoe is 38.4 percent greater than Iowa’s mean Quarter Horse earnings per race in 2023.

Lastly, Indiana’s mean and median earnings per race are greater than Prairie Meadows and if Prairie Meadows were to run as many Thoroughbred races as Indiana currently does, the Thoroughbred mean purse per race at Prairie Meadows would be close to half what they currently are. (See Appendix #2 Race Data, Field Size, and Purses.)

Therefore, while we cannot give a specific firm answer to this question, we do know what our recommendation is as it relates to creating an answer to this question and how it relates to the suggested Strategic Plan & Action

Plan. RGE cannot design an "acceptable circuit" (this will take compromise and discussion with not only in-state but out of state stakeholders) but will suggest some strategies.

After reviewing national and Iowa racing trends, Benchmarking Iowa to the Mid-America Race Region tracks and others as well as examining the Iowa breeding industry and similar state-bred programs, completing a SWOT Analysis and Situational Analysis and Competitive Forces, we believe that two important goals should be improving the racing product by addressing the low field size of races and providing value and opportunity for the Iowa state-breds.

Below are a few ideas that RGE believes should be pursued and worked on as discussions for a circuit are pursued.

We could put the basics of ideas here for the co-op.

- A circuit can make the horse sales in the respective states more viable, bringing more buyers as there is a reason for a person in other jurisdictions to own a horse from Iowa and vice versa.
- Incentivize horses that make at least two starts in each jurisdiction with a bonus (amount to be determined, for either owners and/or trainers?)
- Having more horses participate at each track will improve the product which creates added value and additional revenue.
- Competition and demand should also in the long term have a positive effect in improving the quality of the state-breds.
- There are other benefits depending on the final circuit and breed program's cooperative efforts. For example, staffing for the racing department and backstretch creates a market for personnel to work on the same circuit.
- You could <u>brand</u> the simulcast signal for the circuit bringing awareness to the product. Also wagering customers of one track will see the races from the other circuit's track(s) and thus this may create exposure of the various tracks to more wagering customers.

We strongly recommend efforts to pursue a racing circuit as we feel the status quo is not an option to sustain or improve the racing industry in Iowa. Based on analysis throughout this report, currently Iowa does not have the resources to extend to a long meet, provide a good level of purses, have the necessary horse supply for that to provide a product attractive to the public. What is needed is a change that can improve the supply of horses, improve purses and thus start to create a spiral up effect that will at first sustain and improve racing and hopefully lead to new strategies that can enhance racing and take advantage of the positive gains achieved. The overall number of opportunities (races) provided to horsemen, the improvement of the product and adding value to the racing and breeding is more important than the number of days.

We looked at several potential ideas for circuits, called people in the industry to get opinions on whether they thought stakeholders in some other jurisdictions would be receptive to discussions to look for "win-win" collaborative efforts. There is no "silver bullet" solution for the Iowa horse racing industry and each change will always have both some positives and some challenges. As a result, we will present some options that we felt were the most reasonable to pursue. We know ultimately that reaching agreement on some circuit <u>or hybrid of the idea</u> will likely have a positive impact and the status quo is not a good option.

One circuit that from a current calendar perspective would only take moderate modification, would be to work with Oklahoma. For the Thoroughbreds, moving from Will Rogers Downs to Prairie Meadows and then to Remington can provide a circuit of close to ten months. This will not limit other stables from places like Oaklawn Park, Fonner Park, or tracks in Louisiana or Texas from participating in some portion of the circuit or during the entire racing circuit created.

If Remington started a week or two later than it currently does, Prairie Meadows could run dates similar to the 2019 schedule with some modification once the two jurisdictions work out exact details of a compromising circuit that would work for both jurisdictions. When talking to the Iowa Quarter Horse stables of course the ideal time for Quarter Horses in Iowa is from mid-June to late August or early September given the current Oklahoma race dates. However, when we asked Iowa Quarter Horse trainers what the second-best time of year for Quarter Horses in Iowa would be, almost all said a fall meet as competing against Claremore's meet would be feasible but not against Remington's Quarter Horse meet.

The basic structure would be a Thoroughbred meet at Prairie Meadows from very early May until late August with perhaps a week or two overlap with Remington Park where during that overlap Remington could focus on more turf races while Prairie Meadows relies more on Iowa-breds and 2-year-olds. The two racing offices should work together to minimize conflict of races to help during the short overlap and transition. Prairie Meadows could begin bringing in Quarter Horses as Thoroughbreds leave for Remington. (This would be somewhat like a 2019 schedule in Iowa but improved with coordination and sharing of resources and cooperative breeding programs.) The Quarter Horse meet could begin with a week or two of trials and less Thoroughbred races as that meet comes to an end. The trials could be on a different day than the Thoroughbred races during this overlap period. Once those couple weeks of overlap are complete the meet closes out the fall season with a straight Quarter Horse meet at Prairie Meadows.

Not only does this provide many opportunities for horses to race, but we also believe given the current horse supply trends in racing, that the breed programs in these states cooperating simultaneously to the created circuit will provide a core of horses to support filling races and enhancing both states' breed programs. The Oklahoma and Iowa-breds are reasonably comparable/competitive and with <u>some creative race conditions like offering races to combine state-breds, assures the success of a circuit</u>. This creates a racing system in which each state benefits with the whole stronger rather than relying only on their local resources. More details of how the state-bred programs could cooperate to enhance both programs and improve the racing circuit are discussed in more detail in Question 16 - How can the breeding industry be strengthened in Iowa? and the Strategic Plan & Action Plan.

Another option for a circuit worth consideration is to not compete but work together with Canterbury Park. What if you started the circuit for Thoroughbreds in Iowa for May and June (this would enable horsemen from Oaklawn Park, Tampa Bay Downs, Will Rogers Downs, Fonner Park, Turf Paradise, Delta Downs, Sunland Park and other tracks to start the summer season at Prairie Meadows not competing with Canterbury Park). In July, August and until very early-September Canterbury Park opens a Thoroughbred race meet, and Prairie Meadows runs the Quarter Horse meet concurrent to the Canterbury Meet. (Since a Quarter Horse meet would not require the utilization of 1,400 stalls at Prairie Meadows, some stalls there could remain occupied by Thoroughbreds wishing to not move but ship to Minnesota for races during their meet.)

While there are logistical issues regarding stabling, with a total of 1,404 stalls in Iowa and 1,040 stalls in Minnesota along with joint cooperative stall allocations for the circuit those issues could be worked out. The two racing departments would work together to allocate stalls and consider stabling throughout the season. A unique stall application could be created with options for trainers' preferences. The transition between meets would require communication and present some challenges but there are plenty of stalls between the two tracks. It may be possible to consider a horse transportation shuttle service for horses entered in races at the other track or compensation incentive for horses that ship during any crossover time of stabling.

A short overlap may be needed for a week in July (due to the holiday) and at the end of Canterbury. With perhaps a week of overlap in September, Prairie Meadows has finished it's Quarter Horse meet and runs a Fall Thoroughbred Festival Meet until late October perhaps closing Breeders Cup weekend and if there is a short overlap with Canterbury Park, Canterbury would run a closing week or so as a Turf Festival giving those horses one more opportunity and working with the Iowa racing office to minimize conflicts while Iowa 2-year-olds at this time of year will be more productive.

The following calendar is <u>NOT to suggest a perfect schedule but to visually present the concept with the details to be worked out by the stakeholders</u>. For example, this calendar is just a couple of days shy of the current legislated required number of race days in each state. While we think changing the legislation to be flexible, focus on races and still provide horsemen knowledge that racing is protected is ideal and should be discussed, in the short term with slight overlap this concept would still work just not as ideally since days becomes more important than race opportunities. This calendar would provide more racing opportunities and less conflicts between the two jurisdictions. Some concessions when working on the details could make the final product for everyone better. Some stabling arrangement can be worked out depending on total demand and stables preferred location(s). Yes, it would take more communication on the part of stakeholders, but the net result is a better solution compared to head-to-head competition for limited resources.

Conceptual calendar for an Iowa Minnesota circuit

The exact configuration could be slightly modified, and there are several ways to have the racing departments coordinate race schedules to limit conflicts but also provide enhanced opportunities. There may be a way to allocate some funds for a shuttle service between tracks. Another modification could be for Canterbury to run more Quarter Horse races and thus have the same opportunities, but Iowa racing could end mid-October to help with the cost considerations of having live racing.

PRM – Thoroughbred @ PRM

PRM – Quarter Horse @ PRM

PRM – Mixed @ PRM

CBY – Thoroughbred @ CBY

CBY – Mixed @ CBY

CBY – Quarter Horse @ CBY

May 2025

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9 **PRM**	10 **PRM**	11
12 **PRM**	13 **PRM**	14	15	16 **PRM**	17 **PRM**	18
19 **PRM**	20 **PRM**	21	22	23 **PRM**	24 **PRM**	25
26 **PRM**	27 **PRM**	28	29	30 **PRM**	31 **PRM**	

June 2025

M	T	W	T	F	S	S
					1 PRM	2
3 PRM	4 PRM	5	6	7 PRM	8 PRM	9
10 PRM	11 PRM	12	13	14 PRM	15 PRM	16
17 PRM	18 PRM	19	20	21 PRM	22 PRM	23
24 PRM	25 PRM	26	27	28 PRM	29 PRM	30

There could be time in June for Quarter Horse races trials for the early Iowa-bred and open futurities.

(See further details in the narrative for this question)

July 2025

M	T	W	T	F	S	S
	1 PRM	2	3 PRM CBY	4 PRM CBY	5 CBY	6 CBY
7	8 PRM	9 CBY	10 CBY	11 PRM	12 CBY PRM	13 CBY
14	15 PRM	16 CBY	17 CBY	18 PRM	19 CBY PRM	20 CBY
21	22 PRM	23 CBY	24 CBY	25 PRM	26 CBY PRM	27 CBY
28	29 PRM	30 CBY	31 CBY			

August 2025

M	T	W	T	F	S	S
				1 PRM	2 CBY PRM	3 CBY
4	5 PRM	6 CBY	7 CBY	8 PRM	9 CBY PRM	10 CBY
11	12 PRM	13 CBY	14 CBY	15 PRM	16 CBY PRM	17 CBY
18	19 PRM	20 CBY	21 CBY	22 PRM	23 CBY PRM	24 CBY
25	26 PRM	27 CBY	28 CBY	29 PRM	30 CBY PRM	31 CBY

September 2025

M	T	W	T	F	S	S
1	2 PRM	3 CBY	4 CBY	5 PRM	6 CBY PRM	7 CBY
8	9	10 CBY	11 CBY	12	13 CBY	14 CBY
15 **PRM**	16 **PRM**	17	18	19 **PRM**	20 **PRM**	21
22 **PRM**	23 **PRM**	24	25	26 **PRM**	27 **PRM**	28
29 **PRM**	30 **PRM**					

October 2025

M	T	W	T	F	S	S
		1	2	3 **PRM**	4 **PRM**	5
6 **PRM**	7 **PRM**	8	9	10 **PRM**	11 **PRM**	12
13 **PRM**	14 **PRM**	15	16	17 **PRM**	18 **PRM**	19
20 **PRM**	21 **PRM**	22	23	24 **PRM**	25 **PRM**	26
27 **PRM**	28 **PRM**	29	30	31 **PRM**		

November

M	T	W	T	F	S	S
					1 **PRM**	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Some of the overlaps can and should be coordinated. For example, the July 4th days of overlap since Prairie Meadows can close that meet with the Festival Days, Canterbury Park should not run races conflicting with those but have races for categories that do not compete. In fact, for the overlap days you could card one coordinated race card featuring both tracks' races which would have great mass appeal. You could run one race alternating at each track every 15 minutes and presented as one racing program. (The first time this was done was many years ago as the Ohio 7 & 7 program of 14 races ran between two tracks with a race about every 15 minutes.) With either circuit you could brand the product so simulcast horse players become familiar with the product and those wagering on either track prior to the circuit are attracted to the other product.

If there is a short overlap on the back end of the Canterbury Park meet the coordinated program could be done again on the overlap days. Also depending on demand Canterbury Park could run a mixed meet for a few days on either or both the first few days of the meet or the last few days as this would work well with the circuit for Quarter Horses and the Iowa Quarter Horse meet. Likewise on the short overlap races should be coordinated where Canterbury may run all turf and Quarter Horse races the closing week or two, while Prairie Meadows ramps up 2-year-old races or makes sure their races are written to not conflict with the Canterbury races with the racing departments cooperating. It could become very creative. For example, each track should run an Iowa-Minnesota bred race and make a daily double bet on the two races. There is an opportunity for many ideas to emphasize the strength of the new branded circuit and get cross over wagering to expose both tracks to new customers.

Like the other Oklahoma - Iowa circuit idea, it would be important that the Minnesota and Iowa breeding programs collaborate with race conditions making both state-breds eligible. This was done in concept previously with dubious results.

Both ideas will also be discussed in Question 16 - How can the breeding industry be strengthened in Iowa? and in the Strategic Plan & Action Plan of the report. The time of year to run must be adjusted to work with the best option to create a circuit and getting two or more jurisdictions to cooperate with the racing and breeding programs to present a better overall product and providing more value and opportunities.

We did consider both Nebraska and Illinois for potential circuits and while this may still be possible, we felt there was too much uncertainty in both markets and through brief outreaches there may be more problems in the short term and waiting for too many years to make change is less than ideal. We liked the idea of Nebraska and a circuit due to the proximity to Iowa but are concerned that the development of a reasonable number of opportunities may be too slow and waiting too long will continue to have a negative impact on Iowa's industry.

When looking at potential tracks and state-bred programs to partner with for potential circuits it appears that there are more options for separate meet cooperative efforts that are feasible than for mixed meets.

In the Situational Analysis and Competitive Forces we observed that 80 percent of the Iowa licensed owners and trainers lived within a 675-mile radius of Prairie Meadows. This means having a circuit with more racing opportunities in the Mid-America Race Region would enhance ownership wanting to race in this region since owners would have more opportunities not only to race but also to see their horses race at tracks located in the region where most owners reside.

Option C - While we know that other states may or may not cooperate, if Iowa could not find other jurisdictions to work with, that would leave Iowa having to look for a best alternative. While such a result would be less optimal, if Iowa could recruit more horses during their normal race season, a mixed meet would need more active horses to improve the product. Absent having a circuit for racing (which we think is a much better alternative) a mixed meet with more stabling full of active horses would help the product. Of course, this would be highly contingent on the ability to attract more horses that will run at the meet in the competitive environment, and you will be competing with everyone in the region compared to a circuit. To accomplish this, there must be a way to fund new barns. We believe there has been an $800,000 commitment to renovate windows for better ventilation on 16 barns. A trade off to consider is that financial commitment would easily finance at least one new barn. As always, with limited resources, the allocation of resources becomes an issue of trade-offs and priorities.

We discuss in Question 17 Would any State law or rule changes enhance racing in Iowa? the possibility of a capital improvement fund if resources are reallocated, which would be a way to fund projects associated with horse racing including additional barns. Currently there does not seem to be either a legal mechanism or a willingness to look at other usage of the subsidies that support horse racing besides using it for purses and breeders' supplements even though some of the money is allocated with flexibility for small percentages to be used for some stakeholder's operations. This may work today but ideally there can be fungibility baked into the laws pertaining to the allocation of funds to assist in strategic uses of those funds.

Question 4- What marketing strategies should be employed to promote the race meet and increase attendance?

Question 4A - Who should be responsible for any additional marketing strategies employed?

To answer this question, it needs to be broken down into various components. The marketing strategy for live racing needs to be somewhat different from the marketing strategy for simulcast/ADW. In addition, the second part of the question as to who should be responsible for additional marketing strategies will vary with each component discussed.

Simulcast/ADW marketing - *Export simulcasting/ADW*

The simulcast/ADW marketing, while less complex than the live product, we believe is the most important due to the percentage of all wagers on Prairie Meadow that are made off-track. Even though the revenue margins are lower for the simulcast product, the sheer volume of wagers makes this market more lucrative than the live product. The export handle revenue generated is over 2.5 times as great as that of the live product. The import handle revenue generated throughout the year is more than 3.25 times as great as the live product.

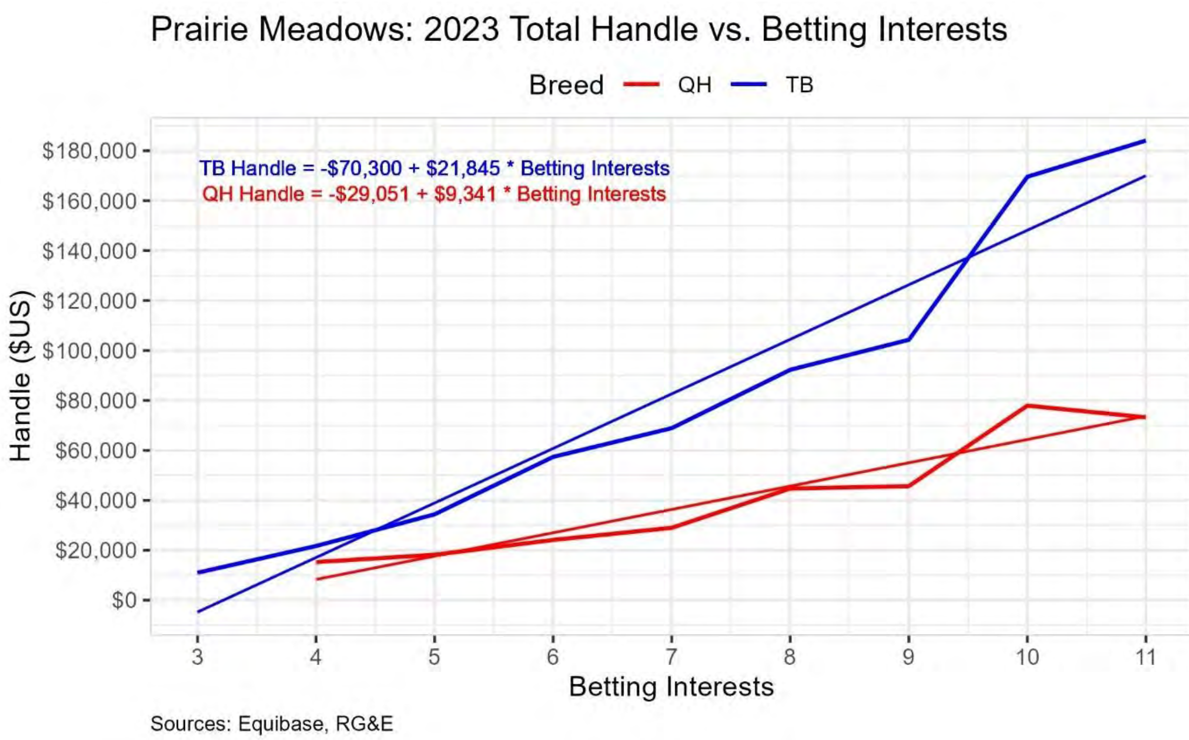
We will take the four Ps of marketing to discuss a strategy.

Product – This may be the most important of the four P's given our analysis of the Iowa racing product. The Prairie Meadows racing product competes in a very competitive pari-mutuel simulcast market where the customer has many choices. As mentioned in the Situational Analysis and Competitive Forces section of this report, many studies looked at the factors that affect pari-mutuel handle. In every study we have done, read, or seen presented at conferences the number of betting interests (field size) has the greatest impact on pari-mutuel handle.

As part of the overall strategy for Iowa racing, there must be considerable focus and effort to increase the current field size for Iowa races. This should be one of the primary goals of any strategy for the Iowa racing industry. If the field size can be increased it will make the Iowa product more competitive and have a significant impact on the growth of the live, simulcast and ADW wagering. Elsewhere in the report, strategies to grow field size are discussed.

The most recently concluded 2024 Tampa Bay Downs attributed its race meet handle increasing this year due to the increase in field size. The race meet was up 2.4 percent in handle and without the loss of much of the Tampa Bay Derby day due to communications outage, Tampa estimated the meet would have been up $14 million in handle.[40]

Figure 76 Total Handle vs. Field Size - Iowa Racing



Notes: Prairie Meadows does not have any coupled entries indicated in the Daily Racing Form charts, so the number of runners (field size) equals the number of betting interests.
Each additional betting interest for Thoroughbreds had twice the impact in handle as an additional betting interest for Quarter Horses.

The above chart from the Benchmarking Section of the report shows the impact field size had on the handle per race for Prairie Meadows in 2023. For Thoroughbred Racing, an additional betting interest is roughly $20,000 more in total handle on the race. For Quarter Horse Racing, an additional betting interest is roughly $10,000 more in total handle.

As we have seen elsewhere in the report, one of the main reasons for the decline in public interest in the Thoroughbred product is the negative trend in field size in Iowa and compared to the national trend Iowa is much lower than competitive products.

[40] Tampa Bay Downs Press Office, "Increases in Total Handle, Field Size Highlight Tampa Bay Downs Season," May 9, 2024, https://www.ftboa.com/increases-in-total-handle-field-size-highlight-tampa-bay-downs-season Accessed May 13 2024.

As illustrated in the Benchmarking Section of this report, Prairie Meadows has been below the national trend in field size since 2003 and the gap is widening in the wrong direction. If things remain the same, this will continue to have a serious negative impact on the product and the customer's interest.

The import handle product (discussed separately below) is all other tracks that customers in Iowa can wager on throughout the year. This product is not something Iowa has control over regarding quality but there may be ways to promote more interest from promotion or price.

Placement – The distribution of the product has been a key driver in growing handle. The decade of the 1990s horse racing saw the greatest growth in pari-mutuel handle because of wider distribution via simulcasting. There is still opportunity to grow handle by expanding into new markets, but it is very challenging, and the markets are much more saturated than they were several decades ago. We believe that the Prairie Meadows live racing signal will get greater distribution by utilizing the service of what we will call one of the large content management groups or distributors of simulcasting. One example of this is that content management groups have more distribution in many foreign marketplaces. The three we think are the largest are the New York Racing Association Content Management Solutions, Monarch Content Management (part of the Stronach organization) and Content Management at Churchill Downs. Each of these entities offer simulcast content management acting as the simulcast purchase sales agent for clients negotiating simulcast contracts.

We believe a better product, price and distribution are the best way to market and increase revenue from the simulcast product.

Price – There are two prices to consider when looking at the simulcast signal. There is the host fee price charged by the host track and there is the takeout or price of a wager in the marketplace.

We believe the host fees collected from several wagering guests that bet on Prairie Meadows can be increased, creating more revenue for racing in Iowa. The best way to do this is by not only gaining wider distribution if using the services of one of the three main content management providers but these providers also have supplier power by offering many signals to guests they can demand higher host fees for the Prairie Meadows' signal.

The second price, takeout of wagers offered by Prairie Meadows will be discussed in the promotion section below.

As far as any price on the import handle the only factor to consider is if the Iowa ADW resident market has enough higher volume players to consider some type of rebate or incentives. Incentives could be offered for future live racing at Prairie Meadows or during the live racing season. Prairie Meadows could offer similar incentives for customers willing to sign up for the Iowa resident ADW so they can wager in the off season.

Promotion – There are several potential promotions of the simulcast signal to consider.

It is key for Prairie Meadows to have horseplayers look at the race card offered daily. One mechanism to elicit this focus is multi-race sequence wagers that tend to offer larger payoffs. While the jackpot wagers have run their course as horseplayers are asked to fund the jackpot and then wait for a forced payout, carryover wagers are still popular. One way to get horseplayers to peruse the entire card each day is to offer a wager like the Place Pick All with a carryover and a low/attractive takeout rate. To win, the wager must have the horse that finishes first or second in each race on the card for that day. If nobody correctly does this, there can be a consolation payout with some of the pool carrying over to the next day up to the entire pool carrying over. The method of payment can be set at the start of the racing season.

Because the horseplayer has looked at all the races on the Prairie Meadows card to derive a Place Pick 9 ticket, they have more knowledge about each race on the card. This can lead to additional wagers on races that the horseplayer has selected horses they think can win or place and thus lead to higher handle. Additionally, if the Place Pick 9 does carry over, horseplayers do like to wager into carry over pools that have dead money, meaning not active tickets and they tend to up their stake in the wager to try to capture the pool. Handle in turn increases.

The responsible party for the marketing of the export signal should be Prairie Meadows since they are the party that would negotiate with the content management groups we suggested. Prairie Meadows is also the entity that must execute any promotions that were suggested to promote interest in the export simulcast signal from Iowa.

Prairie Meadows makes good efforts to market the entire facility with various social media applications, we only found one that was focused on a racing only customer. On "X" (Twitter) we follow @prmracing which does post scratches, program changes and race results. The other applications also post racing information, but they are not targeted to the simulcast pari-mutuel customer. There are racing promotions on their facility wide social media efforts, the simulcast customer would find most of the facility wide information useless and too much if they were only interested in wagering on Prairie Meadows live racing via simulcasting from locations throughout the world.

Several tracks have created social media personalities with considerable following. Instead of an anonymous posting through various social media apps by Prairie Meadows, find someone talented and make it an integral part of their job. For example, Rachel McLaughlin for Horseshoe Indiana has 15.3k followers, Jessica Paquette for Parx Racing has 15.1k followers and Andy Sterling with NYRA has 50.8k followers on "X". Prairie Meadows (@PrairieMeadows) on Twitter currently has 4,341 followers and Prairie Meadows (@prmracing) has 3,128 followers.

Simulcast/ADW Marketing - *Import Simulcasting*

Due to the better margins on the import simulcasting products wagered on in Iowa compared to the small export margins from a revenue point of view it is also important to focus on the import simulcasting. The import generates more revenue than the live racing on-track due to the much larger volume of wagers compared to live on-track pari-mutuel handle despite slightly smaller margins.

Figure 77 Potential Pari-Mutuel Sources of Revenue Based on 2023 Handle

Potential Pari-Mutuel Sources (2023 data)	Handle	Commisions, host fees, or net revenue	Rev. Pct. of handle	Fifty Pct. to Purses
PRM Live race handle	$ 2,687,876	$ 490,286	18.24%	$ 245,143
PRM Export Live race handle	$ 38,456,502	$ 1,293,211	3.36%	$ 646,605
PRM Import handle	$ 7,328,533	$ 1,080,226	14.74%	$ 540,113

Sources: Prairie Meadows and RGE

The import simulcast handle can generate similar revenue as the export wagering based on 2023 yearly totals. If the revenue model suggested in the Situational Analysis and Competitive Forces section of this report is adopted it would benefit all stakeholders to also consider the marketing of the import simulcast products. Import simulcast is as important as the live racing product, making race wagering marketing a year around effort.

Decades ago, the only wagering was on-track wagering on the live product. Your customers on-site were the total market thus, due to takeout, this meant that those customers could not all make a profit. However, with the import simulcasting today your customers are competing with players around the world. Thus, theoretically all your customers could show a profit. While not at all likely what it does mean is that it is economically in Iowa's racing interests if the pari-mutuel import simulcasting handle contributes to racing in Iowa (as our proposed model suggests it should) it would benefit the churn and the experience of customers wagering in Iowa on import racing if the <u>Iowa industry made efforts to help them wager more successfully</u>. If customers cash more tickets (thus the effective takeout for your Iowa customers is lower) studies show the wagering handle would increase due to the churn of dollars. Also, as mentioned elsewhere in the marketing discussions, if customers cash more tickets even if their net for the day is not positive, we believe this leads to a more positive and better experience.

Any strategies and tools you can provide on a year around basis that educates, provides useful information, and helps the customers as they compete against others in other jurisdictions will help the handle grow. Providing some of the same tools and information outlined in our suggestions for the live racing can be applied to the off-season import simulcasting. As one example, providing the calculated estimated final odds for a race based on the Pick-n wagers. Such information could be provided for the most popular signals that customers wager on that day.

Look to <u>extend the efforts utilized during the live season and promote the off-season simulcasting</u>.

<u>Product</u> – Iowa has little control over this. It can only control which products you emphasize to customers.

<u>Placement</u> - Sports wagering customers make sense to promote the crossover with horse racing as it is skill based like horse racing. When promoting import signals consider the placement and promotion of best signals perhaps based on customer best chances to win.

<u>Price</u> - Again there is little control over the price of an import product, but analysis of margins vs. customer experience churn can help the margins from import signals and also help market the signals that customers have the best ROI on. Could there be some form of incentive on slower days?

<u>*Promotion*</u> – Several promotions can help market import simulcasting in the off-season. On one or more of the best attended live race days at the end of the live season give those customers some "bounce-back" incentive offer to attend the dark day import simulcasting in the next weeks or months. Your live customer coming in the off season with the new model will generate almost as much revenue as when they wager on live races.

Continue to offer occasional handicapping contests during the year when only import simulcast is available. Since college and professional football season will be in full swing (after or during the later part of the live racing season), have a handicapping contest which requires the participants to wager on several sports games and horse races. This is a continuation of the emphasis of the live racing marketing appealing to the skill players and cross promotes the two products and forces those players to play both games and races to have a better chance to win the contest.

As people have positive experiences with the new live racing marketing and emphasis on betting win, place, and show and hopefully having better experiences they can be offered incentives for off-season import simulcasting by enhancing the database of customers during the live season. Emphasis on the import customer should, as suggested with the live race marketing, be on wagers of win, place and show so they have better chances of cashing tickets. Unfortunately, they will not get the WPS bonus they would on the live races as recommended below.

Live Race Marketing

The live racing handle has dramatically declined everywhere and is less of a focus today except for signature event days or some special short niche meets that still attract large crowds. That does not mean efforts should not be made to enhance the live event or market the live product. Live race handle in 2023 at Prairie Meadows is about 60 percent of what it was in 2017 and 80 percent of 2019 handle pre-Covid. Of course, some of this decline has been a result of account wagering expansion since then.

While the RGE team may not be marketing executives, we do have over 100 years of experience with the pari-mutuel marketplace, and many years managing racetracks, we will suggest a strategy that likely will not come from a marketing firm unfamiliar with pari-mutuel.

The team felt two quite different directions could be taken but felt one focused better with the other strategies to sustain and hopefully enhance racing in Iowa. The strategy we chose works well with the simulcast marketing strategy as well as the strategy to sustain and hopefully improve Iowa breeding and racing.

Positioning the Live Race Meeting at Prairie Meadows

Live racing has experienced dramatic changes in the past three decades as discussed in the Situational Analysis and Competitive Forces and History and Overview of Iowa Horse Racing. Most of the customers now wager on horse races either at remote sites away from where the actual live race takes place or in many cases wager online with a mobile app through an account wagering provider. Even when attending a live race day, many customers like the convenience of wagering with an account from their seat.

In line with the overall strategy of this report we believe the status quo is not an option and that also applies to the marketing efforts for racing. Trying the same strategies racing has been using may sustain the live product to a degree but without change it is unlikely that you can appeal to a core segment inclined to like games of skill or competition.

The customer at the live racetrack is often at a disadvantage given the amount of information readily available with an account wagering app or online data access. Continuing advances in technology, growth of internet wagering, and the practice of rebating to patrons as well as computer assisted wagering has enabled the ADWs to capture most of the market over time. This was even accelerated when Covid-19 closed many racetracks and OTBs, which forced more consumers to open wagering accounts.

> "The take-home: On-track horseplayers are losing their shirts. …. Looking at KHRC fiscal years 2022 and 2023 through September (July 1, 2021-Sept. 30, 2022), on-site bettors at Thoroughbred and Standardbred tracks saw just $76,448,621 in winnings returned from $105,736,132 in wagers. That is to

> say the effective cost (takeout) of betting races on-track in Kentucky was 27.7 cents for each dollar wagered…… After all, major horseplayers have estimated a blended takeout rate for North American racing in the 20-21% range. These on-track players are losing well more than that rate.”.[41]

Live racetracks have struggled to attract attendance at day-in and day-out racing meets. The venues that attract larger crowds for the most part do so only on signature event days (Triple Crown, Breeders Cup, etc.) or tracks that have short niche race meets like Keeneland. Even a track such as Del Mar realizes the challenges of the on-track attendance as noted in an article about Joe Harper, president and CEO of Del Mar Thoroughbred Club.

> “Turns out the good old days of more than 40,000 in the house weren't that great after all. Sure, the numbers looked sexy in the morning papers, and the scene made it seem as if the racetrack was truly the place to be. But the per capita handle was double digits,….Besides, the only number that counts these days is the handle, the handle, the handle. An extra 20,000 from the cast of San Diego's Beautiful People will never move that dial. ….Live crowds are a pleasant backdrop to the action, but in the end they are an expensive indulgence that requires food, water, and shelter. Then you have to clean up.”[42]

Prairie Meadows should and can continue to attract some good live crowds on a few signature event days and that should be part of the marketing and positioning of the live race meet. However, doing the same thing that has been tried on live racing nationally for a long race meet, daily, and/or three or four days a week will unlikely yield different results.

Based on the changes that racing has experienced described here, in the History and Overview of Iowa Horse Racing and the Situational Analysis and Competitive Forces in this report we believe a new approach with little downside to handle revenue is an approach worth investing in. This change in positioning does not mean Prairie Meadows abandons focus on a few key signature days or does not continue to improve the live race day experience. It is an attempt to help the live on-track customer have a better experience and help them compete more effectively when indeed the odds are stacked against them. If they have a better experience, they are also more likely to return.

Racing has tried many efforts to appeal to various segments. We do not believe the high fashion or glamourous race day look is a marketing effort that will work daily in Iowa. Racing efforts in general have been good at

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[41] Frank Angst, “Dollars & Sense: An Unsustainable Model,” BloodHorse, December 6, 2022 https://www.bloodhorse.com/horse-racing/articles/265283/dollars-and-sense-an-unsustainable-model Accessed March 13, 2024

[42] Jay Hovdey, “It’s Hard to Spell ‘Del Mar’ Without Joe Harper,” BloodHorse, July 14, 2023, https://www.bloodhorse.com/horse-racing/articles/270146/its-hard-to-spell-del-mar-without-joe-harper Accessed March 14, 2024.

"traffic builder" promotions (often successful at attracting larger attendance but also often not profitable), and signature days, but daily marketing of an everyday race day has fallen flat in our opinion.

The two alternatives we felt most likely to be useful to market the live daily product on non-signature days was either:

1. Promote fun and entertainment like minor league baseball and charge admission with little focus on wagering but provide wagering self-service betting terminals with staff to help place wagers (like self-service check out stores) and encourage sign up to account wagering Iowa. The focus would be on fun and entertainment between races using many Iowa appropriate ideas to best practices in minor league baseball marketing. Prairie Meadows on our brief visit does seem to be doing some of this on a small scale but the number of ideas, events and fun they could generate could be expanded. While we feel that this is a strategy that could work, it would focus more on entertaining the crowd and food, beverage, and ancillary revenues would be the focus of such a strategy. We believe while any effort of this type is positive, it does not focus on the core product "horse racing" and the revenue derived from such a strategy does not seem to provide market forces to encourage product improvement which is very necessary to the overall goal of the IRGC's RFP. If the revenue model never changes focus only on casino revenue to support racing continues this model focused on promoting the casino and food and beverage sales should stay and be improved (current effort is to drive traffic to the facility with the intent to raise casino revenue) or;

2. Promote the wagering aspect of the races with a focus on skill and competition. Efforts should be made to help the live on-track customer have a better (and bettor) experience by helping them with useful information and promoting wagers that will more likely send customers to the cashier line. We believe this option works well with all other aspects of the strategies to improve racing and breeding in Iowa. This strategy is complimentary to the recommended change to the revenue model (see Situational Analysis and Competitive Forces) and the effort to promote a better racing product. Below are more details on the implementation of such a strategy.

Racing should be proud of the fact that it is a game of skill and in fact the only game in Iowa where the customer is not playing "against the house" but rather is in competition with all other pari-mutuel players. This is an advantage not a weakness. You are playing against others both in the crowd with you and players everywhere.

Our preferred strategy will focus on increasing pari-mutuel handle and interest in the skill-based wagering horse racing offers. This ties well with other recommendations where pari-mutuel revenue must be tied to purses and support of the Iowa racing industry.

There are two facets to this strategy. One is repositioning the daily live product as skill-based and the only game in Iowa you do not play against the "house" but against the other customers, while the second is a focus on creating three or four signature days and the Kentucky Derby simulcast to appeal to a larger audience and entice them to return with offers.

> According to research from academics at the University of Eastern Finland and the University of Liverpool, "In a study published in the *Journal of Behavioral Decision Making* found that men with higher numerical IQs were more likely to engage with skill-based gambling, such as horse racing, choose more complex betting products and spend more money…. The data did not include women as only men in Finland are required by law to complete military service and take an IQ test."[43]

Have you ever gone to a day at the track and never cashed a ticket? That experience is not enjoyable for most people. What if you were encouraged to make wagers more likely to cash on occasion and when you did cash you got a bonus on the payoff larger than the people elsewhere (off-track) that you competed against? That will enhance the experience. Customers will be more likely to have positive experiences wagering on win, place, and show and getting a bonus with the payoff. Employees and mutuel tellers should reinforce the message by letting customers know what the bonus is when they are successful, and the customer has been successful competing against others.

By making the experience better and encouraging your customers to make wagers more likely to win you are essentially using similar tactics of intermittent reward of slot machines or applying psychologist B. F. Skinner theory of operant conditioning. "A behavior that is followed by pleasant consequences is likely to be repeated"[44] according to the operant conditioning theory. We believe this positioning attracts the right customers (target group), and they will appreciate the targeted efforts and rewards.

We are suggesting re-positioning the live race meet as a game of skill and the only game in town where you are playing against other customers and not the house. Along with that, we will detail our proposal of a win, place, and show (WPS) bet bonus and suggestions on focusing the experience to encourage wagers into those pools as it is more likely the customer can cash some tickets. In addition, the on-track experience should provide the customer with more information that will help them wager as opposed to the traditional in-house handicapper just making selections.

WPS Bonus to enhance the on-track experience

First, we will explain the WPS bonus. Oaklawn Park in Hot Springs, Arkansas has offered a show pool bonus payoff for several years to their on-track customer. It is done by creating a separate takeout for the on-track show pool and using net-pool pricing for the calculations of the show pool payoffs for both the off-track and on-track customer. At Oaklawn, the on-track takeout is only 10 percent while the "normal" takeout for show wagers

[43] "Men with Higher IQ More Likely to Bet on Horse Racing," Neurosciene.com October 12, 2022 https://neurosciencenews.com/iq-horse-betting-21631/   Accessed March 13, 2024
[44] Saul Mcleod, PhD, "Operant Conditioning: What it is, How it Works, and Examples," Simply Psychology, February 2, 2024, https://www.simplypsychology.org/operant-conditioning.html Accessed March 28, 2024.

is 17 percent. It is the lower takeout applied to the on-track customers that provide the larger payoff for the same wager on-track.

Two examples using some actual pool totals from 2023 Prairie Meadows are used below to illustrate its effect in the win pool as this is the least complex to illustrate. In both examples we used an on-track takeout of 7 percent compared to the normal 17 percent. Another option is to use an on-track takeout of 10 percent and the off-track takeout at 17 percent and while the downside risk is slightly less, the payoff bonus to the on-track customer is also reduced.

In the first example, with the fourth choice in the wagering pool winning the on-track customer wins $15.80 vs. $14.00 for a $2 win wager. In the second example, with the second choice in the wagering winning the on-track customer wins $7.40 vs. $6.60 for a $2 win wager.

Figure 78 Sample Win Pool Bonus Calculation (Example the 4th Betting Choice Wins the Race)

Win Pool Bonus Example - 4th choice wins race			
	Totals	**Off-track**	**On-track**
Take-out pct.		**0.17**	**0.07**
1-takeout		0.83	0.93
Total Pool	14,101.14	12800.14	1301
Take-out amount		2,176.02	91.07
Network Net Pool	11,834.05	10,624.12	1209.93
Winning money	1,659.56	1529.56	130
Total Pool	14,101.14	11,703.95	13,114.06
Winning $	1,659.56	1,377.43	1,543.39
Pool/winnings	8.496915	8.496915	8.496915
pool/winnings * 1-takeout		10.24	9.14
Total pool * takeout	Pool * takeout	2,397.19	987.08
Total pool - pool takeout	Net Pool	11,703.95	13,114.06
	Less Winning money	10,044.39	11,454.50
Net factor			
$1 Profit (base price)		6.05244	6.90213
$1 Broken Profit		6.00	6.90
$1 Price		7.00	7.90
$2 Price		**14.00**	**15.80**

Source: Prairie Meadows and RGE

Figure 79 Sample Win Pool Bonus Calculation (Example the 2nd Betting Choice Wins the Race)

Winning Pool Bonus Example - 2nd choice wins race			
	Totals	**Off-track**	**On-track**
Take-out pct.		**0.17**	**0.07**
1-takeout		0.83	0.93
Total Pool	17,412.58	15907.58	1505
Take-out amount		2,704.29	105.35
Network Net Pool	14,602.94	13203.2914	1399.65
Winning money	4,374.54	3974.54	400
Total Pool	17,412.58	14,452.44	16,193.70
Winning $	4,374.54	3,630.87	4,068.32
Pool/winnings	3.980437	3.980437	3.980437
pool/winnings * 1-takeout		4.80	4.28
Total pool * takeout	Pool * takeout	2,960.14	1,218.88
Total pool - pool takeout	Net Pool	14,452.44	16,193.70
	Less Winning money	10,077.90	11,819.16
Net factor			
$1 Profit (base price)		2.30376	2.70181
$1 Broken Profit		2.30	2.70
$1 Price		3.30	3.70
$2 Price		**6.60**	**7.40**

Source: Prairie Meadows and RGE

Based on several studies a takeout reduction when in isolation should increase churn and handle should increase. Looking at the Iowa handle just on live racing we believe that many of those customers focus their wagering on the Iowa product and by offering the takeout reduction in this method, handle for the live product will increase. In addition to any increase in handle there is a marketing value and enhancement of the experience of wagering at Prairie Meadows during live racing. The enriched experience, while difficult to measure, will enhance interest from the public in the pari-mutuel product in Iowa.

We believe that the WPS bonus using net-pool pricing should be offered both to the on-track customer <u>but also to the Iowa residents using TVG Iowa for their account wagering</u>. This will provide more marketing value as well. The bonus should be promoted on track, and customers should be encouraged to take advantage of it all racing season by opening an Iowa resident account with TVG. Of course, takeout reductions are always a concern and if handle does not increase and remains the same as in 2023, the bonus may end after one season. In Figure 80 we have calculated the worst case for reduction of total handle related revenue. It is important to note that as we have suggested in other sections of this report, we believe that both the purse fund and the track should <u>share in the risk and reward of changes in handle</u>, thus half of this worse case loss if realized should be to the purse fund and half to Prairie Meadows. (Note: see the Situational Analysis and Competitive Forces discussion of "A

New Model for Purse Revenue." We believe both horsemen and track operators share a risk and reward in handle fluctuations as detailed in our purse discussions.)

The only other expense for implementing this is a one-time cost of new software programing for the hardware to display the variance in payoffs. After discussions with the tote provider, while an estimate could not be provided, we believe based on that discussion, that if planning for this is done well in advance, not necessitating an expediting fee for the programing, the cost is not significant to the overall marketing plan. At the same time consideration should be given to the display of the payoffs on track and the graphics necessary for that.

Figure 80 Worse Case Scenario (at 10% or 7% takeout) if Handle Does Not Increase at All (Based on 2023 Handle)

Prairie Meadows 2023			
	On-track handle live races	TVG Iowa handle live races	
2023 total WPS handle	$ 1,638,454	$ 90,624	
Standard 17% takeout	$ 278,537	$ 15,406	
If 10% takeout	$ 163,845	$ 9,062	
If 7% takeout	$ 114,692	$ 6,344	
			Loss if handle does not increase from 2023
Worse case exposure if 10%	$ 114,692	$ 6,344	$ 121,035
Worse case exposure if 7%	$ 163,845	$ 9,062	$ 172,908

Source: Prairie Meadows and RGE

Marketing skill and competition and the on-track experience

Horse Racing is a game of competition and skill whether on the racetrack or figuring out who to cast your faith on at the betting windows. Much like poker, there are aspects and strategies you can learn to improve your chances of cashing wagers. Unlike other forms of gambling, with the pari-mutuel method of wagering, the horse players are trying to beat other players rather than the house. Thus, the horse player's skill versus the competition impacts the ability to turn a profit.

One of the common methods of letting horse players prove their skill is the handicapping contest. There are many formats for this, and the National Thoroughbred Racing Association (NTRA) holds a very large and popular contest each winter in Las Vegas. With the NTRA tournament, there are regional qualifying rounds held throughout the year all over North America. Prairie Meadows can participate in the NTRA qualifying event(s) and make it a stand-alone event or a part of one of the signature events discussed later. Typically, the qualifying event will be tied to races on the Prairie Meadows card, incentivizing horse players to handicap the live races and place live wagers on the card. The fact that Prairie Meadows has a hotel on the property makes it easier to attract out-of-state participants that may want to come to qualify for the NTRA national title event.

Smaller, daily or weekly contests can also be tied to single signature days or a day of the race week to promote wagering on those days. There are many formats to do this, but the results of the promotion are immediately measurable: “Did handle increase or not?” “Did more customers sign up for an Iowa resident account to take advantage of this?"

A simple contest that can be done on track (also works on the website) is the “Show Survivor” where guests must pick one horse per race or per day that must finish third or better. If the selection finishes fourth or worse, the contest participant is out. This is a simple concept and contest and can even appeal to newer horse players and the casual fan. The same theory is at work when giving horse players an incentive to look at your product for a contest, there may be additional wagering as a result. Again, the contest can be measured for results very quickly which allows for further decisions to be made as to the inclusion of a monthly marketing plan.

These contests can be taken one step further and tied to a slot tournament in the casino to provide a crossover between the two forms of gambling on the property. For example, a handicapping contest run on race days is used to generate participants for a month end slot tournament in the casino. The winner or first three finishers in the handicapping contest earn a seat in the slot tournament. This simple promotion ties the two together and the slot tournament can create hype in the casino on either a race day or another day near the end of the month.

As previously mentioned for import simulcast marketing promotions, a handicapping contest can promote crossover of wagering on sports and horse racing and promote the skill aspect of both games. A handicapping contest where the participants must wager on a few horse races and a few sports events with equal weight given to the outcomes so that players more familiar with either sports or horse racing do not feel disadvantaged can be offered at any time during the year.

Several smaller handicapping contests (some could be free to play, and others pay to play) during the live season should be part of the positioning. The tournaments should focus on the WPS bonus. There are many ideas of contests that can help promote the new positioning and provide incentives to participate. The prize structure does not have to be large as the idea is to promote competition. There should always be leader boards again to promote the competitive aspect and this improves the experience of people that are attracted to skill-based games. Prairie Meadows could create a ‘winners circle” where each tournament winner is posted with a picture. Some tournaments could also include ‘beat the Prairie Meadows expert’. One time that expert could be the track handicapper, perhaps a notable horse trainer one time, even a local celebrity or Prairie Meadows recognizable executive. Everyone in that tournament that finished with a better result than the expert can win a small prize or some incentive to come back or a wagering voucher. You could create tournaments with different categories like age. The ideas are unlimited.

In addition to contests showcasing the skill aspect of horse wagering, information dissemination is a key to handicapping or keeping bettors apprised of important results. One popular wager for more advanced horse players is the horizontal bet also known as multi-leg or Pick N wagers (Pick 3, Pick 4, Pick 6, Place Pick 9) where the bettor selects the winner in multiple consecutive races (Legs). When these wagers reach their last leg of the sequence, the will pays (probably payouts) are calculated by the tote system and displayed to the public. There are several tracks that have gone one step further and are showing estimated final odds for the runners in the last leg based on what was wagered to those horses in the multi-leg wager. Bettors can cross reference these estimated odds with the actual odds to win based on the win pool of the race involved in the last leg. This added information may lead the horse player to wager a larger amount on a horse based on the difference in the estimated odds and the current odds on the tote board. This will help curb one of the downsides of pari-mutuel where customers do not know what they will win until the race starts as opposed to fixed odds. The information also gives the customers insight into what the large computer wagering players have invested.

Staying on the information-is-power course, the production of the racing feed, how information is presented and discussed is another factor in the on-track promotion of wagering. With the concepts presented here, on-air in-house TV personalities should constantly promote the WPS bonus, encourage WPS wagers, teach more about how to select winners and wager wisely instead of just giving selections. TV personalities should also educate the customer about the pari-mutuel aspect of the game (competition against others there) while also educating them on all the tools available such as the estimated odds mentioned above.

Give on-track customers more information. Give them something they only get on-track, it is not necessary to include all of this in the simulcast presentation. An informed bettor will bet more. Perhaps having ambassadors in uniform enhances the experience by providing information, encouraging and explaining the WPS bonus.

Like celebrating a large jackpot win by a guest in the casino, horse players and racing fans that have a large windfall on a wager should be asked for their picture and displayed on a wall of fame (or Winners Circle) as well as celebrated on social media. Celebrating the big wins shows guests and horse players that people do win, and it is possible for a big score or to beat the competition. A well-designed t-shirt could be a gift to those winners with a tag line like “I beat the races at Prairie Meadows – Home of the Win, Place, & Show Bonus.”

There are many ways the new positioning can be marketed and “gamified” to appeal to those that like skill and competitive games. It may be best to seek ideas for how to present the skill and competition from younger advocates of the sport as well.

Whether tied to a signature day or a standard/frequent promotion throughout the racing season, tours are ways to **develop fan engagement** and allow the fans to see what goes on behind the scenes. Tours could include the starting gate, placing judges stand, barn visit, jockeys room, racing office or any area not accessible to the general public and is not an insurance risk. Tour groups can be formed by either having a drawing each day while collecting customer data or charge and limit group size. This can be an add on to a group sales package. Prairie Meadows can commemorate this event by giving participating customers t-shirts with “I got an insiders tour at Prairie Meadows Racetrack.”

Another way to develop fan engagement is to hold a morning workout show or Clocker's Corner on Saturday morning at the track. This could be where a small breakfast is offered for sale along with coffee and donuts during the morning training hours. Attendees watch the horses train and meet trainers and jockeys throughout the season. This allows fans to see the prep work that goes into a race day and have the training of the horse explained. Frequency can be once a month or more frequent.

There are many tactics and ideas in addition to some suggestions we have made that will complement the marketing positioning. We are sure industry stakeholders can add and enhance the marketing and work together to enhance or amend the ideas presented.

<u>Signature Days (description and how they can promote fan experience and promote wagering or cross over)</u>

We know that signature days are one of the more successful marketing ideas that do work in most horse racing jurisdictions. Different ideas will appeal in different markets. We felt the best approach to providing an answer to this part of the marketing plan is to suggest a variety of options but to leave the final decisions and execution of enhancing and creating signature race days be left with the local community that will know what may have the greatest local appeal and the greatest chance for success.

A list of potential signature days/themes:

- They have the Derby and Cornhusker around July 4
    - Sprint Day
    - Quarter (*Horse*) Day with all QHs and quarter specials like popcorn, hotdog
- Fireworks are already on the calendar
- Charity Day – invite all charities that benefit from Prairie Meadows
    - Each charity can be invited to have a table/exhibit at the track, an offer to their members (such as a program, soda and free wager) and perhaps create a handicapping contest for the charities to compete with a prize for the winning charity.
    - A signature day should be scheduled very early <u>at the beginning of live racing</u> so that those that are attracted to the event can be <u>made aware of the new positioning</u> of the race product, new benefits offered, and an <u>enticement offer to come back</u>.
    - This type of tie to a race day can also garner media and demonstrate to Iowa the positive impact the racino has on the community. The Hong Kong Jockey Club one of the most successful racing operations in the world has a very positive image and community support because of their charity efforts. https://charities.hkjc.com/charities/english/charities-trust/index.aspx
- Iowa-bred Day but tie it to Iowa Day where there are extra vendors related to Iowa products and experiences. Include the stakeholders to promote how to own a horse.
    - This day could be part of Iowa Classic or it could be a standalone event early in the race meet with goals like those mentioned above for charity day.

- Media Day – Another idea for early in the meet or it could be tied to either charity day, or Iowa Day. Invite the media to compete in races with jockeys, trainers, Prairie Meadows executives in either or both foot races and a handicapping contest featuring the new WPS bonus.
- Unique racing
  - Dino, dogs, mascots.
  - Ostrich and Camels
  - Indigenous Relay
- Festivals like Beer, Spirits, Food Truck...
- Kentucky Derby promotion of live racing - “bounce-back” offer to attendees
  - While this is not a signature live racing day a large crowd just days before the opening of live racing is an opportunity. Market the live product and offer those in attendance a reason to come back. For example, a “bounce-back” offer or coupon to entice players to take advantage of the new WPS bonus on live racing.
- For some or all of the signature days, all stakeholders, breeders, owners, horsemen associations, should help with the marketing and participate to market the breeding and owning benefits of Iowa-breds. The idea of joint marketing efforts is discussed below.

Question 4A - Who is responsible for additional marketing strategies – joint marketing efforts

There are many marketing articles or strategies that emphasize the customer loyalty approach with the apostle model of customer loyalty. We will briefly discuss this model only with the intent of using it as an aid in answering the question of who is responsible for additional marketing strategies employed.

> “In the early 1990s Scott Cook at Xerox coined the idea of service apostles and service terrorists: Service apostles are customers so satisfied that they convert the uninitiated to a product or service……But just as important to Xerox’s profitability is the avoid creating terrorists: customers so unhappy that they speak out against a poorly delivered service at every opportunity.”[45]

Terrorists are a subset of customers that are defectors. While apostles are the extremely satisfied and loyal customers.

> “Apostles are extremely satisfied and extremely loyal; they are repeat purchasers and happily spread the good word to friends and family……Defectors are both dissatisfied and not loyal;…Terrorists are extremely dissatisfied and extremely disloyal, i.e., ….. they will share their dissatisfaction with the 10,000 friends!”[46]

The reason for this introduction is because horse racing has many stakeholders in sustaining or improving the horse racing industry in Iowa. Also, horse racing is somewhat unique in the number of people that rely on horse racing and the success or failure of the product. One of the reasons for suggesting elsewhere in this report that

[45] “Design for Service, Research, patterns and observation, Apostles and Terrorists,” March 10, 2008. https://designforservice.wordpress.com/2008/03/10/apostles-and-terrorists/ Accessed April 13, 2024.
[46] Annett Frantz, “The Apostle Model,” February 21, 2012, https://cx-journey.com/2012/02/apostle-model.html Accessed April 13, 2024.

pari-mutuel handle must be tied to the product is because many of the stakeholders that rely on the success of the product must also have "skin in the game" and have a stake in the results.

Imagine the number of contacts throughout the race meet that all the horsemen, owners, trainers, horse racing employees at the track and breeders can be apostles or terrorist with? If they all have a stake in the racing revenue, the answer is they should be involved in additional marketing strategies employed.

In other major sports, the athletes are sometimes used as marketing vehicles for the sport in general. The participants sell the sizzle of the sport to the fans and promote followership. Likewise, horse racing participants in Iowa have a chance to enhance the sport's notoriety, appeal to fans, build a following on social media, and become more mainstream with the public. Iowa has no major league sports teams (which is why collegiate sports are so popular) and the jockeys and trainers could be marketed to build fan engagement. (Note, on our visit in June we talked to many horsemen that were very articulate, personable and spoke favorably of Prairie Meadows. People like that make great apostles for the product.)

In other major sports, the league markets and brings the individual team owners together to promote the entire sport. Likewise, the stakeholders in Iowa can join forces to do the same.

On a broader scale, horse racing in Iowa is an important agriculturally based business that provides economic impact to Iowans. However, it is quite possible that many Iowans do not know this or even know the industry exists. There is a story to tell, and it is incumbent upon the industry to tell it. As such, we are suggesting the industry join forces to produce a professional Public Service Announcement (PSA) campaign like other agriculture industries in Iowa or across the United States.

Referring again to Xerox, at one time when a person talked about making a copy of a document, the action was "xeroxing" that document. When horse racing was the only legal form of gambling in the United States besides Las Vegas and Atlantic City, the notion of gambling was to go to the racetrack. The strategy of the PSA campaign is to make horse racing mainstream again through education and storytelling.

Examples of this type of campaign can be seen with the Iowa Beef Industry Council (iabeef.org) and the Iowa Brewers Guild (iowabeer.org). Both industry groups have established an organization that promotes the industry through education and public awareness. It makes sense that the Iowa horse racing industry form a similar overarching organization that is the vehicle to promote the industry successes and educate Iowans on the contributions the industry makes to their daily lives even if they are not (regular) consumers of horse racing.

The other notion of the PSA is to control the message of the industry. In 2020, the steward for horse racing in the Province of Alberta, Canada, Horse Racing Alberta (HRA) utilized funding contributed by industry stakeholders to produce PSAs to show the safety, integrity, economic impact, and animal husbandry practices utilized in Alberta Horse Racing and playing those on mainstream media to the public. The strategy of the campaign was to explain the economic impact and importance of horse racing to the landscape of Alberta. One such PSA can be seen here: https://www.youtube.com/watch?v=zFfnCUYkVX4

This joint effort tactic successfully conveyed the message of economic impact, safety, and integrity to the public while promoting the horse racing industry to Albertans. The campaign was successful in having the government of Alberta increase funding to the industry for purses and breeders' awards.

Question 5 – Would any additional amenities or change in amenities enhance or diminish interest from the public?

There are some amenities that seem only a matter of allocation of resources versus other alternatives that would factor into a decision of usefulness. Other amenities, given we only had a short visit to the facility, are hard to know whether they are necessary or provide value. We did not have the time to evaluate all aspects of the suggestions since only three days of racing and training were witnessed and not under variable conditions, crowds etc.

On the frontside we had sunny days all three days. We did not see the facility under conditions of rain, so we do not know where and how the crowd is accommodated. We heard from one stakeholder that the people on the apron years ago did not have a place to go with families when it rained due to casino regulations (we did not verify this). However, we were told that was fixed and families with children now go to an area on the ground level in the middle of the grandstand. We were not able to observe if this area was large enough to accommodate the crowd in case of rain. Given that the weather is often very windy, we also do not know if some structure outside that provides rain cover is necessary, but stakeholders attending frequent rainy days would better evaluate this suggestion.

A frontside amenity that could be enhanced is the main tote board and video matrix above the tote board. When the afternoon sun hits those boards, visibility is greatly reduced. Only the odds board above the paddock is easily read.

Another amenity that we could not fairly evaluate due to the short visit was the utilization of the self-service tote machines. Several times they seemed underutilized by customers when there were lines at the teller windows. Given our small number of observations we do not know if more effort needs to be made to encourage their use.

While not an amenity, social media was discussed in Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance? The marketing team did give us a presentation of their overall marketing efforts. While they do make efforts to market the entire facility with various social media applications, we only found one that was focused on a racing only customer. On “X” (Twitter) we follow @prmracing which does post scratches, program changes and race results. The other applications also post racing information but are not targeted to the simulcast pari-mutuel customer, so we do not believe there are any other applications targeting those only interested in pari-mutuel. We do not think a pari-mutuel only customer would want to cut through the clutter of many posts focused on the many amenities offered at the entire facility especially the many pari-mutuel customers that only bet remotely with either an account or at a remote simulcast location. As discussed, the racing “X” account has 3,155 followers and expanding the content and reach to targeted customers may help market the export simulcast product.

On the backstretch as mentioned elsewhere in the report for the most part we observed a very well-kept area and the horsemen we talked to were happy with facilities and maintenance of the area.

Only two areas drew concern. One, the track kitchen is under par when compared to many other track kitchens we have visited. The kitchen area is large, clean and appears to be well kept. What is deficient is the food options compared to most anywhere else. Only one item (biscuits and gravy) was available the day we went for breakfast, and we did not sample that item. We did hear a few complaints about the lack of a decent kitchen for the backstretch help. If Prairie Meadows cannot operate that aspect of the facilities sufficiently, outsourcing the operation would be an option other tracks have utilized.

The only other amenity in the backstretch that according to many is an under supply issue is available dorm rooms. What the help is paid compared to rent in the area is a factor to also consider when deciding on the feasibility of more dorms. On a quick search the least expensive one-bedroom apartment in the area was about $800 and we do not know if short term leases at that price would even be available.

It does seem a shortage of rooms may be an issue, but the question is what reasonable expectations are. Some tracks charge a reasonable rent, and many stable areas require deposits. We know that there already is an issue with horsemen getting stable help for the Prairie Meadows race meet but at the same time it is not unreasonable to expect persons to make a wage that can afford a low rent given the small area available and the convenience of location to work.

Question 6- Should additional incentives be offered to attract new trainers and owners?

Many jurisdictions have offered up incentives over the past decade to attract new trainers and owners and subsequently, horses, to the state/province. These are monetary bonuses linked to bringing new horses to the jurisdiction where the owner/trainer earns the bonus after making a predetermined number of starts.

In Iowa, state statute 99D regulates purses and the distribution of such. Money collected and paid to the horsemen are to be used as purses or supplements to purses. Currently, any incentive money from the supplemental side (if legal) will decrease the amounts for other supplements.

The incentives that have been tried will be discussed below as well as some alternative ones. Del Mar and Santa Anita, in California were one of the first to try to attract top caliber horses to their mid-summer race meet, focusing on the cost to ship horses from the eastern and mid-western circuits. This year once again Del Mar is offering a $4,000 "ship-and-win" for any qualified runner in their first start at Del Mar. More than 2,600 horses have received the bonus since its start in 2011. In addition, there are purse bonuses as well.[47]

Santa Anita also has offered a similar program with a "guaranteed $4,000 bonus + a 50% purse bonus for dirt races and 40% purse bonus for turf races applied to a horse's purse earnings 1st-to 5th for any starter in its initial Santa Anita race whose previous start was made outside California."[48] Since the programs have continued for a number of years, we assume that they believe the program has value.

However, the goal of an incentive program and subsequent execution of the program may in fact create unintended consequences. For example, in Iowa, while trying to improve field size by offering earnings through last place, the distribution of that purse money means that the first five finishers earn less as the field size grows. This is an actuality at Prairie Meadows today.

Another downside to the incentives bringing horses from other jurisdictions is promoting horses bred, owned, bought outside the state versus incentivizing people to purchase from Iowans in this case. As a short-term fix, this can be effective but in the longer term, efforts should focus on getting Iowa-bred horses more opportunities and Iowans (or residents of cooperating jurisdictions) purchasing Iowa-breds to take advantage of that.

When developing any incentive program, it is also important to watch for "gamesmanship" of an incentive, so people do not try to take advantage of the program without meeting the intent of the plan. Careful monitoring of any program would need to be part of the plan.

Examples of racing incentives

There are many examples of incentives tried/untried and successful/unsuccessful. Measuring the success of the incentive program is recommended by establishing metrics/goals that improve fields size and subsequently handle, foal crops, number of owners, or others that have a positive impact on the industry and economy.

The following are types of incentives:

a. **Purse supplements –** This can be either field size incentives where the purse is elevated because the field size is a certain threshold or higher or stipend to horses that run even though they finish further back than fifth place. The "paid to last" covers the cost of Lasix administration and the losing jockey fee usually so there is no "loss" to the owner for running their horse when it does not achieve a top five finish.

[47] "Del Mar again offers ship-and-win, maiden bonus program," Del Mar new release, May 13, 2024, https://www.horseracingnation.com/news/Del_Mar_again_offers_ship_and_win_maiden_bonus_programs_123 (Accessed June 9, 2024)

[48] "Ship & Win Program: Guaranteed $4,000 Bonus + Up To 50% Purse Bonus," Santa Anita website, https://www.santaanita.com/ship-and-win-bonus/ (Accessed June 9, 2024)

For Prairie Meadows, as mentioned above and in Question 2 - What should the annual purse amount be?, the paid to last of $300 has an unintended consequence of reducing the amount earned from placings one through five because it is taken from the advertised purse instead of an addition to the advertised purse. If the field size in a race at Prairie Meadows is ten to twelve horses, a number they should aspire to, the first five finishers races for $1,500 to $2,100 less than if it is a five-horse field. That equates to $800 to $1,150 less to the winner of those races, disincentivizing horses to enter fuller field races.

Other tracks have tried larger purses for larger field size races. While we do not have data on those, we have discussed this with several racing jurisdictions that tried it, and they think at best, results are short lived and do not last if they work at all.

b. **Breeder Bonus supplements –** In all jurisdictions in North America where horse racing takes place, there is some semblance of a breeding program and that includes incentive money to the horse owners and the breeders of the horse. The Iowa breeding industry is discussed in greater detail in Question 16 - How can the breeding industry be strengthened in Iowa?, but Iowa is a state that places incentives for restricted races, unrestricted or open races, the breeder of the horse, and provides incentives for stallion owners.

c. **Racing series with a bonus for points earned –** There have been many attempts to link races for a bonus. The US Triple Crown had a bonus sponsored by Visa in the late 1980s for a horse to sweep the races. The bonus came about when Spend a Buck opted to go to the Jersey Derby instead of the Preakness Stakes, ending any chance at a Triple Crown winner that year. There was also a minor bonus for the horse that accrued the most points in the three Triple Crown races. Nobody swept the races, and the bonus was discontinued. In Canada, there was a $1M CAD bonus for a horse to sweep the Canadian Triple Crown and in the early 90s it was done at such frequency that caused the bonus to be cancelled. The purpose of the bonus was also to incentivize horses to run in all three legs.

> In the early 90s, the American Championship Race Series began. "The ACRS, conceived and administered by Barry Weisbord, was an attempt to organize the year's major races for older horses leading up to the Breeders' Cup Classic into a coherent and meaningful series. A bonus system offered $1.5 million to the four horses who accumulated the most points for 1-2-3 finishes in the Donn, Santa Anita Handicap, Oaklawn Handicap, Pimlico Special, Nassau County Handicap, Hollywood Gold Cup, Pacific Classic, Iselin and Woodward."[49]

This series was successful in generating interest and field size and showcased the horses that had name recognition by broadcasting on ABC. The series was taken over by the racetracks and fizzled out two years later.

d. **New owner/trainer bringing ten (or X) horses to Iowa that have never raced before in Iowa –** The purpose of this incentive is to have new horses brought to the track by attracting new stables. The influx

[49] Steven Crist, "Championship Series Worthy of Reviving." The Daily Racing Form, February 4, 2011. https://www.drf.com/news/championship-series-worthy-reviving

of new blood can be intriguing to handicappers as there is an advantage to those horse players that follow racing closely at other tracks besides the local one, giving the horse player a reason to wager on the local track to cash in on the knowledge advantage. This also is intended to add more horses to the entries thus increasing field size and handle.

e. **Existing Iowa owner/trainer purchasing or claiming horses from another jurisdiction –** This is an incentive program that many jurisdictions have implemented over the past few years as the foal crops continue to decline. On one hand, it only shuffles horses from one jurisdiction to another but it also incentivizes people to purchase horses that may be for sale in other jurisdictions anyway. In essence, this incentive promotes horse owners and trainers to purchase horses where they may not have before. As an instant influx of new horses, which is also good for the racing and promoting the product to handicappers, (new horses create a new dynamic in races and can be more intriguing to horse players) the question remains as to whether the horse population increases or is the incentive keeping the horse population stable? Even with the latter, in the era of the declining foal crop, having the same number of horses this year as you did last is a positive metric. This type of bonus also should have a requirement of a certain number of starts by the horses or else some may bring horses to Iowa for training and leave to race elsewhere later.

f. **Starter bonus for owner/trainer based on a set metric –** In order to promote field size, some racetracks created a starter bonus for owners and trainers that achieved a certain set number of starts per stall. This type of incentive rewards participation but an unintended consequence could be owners and trainers running horses that should not run, to achieve the metric for the bonus. Promoting racing and field size will help improve handle but it should be in conjunction with protocols promoting safety.

g. **Starter bonus for owner/trainer based on a competition with others –** Similar to the incentive in “f” but it pits the owners and trainers against one another as to who has the highest starts per stall (separated by stall allotment levels e.g. 1-5, 6-10, 11-20 stalls, so on and so forth). This type of competition could happen with less money allocated to the incentive program depending on how the program is set up. It can also be more effective with the competitive aspect. Like “f”, there is the same unintended consequence that can be mitigated by safety protocols.

Outcomes of offering incentives

Like other ideas to help the racing and breeding in Iowa there is a cost benefit to assess. Except for California’s ship-and-win program and some bonuses tied to just a race series, few have lasted for a significant number of years. The only way we have been able to determine their success is by talking to several racing officials in jurisdictions that have tried incentives and by looking at the longevity of the programs.

At this time, since like most recommendations, it will take resources both financial and personnel to implement, we believe the best use of resources for the next couple of years will be to put the time and financial efforts toward the creation of a circuit and the Iowa-bred program changes recommended as well as cooperation with the breed program(s) in the circuit jurisdictions (Incentives if created need to be tied to those strategies.)

Circuit as an incentive and multi-bred race programs and incentives

As discussed in Question 3 - What time of the year should racing take place? and further Question 16 - How can the breeding industry be strengthened in Iowa?, the creation of a bi-state or tri-state circuit has the possibility of incentivizing ownership of Iowa-breds by people in those cooperating jurisdictions. In addition, the circuit allows for more opportunities to race and earn bonus money. As an incentive to both owners and trainers that race on the circuit, the circuit provides a consistent racing season with more opportunities. In many cases some individual states do not have the resources to provide enough opportunities over a longer period of time. Combining the supply of each jurisdiction's state-breds plus the other resources make for a better overall program than either could do alone.

Incentives to stay and race on the circuit is a good use of resources as this we believe can provide a better supply of horses.

It would be easy to try to create incentives based on circuit participation if the jurisdictions could co-fund such a program. It could be based on either the horse, owner and/or trainer making a particular number of starts on the circuit based on either individual horses/owners or on a group basis. A similar way to do the incentive is a points system where the total incentive pool is divided based on points earned.

Some of the recommendations in Question 16 - How can the breeding industry be strengthened in Iowa? will also provide incentives for state-breds from two or more states to participate on the circuit thus achieving a better supply of horses for the circuit which includes Iowa.

Question 7- Does the current number of Iowa-bred races offered promote or diminish interests from the public?

When looking at whether the current number of Iowa-bred races promote or diminish interest from the public, we need to look at several things.

- One factor we have used elsewhere in this report as an indicator of the public's interest in the product is the pari-mutuel handle.
- Another very important factor is the impact the current number of Iowa-bred races has on the overall racing program and the goals of sustaining and improving the racing industry in Iowa. In 2023, 37.8 percent (290 of 768 races) of all races at Prairie Meadows were Iowa-bred races. Of all Thoroughbred races run at Prairie Meadows in 2023 the percentage of Iowa-bred races was 41.7 percent (232 of 556 races). 27.4 percent (58 of 212 races) of all Quarter Horse races at Prairie Meadows in 2023 were Iowa-bred races.
- The impact the Iowa-bred races have on the overall races offered must also be considered. For example, does the large number of Iowa-bred races impact the filling and field size of open races to the detriment of attracting horses to the barn area and making the open races unappealing due to short field size.
- Another consideration but to a lesser extent than the other two is the Iowa-bred races role in presenting a few signature days during the live meet.

We will review each of the three factors initially individually, and then summarize what we believe is the balance needed regarding promoting public interests while also enhancing the overall goals of the study and its findings.

Pari-Mutuel Handle and Iowa-bred Races

As discussed in the Benchmarking section of this report, to measure race pari-mutuel handle, we will look primarily at average win, place, and show handle (WPS Handle Per Race). The reason we focus on the WPS handle is because for almost all races there is a win, place, and show pool thus minimizing any inconsistency in comparison of races with different exotic pools. We also compared single-race exotic (vertical exotic wagers) totals, but because more races are likely to not have the same number of exotics offered, we put less weight on those comparisons.

First, we compared all races by breed (Thoroughbred, Quarter Horse) and state-bred compared to non-state-bred races for the three years of Daily Racing Form charts we acquired.

Figure 81 2021-2023 Prairie Meadows Thoroughbred Race Data

Prairie Meadows - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State Bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 24,305	$ 23,044	$ 23,257	$ 25,137	$ 26,971	$ 24,317

Prairie Meadows - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State Bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 31,494	$ 28,718	$ 26,128	$ 34,510	$ 36,594	$ 31,256

Sources: Daily Racing Form Charts & RGE

Figure 82 2021-2023 Prairie Meadows Quarter Horse Race Data

Prairie Meadows - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State Bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 9,757	$ 9,405	$ 11,098	$ 10,540	$ 10,036	$ 13,248

Prairie Meadows - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State Bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 15,129	$ 15,263	$ 18,287	$ 15,580	$ 13,376	$ 21,538

Sources: Daily Racing Form Charts & RGE

For the Thoroughbred races in all three years field size for the Iowa-bred races was greater than the open races and the WPS and single pool exotic handle were higher on Iowa-bred races. We believe that the handle difference is due to the larger field size of Iowa-bred races.

However, pari-mutuel handle cannot be the only measure to answer this question. For example, if stake races handled more than all other races to run a race meet you cannot run all stake races from a practical perspective even if those races were of the greatest interest to the public. Running a race meet requires a balance of interests as well as adapting to practical matters that evolve.

The Quarter Horse field size while larger for Iowa-bred races two of the three years, the field size difference was smaller in magnitude than what occurred for the Thoroughbred races. The pari-mutuel pool size for the Quarter Horse is much smaller and the difference in handle is also less, but again most likely a factor of field size. It should be noted that in 2022 when Iowa-bred Quarter Horse field size was slightly less than the open races, the single pool exotic handle average was almost $2,000 less on average.

Since we analyzed the pari-mutuel handle by race conditions for other questions in this report, we can look at more detail when comparing the Iowa-bred races to similar open races and the interest from the public based on handle and field size.

Figure 83 Prairie Meadows 2023 Thoroughbred Race Type Comparison

Prairie Meadows Thoroughbred 2023 Race Type Comparisons - State Bred and Non-State-Bred Races										
Year	Race Breed	Race Type	Races	Races Greater than a mile	Races Less than a mile	Mean Field Size	Mean Field Size Greater than a mile	Mean Field Size Less than a mile	Mean WPS Pool	Mean Exotic Pool Single
2023	TB	ALW	47	17	30	6.9	6.7	7.0	$ 28,108	$ 36,174
2023	TB	ALW (IA)	24	7	17	7.1	6.4	7.4	$ 27,422	$ 36,939
2023	TB	ALW (Not-SB)	23	10	13	6.7	6.9	6.5	$ 28,824	$ 35,375
2023	TB	AOC	27	8	19	6.0	5.6	6.2	$ 22,237	$ 25,229
2023	TB	AOC (IA)	19	5	14	6.2	6.0	6.2	$ 23,001	$ 26,111
2023	TB	AOC (Not-SB)	8	3	5	5.6	5.0	6.0	$ 20,422	$ 23,133
2023	TB	CLM	225	58	167	6.1	5.7	6.3	$ 19,662	$ 23,100
2023	TB	CLM (IA)	75	15	60	6.2	5.5	6.4	$ 20,037	$ 23,694
2023	TB	CLM (Not-SB)	150	43	107	6.1	5.8	6.2	$ 19,475	$ 22,803
2023	TB	HCP	10	6	4	6.1	6.2	6.0	$ 24,150	$ 29,982
2023	TB	HCP (IA)	6	4	2	6.7	6.3	7.5	$ 29,308	$ 37,897
2023	TB	HCP (Not-SB)	4	2	2	5.3	6.0	4.5	$ 16,414	$ 18,109
2023	TB	MCL	63	10	53	6.3	5.8	6.3	$ 21,533	$ 29,663
2023	TB	MCL (IA)	31	4	27	6.5	5.8	6.6	$ 23,960	$ 34,598
2023	TB	MCL (Not-SB)	32	6	26	6.0	5.8	6.0	$ 19,182	$ 24,881
2023	TB	MSW	82	13	69	6.8	6.2	7.0	$ 24,437	$ 30,665
2023	TB	MSW (IA)	47	5	42	7.3	6.8	7.4	$ 25,657	$ 34,058
2023	TB	MSW (Not-SB)	35	8	27	6.2	5.8	6.3	$ 22,798	$ 26,108
2023	TB	SOC	28	12	16	5.7	5.7	5.7	$ 20,175	$ 22,213
2023	TB	SOC (IA)	3	1	2	6.7	6.0	7.0	$ 19,221	$ 27,644
2023	TB	SOC (Not-SB)	25	11	14	5.6	5.6	5.5	$ 20,289	$ 21,562
2023	TB	STK	34	16	18	7.2	7.3	7.2	$ 54,621	$ 53,626
2023	TB	STK (IA)	13	6	7	7.5	8.0	7.1	$ 41,844	$ 53,818
2023	TB	STK (Not-SB)	21	10	11	7.0	6.8	7.2	$ 62,530	$ 53,507
2023	TB	STR	40	12	28	6.0	6.2	5.9	$ 20,189	$ 25,244
2023	TB	STR (IA)	14	5	9	6.4	6.8	6.1	$ 22,686	$ 29,176
2023	TB	STR (Not-SB)	26	7	19	5.8	5.7	5.8	$ 18,845	$ 23,126
2023	TB	All Race Types	556	152	404	6.3	6.1	6.4	$ 23,699	$ 28,268
2023	TB	All Race Types: IA-Bred	232	52	180	6.7	6.3	6.8	$ 24,317	$ 31,256
2023	TB	All Race Types: Non-State-Bred	324	100	224	6.1	6.0	6.2	$ 23,257	$ 26,128

Sources: Daily Racing Form Charts & RGE

It is more difficult to generalize when we look at the handle and field size of Iowa-bred and open races by each individual race condition. For example, the open stake race field size is 7.0 compared to Iowa-bred stake race field size of 7.5 but the WPS handle on open stake races is significantly more than Iowa-bred stakes while the single pool exotic handle is the same on average. The data for allowance races is similar to that of the stake race comparison. However, we see very different comparisons with some other race conditions. For maiden claiming races Iowa-bred race field size is a half a horse more, 6.5 to 6.0, and the handle is greater on the Iowa-bred races. For maiden special weight races, Iowa-bred races average over one more horse per race (7.3 to 6.2) but while the handle on Iowa-bred races is greater than the open races it is not nearly as great as the maiden claiming races given the field size differential.

While difficult to draw a firm conclusion it does seem that the higher-class Iowa-bred races do not promote as much interest compared to open races given the field size difference but for many maiden races the Iowa-bred races the interest is comparable. For the claiming races where field size is close to the same, the handle on those races is also very close to identical.

Figure 84 2023 Prairie Meadows Quarter Horse Race Type Comparison

Prairie Meadows 2023 Quarter Horse Race Type Comparisons - State-bred and Non-state-bred Races						
Year	Race Breed	Race Type	Races	Mean Field Size	Mean WPS Pool	Mean Exotic Pool Single
2023	QH	ALW	49	6.3	$ 9,382	$ 14,997
2023	QH	ALW (IA)	13	6.1	$ 7,771	$ 11,021
2023	QH	ALW (Not-SB)	36	6.4	$ 9,964	$ 16,433
2023	QH	CLM	16	6.1	$ 7,356	$ 11,324
2023	QH	CLM (IA)	1	6.0	$ 8,201	$ 8,575
2023	QH	CLM (Not-SB)	15	6.1	$ 7,299	$ 11,507
2023	QH	DBY	6	7.8	$ 22,711	$ 36,357
2023	QH	DBY (IA)	3	7.0	$ 22,864	$ 36,484
2023	QH	DBY (Not-SB)	3	8.7	$ 22,558	$ 36,230
2023	QH	DTR	10	7.1	$ 11,280	$ 19,896
2023	QH	DTR (IA)	2	6.0	$ 5,945	$ 10,610
2023	QH	DTR (Not-SB)	8	7.4	$ 12,614	$ 22,218
2023	QH	FTR	19	8.2	$ 13,903	$ 19,719
2023	QH	FTR (IA)	9	8.1	$ 14,050	$ 18,194
2023	QH	FTR (Not-SB)	10	8.2	$ 13,770	$ 21,091
2023	QH	FUT	6	9.7	$ 30,309	$ 48,176
2023	QH	FUT (IA)	3	10.0	$ 27,052	$ 45,839
2023	QH	FUT (Not-SB)	3	9.3	$ 33,566	$ 50,513
2023	QH	INS	1	10.0	$ 26,823	$ 50,493
2023	QH	INS (Not-SB)	1	10.0	$ 26,823	$ 50,493
2023	QH	MCL	30	6.5	$ 8,458	$ 14,177
2023	QH	MCL (IA)	5	6.6	$ 11,345	$ 20,742
2023	QH	MCL (Not-SB)	25	6.5	$ 7,881	$ 12,864
2023	QH	MDN	50	7.2	$ 11,397	$ 20,434
2023	QH	MDN (IA)	19	7.5	$ 13,445	$ 25,427
2023	QH	MDN (Not-SB)	31	7.0	$ 10,142	$ 17,373
2023	QH	OCL	13	6.8	$ 11,793	$ 19,179
2023	QH	OCL (Not-SB)	13	6.8	$ 11,793	$ 19,179
2023	QH	STK	9	7.4	$ 17,544	$ 26,578
2023	QH	STK (IA)	3	8.3	$ 19,619	$ 26,191
2023	QH	STK (Not-SB)	6	7.0	$ 16,506	$ 26,772
2023	QH	TRL	3	8.7	$ 14,442	$ 27,488
2023	QH	TRL (Not-SB)	3	8.7	$ 14,442	$ 27,488
2023	QH	All Race Types	212	7.0	$ 11,686	$ 19,176
2023	QH	All Race Types: IA-bred	58	7.3	$ 13,248	$ 21,538
2023	QH	All Race Types: Non-state-bred	154	6.9	$ 11,098	$ 18,287

Sources: Daily Racing Form Charts & RGE

The Quarter Horse data provides less insight when broken down by race condition partially due to the smaller sample size of each category and by the fact that with smaller pari-mutuel pools the difference in handle between open and Iowa-bred races is less. It does seem that field size is a significant part of the differential, but it is much harder to draw a conclusion based on specific race conditions.

Impact of the Number of Iowa-bred Races on the Overall Racing Program

Having a high percentage of state-bred races can be an advantage or a disadvantage depending on the specific circumstances and whether the effect it may have on producing a product creating public interest. For this discussion we will assume most of the state-bred races will not be stake races or what the public would consider high quality races considering the very competitive market Iowa must compete in for the public's attention. Given this assumption, this makes field size important to create interest in the product for the public to wager on those races.

The issue is how many state-bred races impacting the overall program can be either a positive or negative? One historical example may be useful to illustrate.

Figure 85 Prairie Meadows Compared to Sunland Park Data

Prairie Meadows and Sunland Park State-bred races and open races															
	Unrestricted Races			State bred Races			Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Pct. of State Bred Races		
Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Quarter Horse Race Data															
PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%
SUN	4	159	145	1	97	92	9.3	8.6	9	7	9.1	9.2	20.0%	37.9%	38.8%
Thoroughbred Race Data															
PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%
SUN	1	117	117	3	147	126	5	7.1	7.9	9	7.8	8.1	75.0%	55.7%	51.9%

Sources: Daily Racing Form Charts & RGE

New Mexico requires that three state-bred races a day be offered. Sunland Park has a higher percentage of state-bred races than Prairie Meadows. Sunland Park percentage of state-bred races for Thoroughbreds is over 50 percent.

Due to the increase in state-bred races at Sunland Park, there are not many stables with mostly non-state-bred (open/unrestricted races) horses. Those that do have open horses split their stables between Sunland Park and another racetrack. To a lesser extent some stables also split stables between Prairie Meadows and Hawthorne Park or other tracks so they can race their Iowa-bred horses in Iowa. What is important to answering this question is when does the balance impact the open races and thus the overall racing program? There is a larger gap in field size between open races and state-bred races at Prairie Meadows.

This poses a balancing problem. Unless you have enough state-bred races to almost become an incubator type situation where state-bred supplies sufficient horses to fill enough races with full fields to present a good product to the public, you must be careful not to offer too few open races to deter stables from bringing those horses due to insufficient racing opportunities. Of course, over time the answer to this question could change if the state-bred foal crop changes. We don't believe Iowa currently has enough state-bred foals to support a card full of full fields on a regular basis and there is a deficiency in the open race field size races especially for Thoroughbreds.

To help answer this question we also compared and contrasted Prairie Meadows to the Mid-America Race Region racetracks and other comparable racetracks to analyze percentage of state-bred races and field size. The following tables are bifurcated by breed, Thoroughbred and Quarter Horse for fair comparisons.

When looking at this data it is also important to understand the relationship between the state-bred foal crops and the percentage of state-bred races that are run.

Figure 86 Mid-America Race Region, Thoroughbred State-Bred Races Compared to Open/unrestricted Races

Mid-America Race Region - Thoroughbred Data																
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%
Arkansas	OP	484	498	553	105	111	101	8.2	8.6	8.5	10.1	10.5	10.5	17.8%	18.2%	15.4%
Illinois	FAN	245	345	370	57	78	85	5.3	5.9	6.6	5.7	6.1	6.7	18.9%	18.4%	18.7%
	HAW	378	524	490	37	55	37	7.4	7.4	6.8	7.4	7.3	6.5	8.9%	9.5%	7.0%
Indiana	IND	508	501	544	490	464	439	6.7	7.4	7.7	7.4	8.3	8.3	49.1%	48.1%	44.7%
Louisiana	DED	608	524	456	345	277	271	8.4	8.1	8.1	8.2	7.9	8.1	36.2%	34.6%	37.3%
	EVD	444	421	309	267	270	219	7	6.7	8.1	7.3	7.2	8.1	37.6%	39.1%	41.5%
	FG	448	440	403	269	317	293	7.8	7.3	7.5	8.4	8	7.5	37.5%	41.9%	42.1%
	LAD	401	369	284	185	206	166	6.7	6.9	8.3	6.6	6.7	7.6	31.6%	35.8%	36.9%
Minnesota	CBY	397	400	298	142	129	98	7.2	7.3	6.5	7.6	7.2	6.5	26.3%	24.4%	24.7%
Nebraska	FON	237	271	265	31	42	55	8	7.6	6.7	6.9	7	6.6	11.6%	13.4%	17.2%
Oklahoma	FMT	126	91	85	39	32	32	6.1	5.7	5.6	6.2	5.9	6.1	23.6%	26.0%	27.4%
	RP	398	421	427	203	179	178	8.1	8	7.8	8.7	8.2	8.1	33.8%	29.8%	29.4%
	WRD	167	158	157	103	94	91	6.5	6.2	6.5	7	6.9	7.3	38.1%	37.3%	36.7%
Texas	Hou	312	337	261	93	104	99	8	7.6	7.8	8.1	8	8.1	23.0%	23.6%	27.5%
	LS	323	283	265	132	119	114	7.5	7.7	8	7.1	7.8	7.7	29.0%	29.6%	30.1%
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Daily Racing Form & RGE

Figure 87 Mid-America Race Region Foal Crops

THOROUGHBRED FOAL CROP						
State	2017	2018	2019	2020	2021	2022*
IA	199	173	154	162	156	155
AR	327	292	269	293	291	262
IL	190	176	151	150	140	119
IN	460	427	414	413	434	429
LA	1085	972	950	837	821	766
MN	185	180	167	140	131	107
NE	43	36	33	51	99	74
OK	568	529	441	451	361	370
TX	407	377	317	382	360	338

Sources: Jockey Club State Fact Books, *2022 Foal Crops estimated

If you compare the foal crop size and the percentage of Thoroughbred state-bred races in the Mid-America Race Region, Iowa runs a high percentage of state-bred races in relation to the size of the foal crop in states such as Indiana, Louisiana, and Oklahoma.

One Thoroughbred horseman noted on our visit that he thought Indiana, Louisiana and Oklahoma run about as many state-breds as Iowa does. There are a few things that make those jurisdictions different. One, Louisiana and Oklahoma run separate meets which makes stall space and the number of races to fill a very different situation making it easier to allot more stalls to both open and state-bred horses. Second, all three states have larger state-bred foal crops than Iowa. And finally, Indiana is very different due to location. Indiana has a great location that allows for it to get many ship-ins for the open races from the nearby Ohio and Kentucky racetracks.

With smaller foal crops, Illinois and Minnesota run a smaller percentage of Thoroughbred state-bred races than Iowa. Arkansas, based on this data, may be able to run a higher percentage of state-bred races but since the purses and race meet are of very high quality there is no need to use those races when considering the public interests.

One thing that is notable in most cases is the differential in field size between the state-bred races and open/unrestricted races in the other states is not as great as it is in Iowa. This does raise the question of do the number of state-bred races in Iowa have a negative impact on either the number of open/unrestricted horses that are attracted to the race options at Prairie Meadows or does the filling of that high a percentage of state-bred races hinder the field size of the open races in Iowa?

There was another significant observation during our visit to Iowa. Several Thoroughbred trainers complained about the difficulty in filling open races. We can also observe this clearly in the data. As mentioned, this is because of stall allocation when running a mixed meet, few Iowa-breds running in open races, a relatively small Iowa foal crop compared to other states and perhaps the excessive number of options provided in race conditions and extras written on a regular basis.

Figure 88 Other Comparable Tracks, Thoroughbred State-Bred Races Compared to Open/unrestricted Races

Other Tracks - Thoroughbred Data																
		Unrestricted Races			State bred Races			Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Pct. of State Bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%
Arizona	AZD	210	131	n/a	5	6	n/a	6.8	6.7	n/a	6	6.3	n/a	2.3%	4.4%	n/a
	TUP	915	812	597	19	16	9	7.7	7.6	7	6.3	7.1	5.2	2.0%	1.9%	1.5%
Colorado	ARP	152	243	213	10	22	18	6.6	6.3	6.5	6.9	5.6	5.4	6.2%	8.3%	7.8%
Florida	GP	1930	1815	1707	115	116	100	8	7.9	7.7	7.2	7.6	7.3	5.6%	6.0%	5.5%
	TAM	826	834	834	8	8	8	8.2	7.7	7.9	7.1	7.1	8.3	1.0%	1.0%	1.0%
New Mexico	ALB	69	122	114	56	69	50	7.7	8.2	8.9	7.9	8.3	8.5	44.8%	36.1%	30.5%
	RUI	71	48	67	72	39	79	7.3	6.6	7.9	7.7	6.9	7.6	50.3%	44.8%	54.1%
	SRP	53	65	71	39	38	33	7.6	8.8	8.1	7.4	8.4	8.4	42.4%	36.9%	31.7%
	SUN	1	117	117	3	147	126	5	7.1	7.9	9	7.8	8.1	75.0%	55.7%	51.9%
	ZIA	125	148	90	88	103	60	7.7	7.4	9	8	7.6	8.8	41.3%	41.0%	40.0%
Ohio	BTP	591	585	606	153	162	143	6.6	6.6	6.4	6.3	6.2	6	20.6%	21.7%	19.1%
	MVR	548	501	506	279	309	317	7.8	7.2	7.3	8	7.6	7.7	33.7%	38.1%	38.5%
	TDN	474	451	413	329	351	395	6.5	6.5	6.3	7.1	7.2	6.6	41.0%	43.8%	48.9%

Sources: Daily Racing Form & RGE

Figure 89 Other Comparable State's Foal Crop

THOROUGHBRED FOAL CROP						
State	**2017**	**2018**	**2019**	**2020**	**2021**	**2022***
IA	199	173	154	162	156	155
AZ	102	93	97	117	98	88
CO	118	106	83	89	42	34
FL	1969	1694	1620	1532	1352	1143
NM	450	435	381	368	335	275
OH	399	403	406	398	399	356

Sources: Jockey Club State Fact Books, *2022 Foal Crops estimated

Arizona has a small foal crop and few requirements regarding state-bred races. Colorado likewise has an insignificant foal crop, so comparisons of those states are not useful. Florida for another reason is not a useful comparison as their state-bred program is very different. The quality of the Florida-bred is not a good comparison as those horses compete favorably in open races throughout the country.

We looked at New Mexico's Sunland Park and previously discussed, one potential factor that must be evaluated in answering this question. New Mexico's foal crop is also larger than Iowa's, so the percentage of Iowa-bred races compares well to that state.

Ohio's Mahoning Valley and Thistledown Racino (Thoroughbred only tracks) run about the same percentage of state-bred races as Iowa, but they have a much larger foal crop in Ohio. Ohio also, like Indiana, has a better location to attract ship-ins for open races.

Figure 90 Mid-America Race Region Quarter Horse State-bred Races Compared to Open/unrestricted Races

Mid-America Race Region - Quarter Horse Data																
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%
Indiana	IND	118	130	129	101	97	86	8.7	8.9	9	8.7	9.1	9	46.1%	42.7%	40.0%
Louisiana	DED	177	216	238	252	292	293	8.2	8.3	8.5	8.8	8.5	8.6	58.7%	57.5%	55.2%
	EVD	226	179	188	208	154	155	7.2	7.8	8	7.7	7.9	8	47.9%	46.2%	45.2%
	FG	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a	n/a	n/a	n/a
	LAD	130	183	192	148	139	137	7.2	6.4	7	7.8	7	7.2	53.2%	43.2%	41.6%
Minnesota	CBY	50	42	22	26	31	17	7.1	7	7.2	7.4	7.1	6.6	34.2%	42.5%	43.6%
Oklahoma	FMT	154	128	104	22	32	16	7.2	7.1	7.2	6.9	6.8	7.8	12.5%	20.0%	13.3%
	RP	383	358	376	94	86	80	8.9	9.1	8.8	8.8	8.8	8.5	19.7%	19.4%	17.5%
	WRD	182	189	164	45	51	61	8.2	8.2	8.5	8.4	7.9	8.1	19.8%	21.3%	27.1%
Texas	Hou	296	193	201	105	49	37	9	8.9	8.7	8.6	8.7	8.9	26.2%	20.2%	15.5%
	LS	262	253	269	45	28	33	9.5	8.7	8.9	9.6	8.6	8.5	14.7%	10.0%	10.9%
	RET	n/a	159	175	n/a	49	40	n/a	8.6	8.4	n/a	8.6	8.5	n/a	23.6%	18.6%

Sources: Daily Racing Form & RGE

Unfortunately, we do not have the total Quarter Horse racing foal crops for all the Mid-America Race Region states since many Quarter Horses bred are not used for racing, rendering this information difficult to analyze and subsequently not useful.

We do have the foal crops of Indiana, Minnesota, Oklahoma and Iowa as reported by the state agencies responsible for the racing Quarter Horses in those states.

Figure 91 Iowa, Indiana, Minnesota, & Oklahoma Quarter Horse Racing Foal Crop Data

Iowa, Indiana, Minnesota, Oklahoma Quarter Horse Foal Data				
Year	Iowa Foals Born	IN QH Foals Bred	MN QH Foals	OK QH Foals
2012	n/a	256	39	1100
2013	120	241	44	1154
2014	88	251	47	1084
2015	121	248	39	1129
2016	77	197	31	1101
2017	94	206	43	1067
2018	90	190	47	1007
2019	99	156	42	956
2020	87	76	37	1032
2021	104	92	39	982
2022	87	71	44	974

Sources: Indiana Horse Racing 2022 Annual Report, Minnesota Racing Commission Biennial Report 2021-2022 & 2017 MRC Annual Report, Iowa Department of Agriculture and Land Stewardship, Oklahoma Horse Racing Commission.
Indiana data note: Quarter Horse programs register all mares foaling in Indiana for purposes of having an Indiana bred or sired registered foal
Oklahoma data note: foal data for the years 2020-2022 may be slightly under reported due to pending registration status, data for Oklahoma is as of June 28, 2024.

We can compare Iowa to Indiana, Minnesota, and Oklahoma as we do have racing foal crops to help in comparison to the percentage of state-bred races run. Since the Indiana data was derived from the 2022 Annual report, we know that the data is not current and since the recent foal crop data does not represent totals it complicates the Quarter Horse comparisons.

Given those complications, if you look at the foal crops of 2018 to 2021 since those horses would be racing age for the years 2021-2023 it would seem Minnesota ran a high number of state-bred races. However, in 2023 Canterbury Park only ran 39 Quarter Horse races. Indiana and Iowa would be more in line with expectations based on foal crops.

Oklahoma's state-bred foal crop is much larger than the other comparable jurisdictions. Despite the larger number of state-breds, they run less state-bred races.

Comparing Iowa to the other states, Louisiana, Oklahoma, and Texas we can draw some other conclusions given our general knowledge of the racing industry in those states. First Louisiana has a high percentage of state-bred Quarter Horse races, but we know that the three tracks with Quarter Horse racing in Louisiana have separate Quarter Horse race meets making it easier to offer more state-bred races when offering a full card of just Quarter Horse races. We also know there is larger foal crops of Louisiana Quarter Horses due to the regional interests.

Likewise, Oklahoma and Texas both run separate Quarter Horse race meets and the southwest is clearly a region with very high Quarter Horse interest, breeding and racing. With those insights considered we again think that Iowa does offer a high percentage of Quarter Horse state-bred races given the regional racing differences.

Figure 92 Other Comparable Tracks Quarter Horse State-bred Races Compared to Open/unrestricted Races

Other Tracks - Quarter Horse Data																
		Unrestricted Races			State bred Races			Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Pct. of State Bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%
Arizona	AZD	49	72	n/a	4	4	n/a	7.4	8.2	n/a	6.8	7.3	n/a	7.5%	5.3%	n/a
	TUP	100	105	70	3	5	2	8.7	8.8	8.6	8.3	9	8.5	2.9%	4.5%	2.8%
Colorado	ARP	29	57	66	14	15	15	7.2	7.8	7.2	6.8	8.6	6.8	32.6%	20.8%	18.5%
New Mexico	ALB	80	104	106	44	70	75	8.4	8.7	8.8	8.6	9	9.3	35.5%	40.2%	41.4%
	RUI	276	315	288	86	103	94	8.8	8.6	9.1	8.7	8.5	9.2	23.8%	24.6%	24.6%
	SRP	59	54	72	26	25	35	7.8	9.1	8.7	8.5	9	9.5	30.6%	31.6%	32.7%
	SUN	4	159	145	1	97	92	9.3	8.6	9	7	9.1	9.2	20.0%	37.9%	38.8%
	ZIA	104	138	86	61	80	66	8.9	9	9	8.9	9.1	9.2	37.0%	36.7%	43.4%

Sources: Daily Racing Form & RGE

To help understand the Iowa-bred races and open race dilemma in filling races, we can look at the inventory at Prairie Meadows when writing this report.

Figure 93 Inventory of Horses at Prairie Meadows as of June 24, 2024

PRM Inventory as of 6-24-24		
	Thoroughbred	Quarter Horse
Stalls available	940	410
Stalls filled	908	367
Pct. Filled	96.60%	89.51%
Two Year Olds	203	183
Pct. 2yr.. Olds	22.36%	49.86%
Iowa-Bred	350	116
Pct. Iowa-Bred	38.55%	31.61%

Source: Prairie Meadows
Note: According to AQHA 2022 Annual Report, 39.8% of all starters were 2-year-olds, according to The Jockey Club Fact Book, in 2022, 17.5% of all starters were 2-year-olds, they averaged 3 starts that year and comprised 8.1% of all races.

Based on this inventory, it seems too many restricted race conditions are being written for Iowa-bred horses. There are 350 Iowa-bred Thoroughbreds and 116 Iowa-bred Quarter Horses. While we do not know how many of those are 2-yr-olds, if we assume the percentage of 2-yr-olds that are Iowa-bred is the same as the overall percentage, that will imply there are 272 Iowa-bred Thoroughbreds older than two and only about 58 Iowa-bred Quarter Horses older than two.

For example, with five to seven Iowa-bred races in the book each day and two or more extras for Iowa-breds each day there are too many options for the 460 Iowa-breds in the barn area. This plethora of options also leads trainers to wait for the perfect conditions knowing so many options are available. This will keep those horses from either running in an Iowa-bred race they do not think is perfect or not desiring to attempt to run open if no Iowa-bred race fills.

We know about 20 percent of horses on average may be inactive at any point during a meet. This means there are about 370 active Iowa-breds and 650 active open horses. This makes filling races a challenge and with too many options, the results are everyone waiting for a perfect condition and short fields unattractive to the wagering public.

Overall, too many options offered make filling the races more difficult, but the racing department is often pressured by horsemen that want more variety in race conditions. The situation is not in the best interest of the public but often also impacting horsemen with race conditions not filling that they would like to see fill. This problem is not unique to Iowa.

Iowa-bred Races and Marketing of Signature Days During the Live Race Meet

While not as important a factor, it is worth noting the tie of the state-bred races to the existing signature days run as well as any potential such days run as part of the marketing ideas presented in this report. For example, an "All Iowa Day" would be part of Iowa Classic Day and offer unique marketing ideas. State-bred races could be used earlier in the meet tied to a handicapping contest or create a unique Iowa day separate from the successful Iowa Classic Day. Local appeal and local ties to the Iowa state-bred offerings present opportunities to have all stakeholders participate in promoting racing.

What Current Number of Iowa-bred Races Promote Public Interests

Answering this question will again begin by mentioning the interrelated system surrounding the question. We have reported that Iowa-bred races have fuller fields and lead to higher handle over the race meet. We have also shown that Iowa-bred races run, are on an equal or higher than average side of the scale in relationship to other Mid-America Race Region racetracks. In discussing the latter, we have pointed out examples of when too many state-bred races can impact the ability to attract open horses to race and thus negatively impacting field size and subsequently the handle.

With the current foal crop, the number of Iowa-bred races are acceptable, but on the high side especially since the numbers seem to be <u>impacting the other open races</u>. If Iowa-breds would be more willing to run in open races when their race conditions did not fill it would help the overall program. Also, because of the high number or race conditions offered, horsemen will tend to wait in hopes that soon a perfect race for their Iowa-bred fills. In many segments of this report, we return to the overall poor field size of the races at Prairie Meadows and how that is affecting public interest and handle.

We will discuss other ways to promote breeding of Iowa-bred horses in other sections of this report. Promoting Iowa breeding is an important factor for economic impact, industry viability, and providing the product for racing at Prairie Meadows. In Question 16 - How can the breeding industry be strengthened in Iowa? we look at other ways to offer Iowa-breds more opportunities while not having as drastic an impact on open races.

As will be seen in later sections covering the Standardbreds, Iowa-bred and sired horses are almost all the races offered, but of course there is also no wagering on those races.

For the Thoroughbred and Quarter Horse racing at Prairie Meadows, the number of Iowa-bred races offered, and run will require regular monitoring depending on the increases or decreases to the Iowa-bred foal crops. The stakeholders will need to pay attention to metrics like foal crops, field size, and handle and the interrelatedness to the number of Iowa-bred races offered.

Question 8- Does the current stakes program promote or diminish interest from the public?

When looking at whether stakes races promote or diminish interest from the public, we need to look at the entire market as well as the pari-mutuel handle which would be a key indicator of the public's interest in the product. As we look at data to help answer this question, we also want to consider the stake races' role moving forward in not only creating interest for the public but also the stake races' role in marketing and sustaining or improving the Iowa racing and breeding industry.

Figure 94 Prairie Meadows Comparison Data of Stake Races and Non-Stake Races

Prairie Meadows Comparison Data - Stake Races and Non-Stake Races								
Race Type	Breed	Year	Races	Starts	Total Earnings	Mean WPS Pool	Mean Exotic Pool Single	Avg Field Size
Non-stakes	QH	2021	169	1,158	$ 1,857,143	$ 9,315	$ 14,551	6.9
Non-stakes	QH	2022	172	1,103	$ 2,332,672	$ 8,634	$ 13,153	6.4
Non-stakes	QH	2023	190	1,304	$ 2,664,722	$ 10,393	$ 17,202	6.9
Non-stakes	QH	2021-23	531	3,565	$ 6,854,537	$ 9,480	$ 15,047	6.7
Stakes	QH	2021	22	183	$ 1,543,669	$ 15,248	$ 20,778	8.3
Stakes	QH	2022	23	183	$ 1,552,874	$ 16,844	$ 26,036	8.0
Stakes	QH	2023	22	182	$ 1,608,501	$ 22,856	$ 36,222	8.3
Stakes	QH	2021-23	67	548	$ 4,705,044	$ 18,294	$ 27,654	8.2
Non-stakes	TB	2021	566	3,639	$ 12,623,013	$ 22,784	$ 31,237	6.4
Non-stakes	TB	2022	539	3,525	$ 13,136,249	$ 22,305	$ 30,166	6.5
Non-stakes	TB	2023	512	3,213	$ 13,112,556	$ 21,637	$ 26,550	6.3
Non-stakes	TB	2021-23	1617	10,377	$ 38,871,818	$ 22,261	$ 29,395	6.4
Stakes	TB	2021	30	210	$ 2,870,394	$ 59,238	$ 58,954	7.0
Stakes	TB	2022	34	237	$ 3,363,172	$ 61,102	$ 58,584	7.0
Stakes	TB	2023	44	306	$ 3,787,261	$ 47,696	$ 48,252	7.0
Stakes	TB	2021-23	108	753	$ 10,020,827	$ 55,122	$ 54,478	7.0

Source: Daily Racing Form Charts & RGE

As discussed in the Benchmarking section of this report, to measure race pari-mutuel handle, we will look primarily at average win, place, and show handle (WPS Handle Per Race). The reason we focus on the WPS handle is because for almost all races there is a win, place, and show pool thus minimizing any inconsistency in comparison of races with different exotic pools. We also compared single-race exotic (vertical exotic wagers) totals, but because more races are likely to not have the same number of exotics offered, we put less weight on those comparisons.

The stakes races outhandled the non-stake races but a reasonable amount of difference may be attributed to two factors. One, the average field size on the stakes races is considerably better than the non-stake race average field size. The second important factor is a reasonable percentage of the stake races are carded to run on the signature days at Prairie Meadows. Those signature days include the two Festival of Racing days, Iowa Classic Day, and Quarter Horse Championship Day. Those four days are four of the top five pari-mutuel handle days in 2023 at Prairie Meadows, with the other top handle day being July 3, 2023, the evening fireworks which drew a large crowd.

Many stake races were run on the largest pari-mutuel handle race days. Thus, we wanted to look further at the stake races run on all other days. We looked at the 2023 stake races run on every day of the race meet to see if those races also attributed to the overall increase in handle on those races compared to non-stake races. In most cases, except for the stake races with four or five horse fields, the stake races pari-mutuel handle was well above the average race handle for the day. This subsequently reinforces other observations throughout this report how important field size is regarding the products appeal to the public and field size's importance to the overall goal of this study. Of course, some of the higher handle average can be attributed to several of those races being run later in the card when handle tends to be greater, the amount the races exceeded the average for that day could not all be attributed to being a late race.

It is apparent that the stakes races, if they are run with average or above average field size promote public interest in the horse racing product in Iowa. In addition, since we feel that having several signature days during the race meet are an important part of the marketing strategy that those races also allow the horsemen and racetrack the ability to use stake races as part of the appeal of a signature day during the meet. (The three largest pari-mutuel handle days in 2023, more than $1 million each, were three signature days, Iowa Classic and the Festival of Racing.) As Prairie Meadows has done recently, offering stakes races on those signature days helps part of the marketing strategy of focusing on those days as discussed elsewhere in this report.

In Appendix #5 Race Conditions at Prairie Meadows and Stake Race Data, the data comparing all race conditions handle, race earnings and field size can be viewed for further detail.

There are additional reasons we believe it is important to keep a stakes schedule like what is currently being offered. Besides the race's appeal to the public and the handle on those races is above average, many of those races are integral to the marketing of signature days. The stake races on signature days brings exposure of the races in Iowa to simulcast players that may normally not look at or bet the race cards in Iowa.

It is also important to have some stake races at the top end to attract horse stables that have stake caliber horses as often those horses are the top earning horse(s) for the stable and important that a trainer has places to run those horses if they want to race at a particular race meet. Having the feature races such as the Cornhusker or Iowa Derby, also showcases the stakes program to national trainers with large stables and those trainers may decide to run a string of horses in Iowa or send a few horses to local trainers or send other horses to run in other races if they ship a stake horse to Iowa.

Lastly, the stakes program also incentivizes horse owners or prospective owners to purchase new (and quality) horses. Buyers at horse sales are looking for horses that will compete at a high level and for the best purses. Having those types of purses at Prairie Meadows is integral to attracting people to support the race meet.

Question 9- Does a mixed racing meet promote or diminish interest from the public?

Like all the questions in the Scope of Work for this project, there are many factors that need to be considered and while a simple answer would be nice there are issues of practicality and industry forces that need to be considered to strive to provide a better product to enhance public interest.

Starting from a simple point of view the data clearly indicates that the Thoroughbred races are of more interest to the public based on handle, all other factors or differences not considered. Even just examining the handle results will not provide a simple answer. First, there are many factors that impact the handle so a simple comparison will not suffice. Looking at 2023 national statistics handle on Quarter Horses is about one-third of a billion and about $50,000 per race while Thoroughbred handle is $11.6 billion and $236,000 per race.[50]

One initial observation is that the Iowa racing industry's primary funding resource currently must divide limited resources to support three racing breeds. This means that the racing industry cannot maximize the economic impact but must try to maximize a combined balanced economic impact of the three racing breeds using an allocation of resources which may be considered a best "fit" but not maximization. This division of resources also means that it must do the same when looking at providing a high-quality racing product in Iowa as the Iowa Code also suggests.

The last separate Quarter Horse and Thoroughbred meets were run pre-Covid making the comparisons very difficult because the wagering migration from bricks and mortar locations to account wagering accelerated due to the closure of many brick and mortar locations or the live racing without spectators at other locations.

Figure 95 Oregon Hub Multi-Jurisdictional Wagering Hub Handle

Oregon Racing Commission Multi-Jurisdictional Wagering Handle		
Year	Total Oregon Hub Handle	Pct. Change from Prior Year
2017	$ 3,865,856,894	n/a
2018	$ 4,216,834,582	9%
2019	$ 4,364,756,572	4%
2020	$ 6,665,743,116	53%
2021	$ 6,657,443,051	0%
2022	$ 6,411,059,646	-4%
2023	$ 6,636,492,617	4%

Source: Oregon Racing Commission https://www.oregon.gov/racing/Pages/Advance-Deposit-Wagering.aspx

[50] The Jockey Club 2023 Fact Book, The Jockey Club and 2023 AQHA Executive Summary.

The Oregon Multi-Jurisdictional Hub for ADW is by far the largest such hub and represents the greatest percentage of U.S. ADW handle. (The Oregon hub handle in 2023 is 57% of all pari-mutuel handle reported by the Jockey Club Fact Book in 2023. Of course, part of the Hub's handle is on Quarter Horse and Harness racing, but it is not a major portion.)

In the 2000s there was a gradual shift of pari-mutuel handle from bricks and mortar locations to ADW. However, due to Covid-19 as is evident by the 53 percent increase in the Oregon Hub handle from 2019 to 2020 that shift changed dramatically. Many current racing fans had to open an account to wager in 2020 due to closures or spectator-less racing at tracks. Also, many other sports were not operating in 2020 due to Covid and it was reported that some new accounts were opened since horse racing that year was one of the few sports you could wager on.

Customers that did open accounts that were active bricks and mortar customers prior to that, no doubt most likely modified their wagering behavior due to the convenience and variety of products available as well as the added digital technologies and data available to those customers.

If you were to run separate Quarter Horse and Thoroughbred meets it has both advantages and disadvantages and so does the mixed meet operation. Let's first look at those two scenarios from that perspective. We know that the field size for the Thoroughbreds was historically better with separate meets (2013-2019) and this could be from the ability to allocate stalls to more Thoroughbred horses/attract more Thoroughbreds during those years. However, the handle is better for both breeds when analyzing the mixed meets recently run. The post times currently however do not conflict as much with the major signals of Saratoga and Del Mar as they did when separate meets were run, which would be a factor.

Below is a list of some of the most important advantages and disadvantages of each type of meet:

Separate meet advantages:

- Easier to allocate more stalls to each stable as stall space is only needed for one breed.
    - This will also help open races to fill better than they currently are.
- More "opportunities" for horsemen to enter and run during that time frame because all races offered are for that breed.
- Circuit development is potentially easier to accomplish.
- The Thoroughbred meet presents fewer simulcasting challenges as some jurisdictions either are unable to or prefer not to simulcast Quarter Horse races. This factor impacts when certain races are scheduled.
- Track surface conditions can be tailored to each breed and thus track maintenance is not faced with the challenge of making the surface 'right' for either or both at the same time.
- Each breed and race meeting can be evaluated with appropriate metrics.
- Separate race meets allow focused marketing and scheduling of post times.
    - For example, market Quarter Horse meet to the growing Hispanic market, and post times to take advantage of the Quarter Horse control of the import simulcast signals into California after 5:30 pm Pacific time.

Separate meet disadvantages:

- The operational cost of running two race meets is likely greater when the combined two meets take place over more calendar days than a single mixed meet would.
- Quarter Horse simulcast races are not attractive in many jurisdictions (or not legal in some) and thus those races often will handle less when not coupled with a Thoroughbred product due to the preference of the products by the public.
- Trainers that train both breeds would have to split up their stable and potentially could lead to horses leaving the state of Iowa.

Mixed meet advantages:

- Filling races at times may be easier depending on horse supplies because you are not forced to use a race with a short field if you have a race of the other breed with a better field size.
    - Some races can be carded (870 & 1,000 yards) for both Quarter Horses and Thoroughbreds.
- A mixed meet may extend over more calendar days for both breeds, allowing some horses to get more starts. One example is with Quarter Horse racing futurities and derbies with trials, are an important aspect and to run multiples of either require a significant number of calendar days due to the trial and final.

Mixed meet disadvantages:

- The allocation of stalls, while an advantage for separate meets, becomes a disadvantage for mixed meets. With finite resources (stalls), some stables that may have come to race if they were allocated more stalls for horses may choose to go to a competitive meet that offers them a greater number of stalls. Trainers can save money stabling horses that may not race at a meet by having more horses in one place instead of having to pay stall rent elsewhere to train horses that may not race at the meet where stalls were allocated.
- Running the race meetings together does not allow for easy evaluation of costs, revenues and performance by breed.
- Simulcast of Quarter Horse races is not legal or not a desirable product in many jurisdictions.
- The racing surface becomes an issue between the two breeds.
- Two different regulatory schemes exist as the Quarter Horse races are not under HISA which leads to confusion for horsemen and fans. It may also present logistical problems with test barn protocol or some rules.
- Potentially less opportunity to create/promote a circuit with other jurisdictions.

To further analyze which type of race meet provides the most benefits to Iowa, the end goal needs to be known. Is the goal to improve handle and subsequently purses if the purses become tied to handle? Is the goal to increase days or the length of season? Or is the goal to shorten the length of the Thoroughbred season and expand the Quarter Horse? The mixed meet question thus is intertwined in the horse racing system of Iowa and is a component of the answers to other questions in the report as well as the Strategic Plan & Action Plan.

In the Mid-American Race Region, mixed meets are held at Canterbury Park, Horseshoe Indiana and to an extent at Fair Meadows concurrent with Prairie Meadows.

For Prairie Meadows, the current mixed meet format gives the Thoroughbreds 80 race dates, 13 more than the 67 the law requires. In addition, the Quarter Horses race three-and-a-half months versus five to six weeks when a straight Quarter Horse Meet was run. In 2019, there was a hybrid of sorts where the Thoroughbred meet ended with two-day-a-week racing while the Quarter Horses also overlapped at two days per week albeit different days of the week. We do not want to rule this out as a possible solution if it is necessary when looking to make a reasonable circuit of racing for both breeds.

From a stakeholder standpoint, the mixed meet allows for more efficient use of the facility for 80 days (about 2 and a half months) instead of a potential 93 days (about 3 months) with separate meets. However, could splitting the race meets achieve greater handle on an average per day basis and total for the season? As is discussed in other sections of this report, the handle is a measure of the public's interest, and the Thoroughbred's handle more than the Quarter Horses on a per race basis. These two factors, while not the only factors, shed light on the conflict between stakeholder preference and public demand.

A separate meet for Quarter Horses as a standalone is less desirable for the public as evident from the pari-mutuel handle history from 2013 to 2019. The overall goals need to look at the balance between horsemen and the public interests.

Another issue that requires a balance is the number of Iowa-bred races run at the meet may impact the ability to attract non-Iowa-bred horses, subsequently causing poor field size in open races and pushing the racing office to card more Iowa-bred races. This creates a cycle that feeds off itself making it more difficult to achieve balance. On our visit to Iowa this was an issue with several horsemen that had open horses in their stable.

Throughout this report we have looked at various scenarios for both separate and mixed race meets. We looked at various tracks that run race meets that we thought would benefit from collaboration. It was also important to look at meets where the horses would be reasonably competitive if they raced on a well-designed circuit.

We have also considered what are the most important issues to address and the goals. If the overarching goal of the Strategic Plan & Action Plan is to improve the racing product (initial focus is improve field size) and to improve the Iowa breeding program by adding value and opportunities, then we are confident that a focus on improving the overall product is more important than whether it is done by having a mixed or separate meet. We examined this in more detail in Question 3 - What time of the year should racing take place? with some suggested circuit ideas.

We are more concerned with recommending changes that can help achieve the goals and not necessarily restrict the path to achieve this. Therefore, it is our recommendation that Iowa be open to either answer to this question. It may depend on <u>what is achievable with cooperation from other jurisdictions</u>. More importantly an attempt to <u>create a circuit</u> that improves the product and cooperative efforts to increase value and opportunities for state-bred programs that are reasonably compatible is worth exploring.

Question 10- What should the stall allocation be with respect to number of Iowa-bred and out-of-state-bred race horses?

It would be nice if the answer was to allocate in proportion to the number of races run. Or since Iowa-bred races out handled the unrestricted races allocate more to Iowa-breds. Unfortunately, the answer is not that simple primarily as discussed in many parts of this section due to the very interrelatedness of each of the questions posed in the RFP and the fact that one action for one question may have consequences or bearing on other areas that impact the entire racing and breeding for Iowa.

Figure 96 Thoroughbred & Quarter Horse State-bred vs. Open Race Data

Prairie Meadows - Thoroughbred Data																
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ **Iowa**	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%

Prairie Meadows - Quarter Horse Data																
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ **Iowa**	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%

Sources: Daily Racing Form Charts & RGE

Figure 97 Thoroughbred & Quarter Horse State-bred vs. Open Handle Data

Prairie Meadows - Thoroughbred Data																			
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS			Unrestricted Race Mean Handle Exotic Pool Single			State-bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ **Iowa**	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 24,305	$ 23,044	$ 23,257	$ 25,137	$ 26,971	$ 24,317	$ 31,494	$ 28,718	$ 26,128	$ 34,510	$ 36,594	$ 31,256

Prairie Meadows - Quarter Horse Data																			
		Unrestricted Race Avg. Field Size			State Bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State Bred Race Mean Handle WPS			Unrestricted Race Mean Handle Exotic Pool Single			State Bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ **Iowa**	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 9,757	$ 9,405	$ 11,098	$ 10,540	$ 10,036	$ 13,248	$ 15,129	$ 15,263	$ 18,287	$ 15,580	$ 13,376	$ 21,538

Sources: Daily Racing Form Charts & RGE

The two tables give us a quick snapshot of the current number of races for both Iowa-breds and open races for both Thoroughbred and Quarter Horses at Prairie Meadows. The tables also show the difference in field size and pari-mutuel handle for those races.

We looked at this data as well in Question 7 - Does the current number of Iowa-bred races offered promote or diminish interests from the public? Many of the same issues discussed in that question are applicable to the allocation of stalls and the need for balance with open horses and the availability of stalls depending on whether Prairie Meadows runs a mixed meet or separate meets.

Economic impact for Iowa will be enhanced with the development of a larger Iowa-bred foal crop and increase in Iowa mares and stallions as part of that program in Iowa. Iowa having an incubator and relying on almost all Iowa-breds would be nice for the economic impact but at this time it is far from realistic.

Prairie Meadows currently runs a "mixed" meet of Thoroughbreds and Quarter Horses. One of the consequences of a mixed meet is reducing your available stalls to accommodate both breeds and this may be a bigger factor in stall space than state-bred horses. Reducing the available stalls for each breed and having Iowa-bred races also reduces the race condition options you can offer and still expect to fill races for the public interests.

There currently needs to be an equilibrium between enhancing the breed program by providing increased value and opportunities for the Iowa-breds, but also balancing that with the need to address the deficiencies in the overall racing program. Currently a greater percentage of races must be filled with both out-of-state horses and Iowa-breds in open races.

Some of the same issues impacting this question were discussed when looking at the prior Question 7 - Does the current number of Iowa-bred races offered promote or diminish interests from the public?.

When discussing the number of Iowa-bred races in that question we mentioned one example, New Mexico where, due to the large number of state-bred races run, there are few stables without many state-breds that apply or want to race there. Some stables have split their stables with Sunland Park and another track. This also happens to some extent with stables splitting between Iowa and Illinois since it is more difficult to run open horses. It was also mentioned in that question that the field size is greater for state-bred races and raises the question do the number of state-state-bred races in Iowa have a negative impact on either the number of open/unrestricted horses that are attracted to the race options at Prairie Meadows or does the filling of that high a percentage of state-bred races hinder the field size of the open races in Iowa?

How can you balance offering an improved racing product, increasing value and opportunities for Iowa-breds and allocate stalls both fairly and so those stalls are productive?

There is not a formula or simple answer to this question that provides a perfect fit since the important strategies in this report need to address the overarching goal: to improve the racing product (initial focus is improve field size) and to improve the Iowa breeding program by adding value and opportunities. This issue is also discussed in answering Question 16 - How can the breeding industry be strengthened in Iowa? and the Strategic Plan & Action Plan section.

One factor in answering this question is what will result from the efforts and strategies recommended elsewhere. The percentage of stall allocation for example can vary dramatically if there are separate meets compared to a mixed meet. If it works better with other jurisdictions to have a circuit and separate race meets for example, the allocation to Iowa-breds can be greater, simply because more stalls are available for an individual breed. The opposite is true with a mixed meeting and thus will vary what can be done with the stall allocation.

Another obvious factor to answer this question is how do the foal crops of the Thoroughbred and Quarter Horse in Iowa change. As it takes two to three years for a foal to make it to the races and many do not, there is a lag between production and product impact. As can be seen below, the foal crops of the three racing breeds have been relatively static for the past years meaning the number of racehorses making it to the track produced in Iowa will also be relatively static allowing forecasting to be possible.

In Question 1 - Statutory requirements notwithstanding, how many race days should be conducted? of this report, we looked at the value of knowing the trends in the supply of horses that may be available before making all plans for a future race meet. As stated there, in 2022 and 2023 looking at all races for the mixed meets at Prairie Meadows, 84 percent of all runners were either 2, 3, 4 or 5-year-olds. In another study in New York the percentage was even higher. Thus prior to allocating stalls you will be aware of the trend in supply of Iowa-breds, particularly the four foal crop years that make up the greatest percentage of the supply, thus you can anticipate what changes in stall allocation to Iowa-breds may be appropriate given the changing trend.

Figure 98 Iowa Foals by Year

Iowa Foals Born											
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Quarterhorse	120	88	121	77	94	90	99	87	104	87	105
Standardbred	226	232	226	233	254	277	301	292	279	264	277
Thoroughbred	293	274	292	220	220	208	167	170	171	175	212
Total Number of Foals Born	639	594	639	530	568	575	567	549	554	526	594

Source: Iowa Department of Agriculture and Land Stewardship

The implications of the foal crops growth or decline is directly tied to the mix of races offered between open and Iowa-bred horses. For example, in 2023 at Prairie Meadows 41.7 percent of the Thoroughbred races were state-bred, while 27.4 percent of the Quarter Horse races were state-bred races. If the foal crop for a breed increase or decreases, that will likely change the percentage of races offered and likewise how stalls will need to be allocated amongst the open or Iowa-bred horses. If Quarter Horse foals increase and Thoroughbred decrease, the stall mix and races offered may need to adjust accordingly. These factors should be looked at annually before the racing season begins.

While we would like to give a simple answer to this question the right answer is it depends on too many factors that will be functions of strategies implemented and changing over time as supply and demand of the horses and races change. We recommend that for a few initial years after strategies are implemented that the stakeholders should cooperate and compromise on the stall allocation until a baseline is determined resulting from the changes we hope happen. Once that is done, we recommend metrics to adjust the allocation. These can be agreed upon much like other metrics we are suggesting to constantly monitor progress and adjust the allocations or revenues, races, rewards etc. based on the measurement of the agreed upon metrics. This concept is further developed in the Strategy section and Appendix #9 Possible Metrics to Measure.

This may be a long answer to saying the allocation of stalls must be a consideration of the cooperative efforts and strategies for the circuit and multi-jurisdiction state-bred programs and thus not a simple answer. Again, the interrelated aspects of all the questions make it important to consider the whole racing system when trying to look at specific questions and how to adjust.

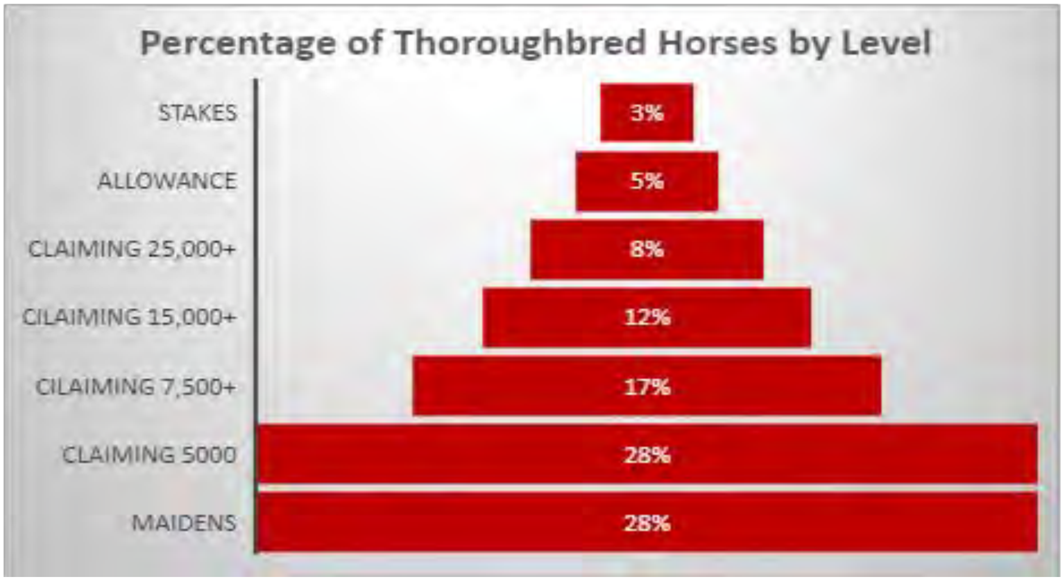
Question 11 What types of racing conditions should be favored to maximize interest and field size?

Attracting horses to compete at the race meet is highly competitive. With the decline in the foal crop and thus horse supply, horse owners have the “buyers’ market” when it comes to where to race and when. A number of factors come into the decision of where to race as purse structure, state-bred program and general competitiveness of the horse all play into the decision.

As can be seen in the chart below, the horse population at a racetrack does not generally cover every level equally. There are significantly less horses in a standard horse population at the high end of the spectrum and over 60% in the lower end. This translates to more races written for the lower end horses and thus more races run. For horses on the higher end, there will be limited actual opportunities because there are less horses to fill a race.

Typically, there are less higher quality horses and more lower quality horses. As such, when faced with a horse shortage, having enough high-quality horses race with frequency can be difficult. In places where horse supply is short, it can become increasingly difficult to find a race where a horse fits competitively, especially on the higher end of the scale. Lack of racing opportunities will eventually cause horse owners to move to another jurisdiction or racetrack to race their horse(s).

Figure 99 Pyramid of Typical Race Inventory for Thoroughbred Horses



Source: RGE

The race conditions are the mechanism to group together horses of a similar competitive level. Outside of the impact of field size on handle, the more competitive the race, the more difficult it is to zero in on the potential winner which can also contribute to higher handle. Ideally, the track can card many competitive races with large field size of eight runners or more to maximize handle.

Alongside the condition is the purse amount offered for the owners entering the race. The rule of thumb are that stakes are the highest purse offered and the amount of purse money decreases as the level/value of the horses decreases. As many tracks offer similar levels at their respective race meets, comparing purses for equivalent condition levels is possible.

Figure 100 Mid-America Race Region Condition Level Purse Comparison – Thoroughbred

	Mid-America Condition Level Comparison - Thoroughbred					
State	**Track**	**Maiden**	**Claiming 12,500 NW2**	**Claiming 5000 NW1Yr**		**Categories Offered**
Iowa	PRM	$34,500	$14,700	$13,000		119
Arkansas	OP	$115,000	$30,000	NA		213
Illinois	FAN	$12,000	$10,000	$7,500		74
	HAW	$32,000	$13,500	$11,000		108
Indiana	IND	$32,000	$17,500	$14,000		133
Louisiana	DED	$35,000	$18,000	$14,000		NA
	EVD	$30,000	$15,000	$10,000		228
	FG	$57,000	$21,000	$15,000		200
	LAD	$19,000	$11,000	$9,500		190
Minnesota	CBY	$29,000	$14,500	$12,000		101
Nebraska	FON	$9,100	NA	$7,600		NA
Oklahoma	FMT	$17,050	$7,150	$4,950		NA
	RP	$34,000	$15,000	$8,500		220
	WRD	$22,000	$11,000	$11,000		94
Texas	Hou	$33,000	$13,000	$11,000		140
	LS	$33,000	$14,000	$13,500		168
	RET	NA	NA	NA		NA

Source Equibase. Green denotes racetracks with a turf course.

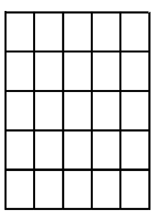
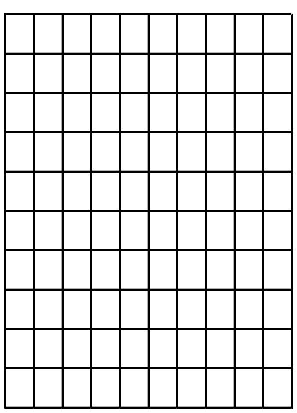
As can be seen in the table, Prairie Meadows stacks up well to most of the other tracks in the Mid-America Race Region when it comes to purse amount for the sample of conditions. The exceptions are Oaklawn Park (OP) and the Fair Grounds (FG) which do not race at the same time as Prairie Meadows and are supplying some horses to the Prairie Meadows meet. However, as has been discussed previously and witnessed in the below average field size, it can be concluded that Prairie Meadows is not attracting enough horses to run with the purse money offered. Purse level is only one factor that does go into the decision of where to race.

The categories offered column in the table compare the number of different conditions each track offers in the condition book (it does not include other conditions that may be offered on the overnights as extras). As can be seen, Prairie Meadows is on the lower end of the spectrum based on the condition books reviewed. It is important to note however, that the tracks that have a turf course will write more categories as they must write races for both the turf and dirt surface. Horse supplies being equal, the race conditions offered at tracks with a turf course will be more as two identical races but with different surfaces are considered two different race conditions. Likewise, the number of days per week and length of the condition book (three, four or five weeks) will impact the categories offered. What we don't have to compare and will influence this is the number of extra races offered at each track and how many more and different conditions are offered during the race meet.

Even the number of active horses on the grounds will impact how many race conditions can be offered. With more active horses, the racing department can offer more options. Having a mixed meet verses separate meets also influences the number or options you can offer as previously discussed since it limits the number of available horses for each breed.

Therefore, with a limited horse supply, offering more conditions may not be a good strategy. It is important to try to piece together the horse population you have available to create competitive races with strong field size. A possible option to the current model/practice will be discussed later. As mentioned before, certain levels of horse supply are limited, so offering more options can be counterproductive and lead to less races versus an ideal number of options getting used for those levels.

For illustrative purposes of the concept regarding race conditions, we look at an excerpt from a textbook called, “Organization and Administration of the Racing Department,” an introductory course for students at the University of Arizona Race Track Industry Program to give them a general understanding of how the racing department operates.

> “In general terms the more horses you have in a given category the more options you can offer horsemen. If, however, you have few horses in a category it will become necessary to offer very few options (types of races) in order to have enough horses to fill any one condition that you offer. It will do a racing secretary no good to offer every type of race to make all horsemen happy if none of the races fill with sufficient entries for a race to be used.”
>
> **Matrix 1** (Imagine each box below is a race category in your condition book)
>
> 
>
> **Matrix 2** (Now imagine the same thing but you offer many more races in this condition book)
>
> 
>
> Image if you had 250 horses to enter in races. In Matrix 1 above you have 25 options and should average 10 horses in each category. However, in Matrix 2 the same horses will only give you an average of 2.5

> horses in each category. Which result do you think is better for the fans, horsemen, and management?"[51]

At almost every track there is always a struggle between meeting horsemen's needs and filling races. Horsemen want more conditions naturally as each stable wants the perfect race for their horses. However, the racing secretary if they write too many options will have trouble filling races with field size attractive to the public.

Yet another factor at play is that horsemen and the racetrack may not be aligned on what races each party is trying to produce. If the condition book is written in such a way that does not promote field size but instead promotes short fields, horsemen may find this more advantageous as winning against four or five competitors is theoretically easier than in fields of 10-12 horses. With a field size average of 6.3 starters a race at Prairie Meadows, it is less intriguing to horsemen used to facing limited competition to wish to race against more competition. This is where having a stake in the handle on the races better aligns horsemen and the racetrack to achieve higher handles (thus a prospective higher purse money generation) and a more attractive wagering product.

When looking at the Quarter Horses, Prairie Meadows is at or below the average purses offered by other tracks in the Mid-America Race Region for similar condition levels.

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[51] F. Douglas Reed, "Organization and Administration of the Racing Department," University of Arizona Race Track Industry Program textbook, 2015

Figure 101 MId-America Race Region Condition Level Purse Comparison - Quarter Horse

MId-America Condition Level Comparison - Quarter Horse					
State	Track	Maiden	Allowance NW2	Claiming 7500 NW2	
Iowa	PRM	$14,000	$15,000	$9,600	
Arkansas	OP	NA	NA	NA	
Illinois	FAN*	NA	NA	NA	
	HAW	NA	NA	NA	
Indiana	IND	$17,000	$18,500	NA	
Louisiana	DED	$11,500	$12,500	$7,000	
	EVD*	NA	NA	NA	
	FG	$15,000	$16,000	$7,000	
	LAD*	NA	NA	NA	
Minnesota	CBY	$14,500	$15,500	NA	
Nebraska	FON	NA	NA	NA	
Oklahoma	FMT	$14,500	$16,500	$10,000	
	RP	$18,000	$21,000	$12,000	
	WRD*	NA	NA	NA	
Texas	Hou	$17,000	$18,000	$10,500	
	LS*	NA	NA	NA	
	RET	$16,000	$17,500	$11,500	

Source: Equibase
*Information unavailable at time of this report

When focusing on field size, the Quarter Horse races run at Prairie Meadows average three quarters of a horse better than the open Thoroughbreds and slightly better than the Iowa-bred Thoroughbred races. (However, Quarter Horse field size does not compare as well against Quarter Horse field size at other Mid-American Race Region tracks.) The Quarter Horses also have much fewer condition categories offered as the program is tailored towards futurity and derby races with trials and finals. The Quarter Horses are all sprinters so that also makes it easier as the differentiation in categories is less and you are not concerned with writing route races like you need for Thoroughbreds.

When writing conditions to promote greater field size and not short fields, it is important to look at the whole picture and the potential unforeseen consequences of a condition or component of a condition meant to improve field size. Case in point, Prairie Meadows and the HBPA have agreed to pay starters past fifth place finishes (sixth and further) a starter bonus of $300 per horse ($150 for Quarter Horse). The goal of the bonus is to incentivize horses to race and subsequently improve field size. This money is taken from the purse fund through the 20% supplement to Iowa-bred races and breeders' awards.

The concept has been used at other racetracks in other jurisdictions with dubious results. In the case of Prairie Meadows, it is arguably not moving the needle for people to enter and run as the field size for Thoroughbred races has fallen to a low of 6.3 starters a race in 2023, a whole horse less than the national average.

One potential issue with the starter bonus is that it comes out of the advertised gross purse. For example, in the Claiming $5,000 Non-Winners of Two Races Lifetime condition, the purse is $12,000. The winner receives 60% of the purse second receives a smaller percentage so on and so forth to fifth place. If the field for the race is five horses, the winner receives 60% of the $12,000 or $7,200. However, in a seven-horse field, the winner receives 60% of $12,000 – 2 X $300 which is 60% of $11,400 or $6,840.

The better placing horses in fact pay a penalty when the field size goes beyond five and may be sabotaging larger fields. A better way to handle this is to cease taking this from the advertised purse and to allocate it to the supplemental fund at the start of the meet (which may reduce the daily purse distribution) by estimating how many times the bonus will get paid out. Any money left over at the end of the year can either reduce the allocation for the next year or pay any other shortages that may occur in the purse account. In doing this, the penalty for larger fields is removed.

There is not a specific race condition or two that is the answer to the question as to offering only conditions that maximize interest and field size. The more important question in the study is how you increase interest in the races and increase field size.

As discussed once again it becomes a balance between offering too many options or not enough while at the same time balancing the desires of the public for full fields of competitive horses. In addition to this, the racing office is also trying to make opportunities that fit the horses in the stable area, giving the horse owners and trainers opportunities to run their horses where the horses are reasonably competitive.

Racing Secretaries will offer “extra” races to fill holes in the condition book scheduling or allow a race an opportunity to attract a few more horses by carrying it over to the next or subsequent race days. Too many extras will impact the condition book offerings potentially by competing directly with a race in the condition book or drawing horses that would have raced in a less ideal spot. Again, too many options can/will have a negative impact on field size.

Even if a few categories were the best to maximize interest and field size you must write races that at times are not maximizing field size (but being careful to not offer too many categories as discussed to hurt filed size) but give horsemen opportunities with some categories of horses that there may not be a large supply of horses fitting that category.

If all the days could be like the Festival of Racing or Iowa Classic Day that would be great, but it is obvious the day-to-day filling of races is dependent on the active horse supply in the stable area.

In a way the racing department goals, and job is often in conflict with the individual goals of a horse owner or trainer making the balance we discussed a controversial topic. While the racing department does want to write and fill races for horses in the stable area, they also want to fill races that appeal to the public and have larger field size. An individual horse owner or trainer desires a perfect race for their horse and knows to try to keep their horse competing against the weakest and fewest competitors to increase their chance of winning.

As discussed in the Situational Analysis and Competitive Forces, having the racing product tied to market forces and having pari-mutuel handle contribute to purses means that field size and filling races the public wants will help purses. If there is no tie to market forces, there is no incentive for horsemen as a group to care about the entire product but only have individual horsemen interested in the one race they desire against the weakest and fewest competitors.

To balance this discussion given the racino model that has developed not all racetrack operators may care about the racing product and may only care about minimizing expenses. If the track does not care about the product and does not make efforts to put on a balanced program with races that fit the inventory of horses on the grounds there needs to be accountability or market forces to address that as well. It is unusual that the current model does provide almost all the pari-mutuel revenue to the track operator so therefore they currently are the only ones to benefit from increased public interest in the pari-mutuel product.

In summation, it is more the balance/variety of conditions and avoiding offering too many options that will lead to increasing field size and public interest. Often making the public happy and making the horsemen happy the two goals present a conflict and currently given the current below par field size changes seem necessary.

New Categorization System

There is a group of racing people working on a new rating condition system. This likely will be beta tested in early 2025 in another jurisdiction. At the time of this report there is a planned presentation in late July 2024 about this rating system at Prairie Meadows during the National HBPA Conference.

This system is similar to some race conditions in European and Asian racing countries where they do not use the system of a claiming price to determine levels for horses. This would make for more competitive races while not risking the horses in claiming races which may be less desirable from the competitive point of view of the owner and trainer as they struggle with potentially losing a horse to a claim in order to run it where it is competitive. This will not eliminate claiming races either as different options such as optional claiming or ratings handicap could be available for a claiming price and part of new race conditions. The rating system will be calculated algorithmically and transparently.

The new system will assign ratings for horses. Horses will get ratings after three starts or if they win one of their first two starts, they get rated. More information will be available to the public later this year. We felt it was worth mentioning the possibility if successful in the testing, it would likely alleviate some concerns about parity when establishing a multi-jurisdiction state-bred program. It could also help fill competitive races if used for other categories, giving owners and trainers both better confidence a race will go as well as their horse being competitive in that race. Again, more competitive races promote higher handles.

Question 12- Would the cost of installing and maintaining a turf course offset any potential benefit for the racetrack and Iowa industry?

There are several potential positives a turf course could bring to the Iowa racing industry, such as fuller fields, help in recruiting horse stables that may not have come to Iowa since it did not offer turf racing, and potential for greater pari-mutuel handle and public interest in the product. The Jockey Club's Equine Injury Database also supports that turf is a safer racing surface compared to dirt. For 2023 the fatality rate per 1,000 starts for turf was 1.13 compared to 1.43 on dirt surfaces.[52]

Another important factor in the analysis is whether there is a split race meet or mixed race meet for the Thoroughbreds and Quarter Horses. If the mixed meet continues two factors may reduce the impact. One is the Thoroughbred stall capacity is at or near full currently and any benefit of attracting more horses is limited to the Thoroughbred stall allocation in place. Second if the mixed meet continues the number of Thoroughbred races run on the turf will be less than the other Mid-American tracks without mixed meets given the blend of horses, races and need to fill races for dirt and turf horses and for two breeds.

That said, the key to this question is the cost/benefit aspect. Tied to the cost and benefit is also who bears the cost and benefits. The question ties to several of our key components when analyzing the entire Iowa racing industry strategy and answering the questions that are part of the scope of work. We have seen data from other racetracks documenting the larger pari-mutuel handle on turf races compared to dirt (comparing only when the race remains on the turf and is not moved to the dirt due to inclement weather and course conditions).

Due to the way handle is reported by race we only looked at single race handle (vertical wagers) and not wagers across multiple races (horizontal wagers.) The reason for this is that a horizontal wager handle is only reported in the last "leg" of the wager. For example, a pick 5 wager handle is reported as handle in the fifth leg of the five-race series. This would distort the comparison more since many larger field size races would typically be placed in such a wager and given the field size difference in turf and dirt it may add a further bias.

There are other factors that could distort the data and would require a detailed analysis beyond this report's scope. For example, turf races are usually reserved for the higher quality horses which creates one bias in favor of the turf handle. Another issue is races that come off the turf are often faced with many scratched horses leaving the track with a very small field size for a dirt race, again a factor depending on the number of races this occurs influencing the averages.

We do think the analysis below does give great insight to answering the question but due to the large investment the industry may want to consider a more expansive study before investing or at a minimum consider this question in relation to other means to increase field size and pari-mutuel handle.

We analyzed eight tracks in the region that had turf racing during the late spring to early fall seasons and were comparable tracks to Prairie Meadows. We looked at all three years of Daily Racing Form data from 2021 to 2023. The tracks used in analysis were: Belterra Park (BTP), Ohio, Canterbury Park (CBY), Minnesota, Evangeline Downs (EVD), Louisiana, Hawthorne Park (HAW), Illinois, Horseshoe Indianapolis (IND), Indiana, Louisiana Downs (LAD), Louisiana, Remington Park (RP), Oklahoma, and Lone Star Park (LS), Texas.

We did not use tracks that raced in the winter months when Prairie Meadows could not offer turf racing because there are less tracks running or running turf races at that time of year. Therefore, winter racetracks often do slightly better with turf races due to less competition and fuller fields when less races are offered on the turf nationally.

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[52] "The Jockey Club Releases Data from the Equine Injury Database for 2023," The Jockey Club, February 27, 2024, https://jockeyclub.com/Default.asp?section=Resources&area=10&story=1448 Accessed April, 5, 2024.

For completeness we did look at a few winter racetracks with turf racing. Tampa Bay Downs results were like Horseshoe Indianapolis (Figure 103 2023 Turf Versus Dirt Race Comparison by Track below). Gulfstream Park had a significantly higher percentage gain in handle with turf races than our sample but also is one of the premier winter signals thus not comparable to our sample. Turf Paradise only showed a 16 percent and 11 percent increase in turf handle for 2022 and 2023 respectively.

The data for Evangeline Downs (EVD) seemed to be an anomaly since handle on turf races was less than dirt races there. We contacted Evangeline Downs officials but could not get any firm explanation for the unusual difference from other tracks. Therefore, we decided to look at the data with and without those data points. We used the larger percentage increase in our analysis since we could not find a reason for the strange data.

Figure 102 Summary of Turf Analysis - Handle Comparison 2021-2023

Summary of Turf vs. Dirt Handle Difference & Pct. Of All Races		
Tracks Used for Summary	**Handle Pct. Increase w/ Turf**	**Turf Pct. Of All Races**
2021 All Eight Tracks	21.40%	20.08%
2021 Seven Tracks (No EVD)	25.16%	20.12%
2022 All Eight Tracks	31.13%	21.88%
2022 Seven Tracks (No EVD)	34.01%	23.22%
2023 All Eight Tracks	23.93%	24.30%
2023 Seven Tracks (No EVD)	29.16%	24.36%

Sources: Daily Racing Form Charts & RGE

In the Appendix #7 Turf Races Versus Dirt Races Analysis is the complete data set of all three years for all eight tracks. A couple of the tracks (Belterra Park and Canterbury Park) had more variance between years than the other tracks but using all the data we feel gives us good data to use in estimating potential results for turf racing at Prairie Meadows.

Below is the 2023 data to illustrate the data by track. In every year for every track the field size was significantly greater on the turf (except 2022 at EVD where field size was equal for dirt and turf, but turf races handled 10 percent less.)

Figure 103 2023 Turf versus Dirt Race Comparison by Track

Track	Number of Races		Avg. Field Size		Mean Total Handle Single Race		Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf	Dirt	Turf	Dirt	Turf			
BTP	583	166	5.9	8.0	$ 58,795	$ 87,472	35.6%	48.8%	22.2%
CBY	228	168	6.2	6.9	$ 84,668	$ 96,390	11.3%	13.8%	42.4%
EVD	402	126	8.0	8.3	$ 164,210	$ 160,028	3.8%	-2.5%	23.9%
HAW	424	103	6.5	7.8	$ 139,463	$ 179,381	20.0%	28.6%	19.5%
IND	736	247	7.5	9.3	$ 193,289	$ 267,650	24.0%	38.5%	25.1%
LAD	335	115	7.7	9.3	$ 70,871	$ 86,784	20.8%	22.5%	25.6%
RP	513	92	7.7	9.0	$ 95,885	$ 123,265	16.9%	28.6%	15.2%
LS	274	105	7.5	8.9	$ 37,155	$ 42,782	18.7%	15.1%	27.7%

Sources: Daily Racing Form Charts & RGE

Once again, this table illustrates the importance of field size and handle. Turf races, due to their popularity and the fact that less races on the turf are offered, have larger field sizes, making them an attractive wagering product. A turf course at Prairie Meadows would help the field size for those races, which is evident from the data. What is impossible to quantify is how much it may help recruit other stables to Prairie Meadows since it would be able to attract the turf horses in someone's stable. A stable with many turf horses would not currently consider Prairie Meadows an option for the summer. It would also give some owners/trainers the ability to try a horse on the turf to see if they prefer a different racing surface.

To get an idea of how important field size was in the analysis of turf races versus dirt races for all three years we looked at the mean handle per runner.

Figure 104 Mean Single Race Handle Per Runner - Turf vs. Dirt Races

Track	Dirt Mean Single Race Handle Per Runner	Turf Mean Single Race Handle Per Runner
BTP	$ 9,965	$ 10,934
CBY	$ 13,656	$ 13,970
EVD	$ 20,526	$ 19,280
HAW	$ 21,456	$ 22,998
IND	$ 25,772	$ 28,780
LAD	$ 9,204	$ 9,332
RP	$ 12,453	$ 13,696
LS	$ 4,954	$ 4,807

Sources: Daily Racing Form & RGE

The data of the mean handle per runner across all three years was consistent. Looking at the mean per runner the handle is relatively equal between turf and dirt. The possible lone exception is Horseshoe Indiana where turf handle per runner was about 10-15 percent higher per runner.

We did look at one of the factors we felt could distort the data above. We suspected there could be a negative influence on the dirt race averages since turf races with the initial analysis counted the "off-turf" races as dirt races and they may be susceptible to many scratches because of the racing surface change.

Once again, we did the analysis for all eight tracks and all three years.

Figure 105 Summary Data - Eight Tracks, 3 years - Dirt Races, Turf Races Switched to Dirt, & Turf Races

Turf vs. Dirt Comparisons - All Eight Tracks													
Year	Number of Races				Avg. # Betting Interests				Mean Total Handle Single Race				Pct. Turf races switched to dirt
	Dirt	Turf race switched to dirt	Turf		Dirt	Turf race switched to dirt	Turf		Dirt	Turf race switched to dirt	Turf		
2021	3544	491	1014		6.97	6.34	8.07		$ 123,442	$ 110,484	$ 147,946		32.62%
2022	3591	384	1113		7.04	6.47	8.32		$ 110,640	$ 102,888	$ 144,102		25.65%
2023	3211	284	1122		7.15	6.88	8.41		$ 115,587	$ 114,997	$ 143,740		20.20%

Sources: Daily Racing Form Charts & RGE

While the data had variability, it was consistent again that field size was a major factor in the handle averages. What was also interesting was the difference in the three years and the percentage of races that came off the turf had a greater impact, as expected when more turf races were taken off the turf due to weather. In most cases, the races that came off the turf negatively impacted the dirt race averages as seen in the figure above.

Due to the anomaly with the Evangaline Downs data, again we looked at the data with only the seven tracks. We did this to make sure it was not skewing the data in a significant way to affect the analysis. Over all three years the Evangeline anomaly did impact the percentage increase turf handle had over dirt races from 24.8 percent with Evangeline to 29.1 percent when only looking at the seven tracks. This difference will not impact our final analysis since the total handle and revenue in Iowa from the live meet is not large enough that the 4 percent will change results, but we did use the larger percentage when looking at revenue gains with turf races.

The data complicates the analysis further since it does raise the question: could you spend less money increasing field size of dirt races versus building a turf course? Is the question more about field size and less about turf and is turf the answer to field size? To fully answer the question is beyond the report's scope, as it would be necessary to take the analysis down to the individual race level to see how the two are correlated. However, once we looked at the revenue potential, we believe this is not necessary for this specific track analysis. A model of that size would not be feasible within the budget of this study but would account for many variables such as types of bets on each race, when races come off the turf and the negative impact, type of race condition, weather and a variety of factors that day to day impact the handle.

We will look at the cost benefit of a turf course, but it should be noted that the estimates will not be able to include all factors but will help the industry realize the risk and reward potential.

There has not been any track in recent years that did not have a turf course and built one to help us try to determine what if any increase in horse population and field size impact may be realized for the entire meet and not just the turf races.

Before looking at the cost/benefit analysis, we need to ask who benefits and who bears the costs? We clearly believe given the benefits of adding a turf course, the entire Iowa racing industry would benefit. In the Situational Analysis and Competitive Forces we discussed the importance that purses at least be partially funded by pari-mutuel handle revenue. There need to be incentives to respond to market forces and everyone must have a stake in the results of the pari-mutuel handle since that is the best measure of public interests.

There is no funding mechanism of any material amounts designated to fund capital investments to improve horse racing quality in Iowa. Also discussed in the Situational Analysis and Competitive Forces is the fact that each stakeholder will continue to face raising costs of inflation, maintenance etc. Those are expected and it seems reasonable that each bear their own costs. A turf course would not be considered one of those costs but a capital improvement by which all stakeholders may benefit but also may run the risk of the investment.

It is not unreasonable to consider that multiple stakeholders should contribute to something that will show positive results for all stakeholders nor is it unreasonable to consider the creation of a capital improvements fund for such investments that could promote Iowa breeding and racing.

One such example of a turf course investment at another track existed in 2018 but unfortunately did not materialize. At Finger Lakes Casino & Racetrack in New York such funds were considered but the turf course to this day was not built.

> "Finger Lakes Casino & Racetrack in upstate New York is again authorized by the state to spend up to $2 million from its casino capital account on a new turf tack, according to a budget plan released this week by Gov. Andrew Cuomo….'I just don't think it's realistic. I don't think there's any other money out there,' said David Brown, president of the Finger Lakes Horsemen's Benevolent and Protective Association….
>
> The horsemen's group last year voted to put up $1 million from its purse account to help finance the construction of a turf course. Thoroughbred owners and breeders believe turf would help attract out-of-state and downstate owners to the facility located near Rochester, thereby boosting field sizes that have declined over the years."[53]

The data sample size we have is very large, 11,505 dirt races and 3,249 turf races from eight racetracks over the most recent three-year span. We can draw some reasonable assumptions from the data. The handle increase for turf races averaged from 21.4 percent to 31.1 percent for all eight tracks. The percentage of turf races run during those same three years across all eight tracks averaged from 20 percent to 24.3 percent of the total number of races. We will use this data to analyze the revenue potential.

Cost/Benefit analysis:

We obtained the cost of installing a turf course from multiple sources. The price in today's dollars would range from $5.6 million to $10 million. One main factor impacting on the total cost is the base and sub-base and what

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[53] Tom Precious, "State Authorizes Turf Course at Finger Lakes But…," BloodHorse, January 17, 2019 https://www.bloodhorse.com/horse-racing/articles/231624/state-authorizes-turf-course-at-finger-lakes-but Accessed April 27, 2024.

is needed specifically for the track in Altoona. The greater the amount of work needed on the base and sub-base the more the cost will be closer to the higher end of our estimated range. At this level of analysis, without knowing the current base's composition, we will use a mid-range estimate of $7.5 million. If a turf course in the future is considered, if funding seems available this factor becomes much more important at that time.

After our June visit to Iowa and talking to racing executives, we have no reason to believe there is an existing <u>base under the ground where a turf course</u> would be built. We also looked at the existing lights and we are not positive if turf races could be safely run at night <u>without added costs of enhancing the lighting</u>. Those <u>two factors most likely mean we have used too conservative a cost number</u>. We can reassess this matter should it make a difference in results.

The cost to maintain a turf course yearly would be $250,000 to $300,000. The maintenance costs are large when you look at the cost per race you can run on the turf at Prairie Meadows given the number of races for Thoroughbreds and the number or races run on the turf based on the data above. The maintenance costs include maintaining the base and sub-base, sand, grass, fertilizer, other supplies, labor to fix divots, equipment, water and additional staff and maintenance of equipment (not initial equipment investment needed).

Obviously, <u>the more races run and the larger the current handle the more upside there is</u> for new revenue from the gains of the increased field size and popularity of a turf course.

If a turf course is installed to utilize the benefits of the turf and to have enough horses to fill Thoroughbred turf and dirt races it would most likely be necessary to run separate race meets to have enough stalls for Thoroughbreds and to make good use of the turf investment. There were 556 Thoroughbred races run in 2023. For estimating we will assume the goal will be to get closer to 600 Thoroughbred races so we will assume in year one 585 Thoroughbred races can be run in a Thoroughbred meet.

Assumptions for calculations:

- 585 Thoroughbred races.
- 24.3 percent of races will be run on the turf (See Figure 102. This is the highest average percentage of the eight tracks over the three years analyzed.) Thus 142 turf races.
- 31 percent increase in handle per turf race. (2022 was the highest percentage gain in pari-mutuel handle of turf races for the eight tracks. Again, we used the highest percentage gain of the three years analyzed.)
- Average live handle per Thoroughbred race was $3,846 (Source: PRM).
- Average export handle per Thoroughbred race was $57,725 (Source: PRM).
- Current revenue as a percent of handle for live races is about 18.25 percent (Source: PRM).
- Current revenue as a percent of handle for export races is about 3.36 percent. (Source PRM) However, we feel the margins for export could increase if another recommendation in this report is implemented and a content management group is used to manage PRM simulcast thus to error on the high side of revenue gain, we will use 4.3 percent revenue from export for calculations as our estimate.

Figure 106 Turf Course Revenue Analysis

Turf Course Revenue Analysis									
Total Races	Pct. of Turf Races	Number of Turf Races	Average Live Handle Per Race	Average Export Handle Per Race	Avg Handle Increase Per Turf Race	Handle Increase Per Live Turf Race	Handle Increase export per race	Total Live Handle Increase From Turf Races	Total Export Handle Increase From Turf Races
585	24.3%	142	$ 3,846	$ 57,725	31%	$ 1,192	$ 17,895	$ 169,486	$ 2,543,828
Revenue Percentages/Margins								18.25%	4.30%
						Gain in revenue		$ 30,931	$ 109,385

Sources: Prairie Meadows and RGE

Clearly using the assumptions above the increase revenue from just turf races does not cover the cost of maintenance of the turf course. To again be optimistic, we believe most likely there could be additional benefits difficult to measure such as having the turf attract more stables, gain some additional lift to the other races resulting from field size and perhaps attract new stallions to bred for turf.

If we assume that the remaining dirt races (443 = 585-142) have an increase of 10 percent in handle that almost doubles the gain in revenue adding $141,005. If we are very optimistic and see an increase of 20 percent in the remaining dirt races it adds $282,010.

Unfortunately, with even this best-case scenario, with the current prime rate of about 5.5 percent and a $7.5 estimated cost, the revenue generated does not cover the costs. We did not have to amortize a loan to see that, but even with $500,000 down and a loan for 20 or even 30 years at current prime rate the revenue will not cover the payments and that does not include the cost of maintenance.

There are many benefits to having a turf course for the industry in Iowa but simply from a cost revenue analysis it does not cover the expense. However, if the entire industry were to share in the cost, we do know the turf course provided benefits as mentioned in this report.

What we see here and elsewhere in the analysis is the need to address field size. We believe given this analysis that the recommendations made elsewhere may be more reasonable to try before each stakeholder wants to take the risk involved with this solution to increasing field size. The turf analysis for tracks that run many more races and have much greater handle would have more potential to reach a positive cost benefit since the gains in revenue would be greater with the percentage increases we used for pari-mutuel handle and the cost of maintenance would not change much but be spread out over more races reducing the cost per race in effect.

Question 13- Is the current amount of barn space adequate to support the ongoing racing meet?

Prairie Meadows allocates 1,350 stalls (total stalls 1,404) for their 2024 racing season. This is allotted by breeds with 940 stalls (69.6%) to Thoroughbreds and 410 stalls (30.4%) to Quarter Horses.

For the 2024 season, 1,270 Thoroughbreds applied for the 940 stalls that are available. All stalls are allocated and there is a waiting list. The tendency is for stalls to free up just prior to the race meet based on decisions by owners and trainers with the ideal situation being one where any vacancies are filled off the waiting list. The potential for a full barn area of useful horses is high for the race meet start, with general attrition occurring throughout the season.

The 2024 racing season is 80 racing days with Thoroughbred and Quarter Horse racing. The first twenty days of racing will be Thoroughbred only racing from May 10-June 15 and continue with mixed Thoroughbred and Quarter Horse racing for the 60 remaining race days from June 16-September 28. The barn area opened for horses on Friday, April 12, 2024, and training began on Sunday, April 14, 2024.

Last year, Prairie Meadows had field size that is a horse less than the national average of 7.4 starters per race. Yet in 2024 they have 1270 Thoroughbreds applying for 940 stalls available. Remove 10% from the 1270 that are not useful right away, and the number is still higher than the available stalls. This means the allocation should be for horses that will compete at the meet. With 203 Thoroughbred 2-year-old horses allocated stalls in 2024, there should be 737 horses available for Thoroughbred races. (See Figure 93.)

- With a goal of 8.0 or higher starters a race and eight races per race day, the weekly need is 256 horses. At 7.5 starters a race, the weekly need is 240 and in 2023, Prairie Meadows utilized about 208 horses per week. At the goal of 256 horses used per week, races can be scheduled on average every three weeks, in line with how trainers schedule to enter their horses.
- In 2023, the average Thoroughbred at Prairie Meadows made 3.8 starts at the meet. At approximately 21 weeks of racing in 2023 and a potential average of racing every 3 weeks, horses should have the opportunity to race five to seven times at the meet. Noting that horses ship in for the signature races and make one start as well as 2-year-olds making zero to 4 starts at the meet, the utilization of the barn area for Thoroughbreds should be better than 3.8 starts per horse racing at the meet.

The mixed meet portion starts on June 16 and the usage changes dependent on the amount of Thoroughbred and Quarter Horse races that are carded. In general, Quarter Horses won't need as much stall space because of the amount of haul ins versus the Thoroughbreds. Also, some Quarter Horses that run in a trial but don't qualify for the finals, may go to other racetracks. Quarter Horse trainers may often run back quicker than some Thoroughbred trainers care to.

This year, Prairie Meadows allocated 416 stalls for Quarter Horses. We know that 183 2-year-old Quarter Horses were given stalls in 2024. (See Figure 93.) With an average of 3.5 races per day and 14 carded per week, and at 15 weeks of racing, 210 races are necessary for the race meet. In fact, 212 were run in 2023. For the Quarter Horses, the numbers look like this:

- For 8-horse fields, 112 horses are needed to race per week. For 7.5-horse fields, 105 horses are needed per week. In 2023, field size averaged 7.0 starters a race or approximately 98 horses starting per week.
- At 7.5 starters per race (an improvement over 2023), horses will need to race every four weeks (3.96 the actual number) to fill races. This equates to just shy of four starts (3.78) at the meet.
- With a larger percentage of stalls going to two-year-old futurity horses (49% are two-year olds) as well as three-year-old derby horses, the frequency that these horses race is less than average but can still be 3.78 starts at the meet. However, Quarter Horses made an average of 2.89 starts in the 2023 racing season.

For the 2024 racing season, Prairie Meadows is requiring all Quarter Horse futurity and derby finalists to remain on the grounds from trials to finals. This could potentially tie up some stalls if those horses are from trainers that do not have stalls. This would be a very small percentage of stalls but is something that should be noted.

Circling back to the Thoroughbred demand once the mixed meet is underway, the demand on the Thoroughbred population would be reduced by 7.5 X 4 races or 30 less horses if one less Thoroughbred race is offered daily. This extrapolates to 90 to 120 horses on a three- or four-week rotation.

There are other factors that may influence the results discussed. One is the changes that have occurred as the horse supply has diminished. As mentioned in the Situational Analysis and Competitive Forces, horsemen have more supplier power due to the competition for active horses. This puts pressure on the tracks that often may allocate more stalls to a trainer then the racing secretary wants to in order to attract the trainer's stable to come to the race meet. Horsemen will bring more horses, some that may not be fit to run since it will be less expensive to keep the horse at the track where they do not pay stall rent and do not have to have horses that may need a couple months' time before running. This makes the utilization of the stall space less productive reducing the number of active horses.

Another factor that can affect productivity of the stall space is the constant desire of horsemen to want more race condition variety offered. (See Queston 11.) If too many race conditions are offered, horsemen will each wait for what they consider the "perfect" condition for their horse and thus the race entry box for each race in essence attracts less horses as more options dilute the potential field size.

Lastly, while there is currently enough stall space there are several things that would have a big impact. One is if separate meets for Thoroughbred and Quarter Horses becomes the best option for a circuit of races this will make stall space even more adequate and can help with the allotment of stalls as the racing department can be more generous with those horses they know may take weeks or a month or two before they are ready. A hybrid race meet similar to what was done in 2019 would also relieve some pressure on stalls as for a couple of weeks overlap, less Thoroughbred races and less Quarter Horse races could be run with a couple days of each type of breed. If a circuit of this type were to be in the best interest of both jurisdictions cooperating, then the last couple weeks of a Thoroughbred meet could provide Iowa-breds and Iowa 2-year-olds to make up the bulk of the Thoroughbred races where trials could be conducted for Quarter Horses giving that meet a couple extra weeks and allowing that meet to elongate. This does create logistical challenges, but we believe they are manageable with cooperation.

It would be a nice problem to face if after several years of implementation of strategies and cooperation with other racing and breeding jurisdictions that demand increased to the point where more stalls would be needed. However, in looking at the numbers, neither breed fully maximizes the potential usage of the stalls. Until the stalls are fully utilized, with racehorses making the mathematically possible (or greater) number of starts at the race meet, the stall capacity at Prairie Meadows for the current mixed meet format is adequate.

Our strategies are intended to create greater demand for stalls at Prairie Meadows but until demand and supply grow the current supply of barn space is adequate. The question is do you run separate meets (stall space is adequate) or are you forced to continue with a mixed meet (if so if you can recruit more horses, more stall space is needed)?

Pertinent to this question and the related questions is the entire need for active horses that run at the meet and subsequently the recruitment and stall allocation process. We cannot evaluate the current practices since it would take almost "shadowing" those responsible for the tasks to learn in detail their process.

The recruitment and stall allocation process are critical steps related to the racing program as it establishes your inventory, and the inventory can't be dramatically changed during a race meet if it is not desirable. With declining foal crops and less horse owners unlike years ago when there was a surplus of good applicants, the task focused on proper selection of the best and most productive stables is vital. Now, recruitment and allocation include "selling" the benefits of the race meet, selection of horses and trainers that supply the most active horses that fit the meet, working the allocation process to get the most stables to come given the uncertainties the racing secretary faces in knowing who is going to show up and who is going to have active horses in all their stalls. The job of recruiting and allocation of stalls to maximize the utility of supply is very challenging and competitive.

In brief visiting as many horsemen as possible that have participated in the past as well as seeing as many as possible that have horses that fit the meet is a first step. Having good sales skills is a plus. When allocating the stalls constant communication, past data (to get horses that will run at the meet and trainers that run the horses in their barn and not use the facility just for training) and managing the ongoing process from the first communication until the stable shows up at the front door are important. The worst dilemma the racing secretary faces is the uncertainty of whether a stable will come and if so if all the stalls allotted will be filled with the "right" horses to achieve the best utilization of the stall space. The racing secretary must constantly work to minimize this challenge in the allocation process.

Question 14- How will the Horse Racing Integrity & Safety Act (HISA) continue to impact the Iowa racing industry?

Thoroughbred horse racing has been governed before the passage and implementation of HISA by a state-by-state model in thirty-eight states that horse racing is offered. As horse racing evolved over time, it became clear that states were lacking consistency in rules compared to other state racing jurisdictions. This discrepancy includes prohibited medications, differing medication thresholds, fines, and safety regulations.

Legislation was introduced in the Senate in 2011 as the Interstate Horseracing Improvement Act of 2011. This bill was intended to amend the Interstate Horseracing Act of 1978 with the intent to "prohibit the use of performance-enhancing drugs in horseracing, and for other purposes."[54]

This bill and similar legislation in 2014 and 2016, did not pass committees because it lacked support of legislators from states that sponsor racing but did not want Federal Government regulation.[55]

In 2018-19 racing season from December to June at California's Santa Anita Park, there were thirty catastrophic breakdowns during training and racing.[56] This led to public outcry to end horse racing and Santa Anita's racing

[54] Richard R. Gross, "HISA: THE GREATEST REGULATORY CHANGE IN THOROUGHBRED RACING HISTORY", *Horse Network,* July 7, 2022, https://horsenetwork.com/2022/07/hisa-the-greatest-regulatory-change-in-american-racing-history/ (Accessed April 15, 2024)
[55] Ibid
[56] Jessica P. Ogilvie, "What We Know About The 30 Horses That Died At Santa Anita in the 2018-19 Season", *Los Angeles Times*, May 28, 2019. https://laist.com/news/these-are-the-26-horses-that-have-died-this-year-at-santa-anita (Accessed May 12, 2024)

was suspended for weeks during that race meet to conduct several tests on its track surface and drainage system.

On March 9, 2020, twenty-seven people were indicted by the FBI including high profile trainers Jorge Navarro and Jason Servis on charges of manufacturing, distributing, and administering illegal substances to Thoroughbred and Standardbred racehorses.

The public outcry from the number of catastrophic injuries at Santa Anita 2018-19 meet and the federal indictment of twenty-seven individuals led to legislation being introduced with the support of Senate Majority Leader Mitch McConnell from Kentucky. HISA legislation was passed in the Senate and through the U.S. House of Representatives. It was signed into law in December 2020 by President Donald Trump as part of a COVID-19 relief and government funding legislation.

Established when the Horse Racing Integrity and Safety Act was signed into federal law in 2020, the Horseracing Integrity and Safety Authority (HISA) is responsible for drafting and enforcing uniform safety and integrity rules in Thoroughbred racing in the United States. Overseen by the Federal Trade Commission (FTC), HISA was created to implement, for the first time, a national, uniform set of rules applicable to Thoroughbred racing participant and racetrack facility. HISA comprises two programs: the Racetrack Safety Programs, which took effect July 1, 2022, and the Anti-Doping and Medication Control (ADMC) Program, which took effect May 22, 2023.

The Racetrack Safety Program includes operational safety rules and national racetrack accreditation standards that seek to enhance equine welfare and minimize equine and jockey injury. The Program expands veterinary oversight, imposes surface maintenance and testing requirements, expands jockey safety measures and resources, regulates riding crop use, and implements a void claim rule, among other important measures.

The ADMC Program establishes a centralized testing and results management process and applies uniform penalties for integrity violations consistently across the United States. These rules and enforcement mechanisms are administered by a new independent agency, the Horseracing Integrity and Welfare Unit (HIWU), established by Drug Free Sport International (DFSI). HIWU oversees testing, educates stakeholders on the new system, accredits laboratories, investigates potential integrity violations, and prosecutes rule breaches.

HISA has two major issues that affect the Iowa racing industry. The legal issues surrounding HISA and the economic issues of paying for HISA. As noted elsewhere, horse racing is a system, there are also ancillary effects of HISA as they relate to the other questions in this report.

The legality of HISA has been challenged in court. Fourteen affiliates of the Horsemen's Benevolent and Protective Association (HBPA) and four racetracks have joined forces to participate in an existing lawsuit that claims HISA and the Federal Trade Commission (FTC) violated the Fourth and Seventh Amendments to the U.S. Constitution, plus the process by which a federal agency may develop and issue regulations.[57]

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[57] T.D. Thornton, "14 HBPA Affiliates, 4 Tracks Want In on HISA Lawsuit", *Thoroughbred Daily News,* August 13, 2022. https://www.thoroughbreddailynews.com/14-hbpa-affiliates-4-tracks-want-in-on-hisa-lawsuit (Accessed May 15, 2024)

A United States Fifth Court of Appeals decision declared HISA's enabling legislation unconstitutional. This led congress to pass clarifying language meant to strengthen its legal standing with more FTC oversight over HISA.[58]

There are other lawsuits over HISA including the Racehorse Health and Safety Act (RHSA) that would give states regulatory power and establish a national governing body called the Racehorse Health and Safety Organization (RHSO). Also, amicus briefs have been filed against HISA including one by the Standardbred Owners Association of New York.[59]

The legal issues surrounding HISA may not be decided until a ruling from the Supreme Court. Until a ruling from the Supreme Court, some states such as West Virginia and Louisiana, due to the Fifth Circuit Court ruling currently, can operate under their state racing commission rules and export their signal. Other racetracks and jurisdictions choose to not operate under HISA rules and are not exporting their signal domestically. Texas and Nebraska are two states operating under this model. Other smaller tracks such as SunRay Park in Farmington, New Mexico and tracks in Wyoming are operating under state racing commission rules and not exporting their signals.

The cost of implementation of HISA is another major factor affecting the Iowa racing industry. The most direct impact of HISA to the Iowa Racing industry is the cost. The 2024 Assessment for Prairie Meadows is $1,187,942. This expense is currently shared by the horsemen and Prairie Meadows.

There are estimated credits available of $320,000 for race day sample collection and $54,000 for non-race day sample collection for the 2024 assessment.

One fear is what the future costs of HISA's assessment fees will be. In 2024, the HISA assessment fees are over $1 million dollars in Iowa and HISA's budget will probably increase each year. If more racing jurisdictions decline to export their signal interstate and choose not to be part of HISA, the cost will rise disproportionately to states that remain in HISA. HISA assessment fees are based on number of race days and purses. States like Iowa that have only one racetrack that runs Thoroughbred races, face a larger share of the assessment fees unlike other states with multiple racetracks sharing the costs.

Furthermore, smaller states that offer Quarter Horse and harness racing may opt to run more of those races and greatly reduce or eliminate Thoroughbred races because of the cost of operating Thoroughbred racing with HISA assessments.

Florida and New Mexico have had legislative action to address the issue of HISA costs.

Florida's House Bill (HB) 7063 which was signed by Governor Ron DeSantis on May 25, 2023. This bill creates a pari-mutuel tax credit equal to the amounts paid by Florida racetracks to HISA.

Senate Bill (SB 336) in New Mexico was signed into law on April 4, 2023. This bill reallocated 1.2% of the 26% gaming taxes to the state of New Mexico to pay for jockey and exercise rider insurance and costs complying with federal law (HISA). This bill has a temporary provision where the New Mexico Racing Commission (NMRC) will

[58] C.L. Brown, "Horse racing's future may come down to court rulings over HISA's constitutionality", *Louisville Courier Journa*l, April 18, 2024. https://www.courier-journal.com/story/sports/columnists/c-l-brown/2024/04/18/kentucky-derby-horse-racing-hisa-hpba-circuit-court-supreme-court/73104987007/ (Accessed May 15, 2024)
[59] Ibid

review the effectiveness of using net take to offset the costs of jockey and exercise rider insurance and the cost of HISA. This bill potentially could “sunset” on July 1, 2027.

Virginia is the third state that has addressed funding for HISA. According to former Virginia executive secretary of the Virginia Racing Commission (VCR), “The funding for the VRC comes from a percentage of the pari-mutuel wagering that takes place in Virginia. This now includes HHR and the amount that goes to the Commission is enormous,….. The VRC collects all this money and is allowed to spend whatever it needs to regulate racing and wagering …I received approval from the Secretary of Agriculture to pay the entire HISA/HIWU assessments out of our operating money, I ultimately made the decision to do so as the agency head.”[60]

Additional costs of HISA include added staffing for the association (Prairie Meadows) and for horsemen because of additional record keeping requirements. Mandatory necropsies of all covered horses and additional veterinarian duties associated may require additional staffing requirements. All “covered” horses are required to have pre-race examinations. Also, added requirements of horses recording timed workouts to get off the veterinarian’s lists add to the duties of the veterinarians.

Besides legal challenges and the cost of HISA there have been other issues. One is issues with trainers that get HISA medication violations and then go to states that are not under HISA, continuing to operate as “business as usual”. Another “loophole” is that trainers that get HISA violations and penalties could potentially train Quarter Horse or Standardbred horses to skirt HISA rulings.

HISA and HIWU are still in the early stages of operation and as such are still finding what works and where the focus should be. This factor is already proving formidable when determining regulations and penalties and effectively leads to trial by the media. An example, one of the most publicized issues with HISA is trainers that test positive for metformin. Metformin is one of the most prescribed drugs in the United States, used to treat Type 2 diabetes in people. The HIWU considers penalties for banned substances and violators may face suspensions of up to two years, though there is also the possibility of a far lesser penalty amid mitigating circumstances.[61] Trainers have received varying suspensions, fines, and periods of ineligibility for those horses that tested positive for metformin.

As much as the news emphasizes the negative, there are some positive impacts occurring. One is the greater resources to draw from as a federal program with a projected 2024 budget of over $77 million for 2024. With a bigger budget and greater resources, solutions for issues can be addressed much quicker than from a state-by-state model. Regulatory officials, trainers, and veterinarians evaluate every single “covered” horse before racing. This protocol allows officials to evaluate factors to identify horses that may have an increased risk of injury.

HISA requires racetracks to test, record, and report racing and training surface conditions. This can increase understanding of how factors such as weather, moisture content, depth, and cushion affect equine safety.

HISA could further tighten regulations of areas of the industry that are not regulated. One of those is drug testing for horses entering sales as 2-year-olds.

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[60] Email from David Lermond to Douglas Reed, June 10, 2024; subject: HISA

[61] Byron King, “Trainer Weaver Will Fight Metformin Positive”, *Bloodhorse*, May 15, 2024. https://www.bloodhorse.com/horse-racing/articles/276913/attorney-trainer-weaver-will-fight-metformin-positive (Accessed May 17, 2024)

Future HISA initiatives include integrating wearable technology in training and racing to help support injury detection by measuring and recording the horse's stride, planes of motion, and other baseline indicators. Also, studies can be done such as the effects of therapeutic medications on racehorses.

The early results of HISA seem positive. In 2023, tracks operating under HISA's rules experienced a lower rate of equine fatalities (1.23 per 1,000 starts) than non-HISA tracks (1.63 per 1,000 starts)[62] The second quarter of 2023 was even better when "Racetracks operating under HISA's rules and running races in the second quarter reported 0.76 racing-related equine fatalities per 1,000 starts, compared to 1.48 racing-related equine fatalities per 1,000 starts in the second quarter of 2023."[63]

The future of HISA and its relationship with existing state racing commissions and horsemen's organizations will be a key to its success in the future. Some states may follow those like Texas and Nebraska and choose not to follow HISA but this can develop into other "costs" or unforeseen consequences.

Returning to the interrelatedness of the system of horse racing, there are other factors impacted by the decision to be part of HISA or not. For example, if a state chooses not to participate, they are not allowed to export their signal domestically. Without exporting the signal, is it worthwhile to offer wagering on the Thoroughbred product at all. This is particularly a factor in a state with little or no purse money currently generated from the pari-mutuel handle (such as Iowa.) Racetracks can save on equipment, infrastructure, and staffing if there is no pari-mutuel wagering offered. Similarly, there is less need for regulatory oversight and field size is no longer a factor.

Regarding the migration of horses and particularly horses migrating to race in Iowa, while we cannot prove it, there is anecdotal evidence and a strong correlation that having two different conflicting systems of regulation is having an impact. As part of the Situational Analysis and Competitive Forces section, we looked at the migration of horses/trainers for the three years 2021-2023. There was a clear change in Thoroughbred starts made by Iowa trainers from 2022 to 2023. If you look at the migration maps in the Situational Analysis and Competitive Forces the map clearly illustrates this. Looking at the top 80 percent of Iowa Thoroughbred trainers and where they made starts throughout the year, we saw that over 2,200 starts were made in Louisiana and Texas by Iowa 2022 trainers. In 2023 that number dropped to a little over 400.

Further as it relates to Iowa, under the no HISA model, other owners and trainers supporting the principal of HISA, creating a fair and level playing field, may opt not to race at Prairie Meadows if suspended trainers under HISA can participate.

Alternatively, if Iowa remains a part of HISA, a suspended trainer would not be allowed to participate thus eliminating them from contention for stalls in Iowa. This however is not unlike the reciprocity states used to have with one another pre-HISA as it related to suspended individuals. Most jurisdictions in North America would not license a person suspended in another jurisdiction, thus the individual would not be allowed to participate.

To summarize, besides the hard cost of over $1 Million in assessment fees to Iowa, there are other costs realized or unrealized. HISA is tied to the 1978 interstate Horseracing Act and if states do not want to be part of HISA,

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[62] HISA 2023 Annual Metrics Report, https://hisaus.org/news/hisa-releases-2023-annual-metrics-report (Accessed May 17, 2024)

[63] "HISA: Second-Quarter Fatalities Drop Under ADMC Program," July 26, 2024 https://www.bloodhorse.com/horse-racing/articles/278504/hisa-second-quarter-fatalities-drop-under-admc-program (Accessed July 27, 2024)

they can run Thoroughbred races and not export their signal interstate. This may be a short-term solution to the reluctance to be part of this program. Not participating in HISA impacts many of the recommendations in this report and would have an adverse effect on revenue for the racetrack and horsemen if the new revenue model was adopted.

A couple of potential unforeseen consequences of not following HISA are: by not exporting the signal and the subsequent decline in handle, the major reduction in the one revenue source tied to the performance of the horse racing product (handle) could ultimately lead to the State of Iowa following what they did with Greyhound racing, decoupling gaming revenues to racing. Second, to avoid HISA costs, there may be a push to run more Quarter Horse races to reduce the cost of HISA. While not a negative per se to the Quarter Horses, it could have a major impact on the Thoroughbred Industry in Iowa. Note that for Quarter Horse (or Standardbred) races to be part of HISA the state racing organizations or the breed registries (American Quarter Horse Association and United States Trotting Association) would have to opt in to HISA.

Horse racing has many traditions and is an industry that is hesitant to change. The passage of HISA was a direct result to the moral outcry of catastrophic injuries in California and the FBI indictment of twenty-seven people in Thoroughbred and harness racing.   The intent of HISA to have uniformity and have best practices for safety are areas that stakeholders can agree upon. The execution and cost of HISA are the issues that need to be addressed and it will be better to have a seat at the table in the long run.

We cannot opine on the outcome of the various legal actions, but our analysis has brought to light some of the impacts it has on providing recommendations. A simple example would be we firmly believe a circuit and cooperative breeding programs are essential elements of our recommendations but without this resolved it will limit where cooperation makes the most sense and it may even create barriers to cooperative efforts. We do know one system of regulation is better and a bifurcated and contentious system (that is the status quo) is an impediment to progress for Iowa.

One unexpected answer to this question is when we initially read the RFP as well as began the project, we did not realize what an impact HISA would have on creating strategies, the impact it would have on the horse racing system in Iowa, horse migration, and the interrelated impact.

Question 15- Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?

Since so many of these questions in the Scope of Work are interrelated some additional opportunities may impact more than one answer in this report but also be related to multiple questions.

Opportunities will not be realized if the industry resists change. Working to improve is an opportunity. The industry environment has changed dramatically over the past decades as discussed in the History and Overview of Iowa Horse Racing, Situational Analysis and Competitive Forces and various answers to the RFP – Section4 – Scope of Work questions. Racing due to the various stakeholders having competing interests or self-serving interests often reaches a stalemate when it comes to facilitating change.

As discussed in the report, the racing and breeding environment is dominated by a few states and a few entities. Kentucky comprises 46 percent of the 2022 Thoroughbred foal crop and if you add New York, California, Florida, and Louisiana those five states are 73 percent of the 2022 foal crop.

Regarding the racing product market, NYRA, Stronach and Churchill tracks account for just under 60 percent of the wagering and if you add Penn Gaming tracks, the collective group rises well above that. This means other large "A" tracks not owned by the three aforementioned entities, and all the "B" level tracks are fighting over 30 percent or less of the wagering market with 27 percent of foals racing on average. The number of tracks competing for this market share is approximately 100 tracks competing for only 30 percent or less of the wagering market.

It is very difficult for the "B" level tracks to compete with Saratoga, Gulfstream, Del Mar and several other "A" level tracks for both horses and wagering. They "fight" to fill races, stimulate larger foal crops and compete for wagering market share. The state-bred programs of many states are too small to be self-sufficient and compete for the public interests with a product. Likewise, the 100 tracks competing for the 30 percent market share must fill races to put a competitive product on the market.

We do not see the market changing soon. As discussed elsewhere, other sports have had to make changes and racing must do likewise. The most important opportunity is to seek change as the status quo is not a good option given the market described. To continue this path, we cannot foresee a dramatic change for the breeding or racing in Iowa. The current product at Prairie Meadows is clearly demonstrated in this report as not competitive and not of high interest to the public.

Given this challenge of the current environment we believe a few jurisdictions (breed programs, tracks, horsemen, and perhaps state regulators) that collaborate to compete in this difficult market outlined for the "B" level tracks will be the ones that can gain a competitive advantage.

An approach that starts with "anything is possible" instead of "why we can't do this" is an important start. Yes, there are details, compromises, risk and cooperation that must take place but if you want to sustain and grow (which we realize some self-interests will resist this) change is necessary and the most important "additional opportunity." An advantage of change is it should be fluid and allow for constant improvement and measurement.

When looking at strategic planning often groups cast their focus too broad, setting themselves up for disappointment or perceived failure. So, with change as the goal, and the recommendations suggested will present a challenge, we will only add one more additional opportunity beyond making a real effort to change.

An idea to seek more resources would be similar to legislation passed in Texas but we would recommend different usage of the funds since the needs and situation in Iowa is very different than what Texas was facing at the time of its passage.

In June of 2019 Texas passed HB2643 which created the Horse Industry Escrow Account (HIEA) allocating up to $25 million from sales tax on purchased horse-related items (feed, tack, etc.) is deposited into the HIEA. "Up to 70 percent of the fund can be spent on purses, but the rest is reinvested into the industry through grants for racing, breeding, showing, events, youth and novice events and programs, and more."[64]

We believe it is worth the effort of the Iowa industry to pursue similar legislation (possible name: Equine Investment Bill) but allocate the revenue differently. We think the needs in Iowa are different than Texas and the

[64] "Horse Industry Escrow Account (HIEA)," Texas Quarter Horse Association, https://www.tqha.com/public-policy/hiea/ (Accessed May 26, 2024.)

allocation should be used to help Iowa equine agriculture industry, equine breeding and horse related organizations which will not only keep most of the money in Iowa but also provide wider support for any legislative efforts.

While it is not the intent of this answer to provide great details to this proposal, we think some basic ideas could be incorporated that help both the Iowa racing/breeding industry but also help other equine related groups to gather large support for funds from usage of sales tax from all equine products/services.

Since Iowa purses are already competitive, instead of purses, we suggest up to 70 percent be used for new programs (also suggested in answering Question 16 - How can the breeding industry be strengthened in Iowa?) to enhance the Iowa breeding programs. The other 30 percent should go to non-horse racing equine associations, youth programs and other equine sources that the Iowa equine constituents would know which are appropriate better than we would. This helps garner wider support to passage of such legislation and provides a broader economic impact statewide.

If 70 percent is dedicated to the racing industry, it can be allocated in a similar percentage fashion by breed as in 99D.7 (76, 15.25, & 8.75 percent). However instead of purses it should be used for new incentives for breeding. For example, enhancing Iowa-bred awards when no live racing is provided in Iowa. Another good use would be to establish a developer's award as was done in other states such as Maryland and Massachusetts. (See these ideas elaborated on in Question 16 - How can the breeding industry be strengthened in Iowa?.) Another consideration for a portion of the racing industry fund usage would be to create a capital improvement fund. The Capex fund would not be for general maintenance but for approved large items the IRGC felt had industry support. One such item could be a turf course or bonus incentives to encourage horse owners to run horses not only in Iowa but support a circuit created.

Since the Standardbred model is so different they most likely could use the funds in a different fashion as most of their horses are sold and go out of state. A developer's award however would add great value to the owner that developed the horse in Iowa and bring added value and the money would likely stay in Iowa most.

Question 16- How can the breeding industry be strengthened in Iowa?

The overarching goal of the Strategic Plan & Action Plan *is to improve the racing product (initial focus is increase field size) and to improve the Iowa breeding program by adding value and opportunities.* Goals for the Iowa breeding industry can include more horses bred, more opportunities, improving quality and opening new markets for those horses.

Increasing the Iowa racing foal crops (quality and quantity) will not only increase the economic impact the industry generates in the State of Iowa, but it will also help sustain and improve the racing product.

The purse investment for Thoroughbreds and Quarter Horses <u>in the Iowa program</u> in 2023 was about $11.9 million. Of that 60.6 percent, or over $7.2 million was earned by Iowa residents.[65] Those dollars staying in-state generate both direct, indirect (multiplier effect) and induced economic impact for the State of Iowa.

While the Iowa Thoroughbred or Quarter Horse foal crops have not increased in numbers the past ten years (likewise the national trend has not been increasing), the quality of Iowa-breds have improved and become more

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[65] "3 year Purse & Supplement Residency Comparison 2021 2022 2023," Prairie Meadows Racetrack & Casino, 2023 Purse Residency Report Letter comparison provided by the IRGC. Received via email March 19, 2024 from the IRGC.

competitive. One challenge facing the return on investment in an Iowa-bred foal is the availability of only about four to five months of live racing in Iowa.

Having only four or five months of racing does mean if your horse gets sore, or other poor timing events occur, you may miss the entire season. Also, two-year olds race later in the year making the utilization of those horses less optimal in the early summer. There may be ways to provide more opportunities for Iowa-breds without a great expansion of the race season. Cooperative efforts with similarly situated breeding programs may add value and opportunities for two or more mid-level racing/breeding programs.

Elsewhere in this report, Question 3 - What time of the year should racing take place? We recommended some new approaches we feel necessary. With current negative trends for handle and foal crops in racing, trying the same approach and expecting change is not recommended. Ideas that are creative and unusual must be attempted and not ideas controlled by rules or tradition. Racing has not been overly innovative and has stagnated as a result.

While Iowa has challenges, it has a good upside if it is willing to change and innovate. We believe those jurisdictions willing to adapt and not always except the “way we always have done it” will create opportunity given the current trends.

There are several ways to increase racing opportunities and increase the value of Iowa-breds. Greatly extending the racing meet in Iowa is one way but that can have overall negative consequences. If you have a significant increase in the number or races offered without a significant increase in purse money available that will reduce the average purse. Essentially you would have the same horses running for the same total purse structure but over a considerably longer period adding expenses for horse owners while not increasing the amount that can be earned. Currently, as noted elsewhere in the report, the purses offered at Prairie Meadows are competitive with most of the regional tracks where they compete for horses.

Another option to extend the race meet is not to add races but run only two days a week as some jurisdictions have done. We do not think this is a good solution either. This is not optimal for the horsemen or the tracks as the opportunities do not increase but the expenses for horse owners and tracks increase.

Extending or moving race dates later in the year would provide two-year-old Iowa-bred horses more opportunities to run. The utility of all two-year-olds becomes more useful since by late in the year more two-year-olds are ready to run and can run more often in some cases.

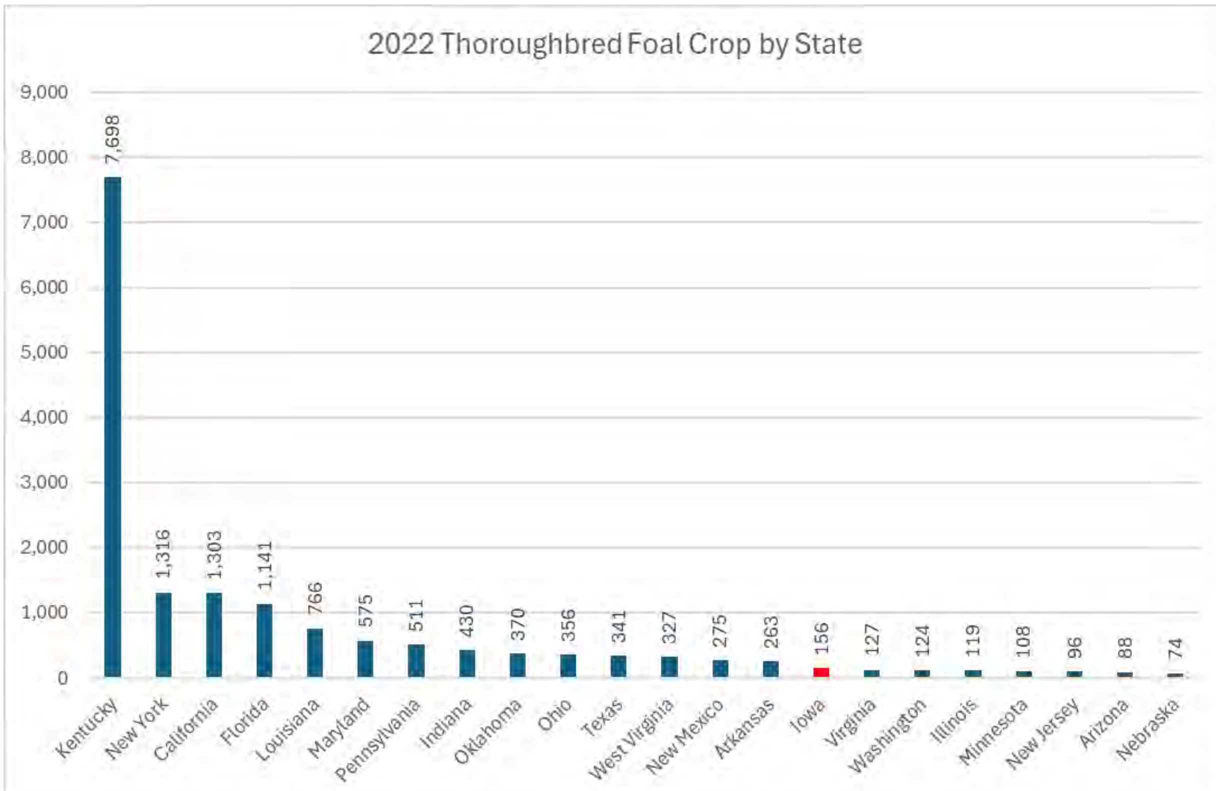
Without an immediate injection of new funds, we do believe there may be other ways to provide value and opportunities which in turn will improve the racing and breeding program which then provides the stimulus for a better racing and breeding program which should provide more revenue from the racing product.

Indiana has been suggested as an ideal model by some. While we agree it is a good model, we addressed that in Question 3 - What time of the year should racing take place? where we introduced the idea of a circuit. We will not repeat that analysis here, but Iowa does not currently have the location and resources to mirror that approach. See Question 3 - What time of the year should racing take place? for the details of how Iowa is different than Indiana.

We will first look at the landscape to better explain the approach:

About sixty percent of the pari-mutuel handle and the best content is controlled by a few large racing operators. According to the 2023 American Racing Manual, Kentucky's Thoroughbred foal crop is 46 percent of the entire US crop and increased 3.9 percent from 2013 to 2022 despite a national decline of 22 percent. (Five states KY, CA, FL, NY & LA comprise 73 percent of the 2022 foal crop.) During 2013 to 2022 the Thoroughbred foal crops of the following states declined: Iowa down 40.5 percent, Florida down 47.2 percent, Louisiana down 49.9 percent, Oklahoma down 44 percent, Illinois down 70.7 percent and Minnesota down 53.6 percent.[66]

Figure 107 2022 Thoroughbred Foal Crop by State



Source: The 2023 American Racing Manual, The Jockey Club
Note: According to the Iowa Department of Agriculture and Land Stewardship, the 2023 Iowa Thoroughbred Foal Crop is 212

[66] "The 2023 American Racing Manual," The Jockey Club https://www.jockeyclub.com/factbook/Chronicle/2023_arm.pdf (Accessed May 21, 2024.)

Figure 108 AQHA Racing Statistics and Registered Foals

AQHA Racing Statistics						
Year	Races	Starters	Purses	Handle	Handle Per Race	Registered Foals
2013	8,328	15,761	$ 125,877,223	$ 289,748,484	$ 34,792	60,867
2014	7,960	15,636	$ 126,709,904	$ 291,986,135	$ 36,682	68,240
2015	7,905	15,333	$ 129,930,175	$ 309,356,986	$ 39,134	61,282
2016	7,730	14,786	$ 127,140,633	$ 297,533,160	$ 38,491	63,497
2017	7,332	13,764	$ 116,255,967	$ 283,938,345	$ 38,726	60,893
2018	6,988	12,593	$ 120,145,324	$ 296,412,024	$ 42,417	57,753
2019	6,455	12,985	$ 116,599,755	$ 274,157,889	$ 42,472	57,245
2020	5,330	11,337	$ 105,251,455	$ 339,687,317	$ 63,731	67,653
2021	6,167	11,444	$ 125,940,335	$ 344,083,350	$ 55,794	61,623
2022	6,626	11,826	$ 143,678,679	$ 342,496,767	$ 51,690	74,728
2023	6,405	11,540	$ 147,598,602	$ 323,623,325	$ 50,527	n/a

Source: AQHA Annual Reports and 2023 AQHA Executive Summary

If you are geographically more isolated than tracks like those in the North Atlantic region, it is more difficult to benefit from the foal crops of nearby racing states to help fill your races. Many states in our Mid-America Race Region cannot race long extended race meets at one track unless they have extremely large purse funds to keep the purses at competitive levels and attract horses to race at the meet all season. Collectively though a few regions/tracks could combine resources and make a competitive market together and make a longer racing season with more opportunities across the region(s). The only drawback to this is moving a couple of times a year which is already necessary for most horsemen unless they race in one of the few regions that can offer year around or almost year around racing. Even in most of those cases the racing in the region takes place at more than one track which requires moving the stable.

We believe the “B” level content tracks and the smaller breeding programs will benefit from cooperative efforts and the first to work together will provide new opportunities for their respective state-bred programs and the racing product of the cooperative tracks that create a circuit. In addition, the first mover will garner media attention, adding the value of the public relations type advertising broadcasting the opportunities to all horse owners, breeders and trainers.

As previously mentioned, ideas for potential circuits are elaborated on in Question 3 - What time of the year should racing take place? and the Strategic Plan & Action Plan.

Cooperative breeding programs would add value and opportunity for each state’s foals. It also compliments the other strategy of creating a circuit for the racing stables. There are already some state-bred programs that offer incentives for races out of state (AR, LA, MA, MN, Ontario, TX).[67] There is also precedent for offering race conditions restricted to just a few different state-breds. For example, Minnesota (Canterbury Park) and Iowa

[67] “Breeding and Racing Incentives State by State,” Trainer Magazine, Issue 63, Spring 2022 February 20, 2022. https://static1.squarespace.com/static/517636f8e4b0cb4f8c8697ba/t/621386eea2e46a2599db2795/1645446897988/2022+North+American+State+Incentives.pdf (Accessed May 21, 2024.)

(Prairie Meadows) offered races restricted to Minnesota and Iowa registered foals. Years ago, on the east coast there was the Tri-State Futurity for Maryland, Virginia, and West Virginia foals. The need for this type of cooperative effort is more important now than any time previous. The horse supply is a major issue if horse racing wants to continue to offer a reasonable number of racing opportunities and at the same time provide a product appealing to the public.

There may be a new rating condition system on the horizon that likely will be beta tested early 2025 in another jurisdiction. At the time of this report there is a planned presentation in late July 2024 about this rating system at Prairie Meadows during the National HBPA Conference.

This system is like some race conditions in European and Asian racing countries. This would make for more competitive races, possibly matching only horses foaled from the cooperating states while not risking the horses in claiming races which may be less desirable from a competitive point of view of the owner and trainer. This will not eliminate claiming races either as different options such as optional claiming or ratings handicap could be available for a claiming price and part of new race conditions. The rating system will be calculated algorithmically and transparently.

If that system does not get implemented there are still ways to write conditions to create parity with different state-bred horses competing in restricted races. The new rating system, if available sooner than the circuit and multi-state-bred races could be developed, it may also be a good option to use in filling Iowa-bred only races or Iowa-breds against open horses in Iowa.

The new system will assign ratings for horses. Horses will get ratings after three starts or if they win one of their first two starts, they get rated. More information will be available to the public later this year. We felt it was worth mentioning the possibility if successful in the testing, it would likely alleviate some concerns about parity when establishing a multi-jurisdiction state-bred program. It could also help fill competitive races if used for other categories.

As previously mentioned, if you adopt an incentive for Iowa-breds racing out of state when no live racing for that breed is offered in state it would provide more opportunities for Iowa-bred horses to race and earn purses/awards while not having as great a negative impact on purses by running significantly more days. The incentives would only be offered when live racing for that breed is not available in Iowa so as not to encourage running out of state when the live meet is at Prairie Meadows.

There are other benefits to this incentive program. In the spring prior to any racing in Iowa, Iowa horse people would be more likely to get a horse “race ready” and even enter in a race or two, pre-season, if the horse can run out of state, be competitive and earn purses/awards. This would make more Iowa-bred horses ready to run as soon as the live meet started. Also, after live racing in Iowa, the two-year-old Iowa-bred could get an additional start or two, again with races that are competitive and a chance to earn purses/awards.

This type of cooperative effort provides more opportunities and adds value. For example, if two or three state-bred programs cooperated with reciprocal races and funding across state lines while the tracks also cooperated with race dates, the value of those state-breds increases. This ties directly to the suggested circuit examples in Question 3 - What time of the year should racing take place? and thus could be accomplished with the states of Minnesota and/or Oklahoma. There is no reason a third state like Arkansas that does not offer too many state-bred races may also be interested in cooperative efforts if the horses in competition have reasonable parity. Having more opportunities to race in restricted company, longer racing seasons and with the increase in field size for races with the circuit, each jurisdiction's racing product will improve. Given the foal crops of many of these states as discussed above, each state by themselves does not have enough state-breds to support enough categories of races with reasonable field size.

The fact that the horses can race in more jurisdictions and be competitive opens a larger market for those horses, making them more valuable not only from a racing and earnings perspective but also geographically more appealing. The improvement of the Iowa-breds over the years makes those horses more competitive than they may have been years ago. This type of program can also stimulate competition which will help improve the Iowa-bred horses. Also, if you look at where horse owners reside that race in Iowa (map in the Situational Analysis and Competitive Forces) 80 percent of the owners are within a 675-mile radius of Prairie Meadows. This means with a well-designed circuit and multi-state breed program owners will have more opportunities to see their horse race in a region near to them.

Regarding the racing product image, if a bi-state or tri-state breeding program provided purse enhancements for those races at more than one track with a circuit of racing, creating competitive races with fuller fields this makes the product more competitive and increases pari-mutuel handle. The circuit and multi-state-bred co-op could be branded giving it more familiarity with the public and potential horse owners and breeders.

We know a competitive eight, nine or ten horse field with conditions restricted to a few different state-breds will greatly out-handle a five, or six horse field of state-breds from one state. The simulcast market will respond positively with increased interest. The fact that the state-bred foals in those jurisdictions also have more opportunities to earn revenue and race will, again, add value to the owners and breeders.

On our visit in June to Iowa we were encouraged to hear that Iowa-breds were considered very competitive (both Thoroughbreds and Quarter horses) with other individual state-breds. We asked horse trainers, owners, breeders and racing executives how Iowa-breds on average compared with AR, MN, NE, and OK state-breds and an overwhelming majority of those asked felt the Iowa-bred was very competitive. Knowing the Iowa-bred is competitive makes it more reasonable to consider multi-state cooperation with state-breds.

To provide context we researched some states that already provide incentives for state-breds when racing out of state.

- ✓ Texas Thoroughbred Association (TTA)

  "the TTA has implemented a NEW PROGRAM whereby the eligible breeders of Accredited Texas-bred racehorses placing 1, 2 or 3 in any race in the US (other than Texas) may receive a breeder award.

  Awards are payable only on races run outside of Texas when there are NO live Thoroughbred meets in Texas, UNLESS the out of state race is a stakes race with a minimum purse of $50,000.

  The total amount of these breeder awards for calendar year 2020 is $100,000. Breeder awards are calculated as a percentage of purse money earned for finishing in the top three.

Breeders eligible for 100% awards will receive 11.734% of purse money earned, and those eligible for 50% awards will receive 4.886% of purse money earned. For awards calculation purposes, all individual race purses are capped at $75,000."[68]

✓ Louisiana Thoroughbred Breeders Association

"World Wide Breeders Awards paid to accredited Louisiana-breds finishing first, second or third in any race outside of Louisiana on a prorated portion of the $400,000 annual fund set aside for this purpose.

Out of state breeders awards are paid once a year, usually the first week in February."[69]

✓ Massachusetts Thoroughbred Breeders Association (MTBA)

"Incentives for a registered Mass Bred that finishes 1, 2 or 3 in a licensed pari-mutuel race in any state.

1. ***Owner's Awards**: Owner receives a 10% award on the purse money earned.*
2. ***Developer's Awards**: Developer receives a 20% award on the purse money earned.*
3. ***Breeder's Awards**: Breeder receives a 25% award on the purse money earned.*
4. ***Stallion Owner's Awards**: Stallion Owner receives a 15% award on the purse money earned if the horse is by a registered MA stallion.*

Notes:

- *Developer is the owner listed on the racing program for the horse's first lifetime start. This program is in effect for all Mass Breds making their first LIFETIME start after 7/1/2021.*
- *The maximum on each award is $5,000."*[70]

An Iowa-bred incentive program (when live racing for that breed is not available in Iowa) specifically tied to the circuit that is created will add opportunities and value to all Iowa-bred foals. To begin a re-allocation of some of the funds (perhaps like what Louisiana has done) is a good start. When the revenue for racing increases because of the better racing product, increases in pari-mutuel revenue and other revenues a percentage greater than 20% of the new additional revenue should be allocated to this program to continue a spiral up effect and add more value to Iowa-breds.

In conjunction with the creation of a circuit and cooperative state-bred programs there is a great opportunity to create additional signature days for each jurisdiction and create a competitive group of races restricted to horses bred in the cooperative jurisdictions. One could create a modified version of the original Sunshine Millions. A series of races creating a competition between the state-bred programs could be run at both tracks. Depending on the results of a circuit would impact how this series is designed. There could be races for different classes of

[68] "ATB Breeder Awards On Out-Of-State Races," Texas Thoroughbred Association, https://texasthoroughbred.com/atb-breeder-awards-on-out-of-state-races/ (Accessed May 26, 2024.)
[69] "Incentives," Louisiana Thoroughbred Breeders Awards, https://www.louisianabred.com/incentives (Accessed May 26, 2024.)
[70] "Breeding Program, Mass Bred Awards," Massachusetts Thoroughbred Breeders Association, https://massbreds.com/breeding-program/ (Accessed May 26, 2024.)

horses, new wagers designed if prop bets were legalized, if there is an overlap of race meets half the races could be held at each site and endless other ideas that would showcase the breeds, provide an enhanced product, create a signature day or two and have other benefits depending on the design. Another program that was used for years on the east coast The Match Series (https://matchseries.com/about/) could also be modified to fit the new efforts of the cooperating jurisdictions.

In answering Question 15 - Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?, we explored an idea for additional funding similar to what the Texas racing industry accomplished (TX HB2463) but using the funds in a different way since the needs in Iowa are different. If this could be achieved, we think the funding should be dedicated to expanding the allocation for Iowa-breds both in-state and out of state and fund a developer's bonus as mentioned above in the MTBA program.

Creating a developer's bonus is another way to add value for the Iowa-bred horses. This could be done for all three Iowa-bred foals, Quarter Horses, Standardbreds, and Thoroughbreds.

The developer is considered the owner of the horse in its first career start. The concept is that the developer often has the largest investment getting the horse ready for the races. If a horse is not a stake horse, they may often have to run in claiming races. This means the person that invested the most in the horse's early career may not benefit much if the horse is claimed or sold early in its career. Should the owner with the largest investment not have an opportunity to receive value from that investment? A developer's bonus creates added value for that owner. Maryland started this type of program in January of 2021. The program is funded by the Maryland Thoroughbred Purse Account and administered by the Maryland Thoroughbred Horsemen's Association. https://www.mdhorsemen.com/post/maryland-bred-owner-bonus-program-reinvigorated

- Maryland Thoroughbred, MD-Bred Fund

  "15% Developer bonus on share of purse for all open overnight races for registered Maryland-bred horses finishing 1st, 2nd or 3rd. Developer is the owner of the horse in its first career start. Bonuses will continue to be paid to the Developer throughout the horse's racing career, regardless of how many times ownership changes, unless the horse changed hands prior to the start of the program on January 22, 2021. Developer bonuses are NOT paid as part of the purse, therefore not reflected in horses' Equibase earnings"[71]

  "A 15 percent bonus will be paid to the developer…. for any Maryland-bred horses that finish first, second or third in an open overnight race at a Maryland track… The developer bonus is not part of the purse and will not be included in the horse's earnings. The bonuses will be paid monthly once the testing of samples is completed and the races are released by the stewards…. It is designed to support the

[71] "MD-Bred Fund," Maryland Horse Breeders Association (MHBA), https://marylandthoroughbred.com/cms/index.php/foals/md-bred-fund/about-the-md-bred-fund (Accessed May 28, 2024.)

Maryland racing program through the development of weanlings, yearlings and 2-year-ods, thus increasing the number of horses to fill races."[72]

When speaking with the Maryland Thoroughbred Breeders Association about the Developer's Bonus they have been very happy with the success and impact of the program. One consideration when designing a developer's bonus is what races it should apply to. This may be different for the different breeds. For example, the Standardbred program in Iowa is very different and if they can set aside or find new funding as suggested having the developer's bonus apply to races out of state would add great value to the developer once the horse is sold and the horse competes out of state.

Another recommendation for Thoroughbreds and Quarter Horses in Iowa is considering a larger differential in the purse supplement for an Iowa-bred in open races versus restricted races. With the field size being significantly lower for open races compared to the state-bred races at Prairie Meadows, it makes those races much less appealing to the public thus making the pari-mutuel handle on the open races lower. The purse supplement for an Iowa-bred in an open race should be a much higher percentage than when the Iowa-bred runs in restricted company. This also makes sense since you want to give better purses to better horses. In 2023 the purse supplement for Iowa-bred restricted races was 30 percent and only 35 percent for an Iowa-bred in an open race. Since the percentages are adjustable it is easy to experiment to see if intended results can be accomplished. We suggest since the claiming price for an Iowa-bred in an open race is 50 percent higher that makes a rational reason to start the year with a 50 percent supplement for an Iowa-bred in an open race to see is it is an inducement to provide Iowa-breds more opportunity and reward the better Iowa-breds that do run in open company normally considered a better-quality race.

Figure 109 Iowa Purse Residency Report

Combined Total Quarter Horse & Thoroughbred									
	Total			Iowa Resident			Non-Iowa Resident		
Year	2021	2022	2023	2021	2022	2023	2021	2022	2023
Open Purses	$9,339,115	$9,774,180	$10,147,578	$1,212,604	$1,459,170	$1,669,856	$8,126,511	$8,315,010	$8,477,722
Restricted Purses	$5,628,518	$6,347,620	$6,663,034	$2,993,804	$3,304,455	$3,746,329	$2,634,715	$3,043,165	$2,916,706
Supplement Open	$257,395	$433,046	$331,476	$153,998	$285,422	$171,651	$103,396	$147,624	$159,824
Supplement Restricted	$2,506,633	$2,687,594	$2,825,087	$1,379,123	$1,434,179	$1,615,460	$1,127,510	$1,253,415	$1,209,627
Total Purse & Supplement	$17,731,661	$19,242,440	$19,967,175	$5,739,529	$6,483,226	$7,203,296	$11,992,132	$12,759,214	$12,763,879
				32.37%	**33.69%**	**36.08%**	67.63%	66.31%	63.92%
Total Iowa-bred Payouts to Non-Iowa Residents	$4,166,438	$4,841,820	$4,691,641				$4,166,438	$4,841,820	$4,691,641
Total Investment in Iowa Program	$9,905,967	$11,325,046	$11,894,937	$5,739,529	$6,483,226	$7,203,296	$4,166,438	$4,841,820	$4,691,641
	100%	100%	100%	**57.9%**	**57.2%**	**60.6%**	42.1%	42.8%	39.4%

Source: Iowa Racing and Gaming Commission
Notes: In 2023 there were 768 races, 478 open races and 290 restricted races.
In 2023 there were 556 Thoroughbred races, 324 open races and 232 restricted races.
In 2023 there were 212 Quarter Horse races, 154 open races and 58 restricted races.

[72] "Maryland-Bred Owner Program Launches 'Developer Bonus,'" Paulick Report, January 21, 2021. https://paulickreport.com/news/the-biz/maryland-bred-owner-program-launches-developer-bonus (Accessed May 28, 2024.)

Since only $331,476 was awarded as supplemental purse monies in 2023 for open races the impact of this change would only have a significant effect if many more Iowa-bred horses were to compete in open races which would have a positive impact on pari-mutuel handle. If that occurs the percentages can be modified somewhat based on results. While it is impossible to forecast the actual results of such a change it is also clear that a change of this nature is flexible enough to be altered based on results. Over the past nine years, the percentages have changed, and the industry can adapt and modify the allocation of funds.

In addition to the above recommendations, we think there are other potential changes worth consideration. While the following additional items may not be as impactful as the main recommendations above, they are worth noting.

If the developer's bonus mentioned above is something the Iowa breeders believe has merit, there are ways to consider funding it initially. The need for large incentives may be less important than the effort to get it started to see how it is received and utilized.

One funding consideration for a developer's bonus would be to reallocate a small portion of the restricted and open awards toward an initial experiment of the developer's bonus. The other option is if it seems feasible that new legislation suggested in Question 15 - Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa? has real potential to pass, use some of the funds from the Texas-like allocation of funds from equine sales tax for the developer's bonus. See Question 15 - Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa? for more detail. Using any new funds from this legislation if it is passed as suggested also adds more value to the Iowa-breds and the Iowa agriculture industry with more money staying in-state.

Re-thinking race conditions may also make small incremental improvements. We will make a few examples but there are creative ways to help fill races:

- More open condition Thoroughbred allowance races may fill if they are written like the same Quarter Horse races - "which have never won three races (or $10,000 three times) other than maiden, claiming, starter, or state-bred (instead of just Iowa-bred).
- Try variable conditions for open versus Iowa-bred horses like non-winners of three races (for Iowa-breds) versus non-winners of two races for open horses (non-Iowa-bred). This would be very much like the current races where Iowa-breds can enter for a higher claiming price when racing against open company.
- Write some conditions for Iowa-breds that make winners of those races not eligible for a couple of months for the same condition to force the winners to run open and at the same time this allows other Iowa-breds the opportunity to compete and not have to face the winner of the same race.

Set aside from breeders/supplemental funds at the start of the year for Iowa-bred awards when they run out of state (like Louisiana does as mentioned above) when no racing is available for that breed in Iowa. At the end of the year if any of that money set aside is not earned out of state, the unearned portion of the funding could be pro-rated back to all those in-state awards to zero out the account of the funds set aside.

Important to all the recommendations in this section as noted in Figure 109 is the fact that over 60 percent of the earnings (over $7.3 million) invested in the Iowa Program (almost $11.9 million) in 2023 is earned by Iowa residents. This is important to the economy of Iowa, the agricultural industry there, and one of the reasons for the support of horse racing in Iowa.

Question 17 Would any State law or rule changes enhance racing in Iowa?

There are several potential changes to the Iowa Code that can assist in the development of the horse racing industry in Iowa. In speaking with stakeholders, there is a level of apprehension to opening either 99d or 99f and doing so will take a unified front to ensure there are no unforeseen consequences. Other legislative change will require working with the stakeholders and government to determine if other areas of the code would be subject to the proposed changes.

It is important as well to continue to adhere to the discussion that the Iowa horse racing industry and subsequently the laws and rules governing the industry are interrelated. Controlling for all impacts, especially any unforeseen consequences will be paramount to the successful acceptance and ultimate success of the legislative change.

New Revenue Model – Incorporation of Pari-Mutuel Revenue into Purses (Situational Analysis and Competitive Forces& Strategic Plan & Action Plan)

The introduction of this is discussed and modeled in the Situational Analysis and Competitive Forces. This would require the opening of 99F.6 §4.a(3). If there is a change in the percentage from casino revenue made to accommodate a new revenue model similar to what is recommended, there would need to be assurances that the pari-mutuel revenues that need to be directed to the racing industry for purses and supplements is also incorporated in the changes to assure that any new model agreed upon is protected in the Code.

The importance of tying the growth of purses to the growth in racing lies in the ability for the industry, particularly owners, trainers and breeders, to control their destiny regarding the annual purse allocation. Likewise, if the industry stakeholders are complacent or not attempting an improvement in the product "sold" to the public through the pari-mutuel wagering on the product, the industry stakeholders should be a party to the downside economics caused by those actions.

Simulcast Import Handle from Alternative Simulcast Operators (ASO) – Contribute to Support Iowa Horse Racing (Situational Analysis and Competitive Forces & Strategic Plan & Action Plan)

It is our belief that import simulcast money benefiting the former greyhound track at Council Bluffs (Horseshoe Council Bluffs) or any/all ASO licensees should support the purse fund at the same level and manner as an import simulcast wager at Prairie Meadows. This may require a change to §99D and 491-8.7(99d).

99D.9D §4 states "The commission shall establish an annual license fee and regulatory fee for any entity issued a license under this section to conduct pari-mutuel wagering on simultaneously telecast horse or dog races as authorized by this section. The commission shall not impose any other fees for simultaneously telecast horse or dog races conducted by any licensee under this section."

This may mean that no contribution to the racing industry (purses) can be imposed. If so, this will need to be addressed as it pertains to the recommendation of requiring all ASOs to contribute to the Iowa racing industry.

However, 491-8.7(99d) Alternative simulcast operator part (a) states "The commission may require changes in a proposed plan of operation as a condition of granting a request." And part (d) states "The commission may issue an ASO license that complies with the requirements of Iowa Code section 99D.9D and the additional criteria as established by the commission. The terms of any ASO license shall include but not be limited to:

(1) “Fees to be paid on any races subject to pari-mutuel wagering.”

It is unclear if the commission has any latitude in requiring fees to support the Iowa racing industry. If so, the commission could make fees that contribute to purses and supplements. If not, the Code and rules would need to be modified.

While not a major windfall to the industry, it provides consistency and fairness in Iowa for money derived from horse racing to flow to horse racing in Iowa.

Creating a Racing Circuit – Provide some flexibility in race days (Question 3 - What time of the year should racing take place? & Strategic Plan & Action Plan)

Modifying 99D. 7 §3 “To adopt standards regarding the duration of thoroughbred and quarter horse racing seasons, so that a thoroughbred racing season shall not be less than sixty-seven days, and so that a quarter horse racing season shall not be less than twenty-six days. The thoroughbred and quarter horse racing seasons shall be run independently unless mutually agreed upon by the associations representing the thoroughbred and quarter horse owners and the licensee of the horse racetrack located in Polk County.”

As noted in Question 1 - Statutory requirements notwithstanding, how many race days should be conducted? of this report, in 2023 of the 80 days at Prairie Meadows, 17 of those days offered seven races and three days offered eight races. Thus, if you had four less days but ran nine or more races each day you are essentially offering the same number of opportunities. When creating a circuit, it would be wise to have some flexibility in race dates when negotiating with other jurisdictions to make reasonable accommodations or compromise. At the same time, we are aware of the need for certainty of race opportunities or security of racings continuation given the long-term investment in Iowa racing and breeding.

Given that the competitive environment will continue to change and there are other jurisdictions that faced the same need for some flexibility in race dates we believe there is an easy solution. Several states when statutes were adopted decades ago, racing faced very little competition and the statute in some states required 100+ race days. Pennsylvania for example requires racing a large number of days but “The required racing days under this section and 4 Pa.C.S. § 1303(a)(2) and (b) may be waived or modified by the commission if the waiver or modification has been agreed to by the horsemen's organization and the licensed racing entity at the racetrack where the racing days are to be scheduled or raced.”[73]

Modifying 99D.7 could be changed similar to what Pennsylvania permits and it would be just the same requirement that now exists for the Thoroughbred and Quarter Horse racing seasons to not be run independently as they currently are.

[73] Pennsylvania General Assembly – Title 3 § 9317 Allocation of racing days. https://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=03&div=0&chpt=93&sctn=17&subsctn=0 (Accessed July 7, 2024)

This flexibility also allows slight adjustments to race days as times change but provides the stakeholders with a voice in the changes.

When modifying 99D.7 we believe it would also be strategic at the same time to modify 99D.7 § 5 b. (the purse structure percentage allocated to each breed) so that in the future there is also flexibility to adjust those percentages when/if the IRGC establishes metrics as discussed in Question 2 - What should the annual purse amount be? Also see Figure 71 (page 87) for more information. Part of Question 2 - What should the annual purse amount be? asked "How much purse money should be allocated by breed?" Since 99D.7 should be modified to accommodate a circuit and provide the industry with the ability to adapt this change also give the IRGC the ability to adapt as suggested in Question 2 - What should the annual purse amount be?.

Some stakeholders may have concerns when partnering with other jurisdictions to create a circuit and the feasibility of consistent race dates when another state regulatory agency is involved. It may be possible to explore state compacts between regulatory agencies (as has been done in the past for cooperative racing commission efforts like multi-jurisdictional licensing) as a way to coordinate and regulate the issues with compatible race days and even cooperative state-bred breeding programs.

Iowa Breeding Industry (Question 16 - How can the breeding industry be strengthened in Iowa? & Strategic Plan & Action Plan)

There were several recommendations and suggestions made in this report in Question 16 - How can the breeding industry be strengthened in Iowa? and the Strategic Plan & Action Plan to enhance the breeding industry, provide opportunities and add value. In some cases, it is unclear to us whether change is needed since the law/rules are not specific about the allocation of some funds and there is no indication that it cannot be done. In other cases, it is necessary to make changes (99D.22) to permit flexibility in collaboration with other state breeding programs or to be able to create new incentives/awards in state that add value.

Since currently it is not feasible for Iowa to provide ten months of racing for Iowa-breds, one recommendation was to consider ways to reward Iowa-breds when they race out-of-state if no racing of that breed is available in state. Several ideas included this concept. In Question 16 - How can the breeding industry be strengthened in Iowa? we discussed setting aside some of the supplemental funds for horses winning out of state when there is no racing in Iowa, and this has been done by other states.

The following sections discuss the allocation of funds <u>but do not indicate the rewarding of Iowa-breds is restricted to only races in the state of Iowa</u>:

99D.22 §1.a.(2)b a sum equal to 12 percent of the purse won by an Iowa-foaled horse …. shall be used to promote the horse… breeding industries. The 12 percent withheld from breakage…… paid by end of year by the State Department of Agriculture and Land Stewardship by December 31 of each calendar year.

99D.22 §1.a.(2)c addresses the allocation of funds for the Iowa horse breeders fund and funds for Iowa-foaled breeder's awards or purse supplements (no less than 20 percent of all net purse moneys ….. for Iowa-bred foals in the form of breeder's awards or purse supplement awards….)

Therefore (like some other states do) it would seem plausible that some of the 20% supplement for Iowa-breds could include out state races (when no live of breed in Iowa).

What is less clear is what law/rule changes may be needed if a circuit of racing is created and two or more state-bred programs can offer races restricted to just those horses. (For example, a race restricted to Iowa and Oklahoma-breds or a race restricted to Iowa and Minnesota-breds.) There has been precedent for this type of race but working out an equitable and flexible allocation of funding may require some rule/law changes. This would create more opportunities for Iowa-breds and at the same time be innovative in an environment that is challenging for some of the "B" level tracks with smaller foal crops as discussed elsewhere in the report.

Another potential change the Iowa breeders may want to consider is the creation of a "developer's bonus" like was done in other states and discussed in Question 16 - How can the breeding industry be strengthened in Iowa?. If new revenue to fund this is not used (such as an equine tax rebate legislation discussed below and in Question 15 - Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?), some of the supplemental funds for Iowa-breds would need to be allocated for this. We are not sure if the percentages allocated for this would need to be incorporated in any change to the Iowa Code or if the percentage allocated for a developer's bonus could be adjustable just like what is done to the percentage allocated for Iowa-breds when running in open races.

If some of the races that may be restricted to two or more state-breds, as discussed above, are run in Iowa the following may need modification so that the other state-breds competing in those races are not disadvantaged. Statute 99D.22 §1.a.(2) If Iowa-foaled horses are in a race not limited to Iowa-foaled horses that is not a stakes race, the licensee shall allow any Iowa-foaled horse an additional three-pound weight allowance beyond the stated conditions of the race. For example, ideally in a restricted race that includes Iowa and Minnesota-bred horses, the horses would start at equal weights before any allowances. (Simply changing "shall" to "may" could be a remedy.)

While the final path of change that Iowa may pursue is unknown due to the changing environment, you want to provide the industry with some flexibility in the use of the funds to enhance the Iowa breeding industry.

Capital Expenditure Fund

Prairie Meadows is in very good shape and has been well maintained, insuring the long-term viability of the facility as a spectator event location. In previous parts of this report, there has been discussion of such items as the installation of a turf course or other amenities to enhance the guest experience or barn area. Some jurisdictions have baked in a mechanism to promote funding for Cap Ex projects, and this can be done in many ways.

Reduction in pari-mutuel tax

The state of New Mexico authorizes racing facilities to utilize a percentage of the pari-mutuel tax on import simulcast to pay towards approved capital improvement projects. The racetrack must apply to the New Mexico State Racing Commission and be granted prior approval for the project before the deductions can occur. The project must meet criteria established by the Commission as noted for the betterment of the horse racing experience for guests or participants. An example of this would be building a new barn, spectator area, or a remodel to existing infrastructure that promotes horse racing.

Percentage of slot revenue to Cap-ex fund

In West Virginia, a percentage of the slot win at the racino is placed in escrow and is available for approved racetrack infrastructure capex projects. The enabling legislation (§29-22A-10c. Surcharge; Capital Reinvestment Fund) reads as follows:

"A Capital Reinvestment Fund is hereby created within the Lottery Fund. Forty-two percent of the surcharge amount attributable to each racetrack shall be retained by the commission and deposited into a separate Capital Reinvestment Account for that licensed racetrack. For each dollar expended by a licensed racetrack for capital improvements at the racetrack, at the location of any amenity associated with the licensed racetrack's destination resort facility operations, or at adjacent facilities owned by the licensee, having a useful life of three or more years and placed in service after April 1, 2001, the licensed racetrack shall receive $1 in recoupment from its Capital Reinvestment Fund Account: Provided, That in the case of thoroughbred horse tracks, four cents of every dollar in recoupment shall be reserved into a separate account, which shall only be spent on capital improvements and upgrading to facilities used for the housing and care of horses, facilities located inside the perimeter of the racing surface, including the surface thereof, facilities used for housing persons responsible for the care of horses, and that any such capital improvements and upgrading shall be subject to recoupment under this section only if they have been approved by the Horsemen's Benevolent and Protective Association acting on behalf of the horsemen: ...If a licensed racetrack's unrecouped capital improvements exceed its capital reinvestment fund account at the end of any fiscal year, the excess improvements may be carried forward to fifteen subsequent fiscal years."

When speaking with executives at Hollywood Casino at Charles Town Races one use of this fund several years ago was to upgrade and enhance all the technology used to broadcast the live races. Those improvements made the live races stand out in the evening marketplace and this is attributed to a significant increase in their export simulcast revenue for racing.

In the Province of British Columbia, casinos are granted **up to** 12% of the GGR to fund improvements to the facility. This can include racing areas at those facilities that also host horse racing. This is in addition to the 25% the casinos receive to operate. Purse money is allocated separately through the BC Horse Racing Management Committee. Since the BC Government is in control of gaming in the province, the percentage is an agreement between the casino operators and the British Columbia Lottery Corporation (BCLC).

Equine Sales Tax Rebate – Other Opportunities (See Question 15 - Are there additional opportunities available for Prairie Meadows or the racing industry that should be considered for Iowa?)

The State of Texas, in order to provide a mechanism to fuel purses in addition to the traditional pari-mutuel sources, passed legislation in 2019 that allows for amounts of sales tax derived on equine activity to be used towards purses for racehorses. The State of Washington has tried to pass a similar law but has yet to accomplish successful legislative change through the 2024 Session.

Texas House Bill 2463 diverts sales taxes on horse feed, tack and other horse-related products and services from the state's general fund to an escrow account established by the Texas Racing Commission and capped at $25 million annually. No more than 70% of the funds in the escrow account may go toward purses. If the escrow account reaches $25 million, that would be an additional $17.5 million in purse money annually, virtually doubling the current amount, based on an economic study conducted by TXP Inc. consultants[74]

For Iowa, the HBPA has proposed this potential legislation in a 2023 presentation to the IRGC but it has not achieved traction at this point. While not clearly researched, the rough anecdotal amount of proceeds from such a law to the Iowa Racing Industry in the form of purse money or breeders' funds is $4 million annually. Many details of the new law must be discussed amongst all stakeholders and support from sponsors of the proposed bill. As this is tied to spending on equine activities in the state, there is an opportunity to provide investment support to all equine activities in the State. In addition, if the spending on equine activities increases, the fund could increase as well, keeping pace with inflation.

Flexibility Laws/Rules with Necessary Protections for Stakeholders

For an industry with many moving parts and the nature of the system and interrelatedness of changes discussed throughout the report, the importance of **flexible laws** is ideal to address changes caused by market forces over time.

For example**,** while the number of race dates codified in the Statute is a protective measure for the horse breeders and participants in racing, the supply side (horses being born) is not keeping up with race dates and races offered. If the supply side increases, the current race dates may not be enough to accommodate and cultivate the horse supply. We believe there should be a baseline for race dates but the actual number each year can be less to fit with scheduling and potential circuit formation. This would only be allowed with horsemen approval and support from the IRGC. Also as previously discussed a small change in race dates may not have any impact on racing opportunities (See Queston 1).

There are other examples such as allocation of purses, supplements and allowing a breeding program to evolve with a changing environment without having to go through the challenge of involving legislators may seem as if some stakeholders are losing security that does not have to be the case. Other jurisdictions have provided a reasonable number of protections in the process by requiring consensus or regulatory approval or rule changes but not the more difficult challenge of statutory change as an industry evolves and desires to make efforts to deal with those changes.

One other factor that can help with the evolving process is as suggested elsewhere in the report and the Strategic Plan & Action Plan is to create metrics that monitor the changes and provide benchmarks for the industry to make change.

[74] Paulick Report Staff, "Texas Horse Racing To Get Purse Boost From New Law Diverting Sales Tax On Horse Products," *Paulick Report*, June 17, 2019, https://paulickreport.com/nl-list/texas-horse-racing-to-get-purse-boost-from-new-law (Accessed July 6, 2024)

Question 18- Does the current model for Standardbred racing provide sustainability for Iowa Standardbred racing?

Question 19- Are there any recommendations to enhance Standardbred racing, and what are the pros and cons of those enhancements?

Overview

Standardbred racing in Iowa is conducted from late May/early June through early October on a non-pari-mutuel basis. There are typically 35-37 race dates spread over eight facilities. These are: What Cheer, Humbolt, Eldon, Monticello, Nashua, Bloomfield, Oskaloosa and Kahoka, Missouri. What Cheer and Humbolt race the most dates throughout the season.

In addition to racing, the facilities of Eldon and Humbolt serve as training centers for many participants needing a location to train and exercise horses so that they are race ready. Many others use their own farms to raise, train and race their stables.

According to the Iowa Harness Horseman's Association (IHHA), participation in Iowa is very family oriented. The nature of the season (outside the school year) allows for participants to spend the summer with their families while racing on the weekends throughout Iowa and the one stop in Missouri. This provides participants with easier access to employment/staffing and operating their racing stables as that work is done internally instead of requiring external support.

The race meets in Iowa are self-regulated by the Standardbred industry. Each location is registered with the USTA. The judges and starter officiating the races are accredited. There is also oversight by the Iowa Harness Foundation, a six-member panel that does not receive compensation from the allocation of funds generated by the slots at Prairie Meadows. Drug testing is performed by Industrial Labs in Colorado, and blood is drawn after the races for the "A" level races. A random sample of the blood samples taken is sent to the lab along with any random samples requested by the veterinarian. Random tests are done on overnight races with participants not knowing which races are selected for tests.

Figure 110 Total Standardbred Purses for Select States

	Total Purses		
State	**2021**	**2022**	**2023**
Iowa	$ 1,466,323	$ 1,679,651	$ 1,836,914
Illinois	$ 7,251,483	$ 9,220,753	$ 6,696,340
Indiana	$ 36,155,545	$ 37,834,803	$ 45,357,318
Minnesota	$ 3,900,000	$ 5,700,000	$ 6,100,000

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Iowa has the lowest purse structure of the Mid-America Race Region harness jurisdictions. Currently, the Standardbreds receive 8.75 percent of the purse funds (§99D.7). Iowa-bred horses make up most of the horses racing. For the past three years 72.8 to 81.4 percent of the races were for Iowa-sired or Iowa-foaled horses.

Most of the races are listed as stakes races for Iowa-bred horses with a smaller portion of the races offered for Iowa-sired. The IHHA believes that the purse structure in Iowa is good for what they do. The belief is that more money directed to Standardbred purses can lead to better broodmare purchases as most breeders are buying mares for $15,000 or less because that is the threshold for financial viability. Improving the bloodlines through broodmare purchases can elevate Iowa breeding and the potential resale of racehorses.

Participants in Iowa Standardbred racing reside predominantly in Iowa. There are owners from surrounding states as well as New York and Pennsylvania where Standardbred racing is significant. There are 31 Iowa based drivers making up 75 percent of the driver roster during a season.

In the Benchmarking section of this report, we examined the trends for the past three years of Iowa Standardbred racing to the national trends. While the number of Iowa race dates has fluctuated slightly, race dates scheduled for 2024 have increased. Slightly better than the national trend, gross purses offered in Iowa has increased 26 percent over the past ten years and earnings per starter increased from $5,318 in 2014 to $8,201 in 2023.

Breeding

The absence of pari-mutuel wagering on the Standardbreds in Iowa creates a unique situation. Wins (and money earned) do not count against the horses as it relates to conditions of races at commercial pari-mutuel tracks in other jurisdictions. Hence a horse that has 10 wins and $75,000 in earnings can compete at a pari-mutuel track in another jurisdiction and start as a non-winner of a pari-mutuel race lifetime, the lowest level at those commercial tracks. This gives the Iowa Standardbred a unique value whether for the purposes of Iowans racing outside of Iowa or as it relates to the sale price to an owner racing in another jurisdiction. According to the IHHA, Iowa-bred and raced horses can have values up to $75,000 as a three-year-old turning four-year-old because of the non-parimutuel aspect of Standardbred racing in Iowa.

The value created by this racing structure as well as the purse money available, makes Iowa Standardbred breeding a potentially lucrative proposition. As can be seen in the table below, Iowa has more foals per year than neighboring Minnesota where pari-mutuel Standardbred racing takes place.

Figure 111 Standardbred Foal Crops for Select States

	Foals		
State	**2021**	**2022**	**2023**
Iowa	331	312	330
Illinois	550	552	401
Indiana	884	806	733
Minnesota	208	197	169

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Both Indiana and Illinois have a combination of commercial pari-mutuel meets and county fair non-parimutuel meets. Indiana has the longest racing season and the highest purse structure in general and for state-bred horses, as well as the most racing dates of the four Mid-America Race Region jurisdictions with relevant

Standardbred racing. Indiana is more closely tied to the eastern circuits of Ohio, Pennsylvania, New Jersey, and New York as horses move between those states with year-round Standardbred racing. The harness racing industry is predominantly a regional sport in the northeastern part of the country. Harness racing in the US is not a product that is too familiar to people in the south or west of the Mississippi river.

The IHHA does work with their counterparts in Minnesota. There are people in Minnesota who are breeding to Iowa stallions and foaling the mare in Minnesota, making them cross-qualified for state-bred races.

Figure 112 Number of Standardbred Stallions for Select States

Stallions			
State	**2021**	**2022**	**2023**
Iowa	61	61	64
Illinois	74	84	66
Indiana	103	101	84
Minnesota	30	37	38

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

As can be seen in the table, there are more stallions standing in Iowa than in Minnesota (the active stallion numbers in Iowa reported by the Department of Agriculture and Land Stewardship are somewhat lower that in the table above, 46, 51 & 57 respectively for the three years), thus there is an attraction for Minnesotans to breed to an Iowa stallion due to greater selection/bloodlines to choose from. These Minnesota breeders then foal in their state for double the benefit as larger purse restricted races in Minnesota are for Minnesota-bred horses. According to the IHHA, there are more pacing stallions in Minnesota with trotting stallions making up the bulk of the Iowa based stallions. The IHHA also noted that the higher purses in Minnesota have incentivized people to foal in that state rather than in Iowa.

A previous trend occurred with Illinois when there was more Standardbred racing in that state and subsequently stallions. Iowa breeders were breeding to Illinois stallions and foaling in Iowa. Iowa participants then sold their horses back to participants in Illinois once the Iowa-bred foals finished their three-year-old campaign. This trend has diminished since the reduction of Standardbred Racing in Illinois. If casino gaming at Hawthorne in Chicago or a rumored Standardbred track in the Chicago area comes online in the next few years, there may be some stimulation to Illinois Standardbred breeding, causing this trend to resurface.

From a sales perspective, Iowa breeding supplies the racing stock to keep Standardbred racing going in the state. Most Iowans do not go to other states to buy racehorses, reserving those sales strictly for purchasing broodmares to improve their breeding operations. The reverse is also true that participants outside of the State of Iowa do not come to Iowa to purchase young horses, instead purchasing older horses, race ready horses, or breeding stock.

According to USTA data the average sale price for the Iowa-foaled Standardbred from 2021-2023 was $15,188. Most of those sold were at the Heartland Mixed Sale.

Figure 113 Standardbred Breeders Awards for Select States

State	Breeders' Awards 2021	Breeders' Awards 2022	Breeders' Awards 2023
Iowa	$ 80,574	$ 92,254	$ 101,148
Illinois	$ 237,269	$ 345,599	$ 353,929
Indiana	$ 1,000,000	$ 1,000,000	$ 1,000,000
Minnesota	$ 83,732	$ 105,510	$ 86,694

Source: Iowa Dept of Agriculture and Land Stewardship, Minnesota Racing Commission Annual Report, USTA, Illinois Department of Agriculture

Looking at Iowa and neighboring Minnesota, the annual breeders' awards available and earned by Iowa breeders is close to the counterparts in Minnesota. Illinois is higher on an annual basis but is in line with Iowa, based on the greater number of race dates and races offered in Illinois. Indiana has over 100 race days and a much larger purse distribution and thus are paying more to breeders in Indiana.

Economic Impact

The racing circuit in Iowa brings economic expenditure to locations throughout the state. A 2019 Economic Impact Study[75] conducted by the University of Kentucky reported that the Iowa Standardbred Industry produces $4,365,000 in direct impact with a total impact on the Iowa economy of $7,507,800. However, the study was unable to gain information on total employment in the Iowa Standardbred industry. This may be due in part to the "family as workers" nature of the business. In addition, the study did not report information on stallion stud fees which would lead to an improvement in the reported impact numbers. As stallions in Iowa have increased by 100 percent since the 25 mentioned in the report, the impact of stud fees will be a noticeable increase on the $7.5M previously reported.

With 95 percent of purse money for the past three years going to state-bred races, we can assume a great portion of this is staying in-state. With the current healthy fair-type circuit of harness racing throughout Iowa this provides economic development throughout the state, in some areas that are not directly affected by Thoroughbred races and likely not by Quarter Horse racing. The structure relies on smaller operations and is almost entirely self-sufficient.

RECOMMENDATIONS

Under the current model, Standardbred racing in Iowa is sustainable. When asked what would improve Standardbred racing in Iowa from the current level, the IHHA answered "money". Of course, we often get that response from similar organizations.

Incentive programs promoting breeding, racing every weekend in the summer and further into October (which requires purse money) as well as improving purses to keep up with inflation are areas where any additional

[75] Simona Balazs, MS and Alison Davis, PhD, "The Influence of the Race Horse Industry on Iowa's Economy," June 2019, By; Community & Economic Development Initiative of Kentucky and College of Agriculture, Food and Environment, University of Kentucky.

money could be spent. The Standardbred industry has benefited from the uplift in the growth of the purse funds in the past ten years. They have created a unique program to date.

The IHHA recommended money for more Iowa-sired races as that will in turn create more foals as more will be able to race. Iowa foals generate an economic impact and have a residual value when finished racing in Iowa. It is evident that there is a market for Iowa-bred Standardbreds and supply can potentially expand with more stimulus.

Purse money, number of races, and horse supply dictate whether more race days or races are possible. With the current model, besides growth from the casino/purse funding sources, the percentage of allocation of 8.75 percent from the purse pool would need to be increased to generate a larger pool for the Standardbreds. This will be at the decrease to the other two breeds and will have doubtful support from the entire industry. The IHHA does not wish to have the law re-opened thus another method of purse generation or substantial growth in the current sources are also the current answers to increasing purse funding.

While we do not currently recommend a change in the percentages of purse funds by breed (§99D.7), we have recommended a change in the law addressing purse funds. (See the Situational Analysis and Competitive Forces section and Question 17 Would any State law or rule changes enhance racing in Iowa? of this report for a detailed explanation.) The changes we recommend based on current levels of pari-mutuel handle and casino revenue would leave all stakeholders at the same level of purse funds if all casino and pari-mutuel revenue was static. What it does do is tie a very important market force to the pari-mutuel side of the business. It also creates a situation where stakeholders have both a risk and a reward in the racing product. We believe based on both the current casino trends and the recommendations for the pari-mutuel racing in Iowa there will be an upside and the Standardbred racing industry can benefit when all revenue is increased. The Standardbred model can be evaluated considering other metrics that are not related to the pari-mutuel. Most important would be their contribution to the economic impact in Iowa and the more rural regions they impact.

Due to the uniqueness and niche of the Standardbred model in Iowa, it does make it difficult regarding the funding model since they are not pari-mutuel. Barring the addition of another commercial racetrack and a casino that hosts Standardbred racing, any money generation for Standardbreds will be due to the increase in slot play and revenue at Prairie Meadows as well as the other recommended sources for purse funding. This does continue the situation where the Iowa harness horsemen do not directly impact or control their future funding, relying on others to generate all their purse money.

As we explained elsewhere in this report that perhaps in the future the Iowa industry could look at the allocation of purse money by breed but only after agreed upon metrics are determined, transparent, communicated, and several years of data indicate if reallocation is justified. This was also discussed in Question 2 - What should the annual purse amount be? and Question 17 Would any State law or rule changes enhance racing in Iowa? of the report.

Although the Standardbred industry economic impact is smaller it does provide benefits the other two breeds do not. While this may be an argument against the need for additional support, it is also an argument to facilitate the continuation of harness racing as a very stable, but small, sector of the Iowa racing industry. The changes to the Standardbred industry in Iowa with the creation of the fair circuit and the unique aspects of this niche industry in Iowa have been an improvement that offers distinctive benefits to Iowa and providing economic benefits to many smaller regions in the state.

It is difficult for a state with only one racetrack and only one casino currently trying to support three racing breeds to have all three breeds to produce a product viable in a very competitive national market. Unless a very large percent of funds for purses were allocated to harness racing it is in a difficult position to be competitive with the major eastern states harness racing given both the purse funds and the distant location not making shipping of horses between tracks easy, as is done in the northeast harness states. What has developed over the past ten plus years is an incubated Standardbred program that provides unique benefits at the current level while also taking advantage of the niche the IHHA created.

In summary, we currently do not recommend specific changes to the niche they created but we do recommend that all stakeholders have a risk and reward in the horse racing industry and not just the casino industry. If metrics to measure future development and allocation of funds are created there will have to be somewhat different metrics for the Standardbred racing industry, in Iowa given the special circumstances. Obviously, any pari-mutuel metrics created for other breeds would not be applicable, but the economic impact and breeding side of the Iowa Standardbred industry would be important to monitor when making future decisions regarding allocations of resources.

One suggestion made to us that does warrant a solution involves interpretation of rules by the Department of Agriculture and Land Stewardship beyond this report's scope. Due to the interpretation of rules an Iowa stallion could leave the state for legitimate or necessary reasons and someone with no ownership in the stallion that has a foal by that stallion could become ineligible to register as an Iowa-bred after they have purchased the horse. This seems to be an unfortunate and unfair unintended consequence in some cases and is worth discussions with the Department of Agriculture and Land Stewardship.

Strategic Plan & Action Plan

Introduction

The IRGC RFP to study the horse racing industry in Iowa included an evaluation of the current state of the industry in the Midwest (redefined as the Mid-America Race Region), a scope of work that sought answers to 19 questions regarding many aspects of the racing and breeding industry and "to provide information regarding a long-term strategic plan for racing in the State of Iowa .... in an effort to sustain, and hopefully strengthen, the racing and breeding industry in Iowa."[76]

Through gathering data, analysis, Benchmarking, conducting a SWOT Analysis and Situational Analysis and Competitive Forces, as well as answering the 19 RFP – Section4 – Scope of Work questions it is important to understand how interrelated all aspects of the racing and breeding industry in Iowa are. This required a systems thinking approach to arrive at strategies. Any tactics and strategies implemented <u>need to be monitored and adjusted over time as the environment is complex</u> with many factors and interactions both internally and externally contributing to possible outcomes.

While the analysis does indicate some areas of the Iowa industry that are below regional or national trends or norms and some strategies will require consensus and cooperation, we are very optimistic that there is room for improvement that will help the racing and breeding industry in Iowa.

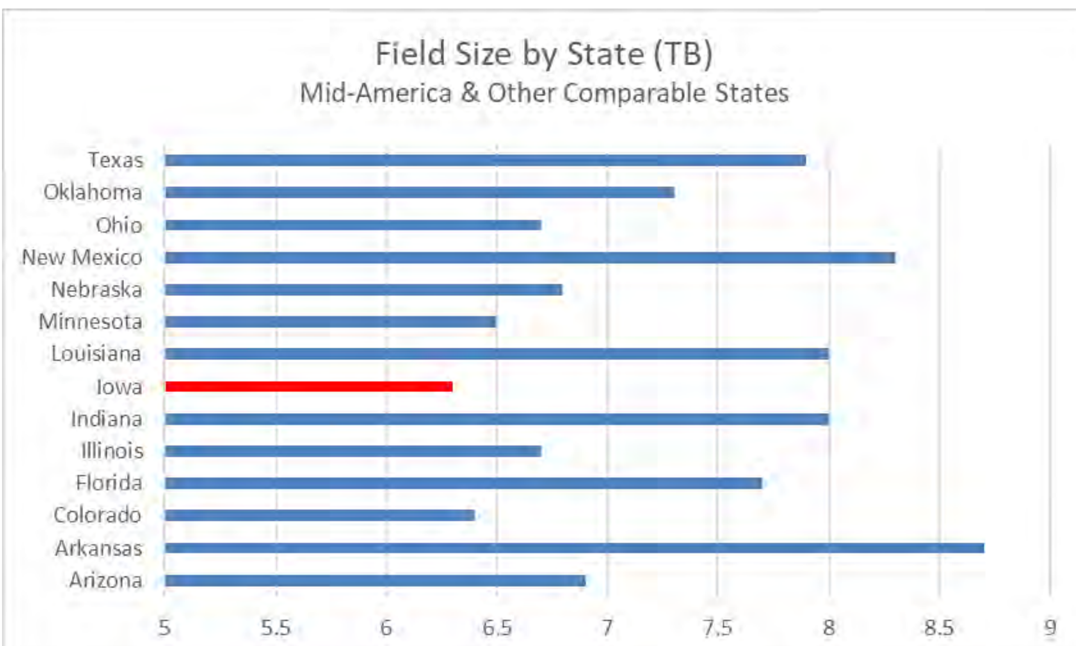
[76] "Horse Racing Study RFP No. 005-RFP-0518-2023, The Iowa Department of Administrative Services on behalf of the Iowa Racing and Gaming Commission, Issued July 7, 2023. Page 17

The overarching goal of the Strategic Plan & Action Plan *is to improve the racing product (initial focus is improve field size) and to improve the Iowa breeding program by adding value and opportunities.*

There are many uncertainties that can impact the Iowa racing industry which were outlined in Question 3 - What time of the year should racing take place? and the Situational Analysis and Competitive Forces. In addition to those uncertainties the racing and breeding industries in the country have significantly changed in the last 20 years and even changed post-Covid-19.

Those changes have been discussed in greater detail throughout this report but in brief we will summarize here. According to the 2023 American Racing Manual, Kentucky's Thoroughbred foal crop is 46 percent of the entire US crop and increased 3.9 percent from 2013 to 2022 despite a national decline of 22 percent. (Five states KY, CA, FL, NY & LA comprise 73 percent of the 2022 foal crop.) Quarter Horse foal crops have also declined the past several decades but the racing share of those declining foal crops in some states makes for data that is hard to quantify accurately. The wagering market is dominated by a few oligopoly-like entities controlling close to 70 or 80 percent of the market. Account wagering has shifted post Covid to account for somewhere between 55 to 65 percent of the wagering market. What this means is there are almost 100 mid-level or smaller tracks to try to appeal to the market to capture a share of the remaining 20 to 30 percent of the market and must do so in many cases in states with small foal crops compared to the top five states foal crops.

Figure 114 Thoroughbred Field Size by State



Source: Jockey Club Fact Book

The strategies will be discussed in two sections, short-term and long-term. The short-term can start immediately as there is no need to wait for the end of the live racing season as several strategies will require cooperation, planning and significant time and steps to implement. It may be easier to start discussions regarding strategies while most stakeholders and participants are still in the local area.

It is important to make efforts to implement as many of the strategies as possible to impact the racing and breeding industry in Iowa. The longer-term strategies become merely extensions or completions of the short-term strategies as several will require either changes to rules or state law and/or cooperation of not only Iowa stakeholders but also industry stakeholders in other jurisdictions.

Some strategies will be easier than others, while many will require cooperative efforts of industry stakeholders which for many jurisdictions, a lack of such cooperation has led to stagnation and making efforts to change and experiment very difficult if not impossible. As with any strategic plan, implementation is always the most challenging step.

Given the interrelated nature and systems thinking approach, it is better to start with an "anything is possible" approach and not start by dissecting the reasons things can't be changed. Once new strategies or possible changes to the system are developed, exploring ways to make them better and minimize negative concerns can be addressed. Ideally, as stakeholder groups meet to discuss strategies and changes the industry may want to consider the use of a facilitator familiar with the issues, but the facilitator does not have a vested interest in the outcomes.

We do believe that if changes are not made, the Iowa racing and breeding industry cannot make positive gains. Without change there is little reason to expect different results and to create improvements to the product that will help both the racing and breeding in Iowa.

A quote often attributed to Benjamin Franklin may be fitting as it applies to some of our recommended strategies: "We must all hang together, or, most assuredly, we shall all hang separately."[77]

Major League Baseball, a sport with 30 teams and 30 different owners, managed to band together to make several rule changes before the 2023 season. "Attendance rose 10 percent, to its highest level in six years……. Some of these changes might sound radical, but most successful sports – and successful businesses of any kind, for that matter – make significant changes over time."[78]

We are confident that with stakeholder cooperation and open mindedness the core recommendations, while possibly needing to be slightly modified to achieve consensus, doing so will help sustain and improve racing and breeding in Iowa. To not make the effort will continue to put the industry in a long-term position of producing a below average product and could in future years pose a threat to the industry. We have seen in other states where the industry funds become a target to be considered for other public policy needs. In fact, decoupling of gaming funds has occurred already in places like Rhode Island, Florida (except Thoroughbreds) and even in Iowa with the Greyhounds.

Like the answers to the 19 questions in the Scope of Work requirements in the RFP, the strategies need to consider the entire systems approach. Strategies are interrelated and changing some strategies can have possible reactive changes and unintended results. Therefore, as part of our strategy recommendations, we will also

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[77] Burris Jenkins, "Either we hang together or.." Library of Congress, https://www.loc.gov/pictures/item/2004679144/ (Accessed March 15, 2024)

[78] David Leonhardt, "A Parade of Strikeouts", New York Times, October 15, 2023, https://www.nytimes.com/2023/10/15/briefing/baseball-playoffs-strikeouts.html (Accessed March 13, 2024)

discuss the need to agree on metrics to constantly monitor results and moves made outside the Iowa racing region that will impact these strategies.

Short Term Strategies/Tactics

Content Management for Exporting the Live Iowa Racing Product

Perhaps the easiest strategy to execute is the recommendation that Prairie Meadows contacts the three major content management entities and seeks details of all costs, benefits and offers each could make to enhance the distribution and revenues from the export of live races. Content management entities have supplier power that Prairie Meadows does not. The content managers control large amounts of content and the content that is most desirable for customers.

This strategy was introduced in the details answering marketing Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance?. It addresses both placement and price of the marketing strategies for the export simulcast product. Once a group is chosen, positive results will be seen in 2025. While there is a cost, Prairie Meadows can also reallocate the FTE (full time equivalent) hours of the person previously in charge of those duties for other responsibilities.

From our experience we are confident that this will more than pay for itself and generate more revenue from the pari-mutuel product in Iowa. *(Note: if no change is made to the pari-mutuel revenue model as we have recommended and is outlined in the* Situational Analysis and Competitive Forces*, only Prairie Meadows will benefit from this strategy. We think all pari-mutuel revenue on Iowa's product or pari-mutuel wagering taking place in Iowa should contribute to the entire Iowa racing/breeding industry.)* The RGE team through experience and work elsewhere is aware of the market rates between various sectors when selling a simulcast signal and this strategy will increase the margins received for the export signal and most likely increase distribution as well, depending on the choice of the content management group chosen.

Re-positioning the Daily Live Racing Product for Marketing

Re-positioning the daily (non-signature days) race days is integral to the strategies of improving the product and making sure the product matters. It ties the race quality/quantity to market forces to improve the product and thus improve revenues for racing. *(Note: in* Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance? *we explain how this strategy is congruent with our recommended change of the revenue model to include pari-mutuel revenue to support horse racing. If that model is not changed this re-positioning will have less impact for all stakeholders and Prairie Meadows may want to consider the other option of the minor league baseball approach of fun and focus on non-pari-mutuel revenues. We do think you could pursue both approaches to some extent but the re-positioning to focus on pari-mutuel wagering is tied to the pari-mutuel revenue model.)*

The re-positioning strategy will help customers compete with other off-site handicappers that have an advantage. Decades ago, when all race wagering was done only on-track on the live racing, since it was pari-mutuel, there must always be winners and losers on-track due to the takeout. Now with common pool simulcasting you want to help your on-site (and Iowa resident customers) win and theoretically you could have a net positive result for those customers as we see at some locations. The more money that stays in Iowa for those customers, the more they can wager again (churn) and have a better experience. More can and should be done to help the local customer as the dynamics of simulcasting have changed the market.

The re-positioning will focus on the uniqueness of racing as a competition against other players (not the house) and as a game of skill. It will also provide the live racing customer with reduced takeout and larger payoffs (while emphasizing the wagers that are easier to cash tickets with) which has been proven in studies to have a positive effect on churn, the re-wagering of those winning dollars.

Many of the details of this strategy are outlined in the marketing Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance?, however there are some vital first steps that need to be taken well before the 2025 live racing season. We also know there is another benefit (which we can't measure) by introducing this strategy at the start of the 2025 season. If Iowa is the first track to implement this strategy, we think the racing product will benefit from some national exposure in the media which may make customers take notice of the product from this media.

The introduction of the WPS bonus requires months of pre-planning, IRGC approval and making sure all logistics are in place. Oaklawn Park currently offers this type of bonus for show betting only for on-track customers. Officials may want to contact Oaklawn Park executives to inquire regarding any steps they encountered when they first introduced the bonus. Eric Jackson of Oaklawn Park was integral to the introduction of this innovation.

After obtaining approval from the IRGC to offer the lower takeout (99D.11) and use of net pool pricing, one of the first things necessary to implementing the strategy is to work with the tote company (United Tote) to make the necessary software programming so that hardware can display the necessary variance in payoffs and make sure that on-site graphics can make the displays needed for customers. The cost is not great if the decision is made early and there is no need to pay additional expediting fees for the programming. United Tote is also the tote provider for Oaklawn Park, so they are familiar with the concept and its implementation.

Another necessary step early in the process is to discuss plans with TVG regarding implementation of the same WPS bonus for the online Iowa resident ADW account holders. Since the Iowa resident ADW has a separate TRA code this can be done in the same manner as available for the on-site live racing customers.

Advertising and promotion leading up to the season must communicate the benefits of the new positioning but also make it clear to customers that as the only game of competition and skill playing against others (and not playing against the house) that this will help only those customers wagering on win, place, and show of Prairie Meadows races at the track or with their Iowa resident account.

During each day of racing again the message must be consistent, and all the other elements of the day-to-day marketing and promotion must be reinforced. Many of the details we will not repeat here as they are outlined in the marketing Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance? but things like handicap contests, providing better wagering information and more "how to use the tools" can be done by the on-air personalities and by all employees working with the front-line customer. You want <u>your</u> customers to win.

Prairie Meadows staff will need to construct content with TVG for the Iowa resident wagering interface to help those customers benefit and understand the new strategy.

Continuing and Enhancing the Live Racing Signature Days

One thing that is currently successful with the live racing product is signature days. In 2023 Prairie Meadows had three days with pari-mutuel handle over $1 million. They were the two festival days in July and closing day, Iowa Classic.

As discussed in marketing Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance?, we believe this marketing aspect of the live racing product should continue and can be enhanced. What has been working for horse racing nationally is a few short niche races meets and track's signature days. Most tracks now have one or more signature day(s) where they focus on quality racing but also making the day special to attract casual fans that may not be attracted to the everyday racing experience at many tracks.

Planning for these days takes a lot of effort, time and communication. We suggest that this strategic item should include the help of all stakeholders. We believe that the Iowan stakeholders will know better than RGE which ideas presented in the marketing Question 4 - What marketing strategies should be employed to promote the race meet and increase attendance? have the greatest potential for success in the local market to appeal in Des Moines and surrounding area. We presented a list of ideas but not having the local expertise feel that the decision on the best features for a signature day(s) is left to the locals.

It is also important that all stakeholders be involved in the marketing and participate in the signature days. Not only can live racing be promoted but also the entire horse racing and breeding industry should be promoted on each of those days. Horsemen can provide information, talks, and tours as part of the education process of owning and breeding horses in Iowa. Combining the various efforts already done by the various groups into one coordinated effort can only make the days more impactful.

Step One for Other Key Strategies – Getting Stakeholders to Agree

Most of the other key strategies will not be successful if stakeholders cannot agree to change and agree to terms. This is a key step and is the most important step if Iowa is willing to make change which we feel is necessary. The status quo is not an option that will lead to improvement and thus far has not sustained the racing in Iowa.

RGE has recommended several key changes/strategies integrated into this report because of analysis, Benchmarking, conducting a SWOT Analysis, Situational Analysis and Competitive Forces, as well as answering the 19 RFP RFP – Section4 – Scope of Work Questions that were developed.

Those key recommendations include revision of the racing revenue model (which will require law changes), creating a circuit for the race meet with other jurisdiction's stakeholders (where law changes may provide more flexibility to enhance a circuit), changing some aspects of the breeders' award allocations and opportunities (which may require some law changes). Since each of these are important, but also integrated with a systems thinking approach, we will give an overview of each separately.

A willingness to discuss change with a positive attitude and not start with reasons why it can't be done is essential. Some "champions of change" (or advocates) to drive the process is important and perhaps the need for facilitation of the process may help.

Changing the Racing Revenue Model

This model was proposed and detailed with examples in the Situational Analysis and Competitive Forces. One key to the design of the model was to not start in an adversarial position among stakeholders but to leave each stakeholder in the same financial position IF all revenue sources remained identical to the base year. (Another option when trying to reach consensus is to use an average of the most recent three years to account for any unusual anomaly in a particular year.)

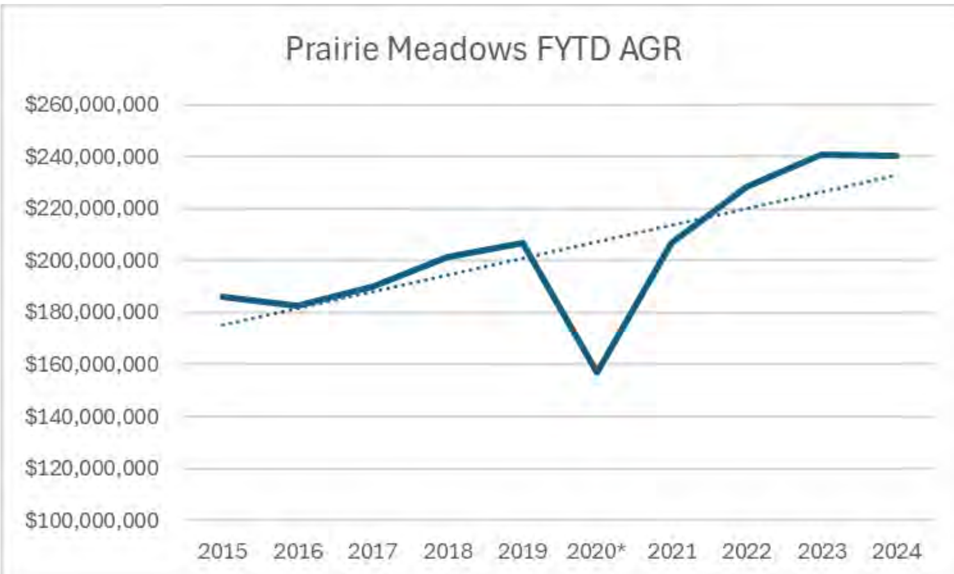
A key aspect of the model is the need to tie the product (the races, the horses, the quality, the quantity, the competitiveness...) to the market forces (public interest, pari-mutuel handle, value of the Iowa-breds, opportunities ...). As previously stated, if purses are only funded by gaming revenue many industry stakeholders have no incentive to provide high quality racing with fuller fields that will drive public interest in a competitive market and thus drive pari-mutuel handle.

There are important law changes that must be enacted to create this model. We know the challenge that presents but also know that if all industry stakeholders can agree to a proposal before moving forward, since this change will only impact the industry, legislators are more receptive to change when every stakeholder supports it.

When making a move to change the model, there are several changes necessary as well as some key aspects that should be incorporated into the change so that in the future there is some flexibility to modify it while also providing some security and protection that stakeholders feel comfortable supporting the new laws.

The first important aspect of necessary law change is that all pari-mutuel activity in the state should support the horse racing and breeding industry. For example, it may not be popular with Horseshoe ASO, IA HISA ASO, or Prairie Meadows that any pari-mutuel revenue generated in Iowa supports the industry and contributes some funding to the purses and supplemental funds for the breeding industry. Except Horseshoe ASO, if the model is designed as we have suggested, no party is negatively impacted if the status quo of casino and pari-mutuel revenue remains constant. We of course are optimistic the other changes within this report can grow pari-mutuel revenues.

Figure 115 Prairie Meadows Fiscal Year to Date Adjusted Gross Revenue



Source: Iowa Racing and Gaming Commission
Note: *2020 Covid-19

Short term the goal should be to get stakeholders to a consensus on a model they could live with. The goal should be to have everyone support this before the legislative session which would then give the chances of making such changes likely. Since the legislative changes only impacts stakeholders (except for Horseshoe ASO which currently benefits from pari-mutuel revenue without contribution to the pari-mutuel industry) it should not be too controversial with the legislators.

While some stakeholder groups may fear opening the law, we have proposed a model that under current revenues from the casino and pari-mutuel will not negatively impact any group. Longer term it would be advisable to have the flexibility to reexamine the purse allocations to each group as the market may drastically change but now is not the time to create discord.

We do believe that there should be some flexibility built into the proposed changes so that as the industry evolves, they can make some constructive changes to purse allocations without having to go back to the legislature.

Creating a Circuit for the Iowa Live Race Meet with other Jurisdiction's Stakeholders

In Question 3 - What time of the year should racing take place? of the report, we explained why we feel it is important to coordinate efforts with one or more of the mid-level racing and breeding venues. Given the current trends and competitive environment many jurisdictions will be able to provide a better product utilizing combined resources versus "going it alone." Much of the reasoning behind this is explained in more detail in Question 3 - What time of the year should racing take place? and the Situational Analysis and Competitive Forces.

We presented two circuit ideas that we felt worked with Prairie Meadows programs but also have fewer unknown factors that make developing a circuit with some jurisdictions too uncertain. We also spoke with some people in those jurisdictions to see if thoughts of discussing such ideas would even be considered. We think there most likely is no perfect scenario but coordinated race meets designed to provide a better program will provide a better product rather than each jurisdiction just trying to compete against all others with limited resources.

Short term the obvious step is to first discuss what options to pursue that stakeholders can agree to proceed with a spirit of compromise and making plans to start discussions with another jurisdiction. While there may only be a little over a month left in the 2024 race meet it seems reasonable for stakeholders to agree on a plan to begin discussions and as early as possible talk to other jurisdictions' stakeholders to see if meeting could be arranged to outline potential plans and changes that would be necessary to create a viable circuit and mutual agreements for both the racing and breeding programs in those jurisdictions.

We suspect it would take two to three years to see marked improvement in the product but once agreements are publicized the jurisdictions can take the next steps to market, advertise, brand, and promote the new racing and breeding program. There are many ways to enhance the product once agreements are made. For example, it would be wise to brand the circuit from a marketing perspective to both the horsemen and the betting public. Familiarity of the horses and horsemen will increase interest for the public and can create crossover wagering from customers that previously focused on one of the jurisdiction products but not the other(s). The two states horsemen and racing departments can start to work together with a common goal(s) that benefit all.

As discussion of a circuit begins the IRGC may want to investigate whether the use of state compacts between states could aid in the regulatory issues for implementation of racing dates and regulation or rules involving cooperative state-bred programs as outlined in the report. This may also help with horsemen's concerns that there would be less certainty of racing calendars when another jurisdiction is involved.

<u>Changing Aspects of the Breeders' Program to Add Opportunities and Value</u>

Question 16 - How can the breeding industry be strengthened in Iowa? in this report "How can the breeding industry be strengthened in Iowa," provides recommendations and ties those changes to the system thinking approach used throughout this report.

Some of the recommendations for the breeding program in Iowa are independent of a circuit and can be internally discussed and plans to implement those can start immediately upon making the appropriate decisions on the steps needed. For example, creating incentives for Iowa-breds out of state when no racing in Iowa is available. Also, raising the purse supplement percent for an Iowa-bred in open races or creating a developer's bonus. Trying other race conditions or agreeing to less race conditions being offered are also ways to make small changes (see Question 16 - How can the breeding industry be strengthened in Iowa?). Some recommendations may require law or rule changes and thus the implementation becomes a longer-term process.

There are important recommendations integral to working with all stakeholders involved in discussions about a circuit. The cooperation of the breeding programs will greatly enhance the circuit and make its chances of success even greater. When opportunities increase for the foal crops of multiple states, they become more competitive with the states that have larger foal crops or states that can support more racing days. Having more than one state-bred program to support filling races is necessary when you look at other states with much larger Thoroughbred foal crops such as KY, NY, CA, FL, LA, MD, and PA that can support year around racing.

The details of changes needed for the breeding program will be determined once jurisdictions can agree on a circuit concept, so an entire strategy for this cannot be specific. However, the main recommendations made in Question 16 - How can the breeding industry be strengthened in Iowa? would be applicable and only the details of implementation would need to be pursued. Many of the recommendations made in Question 16 - How can the breeding industry be strengthened in Iowa? while creative, have been successfully implemented elsewhere. Some may seem innovative, but we believe combining these strategies into one program will provide opportunities and add value.

Long Term Strategies/Tactics

Content Management for Exporting the Live Iowa Racing Product

We do not see this as a long-term strategy as implementation is perhaps the easiest of all recommendations as outlined above and thus a positive impact can be seen in 2025.

Re-positioning the Daily Live Racing Product for Marketing

While implementing this strategy is more time consuming and requires more resources, IRGC approvals, tote changes, working with TVG, and getting cooperation from stakeholders to help promote the new positioning there is no reason this could not be ready prior to the opening of the 2025 live racing season.

Continuing and Enhancing the Live Racing Signature Days

This area of marketing is already successful be we feel it can become even more impactful. This will take some planning immediately at the end of the 2024 live season. Industry stakeholders can get involved but also many local and regional vendors, charities and related details depending on the enhancements chosen will need to be contacted well before the live meet.

Changing the Racing Revenue Model

The revenue model that includes pari-mutuel revenues is essential to making the product tied to market forces and rewarding all stakeholders if the product is made more appealing to the public. Change is often resisted and perhaps this recommendation can be considered like someone having a fixed salary not tied to results and being asked to change to a model with incentives or commissions tied to performance. We believe incentives (if well designed) work.

After consensus is reached in the fall of 2024, the next step, before the legislative session, is drafting the proposed law changes needed. Actual data can be used for 2022, 2023 and 2024 to present the model to stakeholders similar to what we presented in our model based on estimates and “what-if” to demonstrate to stakeholders the impact changes in pari-mutuel and casino revenue will have. Perhaps the most important part is pari-mutuel revenue can be close to 10 percent of the purse structure with little improvement. This is important to tie performance to the racing product.

Once a model is designed, the next step is the construction of the law change necessary to implement it. We believe all the law or rule changes to implement any recommendation should maintain some flexibility as suggested while also offering some mechanism where drastic changes cannot be made without some reasonable consensus. The law change is also discussed in Question 17 Would any State law or rule changes enhance racing in Iowa?.

Creating a Circuit for the Iowa Live Race Meet with other Jurisdiction's Stakeholders

Because this recommendation not only includes Iowa stakeholders but also those from at least one other jurisdiction it does make implementation more challenging. But this recommendation may also provide one of the most significant impacts. Once Iowa stakeholders can conceptually agree on which potential circuit would be best to move forward with, discussions outside of Iowa is the next step (at that point all the details should not be set since the other jurisdiction must be involved in eventual "win-win" compromise to make the circuit a reality).

Changing Aspects of the Breeders' Program to Add Opportunities and Value

This step needs to be taken concurrently with the circuit discussions since having a supply of horses to support races is vital. Concurrent to other law changes necessary it would be useful to draft law/rule changes that give the Iowa breeding program more flexibility for the use of various funds as outlined but also given the industry the ability to work with other state-bred programs to provide the needed increase in opportunities and longer racing calendar.

State Law or Rule Changes

The next legislative session is 2025 January to April. Since changes that are necessary are only impacting stakeholders and no other voters, the key is industry consensus. We believe this key step will most likely be achievable with consensus but also know it will be very difficult to change if the industry chooses to fight internally.

Question 17 Would any State law or rule changes enhance racing in Iowa? outlines what we think are necessary laws or rules that may need modification so the more innovative changes outlined can move forward. We are not sure how fast industry stakeholders can come to some consensus. We also are not sure in the legislative/political environment if it would be better to make the changes as a two-year process or all at once? We believe Iowa stakeholders can answer those questions better than we can.

Some of the changes necessary only impact the Iowa market regardless of whether a circuit or cooperative breeding programs can be negotiated with outside entities. Thus, changes necessary for a new revenue model, flexibility in race days (this can be done now whether a circuit is ultimately worked out or not) as well as some of the recommendations for the Iowa-bred program could be made by the 2025 legislative session if stakeholders can come to agreement.

Some issues may be unresolved by the next legislative session since another state would be involved in the creation of the details of the cooperative efforts. The details of a multi-state, state-bred cooperative program may take time and rely on necessary legislative changes in one or more than one state. What should be considered though is the longer it takes to make changes the longer you may stay with the status quo, which we think has not made the progress needed based on the analysis in this report.

Metrics to Measure Industry Initiatives and Evaluate Future Allocations of Resources

Throughout this report, we discussed creating metrics to evaluate the industry moving forward and monitor the impact and success of strategies and efforts made by stakeholders. While all stakeholders should be aware of and have input in the initial development of metrics, ultimately the likely gate keeper of such data would be the IRGC. The IRGC is the only stakeholder that can create accountability and transparency for the process once it is established.

As we emphasized elsewhere, the racing industry in Iowa must be looked at as a system and changes in one area may or may not have intended or unintended results. The IRGC is often faced with difficult decisions and will hear various opinions or interpretations of data from different stakeholders that often have conflicting goals. Some things are more difficult to measure than others and some decisions may not always be able to come down to a formula. Without proper measures it makes decisions more difficult and often can cause inertia.

In the report we discussed how metrics can help with decisions regarding allocation of resources, measuring goals of the statutes or strategies, monitoring the impact of change, economic impact and opportunities and value of the product and breeding in Iowa.

Another important reason to create metrics to monitor is that as we discussed there are many outside forces that will impact any changes Iowa makes. Those outside changes can include new developments in other competing jurisdictions, reactive changes on the part of competitors that impact decisions you made. One easy example is if you move race days or dates other tracks may react and that can have a negative or positive impact on the changes you make. The market is very fluid and as you can see just from the trends both nationally and in the Mid-American Race Region any changes made may need adjustments.

We also think that to be fair there should be a reasonable attempt to reach consensus on what metrics can help guide future decisions so that there is transparency but also an opportunity for stakeholders to adjust to future decisions. The metrics must be evaluated over time, perhaps a five-year cycle. Since the breeding industry involves long-term investments and the fact that any one year may cause an anomaly (2020 Covid-19) making constant change is not fair nor healthy either.

If you have separate race meets it is also easier and fairer to measure each breed with equal but appropriate metrics. For example, Quarter Horse pari-mutuel handle most likely will always be less than Thoroughbred handle. If run as a separate meet, the Quarter Horse handle can be benchmarked against other similar track's Quarter Horse handle and the total handle will not be influenced by what day of the week or what race on the card the Quarter Horse race is since with a mixed meet those factors can greatly affect the handle per race. Likewise, the Thoroughbred field size most often is less than Quarter Horse races due to several factors. The field size for each breed with separate race meets can be measured against similar race meets and national trends and not be influenced by the stall allocation or race conditions filled in a mixed meet. The separate race meet lets each meet stand on its own and future allocation of resources can be more equitably distributed based on past performances. As stakeholders also know, the separate meets do eliminate some issues that may arise such as appropriate track surface, when to card each breed's race etc.

Some changes that are minor can be made on a shorter horizon than others, as those changes may just be reactions to market forces or changes of competitors. Other major changes that impact the entire breeding or racing industry in Iowa would need to be evaluated on a longer horizon as suggested.

One example of a change that could be made on a shorter-term basis is the best day(s) of the week to race. The reason this is something to be reviewed annually is twofold. First, other jurisdictions may dramatically change when they race and have a significant impact on any changes Iowa made. Second, this change does not dramatically effect horsemen to a significant degree causing major changes to their plans as other major changes may.

While we have put this under the long-term section of strategies, it really belongs in both. This topic can be discussed as an ongoing goal to be completed by the time major changes are made. This way agreed upon measures and agreed upon goals along with what potential impact they may have for the industry stakeholders are known to all that may be impacted by ongoing measures and changes.

In Appendix #9 Possible Metrics to Measure we have outlined a list of metrics we think warrant consideration. While the list may not be comprehensive, it does provide a framework or starting point to guide decision making. There may be some metrics specific to changes made not included in the list the industry feels are necessary. For example, when a final circuit and changes to the breeding program are developed there may be unique measures to monitor a specific change. Once example may be how many Iowa-breds win both in state and out of state with a circuit and combined restricted races for one or more state-bred.

Alternatives if Needed

Plan B – Essentially it is possible that efforts to create a circuit fail not through efforts Iowa stakeholders make but a failure to reach compromise with another state/jurisdiction. If that is the case, an alternative plan is to pursue the second-best circuit and all strategies and action plans will mirror the previous efforts for a circuit and shared breeding cooperatives. Things may change in other jurisdictions after this report that make a jurisdiction not suggested a better option due to the changes made outside of Iowa that could not be predicted.

Plan C mixed meet – this we believe is not the most desirable option but to use a business term BATNA (best alternative to a negotiated agreement) it is a course of action that a negotiating party can take if negotiations fail, and an agreement can't be reached. In business when negotiating with other parties it is good to know what your best alternative is if you fail to reach an agreement. This type of thought process may help when negotiating to realize what happens if you fail with negotiations.

There are logistical problems and resource allocation issues even with a mixed breed race meet. The key to any such effort, if all else fails, is can Iowa attract more horses (when thus far this remains an issue) to race in Iowa without any cooperative efforts. If they can attract more horses, this also requires an allocation of resources for new barns to accommodate a larger horse supply needed.

Action Plan

As part of the report, we utilized parts of a basic strategic planning process. As part of this study, we conducted an environmental and Situational Analysis and Competitive Forces, outlined a SWOT Analysis and suggested some goals and objectives throughout our recommendations. Deciding what the breeds, racetrack, IRGC or industry wishes to accomplish will be part of creating an action plan. Implementing the plan also requires further steps we cannot take as it will require the stakeholders responsible for change to make sure those steps are taken.

Action plans include agreement to a plan, timelines, written plans, allocation of resources, naming names for responsible tasks, tracking progress, measuring progress, and follow up all necessary for implementation. Change does not come without effort. While we realize much of this is basic and understood by stakeholders, we thought it was worth a discussion in the report as we know a report such as this is often reviewed by many more interested parties than just the client that desired a report.

As mentioned elsewhere the status quo is always the easiest option (not always the best) and what we referred to as a "champion of change" (preferably more than one person) is necessary to be a catalyst to spark change. Also discussed in the report is other sports have changed, the gaming environment has changed and there is no reason horse racing should not also adapt to the changing consumer and participant.

Conclusion/Summary

The racing and breeding environment has changed, the competitive gambling environment has changed, there are many uncertainties that may impact the racing and breeding in Iowa, but the data is clear, we believe efforts must be made to improve the competitive position of the Iowa racing and breeding industry. This does mean there is opportunity.

We have examined many aspects of the Iowa industry as required by the Scope of Work. We know there is no one "silver bullet" solution. To attempt to answer every question in the report and make each answer the perfect solution is not a reasonable approach. What is important is to put efforts in places that may have the greatest impact on achieving the main goals set out.

To reiterate: the overarching goal of the Strategic Plan & Action Plan *is to improve the racing product (initial focus is improve field size) and to improve the Iowa breeding program by adding value and opportunities.*

We believe this goal is consistent with the IRGC's study request "to sustain, and hopefully strengthen, the racing and breeding industry in Iowa."

There are recommendations in this report that are easier than others to implement and should be considered as they will make small incremental improvements toward the goal. The more complex goals or recommendations will be more difficult to achieve without buy-in and support. With several similarly situated racing programs cooperating and capitalizing on shared resources, those groups can collectively be more competitive in the current environment facing the "B" level and smaller tracks.

PART THREE- APPENDICES

Appendix #1 Pari-Mutuel Handle Data, Number of Races, Field Size

Benchmarking – Prairie Meadows

The following tables compare Prairie Meadows handle, race days, races, starts and average field size to the national numbers both for the total Iowa race meet and compared by Thoroughbred and Quarter Horse breeds.

Figure 116 Prairie Meadows Data - Live Racing

Prairie Meadows Data On Live Racing							
Year	Total Handle	On-Track	Off-Track	Days	Races	Starts	Field Size
2019	$ 37,754,649	$ 3,351,174	$ 34,403,475	93	812	5395	6.64
2020	$ 43,455,138	$ 1,827,519	$ 41,627,619	67	670	4648	6.94
2021	$ 49,413,057	$ 2,678,294	$ 46,734,763	84	787	5192	6.60
2022	$ 42,452,236	$ 2,723,923	$ 39,728,313	84	768	5053	6.58
2023	$ 41,148,310	$ 2,687,876	$ 38,460,433	80	768	5006	6.52

Sources: Prairie Meadows, IRGC Annual Reports

Note: 2019 Prairie Meadows ran two separate meets, 26 Quarter Horse days and 67 Thoroughbred days.

Figure 117 National Race Data

National Data (Jockey Club Fact Book)							
Year	Total Handle	On-Track*	Off-Track*	Days	Races	Starts	Field Size
2019	$11,033,824,363	$ 911,000,000	$ 10,126,000,000	4,425	36,207	272,553	7.53
2020	$10,922,936,290	$ 333,000,000	$ 10,597,000,000	3,302	27,700	220,006	7.94
2021	$12,215,598,838	$ 671,000,000	$ 11,545,000,000	4,072	33,565	247,405	7.37
2022	$12,108,807,335	$ 892,000,000	$ 11,212,000,000	4,104	33,453	244,133	7.3
2023	$11,658,624,859	$ 740,000,000	$ 10,914,000,000	3,879	31,746	235,965	7.43

Source: Equibase and The Jockey Club Fact Book

Note: *On-track and off-track handle are approximate figures reported from the Jockey Club Fact Book.

Figure 118 Prairie Meadows Data - Live Thoroughbred Racing

Prairie Meadows Data - Live Thoroughbred Racing							
Year	Total Handle	On-Track	Off-Track	Races	Starts	Field Size	Avg. Handle per Race
2019	$ 33,986,687	$ 2,844,131	$ 31,142,557	591	3893	6.6	$ 57,507
2020	$ 37,779,792	$ 1,408,155	$ 36,371,637	482	3274	6.79	$ 78,381
2021	$ 43,143,979	$ 2,134,179	$ 41,009,800	588	3787	6.44	$ 73,374
2022	$ 37,502,276	$ 2,223,726	$ 35,278,550	573	3766	6.57	$ 65,449
2023	$ 34,233,139	$ 2,138,233	$ 32,094,905	556	3520	6.33	$ 61,570

Sources: Prairie Meadows & Jockey Club Fact Book

Note: Field size in 2014 was 7.36

Figure 119 Prairie Meadows Data - Live Quarter Horse Racing

Prairie Meadows Data - Live Quarter Horse Racing							
Year	Total Handle	On-Track	Off-Track	Races	Starts	Field Size	Avg. Handle per Race
2019	$ 3,767,962	$ 507,044	$ 3,260,919	221	1502	6.80	$ 17,050
2020	$ 5,675,346	$ 419,364	$ 5,255,983	188	1374	7.31	$ 30,188
2021	$ 4,888,446	$ 472,714	$ 4,415,732	187	1305	6.98	$ 26,141
2022	$ 4,949,960	$ 500,196	$ 4,449,764	195	1287	6.60	$ 25,384
2023	$ 6,915,171	$ 549,643	$ 6,365,528	212	1486	7.01	$ 32,619

Sources: Prairie Meadows, IRGC Annual Reports

Figure 120 AQHA Racing Statistics

AQHA Racing Statistics						
Year	Races	Starters	Purses	Handle	Handle Per Race	Registered Foals
2013	8,328	15,761	$ 125,877,223	$ 289,748,484	$ 34,792	60,867
2014	7,960	15,636	$ 126,709,904	$ 291,986,135	$ 36,682	68,240
2015	7,905	15,333	$ 129,930,175	$ 309,356,986	$ 39,134	61,282
2016	7,730	14,786	$ 127,140,633	$ 297,533,160	$ 38,491	63,497
2017	7,332	13,764	$ 116,255,967	$ 283,938,345	$ 38,726	60,893
2018	6,988	12,593	$ 120,145,324	$ 296,412,024	$ 42,417	57,753
2019	6,455	12,985	$ 116,599,755	$ 274,157,889	$ 42,472	57,245
2020	5,330	11,337	$ 105,251,455	$ 339,687,317	$ 63,731	67,653
2021	6,167	11,444	$ 125,940,335	$ 344,083,350	$ 55,794	61,623
2022	6,626	11,826	$ 143,678,679	$ 342,496,767	$ 51,690	74,728
2023	6,405	11,540	$ 147,598,602	$ 323,623,325	$ 50,527	n/a

Sources: AQHA Annual Reports and 2023 AQHA Executive Summary

Figure 121 Prairie Meadows Day of Week Average Handle 2023

2023 Prairie Meadows Daily Average Handle by Day of Week				
	Monday	Friday	Saturday	Sunday
Average Daily Handle all 80 days	$ 541,536	$ 505,102	$ 528,743	$ 481,494
Average Daily Handle Race day 21 Through Race Day 80*	$ 581,764	$ 569,082	$ 597,589	$ 505,472

Sources: Prairie Meadows and RGE

Note: *Day 21 to Day 80 was after Prairie Meadows stopped running only 7 or 8 races per day.

Figure 122 Day of Week National Average Handle (May 8-August 31, 2023)

May 8-August 31, 2023 Day of the Week National Handle and Race Data					
Day of Week	**Average Daily Handle**	**Average Number of Races**	**Average Number of Starters**	**Average Handle Per Race**	**Average Handle Per Starter**
Saturday	$ 89,819,526	258.75	1884.19	$ 347,129	$ 47,670
Sunday	$ 55,839,701	198.63	1426.50	$ 281,131	$ 39,145
Monday	$ 14,873,943	88.53	621.00	$ 168,011	$ 23,952
Monday (Excluding Memorial Day)	$ 12,207,774	82.88	577.50	$ 147,303	$ 21,139
Monday (Excluding July 3 & Memorial Day)	$ 10,954,655	79.07	552.07	$ 138,550	$ 19,843
Tuesday	$ 12,294,856	74.06	509.88	$ 166,015	$ 24,113
Tuesday (Excluding July 4)	$ 11,121,555	71.94	497.44	$ 154,600	$ 22,358
Wednesday	$ 18,705,711	103.71	722.65	$ 180,373	$ 25,885
Thursday	$ 30,250,602	112.71	835.65	$ 268,403	$ 36,200
Friday	$ 47,747,597	168.56	1244.63	$ 283,263	$ 38,363

Sources: Daily Racing Form Charts & RGE

Notes: Averages for Wednesdays influenced by Saratoga running July & August- averages on Thursdays through Sundays are influenced by both Del Mar & Saratoga running July & August.

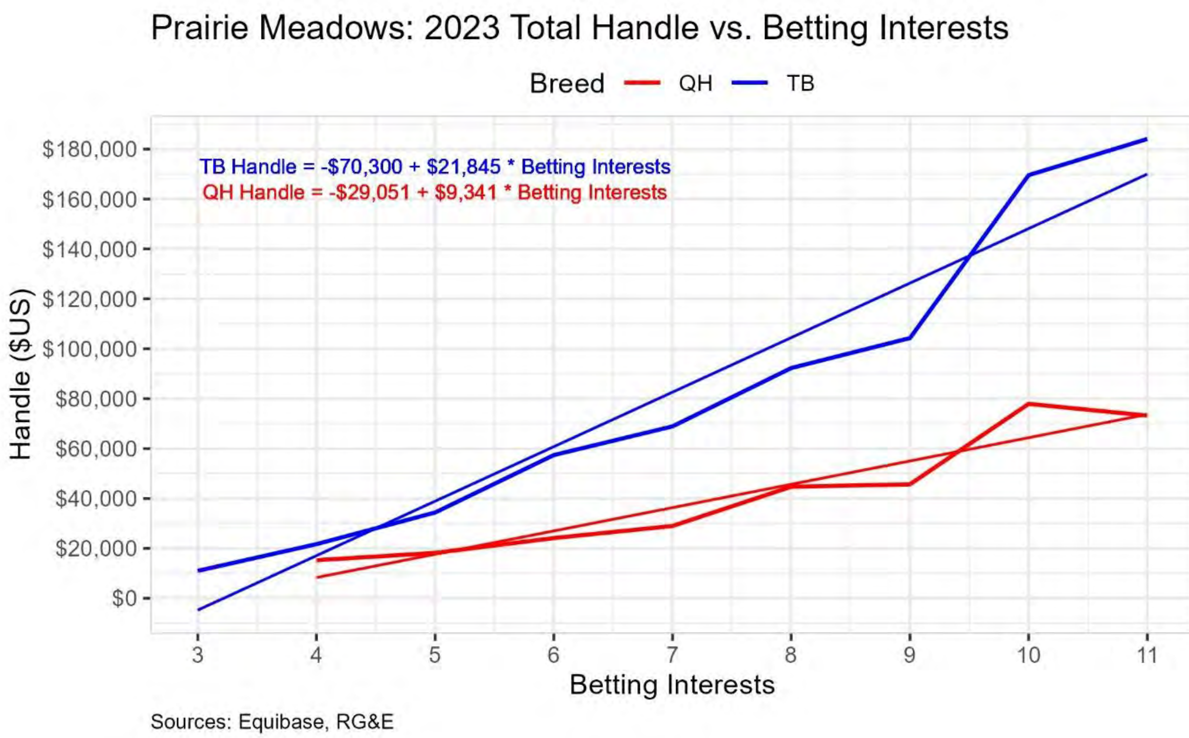
Saturday average daily handle without the Triple Crown days is $78,528,939.

Figure 123 Day of Week National Average Handle (September 1-November 5, 2023)

September 1- November 5, 2023 Day of the Week National Handle and Race Data Labor Day Weekend and Breeders Cup Days Excluded					
Day of Week	**Average Daily Handle**	**Average Number of Races**	**Average Number of Starters**	**Average Handle Per Race**	**Average Handle Per Starter**
Saturday	$61,750,611	197.75	1535.88	$ 312,266	$ 40,205
Sunday	$41,965,502	137.89	1033.00	$ 304,343	$ 40,625
Monday	$10,900,342	85.89	618.89	$ 126,912	$ 17,613
Tuesday	$ 9,832,395	77.44	567.00	$ 126,961	$ 17,341
Wednesday	$18,510,551	108.78	811.78	$ 170,168	$ 22,802
Thursday	$25,690,501	101.33	792.00	$ 253,525	$ 32,438
Friday	$39,777,768	133.78	1040.89	$ 297,342	$ 38,215

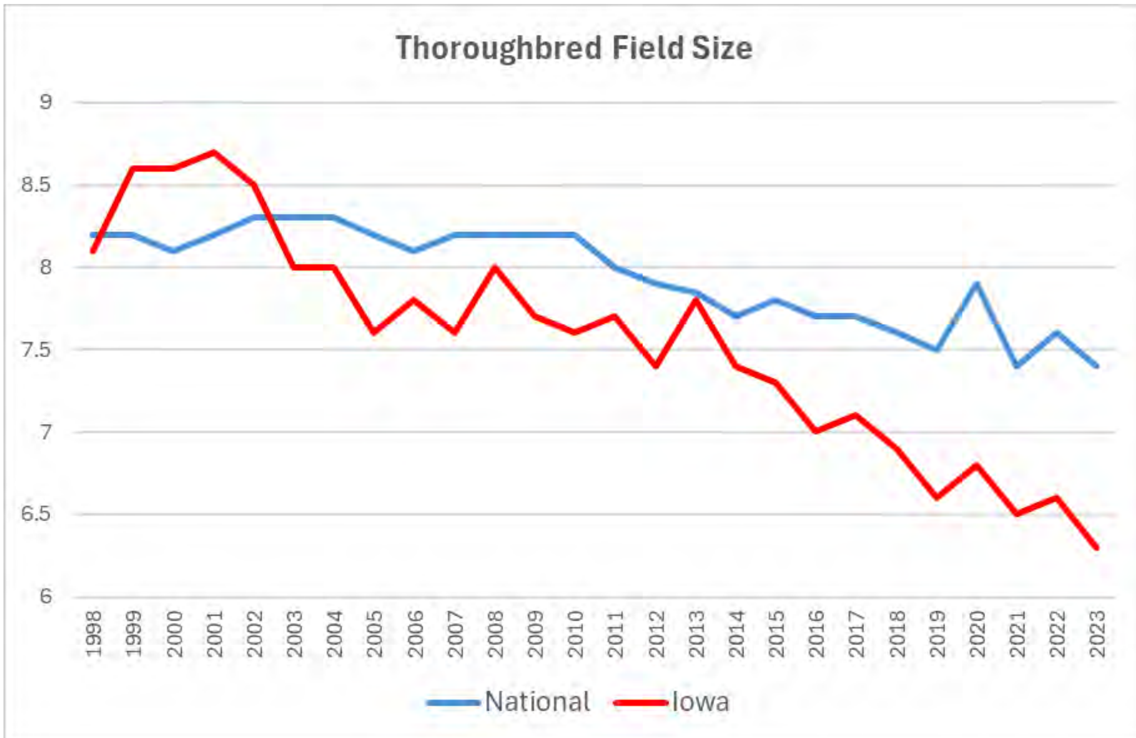
Sources: Daily Racing Form Charts & RGE

Figure 124 Prairie Meadows 2023 Total Handle vs. Betting Interests



Notes: Prairie Meadows doesn't have any coupled entries indicated in the Daily Racing Form charts so the number of runners (field size) equals the number of betting interests.
Each additional betting interest for Thoroughbreds had twice the impact in handle as an additional betting interest for Quarter Horses. The chart below shows the negative trend of Iowa Thoroughbred average field size for races compared to the national trend.

Figure 125 Thoroughbred Field Size - National vs. Iowa



Sources: Iowa HBPA and The Jockey Club 2024 Fact Book

The tables below benchmark Iowa's Prairie Meadows' number of races and WPS (win, place, & show) handle to the Mid-America Race Region and other comparable racetracks.

Figure 126 Mid-America Race Region - Thoroughbred Races & WPS Handle

Mid-America Race Region - Thoroughbred Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
🕮 Iowa	PRM	596	573	556	$ 24,619	$ 24,607	$ 23,699
🕮 Arkansas	OP	589	609	654	$ 203,274	$ 227,971	$ 241,996
🕮 Illinois	FAN	302	423	455	$ 17,645	$ 24,339	$ 29,284
	HAW	415	579	527	$ 59,391	$ 50,729	$ 59,261
🕮 Indiana	IND	998	965	983	$ 66,690	$ 64,823	$ 79,210
🕮 Louisiana	DED	953	801	727	$ 51,879	$ 49,782	$ 48,826
	EVD	711	691	528	$ 44,341	$ 39,609	$ 59,040
	FG	717	757	696	$ 117,555	$ 109,734	$ 112,497
	LAD	586	575	450	$ 25,742	$ 27,432	$ 30,219
🕮 Minnesota	CBY	539	529	396	$ 54,883	$ 58,568	$ 44,049
🕮 Nebraska	FON	268	313	320	$ 25,701	$ 24,145	$ 9,453
🕮 Oklahoma	FMT	165	123	117	$ 8,851	$ 12,077	$ 713
	RP	601	600	605	$ 48,829	$ 40,842	$ 40,439
	WRD	270	252	248	$ 28,300	$ 30,120	$ 30,108
🕮 Texas	Hou	405	441	360	$ 72,955	$ 69,863	$ 7,377
	LS	455	402	379	$ 66,146	$ 49,752	$ 20,947
	RET	0	0	0	n/a	n/a	n/a

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

Figure 127 Other Comparable Tracks - Thoroughbred Races & WPS Handle

Other Comparable Tracks - Thoroughbred Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
🕮 Iowa	PRM	596	573	556	$ 24,619	$ 24,607	$ 23,699
🕮 Arizona	AZD	215	137	0	$ 15,836	$ 17,185	n/a
	TUP	934	828	606	$ 61,461	$ 61,720	$ 58,780
🕮 Colorado	ARP	162	265	231	$ 9,660	$ 9,333	$ 13,198
🕮 Florida	GP	2096	1970	1846	$ 225,867	$ 216,501	$ 212,995
	TAM	834	842	842	$ 148,532	$ 145,174	$ 136,904
🕮 New Mexico	ALB	125	191	164	$ 17,219	$ 18,741	$ 20,175
	RUI	143	87	146	$ 26,604	$ 26,916	$ 26,626
	SRP	92	103	104	$ 18,680	$ 2,639	$ 3,684
	SUN	4	264	243	$ 36,691	$ 35,715	$ 30,367
	ZIA	213	251	150	$ 23,144	$ 21,427	$ 37,457
🕮 Ohio	BTP	744	747	749	$ 37,595	$ 27,010	$ 26,445
	MVR	827	810	823	$ 37,649	$ 35,468	$ 42,107
	TDN	803	802	808	$ 33,141	$ 32,354	$ 34,326

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

Figure 128 Mid-America Race Region Quarter Horse Races & WPS Handle

Mid-America Race Region - Quarter Horse Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
Iowa	PRM	191	195	212	$ 9,999	$ 9,602	$ 11,686
Arkansas	OP	0	0	0	n/a	n/a	n/a
Illinois	FAN	4	3	3	$ 25,793	$ 23,473	$ 27,462
	HAW	0	0	0	n/a	n/a	n/a
Indiana	IND	219	227	215	$ 29,725	$ 27,786	$ 32,358
Louisiana	DED	429	508	531	$ 17,493	$ 19,754	$ 20,092
	EVD	434	333	343	$ 19,954	$ 16,413	$ 17,625
	FG	3	0	0		n/a	n/a
	LAD	278	322	329	$ 12,716	$ 14,155	$ 11,730
Minnesota	CBY	76	73	39	$ 21,860	$ 25,286	$ 21,735
Nebraska	FON	0	0	0	n/a	n/a	n/a
Oklahoma	FMT	176	160	120	$ 7,289	$ 7,855	$ 5,295
	RP	477	444	456	$ 26,896	$ 24,620	$ 22,312
	WRD	227	240	225	$ 6,254	$ 6,782	$ 6,809
Texas	Hou	401	242	238	$ 22,342	$ 21,609	$ 16,604
	LS	307	281	302	$ 26,424	$ 20,822	$ 19,538
	RET	0	208	215	n/a	$ 15,755	$ 15,399

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

Figure 129 Other Comparable Tracks Quarter Horse Races & WPS Handle

Other Comparable Tracks - Quarter Horse Data							
		Number of Races			Avg. WPS Handle Per Race		
State	Track	2021	2022	2023	2021	2022	2023
Iowa	PRM	191	195	212	$ 9,999	$ 9,602	$ 11,686
Arizona	AZD	53	76	0	$ 9,906	$ 13,639	n/a
	TUP	103	110	72	$ 23,016	$ 24,358	$ 24,751
Colorado	ARP	43	72	81	$ 7,081	$ 10,206	$ 7,899
Florida	GP	0	0	0	n/a	n/a	n/a
	TAM	0	0	0	n/a	n/a	n/a
New Mexico	ALB	124	174	181	$ 16,385	$ 18,151	$ 17,436
	RUI	362	418	382	$ 31,301	$ 29,663	$ 31,427
	SRP	85	79	107	$ 11,680	$ 3,162	$ 3,909
	SUN	5	256	237	$ 12,988	$ 16,764	$ 16,671
	ZIA	165	218	152	$ 11,633	$ 12,766	$ 16,233
Ohio	BTP	6	5	5	$ 19,724	$ 17,535	$ 12,330
	MVR	0	0	0	n/a	n/a	n/a
	TDN	0	0	0	n/a	n/a	n/a

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

It is also useful to compare Iowa's total average daily handle to tracks in the Mid-American Racing Region. Since several tracks ran separate Thoroughbred and Quarter Horse race meets and Thoroughbred handle in Iowa is the more significant portion of daily handle, we looked at the Thoroughbred meets only for some tracks. However, both Horseshoe Indiana and Canterbury Park do run mixed meets like Iowa.

Figure 130 Mid-American Race Region Handle Comparisons

Mid-America Race Region - Average Daily Handle											
		Total Handle (DRF Charts)			Race Days			Avg. Total Handle Per Day			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Iowa	PRM	$ 49,548,459	$ 42,476,916	$ 41,210,102	84	82	80	$ 589,863	$ 518,011	$ 515,126	
Arkansas	OP	$ 338,839,310	$ 401,023,322	$ 463,018,724	61	64	68	$ 5,554,743	$ 6,265,989	$ 6,809,099	
Illinois	FAN	$ 11,894,743	$ 24,518,275	$ 33,352,477	44	60	60	$ 270,335	$ 408,638	$ 555,875	
	HAW	$ 72,261,753	$ 82,704,765	$ 86,526,550	50	68	66	$ 1,445,235	$ 1,216,247	$ 1,311,008	
Indiana	IND	$ 223,494,974	$ 228,597,201	$ 279,682,298	116	116	116	$ 1,926,681	$ 1,970,666	$ 2,411,054	
Louisiana	DED (TB only)	$ 166,892,602	$ 136,082,749	$ 118,291,733	103	89	82	$ 1,620,317	$ 1,529,020	$ 1,442,582	
	EVD (TB only)	$ 94,024,407	$ 80,890,433	$ 100,651,994	83	84	61	$ 1,132,824	$ 962,981	$ 1,650,033	
	FG	$ 241,705,957	$ 246,683,856	$ 227,276,901	77	88	86	$ 3,139,038	$ 2,803,226	$ 2,642,755	
	LAD (TB only)	$ 43,641,333	$ 44,442,184	$ 37,633,667	84	82	60	$ 519,540	$ 541,978	$ 627,228	
Minnesota	CBY	$ 90,943,965	$ 97,334,605	$ 47,024,311	64	64	53	$ 1,420,999	$ 1,520,853	$ 887,251	
Nebraska	FON*	$ 21,134,332	$ 21,700,776	$ 6,486,986	30	37	42	$ 704,478	$ 586,507	$ 154,452	*
Oklahoma	RP (TB only)	$ 98,107,470	$ 85,773,061	$ 82,574,300	67	67	67	$ 1,464,291	$ 1,280,195	$ 1,232,452	
	WRD (TB only)	$ 22,582,137	$ 23,394,147	$ 21,308,015	29	28	26	$ 778,694	$ 835,505	$ 819,539	
Texas	Hou (TB only)*	$ 94,934,907	$ 101,971,901	$ 6,390,548	43	50	42	$ 2,207,789	$ 2,039,438	$ 152,156	*
	LS (TB only)*	$ 81,099,170	$ 51,499,787	$ 14,972,547	48	45	42	$ 1,689,566	$ 1,144,440	$ 356,489	*

Sources: Daily Racing Form Charts & RGE

Note: *FON, HOU & LS did not export the race signal in 2023 and LS only exported the signal for part of the year in 2022.

Appendix #2 Race Data, Field Size, and Purses

The following three tables compare state Thoroughbred data in the Mid-America Race Region and other states where Iowa horsemen migrate to during the racing years of 2023-2021.

Figure 131 Jockey Club Fact Book Race Data - 2023

2023 Jockey Club Fact Book Race Data							
State	Races	Gross Purses	Starters	Starts	Race Days	Avg. Field Size	Avg Starts Per Runner
Arizona	708	$ 11,573,585	1373	4918	104	6.9	3.6
Arkansas	594	$ 45,023,060	1885	5193	62	8.7	2.8
Colorado	231	$ 2,263,788	459	1477	36	6.4	3.2
Florida	2464	$ 99,156,800	5833	19060	262	7.7	3.3
Illinois	981	$ 23,504,790	1409	6593	126	6.7	4.7
Indiana	983	$ 32,443,230	2644	7837	116	8	3
Iowa	556	$ 16,915,910	936	3519	80	6.3	3.8
Louisiana	2204	$ 69,091,500	4669	17593	259	8	3.8
Minnesota	396	$ 10,344,350	760	2565	53	6.5	3.4
Nebraska	402	$ 3,094,698	747	2728	55	6.8	3.7
New Mexico	777	$ 26,364,449	1519	6439	121	8.3	4.2
Ohio	2296	$ 58,429,600	3480	15433	285	6.7	4.4
Oklahoma	930	$ 25,620,523	1987	6794	101	7.3	3.4
Texas	755	$ 22,015,835	1827	5956	91	7.9	3.3

Source: Jockey Club Fact Books

Figure 132 Jockey Club Fact Book Race Data - 2022

2022 Jockey Club Fact Book Race Data							
State	Races	Gross Purses	Starters	Starts	Race Days	Avg. Field Size	Avg Starts Per Runner
Arizona	1030	$ 18,198,227	2022	7566	157	7.3	3.7
Arkansas	609	$ 44,739,840	2088	5423	64	8.9	2.6
Colorado	265	$ 3,131,008	466	1666	41	6.3	3.6
Florida	2812	$ 103,907,050	6320	22040	292	7.8	3.5
Illinois	1002	$ 23,456,627	1538	6791	128	6.8	4.4
Indiana	965	$ 32,539,605	2401	7559	116	7.8	3.1
Iowa	573	$ 16,518,103	967	3762	82	6.6	3.9
Louisiana	2824	$ 77,384,350	4964	20901	338	7.4	4.2
Minnesota	529	$ 15,748,650	1067	3867	64	7.3	3.6
Nebraska	375	$ 2,655,045	698	2685	51	7.2	3.8
New Mexico	896	$ 25,918,918	1482	6893	164	7.7	4.7
Ohio	2359	$ 60,465,625	3426	16282	293	6.9	4.8
Oklahoma	975	$ 25,812,271	2025	7176	108	7.4	3.5
Texas	858	$ 24,876,496	1947	6600	102	7.7	3.4

Source: Jockey Club Fact Book

Figure 133 Jockey Club Fact Book Race Data 2021

2021 Jockey Club Fact Book Race Data							
State	Races	Gross Purses	Starters	Starts	Race Days	Avg. Field Size	Avg Starts Per Runner
Arizona	1149	$ 15,439,624	2061	8609	149	7.5	4.2
Arkansas	589	$ 40,799,070	2054	5011	61	8.5	2.4
Colorado	162	$ 2,075,107	408	1070	30	6.6	2.6
Florida	2930	$ 102,936,300	6704	23462	296	8	3.5
Illinois	1323	$ 27,351,412	1818	8904	171	6.7	4.9
Indiana	998	$ 31,292,235	2235	7043	116	7.1	3.2
Iowa	596	$ 15,543,349	1044	3849	84	6.5	3.7
Louisiana	2967	$ 78,590,300	5212	22650	346	7.6	4.3
Minnesota	539	$ 15,657,800	1107	3926	64	7.3	3.5
Nebraska	398	$ 3,065,917	762	2987	51	7.5	3.9
New Mexico	577	$ 14,283,039	1190	4430	116	7.7	3.7
Ohio	2374	$ 53,424,700	3604	16790	295	7.1	4.7
Oklahoma	1036	$ 26,333,825	2068	7809	112	7.5	3.8
Texas	872	$ 26,489,975	2106	6706	98	7.7	3.2

Source: Jockey Club Fact Book

Figure 134 Number of Purse Races

Number of Purse Races		
Year	1990	2023
Quarter Horse	13,450	6,405
Standardbred*	71,504	38,920
Thoroughbred	72,664	31,746

Sources: AQHA, USTA and the Jockey Club
Note* - Standardbred races for 1990 is approximate.

Racetrack Benchmarking – Prairie Meadows, Mid-America Race Region, and Other Comparable Tracks

Figure 135 Mid-America Race Region - Thoroughbred Race Data

Mid-America Race Region - Thoroughbred Data										
		Number of Race Days			Number of Races			Avg. Field Size		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
🕮 Iowa	PRM	84	82	80	596	573	556	6.5	6.6	6.3
🕮 Arkansas	OP	61	64	68	589	609	654	8.5	8.9	8.8
🕮 Illinois	FAN	44	60	60	302	423	455	5.4	5.9	6.7
	HAW	50	68	66	415	579	527	7.4	7.4	6.8
🕮 Indiana	IND	116	116	116	998	965	983	7.1	7.8	8
🕮 Louisiana	DED	103	89	82	953	801	727	8.3	8	8.2
	EVD	83	84	61	711	691	528	7.1	6.9	8.1
	FG	76	83	78	717	757	696	8.0	7.6	7.8
	LAD	84	82	60	586	575	450	6.7	6.9	8.1
🕮 Minnesota	CBY	64	64	53	539	529	396	7.3	7.3	6.5
🕮 Nebraska	FON	30	37	42	268	313	320	7.9	7.5	6.7
🕮 Oklahoma	FMT	16	13	12	165	123	117	6.1	5.8	5.8
	RP	67	67	67	601	600	605	8.3	8.1	7.9
	WRD	29	28	26	270	252	248	6.7	6.5	6.8
🕮 Texas	Hou	43	50	42	405	441	360	8.0	7.7	7.9
	LS	48	45	42	455	402	379	7.4	7.7	7.9
	RET	0	0	0	0	0	0	0	0	0

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

Figure 136 Other Comparable Tracks - Thoroughbred Data

Other Comparable Tracks - Thoroughbred Data										
		Number of Race Days			Number of Races			Average Field Size		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
🕮 Iowa	PRM	84	82	80	596	573	556	6.5	6.6	6.3
🕮 Arizona	AZD	32	25	0	215	137	0	6.8	6.7	n/a
	TUP	117	116	82	934	828	606	7.7	7.6	7.0
🕮 Colorado	ARP	30	41	36	162	265	231	6.6	6.3	6.4
🕮 Florida	GP	207	200	193	2096	1970	1846	7.9	7.9	7.7
	TAM	89	92	93	834	842	842	8.2	7.7	7.9
🕮 New Mexico	ALB	26	36	34	125	191	164	7.8	8.2	8.8
	RUI	35	31	34	143	87	146	7.5	6.7	7.7
	SRP	18	17	14	92	103	104	7.5	8.6	8.2
	SUN	1	48	27	4	264	243	8	7.5	8.0
	ZIA	36	32	15	213	251	150	7.8	7.5	8.9
🕮 Ohio	BTP	93	93	93	744	747	749	6.5	6.5	6.3
	MVR	102	100	101	827	810	823	7.9	7.3	7.4
	TDN	100	100	101	803	802	808	6.8	6.8	6.4

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed

Figure 137 Mid-America Race Region - Quarter Horse Data

Mid-America Race Region - Quarter Horse Data										
		Number of Race Days			Number of Races			Average Field Size		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	58	60	60	191	195	212	7.0	6.6	7.0
Arkansas	OP	0	0	0	0	0	0	n/a	n/a	n/a
Illinois	FAN	4	3	3	4	3	3	6.8	7.3	7.7
	HAW	0	0	0	0	0	0	n/a	n/a	n/a
Indiana	IND	112	112	114	219	227	215	8.7	9.0	9.0
Louisiana	DED	45	60	60	429	508	531	8.5	8.4	8.5
	EVD	53	44	46	434	333	343	7.5	7.9	8.0
	FG	1	0	0	3	0	0	10	n/a	n/a
	LAD	38	45	45	278	322	329	7.5	6.6	7.1
Minnesota	CBY	27	25	16	76	73	39	7.2	7.0	7.0
Nebraska	FON	0	0	0	0	0	0	n/a	n/a	n/a
Oklahoma	FMT	20	20	16	176	160	120	7.2	7.0	7.3
	RP	49	50	48	477	444	456	8.9	9.1	8.7
	WRD	28	27	27	227	240	225	8.2	8.2	8.4
Texas	Hou	42	25	25	401	242	238	8.9	8.8	8.7
	LS	30	30	32	307	281	302	9.5	8.7	8.9
	RET	0	22	24	0	208	215	n/a	8.6	8.4

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed, mixed breed and Arabian races not included.

Figure 138 Other Comparable Tracks - Quarter Horse Data

Other Comparable Tracks - Quarter Horse Data										
		Number of Race Days			Number of Races			Average Field Size		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	58	60	60	191	195	212	7.0	6.6	7.0
Arizona	AZD	29	25	0	53	76	0	7.3	8.1	n/a
	TUP	56	59	42	103	110	72	8.6	8.8	8.6
Colorado	ARP	21	33	36	43	72	81	7.1	8.0	7.1
Florida	GP	0	0	0	0	0	0	n/a	n/a	n/a
	TAM	0	0	0	0	0	0	n/a	n/a	n/a
New Mexico	ALB	24	33	36	124	174	181	8.5	8.8	9.0
	RUI	46	47	46	362	418	382	8.8	8.6	9.1
	SRP	18	18	15	85	79	107	8.0	9.1	8.9
	SUN	1	42	26	5	256	237	8.8	8.8	9.1
	ZIA	36	26	15	165	218	152	8.9	9.0	9.1
Ohio	BTP	4	3	3	6	5	5	8.2	8.0	6.8
	MVR	0	0	0	0	0	0	n/a	n/a	n/a
	TDN	0	0	0	0	0	0	n/a	n/a	n/a

Source: Daily Racing Form Charts & RGE
Statistics by Race Breed, mixed breed and Arabian races not included.

Figure 139 Mid-America Race Region - Thoroughbred Starts, Unique Starters and Number of Races

Mid-America Race Region - Thoroughbred Data										
		Starts			Unique Starters			Number of Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	3849	3762	3519	1044	967	936	596	573	556
Arkansas	OP	5011	5423	5774	2054	2088	2185	589	609	654
Illinois	FAN	1634	2511	3027	487	628	684	302	423	455
	HAW	3072	4280	3576	1086	1313	1076	415	579	527
Indiana	IND	7043	7559	7837	2235	2401	2644	998	965	983
Louisiana	DED	7938	6443	5950	2750	2454	2382	953	801	727
	EVD	5052	4763	4260	1555	1516	1587	711	691	528
	FG	5751	5745	5400	2740	2731	2721	717	757	696
	LAD	3909	3950	3633	1322	1434	1619	586	575	450
Minnesota	CBY	3926	3867	2565	1107	1067	760	539	529	396
Nebraska	FON	2116	2339	2152	718	682	595	268	313	320
Oklahoma	FMT	1010	708	676	431	351	326	165	123	117
	RP	4992	4834	4767	1699	1640	1680	601	600	605
	WRD	1807	1634	1677	654	648	649	270	252	248
Texas	Hou	3257	3383	2840	1377	1329	1209	405	441	360
	LS	3354	3110	2994	1402	1312	1311	455	402	379
	RET	0	0	0	0	0	0	0	0	0

Source: Daily Racing Form Charts & RGE
Starts and Race Statistics by Race Breed, Unique Starters Statistics by Horse Breed

Figure 140 Other Comparable Tracks - Thoroughbred Starts, Unique Starters and Number of Races

Other Comparable Tracks - Thoroughbred Data										
		Starts			Unique Starters			Number of Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	3849	3762	3519	1044	967	936	596	573	556
Arizona	AZD	1455	920	0	427	352	0	215	137	0
	TUP	7154	6272	4249	2016	1918	1283	934	828	606
Colorado	ARP	1070	1666	1477	409	467	463	162	265	231
Florida	GP	16657	15532	14231	4886	4642	4529	2096	1970	1846
	TAM	6805	6508	6660	2679	2528	2601	834	842	842
New Mexico	ALB	973	1570	1437	579	722	771	125	191	164
	RUI	1071	587	1127	519	352	583	143	87	146
	SRP	690	888	851	411	599	514	92	103	104
	SUN	32	1977	1949	33	779	821	4	264	243
	ZIA	1664	1871	1337	1703	1912	1345	213	251	150
Ohio	BTP	4857	4878	4754	1697	1598	1609	744	747	749
	MVR	6495	5933	6131	2177	2024	2130	827	810	823
	TDN	5438	5471	5210	1404	1396	1392	803	802	808

Source: Daily Racing Form Charts & RGE
Starts and Race Statistics by Race Breed, Unique Starters Statistics by Horse Breed

Figure 141 Mid-America Race Region - Quarter Horse Starts, Unique Starters and Number of Races

Mid-America Race Region - Quarter Horse Data													
		Starts				Unique Starters				Number of Races		
State	Track	2021	2022	2023		2021	2022	2023		2021	2022	2023
🕮 Iowa	PRM	1341	1286	1486		447	437	514		191	195	212
🕮 Arkansas	OP	0	0	0		0	0	0		0	0	0
🕮 Illinois	FAN	27	22	23		15	14	15		4	3	3
	HAW	0	0	0		0	0	0		0	0	0
🕮 Indiana	IND	1896	2044	1939		420	502	478		219	227	215
🕮 Louisiana	DED	3659	4255	4531		1655	1519	1650		429	508	531
	EVD	3235	2624	2747		1373	1248	1271		434	333	343
	FG	30	0	0		30	0	0		3	0	0
	LAD	2096	2140	2321		1201	1216	1228		278	322	329
🕮 Minnesota	CBY	548	511	272		207	188	124		76	73	39
🕮 Nebraska	FON	0	0	0		0	0	0		0	0	0
🕮 Oklahoma	FMT	1259	1123	876		665	606	527		176	160	120
	RP	4251	4020	3972		1977	1830	1830		477	444	456
	WRD	1865	1960	1884		858	901	910		227	240	225
🕮 Texas	Hou	3564	2140	2079		1670	1210	1200		401	242	238
	LS	2907	2452	2680		1519	1228	1492		307	281	302
	RET	0	1788	1804		0	1134	1066		0	208	215

Source: Daily Racing Form Charts & RGE
Starts and Race Statistics by Race Breed, Unique Starters Statistics by Horse Breed

Figure 142 Other Comparable Tracks - Quarter Horse Starts, Unique Starters and Number of Races

Other Comparable Tracks - Quarter Horse Data													
		Starts				Unique Starters				Number of Races		
State	Track	2021	2022	2023		2021	2022	2023		2021	2022	2023
🕮 Iowa	PRM	1341	1286	1486		447	437	514		191	195	212
🕮 Arizona	AZD	388	617	0		153	270	0		53	76	0
	TUP	890	971	617		389	420	279		103	110	72
🕮 Colorado	ARP	304	575	578		119	173	180		43	72	81
🕮 Florida	GP	0	0	0		0	0	0		0	0	0
	TAM	0	0	0		0	0	0		0	0	0
🕮 New Mexico	ALB	1050	1537	1635		696	858	1072		124	174	181
	RUI	3179	3601	3479		1365	1510	1729		362	418	382
	SRP	682	716	956		443	557	750		85	79	107
	SUN	44	2259	2153		43	1121	1187		5	256	237
	ZIA	1466	1969	1380		844	1067	1050		165	218	152
🕮 Ohio	BTP	49	40	34		30	30	27		6	5	5
	MVR	0	0	0		0	0	0		0	0	0
	TDN	0	0	0		0	0	0		0	0	0

Source: Daily Racing Form Charts & RGE
Starts and Race Statistics by Race Breed, Unique Starters Statistics by Horse Breed

Figure 143 Mid-America Race Region - Thoroughbred Earnings Comparisons

Mid-America Race Region - Thoroughbred Data										
		Mean Earnings Per Race			Median Earnings Per Race			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	$ 25,996	$ 28,795	$ 30,395	$ 18,190	$ 20,000	$ 22,670	$ 4,025	$ 4,386	$ 4,802
Arkansas	OP	$ 69,230	$ 73,403	$ 76,827	$ 36,000	$ 42,000	$ 48,000	$ 8,137	$ 8,243	$ 8,702
Illinois	FAN	$ 11,549	$ 13,295	$ 15,212	$ 8,500	$ 11,000	$ 13,230	$ 2,134	$ 2,240	$ 2,287
	HAW	$ 15,789	$ 25,153	$ 24,947	$ 12,260	$ 18,600	$ 19,820	$ 2,133	$ 3,403	$ 3,677
Indiana	IND	$ 31,309	$ 33,688	$ 32,963	$ 33,000	$ 34,000	$ 34,000	$ 4,437	$ 4,301	$ 4,135
Louisiana	DED	$ 24,639	$ 25,964	$ 26,737	$ 19,000	$ 19,480	$ 20,150	$ 2,958	$ 3,228	$ 3,267
	EVD	$ 17,706	$ 17,378	$ 23,228	$ 14,420	$ 14,000	$ 18,180	$ 2,492	$ 2,521	$ 2,879
	FG	$ 41,272	$ 41,395	$ 44,916	$ 27,000	$ 28,000	$ 44,750	$ 5,146	$ 5,454	$ 5,789
	LAD	$ 14,278	$ 15,518	$ 19,546	$ 11,000	$ 12,500	$ 15,510	$ 2,140	$ 2,259	$ 2,421
Minnesota	CBY	$ 24,964	$ 25,588	$ 23,717	$ 18,000	$ 20,000	$ 20,450	$ 3,427	$ 3,500	$ 3,662
Nebraska	FON	$ 7,009	$ 7,219	$ 8,070	$ 5,300	$ 6,000	$ 7,336	$ 888	$ 966	$ 1,200
Oklahoma	FMT	$ 11,164	$ 11,316	$ 12,788	$ 8,470	$ 8,003	$ 8,470	$ 1,824	$ 1,966	$ 2,213
	RP	$ 29,678	$ 29,336	$ 27,888	$ 22,028	$ 20,976	$ 25,000	$ 3,573	$ 3,641	$ 3,539
	WRD	$ 15,117	$ 16,728	$ 19,547	$ 11,220	$ 13,080	$ 15,600	$ 2,259	$ 2,580	$ 2,891
Texas	Hou	$ 31,229	$ 27,581	$ 28,139	$ 24,500	$ 18,000	$ 19,185	$ 3,883	$ 3,595	$ 3,567
	LS	$ 30,041	$ 31,069	$ 30,701	$ 23,000	$ 33,000	$ 33,000	$ 4,075	$ 4,016	$ 3,886
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Daily Racing Form Charts & RGE
Statistics by Horse Breed

Figure 144 Other Comparable Tracks - Thoroughbred Earnings Comparisons

Other Comparable Tracks - Thoroughbred Data										
		Mean Earnings Per Race			Median Earnings Per Race			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	$ 25,996	$ 28,795	$ 30,395	$ 18,190	$ 20,000	$ 22,670	$ 4,025	$ 4,386	$ 4,802
Arizona	AZD	$ 9,254	$ 13,938	n/a	$ 8,000	$ 13,025	n/a	$ 1,367	$ 2,076	n/a
	TUP	$ 14,373	$ 18,837	$ 17,529	$ 11,000	$ 15,120	$ 13,400	$ 1,877	$ 2,487	$ 2,500
Colorado	ARP	$ 14,845	$ 14,934	$ 12,212	$ 11,000	$ 8,800	$ 6,300	$ 2,100	$ 1,870	$ 1,711
Florida	GP	$ 37,536	$ 39,872	$ 43,496	$ 28,000	$ 30,000	$ 31,000	$ 4,723	$ 5,057	$ 5,642
	TAM	$ 20,355	$ 22,086	$ 22,329	$ 16,000	$ 17,300	$ 17,600	$ 2,495	$ 2,857	$ 2,823
New Mexico	ALB	$ 30,323	$ 27,707	$ 29,098	$ 20,398	$ 17,521	$ 19,010	$ 3,896	$ 3,371	$ 3,321
	RUI	$ 16,239	$ 18,341	$ 25,247	$ 12,800	$ 10,810	$ 18,500	$ 2,168	$ 2,718	$ 3,271
	SRP	$ 24,289	$ 32,345	$ 22,960	$ 20,310	$ 26,481	$ 19,496	$ 3,239	$ 3,752	$ 2,806
	SUN	$ 23,173	$ 30,146	$ 36,105	$ 23,196	$ 15,775	$ 19,332	$ 2,897	$ 4,026	$ 4,502
	ZIA	$ 27,030	$ 30,346	$ 52,918	$ 16,768	$ 19,000	$ 40,500	$ 3,460	$ 4,071	$ 5,937
Ohio	BTP	$ 15,016	$ 16,717	$ 16,007	$ 12,900	$ 14,400	$ 13,600	$ 2,300	$ 2,560	$ 2,522
	MVR	$ 19,936	$ 23,545	$ 23,891	$ 16,500	$ 21,500	$ 21,500	$ 2,538	$ 3,214	$ 3,207
	TDN	$ 22,806	$ 25,963	$ 26,151	$ 18,200	$ 22,200	$ 22,400	$ 3,368	$ 3,806	$ 4,056

Source: Daily Racing Form Charts & RGE
Statistics by Horse Breed

Figure 145 Mid-America Race Region - Quarter Horse Earnings Comparisons

Mid-America Race Region - Quarter Horse Data										
		Mean Earnings Per Race			Median Earnings Per Race			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	$ 17,805	$ 19,926	$ 20,157	$ 11,000	$ 13,675	$ 14,500	$ 2,536	$ 3,021	$ 2,876
Arkansas	OP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Illinois	FAN	$ 32,403	$ 33,333	$ 33,333	$ 30,000	$ 30,000	$ 30,000	$ 4,800	$ 4,545	$ 4,348
	HAW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Indiana	IND	$ 26,016	$ 30,042	$ 27,909	$ 17,000	$ 17,820	$ 17,640	$ 3,005	$ 3,336	$ 3,095
Louisiana	DED	$ 22,465	$ 22,751	$ 23,303	$ 14,000	$ 17,000	$ 17,000	$ 2,634	$ 2,716	$ 2,731
	EVD	$ 16,798	$ 19,513	$ 18,568	$ 10,500	$ 13,900	$ 12,400	$ 2,254	$ 2,476	$ 2,319
	FG	$ 100,000	n/a	n/a	$ 100,000	n/a	n/a	$ 10,000	n/a	n/a
	LAD	$ 11,394	$ 11,050	$ 11,184	$ 8,300	$ 7,830	$ 7,500	$ 1,511	$ 1,663	$ 1,585
Minnesota	CBY	$ 22,574	$ 22,960	$ 22,361	$ 18,090	$ 19,000	$ 16,000	$ 3,131	$ 3,280	$ 3,206
Nebraska	FON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oklahoma	FMT	$ 11,156	$ 11,721	$ 13,574	$ 9,300	$ 9,425	$ 12,475	$ 1,560	$ 1,670	$ 1,859
	RP	$ 30,492	$ 31,957	$ 31,329	$ 20,210	$ 22,010	$ 21,150	$ 3,421	$ 3,530	$ 3,597
	WRD	$ 15,864	$ 18,443	$ 19,177	$ 12,100	$ 14,500	$ 15,050	$ 1,931	$ 2,258	$ 2,290
Texas	Hou	$ 26,935	$ 24,397	$ 20,898	$ 20,000	$ 16,500	$ 17,500	$ 3,031	$ 2,759	$ 2,392
	LS	$ 21,852	$ 23,361	$ 25,275	$ 13,600	$ 15,000	$ 15,000	$ 2,308	$ 2,677	$ 2,848
	RET	n/a	$ 19,795	$ 21,293	n/a	$ 12,500	$ 15,000	n/a	$ 2,303	$ 2,538

Source: Daily Racing Form Charts & RGE
Statistics by Horse Breed

Figure 146 Other Comparable Tracks - Quarter Horse Earnings Comparisons

Other Comparable Tracks - Quarter Horse Data										
		Mean Earnings Per Race			Median Earnings Per Race			Earnings Per Start		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023
Iowa	PRM	$ 17,805	$ 19,926	$ 20,157	$ 11,000	$ 13,675	$ 14,500	$ 2,536	$ 3,021	$ 2,876
Arizona	AZD	$ 8,640	$ 13,841		$ 5,500	$ 8,100		$ 1,180	$ 1,705	
	TUP	$ 13,447	$ 20,256	$ 12,607	$ 6,800	$ 18,000	$ 8,400	$ 1,556	$ 2,295	$ 1,471
Colorado	ARP	$ 14,845	$ 14,934	$ 12,212	$ 11,000	$ 8,800	$ 6,300	$ 2,100	$ 1,870	$ 1,711
Florida	GP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TAM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Mexico	ALB	$ 41,762	$ 35,215	$ 41,099	$ 30,100	$ 29,499	$ 30,000	$ 4,932	$ 3,987	$ 4,550
	RUI	$ 38,613	$ 34,783	$ 47,560	$ 8,000	$ 9,300	$ 10,000	$ 4,397	$ 4,038	$ 5,222
	SRP	$ 24,094	$ 32,077	$ 26,974	$ 20,960	$ 27,000	$ 23,040	$ 3,003	$ 3,539	$ 3,019
	SUN	$ 21,734	$ 31,762	$ 31,314	$ 24,600	$ 25,600	$ 28,176	$ 2,470	$ 3,599	$ 3,447
	ZIA	$ 30,818	$ 34,050	$ 50,860	$ 22,520	$ 32,832	$ 45,976	$ 3,469	$ 3,770	$ 5,602
Ohio	BTP	$ 20,833	$ 15,800	$ 16,600	$ 22,000	$ 15,000	$ 17,000	$ 2,551	$ 1,975	$ 2,441
	MVR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TDN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Daily Racing Form Charts & RGE
Statistics by Horse Breed

Standardbred Race & Purse data

Figure 147 Standardbred National Foals, Race & Purse Data

National Standardbred Data							
Year	Race Dates	Purse Races	Gross Purses Paid	Avg. Purses	Unique Starters	Earnings Per Starter	Registered Foals
2014	3,857	44,375	$408,981,024	$9,216	20,287	$20,159	7,448
2015	3,906	44,692	$424,555,242	$9,500	19,622	$21,636	7,048
2016	3,835	43,488	$423,038,193	$9,728	18,934	$22,343	7,210
2017	3,774	41,931	$435,104,465	$10,377	18,022	$24,143	6,885
2018	3,622	40,304	$432,086,536	$10,721	17,165	$25,173	6,970
2019	3,595	40,449	$442,748,786	$10,946	16,851	$26,274	6,860
2020	2,485	29,275	$306,756,014	$10,478	16,084	$19,072	8,332
2021	3,409	38,477	$441,585,319	$11,477	16,202	$27,255	8,628
2022	3,426	38,435	$489,286,358	$12,730	16,379	$29,873	8,631
2023	3,346	38,920	$506,686,942	$13,019	16,748	$30,254	n/a

Source: United States Trotting Association

Figure 148 Iowa Standardbred Race & Purse Data

Iowa Standardbred Data						
Year	Race Dates	Purse Races	Gross Purses Paid	Avg. Purses	Unique Starters	Earnings Per Starter
2014	36	397	$1,457,085	$3,670	274	$5,318
2015	34	408	$1,427,584	$3,499	287	$4,974
2016	36	412	$1,439,674	$3,494	268	$5,372
2017	38	424	$1,440,823	$3,398	267	$5,396
2018	33	356	$1,388,951	$3,902	234	$5,936
2019	29	329	$1,497,948	$4,553	236	$6,347
2020	33	400	$1,668,932	$4,172	274	$6,091
2021	29	345	$1,466,323	$4,250	228	$6,431
2022	33	371	$1,679,651	$4,527	208	$8,075
2023	31	365	$1,836,914	$5,033	224	$8,201

Source: United States Trotting Association

Appendix #3 State-bred Race Benchmarking

Figure 149 Mid-America Race Region Thoroughbred State-bred & Open Race Field Size & WPS Handle

Mid-America Race Region - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 24,305	$ 23,044	$ 23,257	$ 25,137	$ 26,971	$ 24,317
☐ Arkansas	OP	8.2	8.6	8.5	10.1	10.5	10.5	$ 206,216	$ 228,410	$ 240,642	$189,716	$ 226,003	$ 249,413
☐ Illinois	FAN	5.3	5.9	6.6	5.7	6.1	6.7	$ 17,408	$ 23,906	$ 28,796	$ 18,665	$ 26,253	$ 31,405
	HAW	7.4	7.4	6.8	7.4	7.3	6.5	$ 58,722	$ 49,928	$ 58,953	$ 66,222	$ 58,365	$ 63,340
☐ Indiana	IND	6.7	7.4	7.7	7.4	8.3	8.3	$ 67,916	$ 64,714	$ 80,428	$ 65,418	$ 64,942	$ 77,702
☐ Louisiana	DED	8.4	8.1	8.1	8.2	7.9	8.1	$ 52,485	$ 50,456	$ 48,163	$ 50,810	$ 48,509	$ 49,942
	EVD	7	6.7	8.1	7.3	7.2	8.1	$ 43,717	$ 38,296	$ 60,074	$ 45,378	$ 41,656	$ 57,581
	FG	7.8	7.3	7.5	8.4	8	7.5	$ 125,304	$ 122,947	$ 125,324	$104,650	$ 91,395	$ 94,854
	LAD	6.7	6.9	8.3	6.6	6.7	7.6	$ 25,634	$ 27,677	$ 30,944	$ 25,974	$ 26,993	$ 28,979
☐ Minnesota	CBY	7.2	7.3	6.5	7.6	7.2	6.5	$ 54,520	$ 58,046	$ 43,123	$ 56,652	$ 60,187	$ 46,863
☐ Nebraska	FON	8	7.6	6.7	6.9	7	6.6	$ 26,339	$ 24,427	$ 9,619	$ 20,824	$ 22,327	$ 8,652
☐ Oklahoma	FMT	6.1	5.7	5.6	6.2	5.9	6.1	$ 8,645	$ 11,970	$ 685	$ 9,515	$ 12,381	$ 787
	RP	8.1	8	7.8	8.7	8.2	8.1	$ 50,547	$ 40,789	$ 40,626	$ 45,460	$ 40,966	$ 39,989
	WRD	6.5	6.2	6.5	7	6.9	7.3	$ 27,022	$ 28,754	$ 28,984	$ 30,372	$ 32,416	$ 32,048
☐ Texas	Hou	8	7.6	7.8	8.1	8	8.1	$ 73,688	$ 69,401	$ 6,982	$ 70,496	$ 71,360	$ 8,419
	LS	7.5	7.7	8	7.1	7.8	7.7	$ 69,447	$ 51,206	$ 21,641	$ 58,069	$ 46,292	$ 19,366
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 150 Mid-America Race Region Thoroughbred State-bred & Open Race Field Size & Exotic Pool Handle

Mid-America Race Region - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State-bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 31,494	$ 28,718	$ 26,128	$ 34,510	$ 36,594	$ 31,256
☐ Arkansas	OP	8.2	8.6	8.5	10.1	10.5	10.5	$ 256,513	$ 295,028	$ 328,296	$ 273,538	$ 343,877	$ 387,680
☐ Illinois	FAN	5.3	5.9	6.6	5.7	6.1	6.7	$ 17,049	$ 27,761	$ 36,482	$ 20,495	$ 32,941	$ 42,629
	HAW	7.4	7.4	6.8	7.4	7.3	6.5	$ 100,019	$ 79,067	$ 88,420	$ 106,225	$ 95,211	$ 82,485
☐ Indiana	IND	6.7	7.4	7.7	7.4	8.3	8.3	$ 97,330	$ 108,637	$ 129,592	$ 103,581	$ 121,201	$ 136,694
☐ Louisiana	DED	8.4	8.1	8.1	8.2	7.9	8.1	$ 104,211	$ 102,520	$ 89,355	$ 97,240	$ 97,484	$ 93,799
	EVD	7	6.7	8.1	7.3	7.2	8.1	$ 70,224	$ 59,220	$ 107,887	$ 73,580	$ 68,672	$ 98,930
	FG	7.8	7.3	7.5	8.4	8	7.5	$ 167,288	$ 162,617	$ 164,463	$ 159,878	$ 142,203	$ 144,474
	LAD	6.7	6.9	8.3	6.6	6.7	7.6	$ 40,439	$ 43,172	$ 46,522	$ 40,135	$ 40,483	$ 41,632
☐ Minnesota	CBY	7.2	7.3	6.5	7.6	7.2	6.5	$ 69,274	$ 80,092	$ 45,054	$ 77,396	$ 85,159	$ 47,229
☐ Nebraska	FON	8	7.6	6.7	6.9	7	6.6	$ 44,988	$ 38,657	$ 9,678	$ 35,706	$ 35,452	$ 8,487
☐ Oklahoma	FMT	6.1	5.7	5.6	6.2	5.9	6.1	$ 10,053	$ 14,502	$ 1,046	$ 11,271	$ 15,541	$ 612
	RP	8.1	8	7.8	8.7	8.2	8.1	$ 77,372	$ 66,804	$ 59,535	$ 75,905	$ 67,130	$ 59,789
	WRD	6.5	6.2	6.5	7	6.9	7.3	$ 40,089	$ 46,154	$ 40,373	$ 48,337	$ 52,929	$ 48,724
☐ Texas	Hou	8	7.6	7.8	8.1	8	8.1	$ 111,723	$ 106,272	$ 9,047	$ 114,681	$ 115,964	$ 10,467
	LS	7.5	7.7	8	7.1	7.8	7.7	$ 90,897	$ 63,974	$ 18,376	$ 76,998	$ 59,825	$ 16,595
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 151 Other Comparable Tracks Thoroughbred State-bred & Open Race Field Size & WPS Handle

Other Tracks - Thoroughbred Data														
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
☐ Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 24,305	$ 23,044	$ 23,257	$ 25,137	$ 26,971	$ 24,317	
☐ Arizona	AZD	6.8	6.7	n/a	6	6.3	n/a	$ 15,862	$ 17,299	n/a	$ 14,715	$ 14,714	n/a	
	TUP	7.7	7.6	7	6.3	7.1	5.2	$ 61,637	$ 61,675	$ 58,973	$ 52,943	$ 63,993	$ 45,974	
☐ Colorado	ARP	6.6	6.3	6.5	6.9	5.6	5.4	$ 9,594	$ 9,018	$ 12,415	$ 10,666	$ 12,814	$ 22,460	
☐ Florida	GP	8	7.9	7.7	7.2	7.6	7.3	$ 228,106	$ 217,394	$ 214,511	$ 199,833	$ 206,047	$ 194,372	
	TAM	8.2	7.7	7.9	7.1	7.1	8.3	$ 147,820	$ 144,749	$ 136,417	$ 222,026	$ 189,439	$ 187,641	
☐ New Mexico	ALB	7.7	8.2	8.9	7.9	8.3	8.5	$ 17,543	$ 18,149	$ 19,978	$ 16,819	$ 19,787	$ 20,623	
	RUI	7.3	6.6	7.9	7.7	6.9	7.6	$ 24,535	$ 28,348	$ 25,785	$ 28,645	$ 25,153	$ 27,339	
	SRP	7.6	8.8	8.1	7.4	8.4	8.4	$ 18,250	$ 2,617	$ 3,718	$ 19,265	$ 2,675	$ 3,610	
	SUN	5	7.1	7.9	9	7.8	8.1	$ 20,710	$ 37,308	$ 31,644	$ 42,017	$ 34,448	$ 29,181	
	ZIA	7.7	7.4	9	8	7.6	8.8	$ 23,356	$ 20,623	$ 36,672	$ 22,842	$ 22,583	$ 38,635	
☐ Ohio	BTP	6.6	6.6	6.4	6.3	6.2	6	$ 37,166	$ 26,963	$ 26,212	$ 39,253	$ 27,181	$ 27,436	
	MVR	7.8	7.2	7.3	8	7.6	7.7	$ 37,100	$ 35,252	$ 40,735	$ 38,727	$ 35,817	$ 44,296	
	TDN	6.5	6.5	6.3	7.1	7.2	6.6	$ 32,213	$ 31,302	$ 34,334	$ 34,479	$ 33,706	$ 34,318	

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 152 Other Comparable Tracks Thoroughbred State-bred & Open Race Field Size & Exotic Handle

Other Tracks - Thoroughbred Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State-bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	6.3	6.3	6.1	6.8	6.9	6.7	$ 31,494	$ 28,718	$ 26,128	$ 34,510	$ 36,594	$ 31,256
☐ Arizona	AZD	6.8	6.7	n/a	6	6.3	n/a	$ 21,787	$ 21,899	n/a	$ 17,461	$ 15,016	n/a
	TUP	7.7	7.6	7	6.3	7.1	5.2	$ 115,836	$ 115,416	$ 102,107	$ 92,835	$ 117,952	$ 64,399
☐ Colorado	ARP	6.6	6.3	6.5	6.9	5.6	5.4	$ 12,577	$ 11,628	$ 10,997	$ 13,706	$ 12,718	$ 11,428
☐ Florida	GP	8	7.9	7.7	7.2	7.6	7.3	$ 360,268	$ 339,593	$ 350,160	$ 300,060	$ 323,586	$ 306,991
	TAM	8.2	7.7	7.9	7.1	7.1	8.3	$ 251,794	$ 243,959	$ 225,436	$ 307,798	$ 288,141	$ 259,209
☐ New Mexico	ALB	7.7	8.2	8.9	7.9	8.3	8.5	$ 24,263	$ 25,405	$ 26,381	$ 22,301	$ 27,063	$ 26,334
	RUI	7.3	6.6	7.9	7.7	6.9	7.6	$ 35,401	$ 36,683	$ 34,985	$ 40,538	$ 34,641	$ 35,126
	SRP	7.6	8.8	8.1	7.4	8.4	8.4	$ 30,207	$ 2,279	$ 4,019	$ 28,891	$ 2,246	$ 3,658
	SUN	5	7.1	7.9	9	7.8	8.1	$ 25,740	$ 60,481	$ 55,282	$ 82,233	$ 61,289	$ 54,726
	ZIA	7.7	7.4	9	8	7.6	8.8	$ 37,558	$ 35,061	$ 62,310	$ 37,279	$ 37,825	$ 61,730
☐ Ohio	BTP	6.6	6.6	6.4	6.3	6.2	6	$ 61,650	$ 44,066	$ 38,931	$ 64,529	$ 43,727	$ 37,748
	MVR	7.8	7.2	7.3	8	7.6	7.7	$ 69,643	$ 66,586	$ 75,168	$ 76,543	$ 71,096	$ 84,539
	TDN	6.5	6.5	6.3	7.1	7.2	6.6	$ 53,069	$ 54,873	$ 53,912	$ 60,489	$ 64,342	$ 56,485

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 153 Mid-America Race Region Quarter Horse State-bred & Open Race Field Size & WPS Handle

Mid-America Race Region - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 9,757	$ 9,405	$11,098	$10,540	$10,036	$13,248
☐ Arkansas	OP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Illinois	FAN	6.8	7.3	7.7	n/a	n/a	n/a	$25,793	$ 23,473	$27,462	n/a	n/a	n/a
	HAW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Indiana	IND	8.7	8.9	9	8.7	9.1	9	$29,735	$ 27,898	$33,243	$29,713	$27,636	$31,031
☐ Louisiana	DED	8.2	8.3	8.5	8.8	8.5	8.6	$17,237	$ 18,216	$18,953	$17,672	$20,892	$21,016
	EVD	7.2	7.8	8	7.7	7.9	8	$19,421	$ 16,301	$17,513	$20,534	$16,543	$17,760
	FG	n/a	n/a	n/a	n/a	n/a	n/a	$43,147	n/a	n/a	n/a	n/a	n/a
	LAD	7.2	6.4	7	7.8	7	7.2	$12,247	$ 13,909	$11,826	$13,127	$14,480	$11,595
☐ Minnesota	CBY	7.1	7	7.2	7.4	7.1	6.6	$20,757	$ 23,921	$21,647	$23,981	$27,135	$21,849
☐ Nebraska	FON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Oklahoma	FMT	7.2	7.1	7.2	6.9	6.8	7.8	$ 7,453	$ 8,116	$ 5,263	$ 6,144	$ 6,813	$ 5,500
	RP	8.9	9.1	8.8	8.8	8.8	8.5	$26,797	$ 24,706	$22,057	$27,298	$24,261	$23,515
	WRD	8.2	8.2	8.5	8.4	7.9	8.1	$ 6,257	$ 6,965	$ 6,673	$ 6,245	$ 6,104	$ 7,173
☐ Texas	Hou	9	8.9	8.7	8.6	8.7	8.9	$23,182	$ 21,743	$16,768	$19,973	$21,081	$15,716
	LS	9.5	8.7	8.9	9.6	8.6	8.5	$26,643	$ 21,005	$20,002	$25,146	$19,169	$15,761
	RET	n/a	8.6	8.4	n/a	8.6	8.5	n/a	$ 15,016	$14,912	n/a	$18,154	$17,529

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 154 Mid-America Race Region Quarter Horse State-bred & Open Race Field Size & Exotic Handle

Mid-America Race Region - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State-bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$15,129	$15,263	$18,287	$15,580	$13,376	$21,538
☐ Arkansas	OP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Illinois	FAN	6.8	7.3	7.7	n/a	n/a	n/a	$25,678	$25,955	$31,390	n/a	n/a	n/a
	HAW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Indiana	IND	8.7	8.9	9	8.7	9.1	9	$59,295	$57,934	$69,289	$56,709	$58,771	$64,417
☐ Louisiana	DED	8.2	8.3	8.5	8.8	8.5	8.6	$33,728	$34,660	$36,167	$35,466	$39,738	$40,078
	EVD	7.2	7.8	8	7.7	7.9	8	$35,332	$32,759	$36,204	$37,482	$32,866	$35,145
	FG	n/a	n/a	n/a	n/a	n/a	n/a	$86,318	n/a	n/a	n/a	n/a	n/a
	LAD	7.2	6.4	7	7.8	7	7.2	$24,569	$28,477	$19,751	$26,225	$30,098	$18,871
☐ Minnesota	CBY	7.1	7	7.2	7.4	7.1	6.6	$27,953	$33,932	$30,412	$34,472	$37,370	$30,706
☐ Nebraska	FON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ Oklahoma	FMT	7.2	7.1	7.2	6.9	6.8	7.8	$ 7,868	$10,319	$ 6,054	$ 6,659	$ 8,912	$ 7,729
	RP	8.9	9.1	8.8	8.8	8.8	8.5	$46,747	$44,874	$39,116	$48,025	$43,087	$40,083
	WRD	8.2	8.2	8.5	8.4	7.9	8.1	$11,810	$13,867	$12,337	$11,882	$11,825	$12,557
☐ Texas	Hou	9	8.9	8.7	8.6	8.7	8.9	$38,413	$37,467	$24,927	$33,317	$36,318	$23,689
	LS	9.5	8.7	8.9	9.6	8.6	8.5	$41,391	$32,332	$30,204	$39,025	$28,320	$25,244
	RET	n/a	8.6	8.4	n/a	8.6	8.5	n/a	$28,174	$27,842	n/a	$32,279	$33,166

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 155 Other Comparable Tracks Quarter Horse State-bred & Open Race Field Size & WPS Handle

Other Tracks - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle WPS			State-bred Race Mean Handle WPS		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$ 9,757	$ 9,405	$11,098	$10,540	$10,036	$13,248
☐ Arizona	AZD	7.4	8.2	n/a	6.8	7.3	n/a	$10,129	$13,642	n/a	$ 7,173	$13,583	n/a
	TUP	8.7	8.8	8.6	8.3	9	8.5	$23,065	$24,364	$24,895	$21,363	$24,243	$19,722
☐ Colorado	ARP	7.2	7.8	7.2	6.8	8.6	6.8	$ 6,480	$ 9,322	$ 7,387	$ 8,327	$13,563	$10,150
☐ Florida	GP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TAM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ New Mexico	ALB	8.4	8.7	8.8	8.6	9	9.3	$17,809	$18,153	$17,003	$13,795	$18,149	$18,048
	RUI	8.8	8.6	9.1	8.7	8.5	9.2	$32,406	$31,577	$33,325	$27,753	$23,812	$25,611
	SRP	7.8	9.1	8.7	8.5	9	9.5	$11,323	$ 3,118	$ 3,739	$12,490	$ 3,257	$ 4,258
	SUN	9.3	8.6	9	7	9.1	9.2	$13,477	$16,839	$15,738	$11,034	$16,641	$18,141
	ZIA	8.9	9	9	8.9	9.1	9.2	$11,552	$12,056	$16,112	$11,772	$13,991	$16,391
☐ Ohio	BTP	8.2	8	6.8	n/a	n/a	n/a	$19,724	$17,535	$12,330	$37,715	$ 2,990	$21,595
	MVR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TDN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 156 Other Comparable Tracks Quarter Horse State-bred & Open Races Field Size & Exotic Handle

Other Tracks - Quarter Horse Data													
		Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Unrestricted Race Mean Handle Exotic Pool Single			State-bred Race Mean Handle Exotic Pool Single		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	7	6.6	6.9	7.2	6.5	7.3	$15,129	$15,263	$18,287	$15,580	$13,376	$21,538
☐ Arizona	AZD	7.4	8.2	n/a	6.8	7.3	n/a	$14,823	$17,984	n/a	$10,186	$16,153	n/a
	TUP	8.7	8.8	8.6	8.3	9	8.5	$47,421	$57,951	$55,511	$45,498	$57,343	$37,480
☐ Colorado	ARP	7.2	7.8	7.2	6.8	8.6	6.8	$ 8,626	$10,176	$ 8,220	$10,678	$13,214	$ 9,435
☐ Florida	GP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TAM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
☐ New Mexico	ALB	8.4	8.7	8.8	8.6	9	9.3	$24,820	$22,878	$21,904	$18,503	$24,681	$25,436
	RUI	8.8	8.6	9.1	8.7	8.5	9.2	$45,418	$42,554	$45,465	$38,771	$33,911	$35,048
	SRP	7.8	9.1	8.7	8.5	9	9.5	$16,879	$ 2,077	$ 3,404	$18,211	$ 2,204	$ 3,365
	SUN	9.3	8.6	9	7	9.1	9.2	$22,234	$32,747	$30,252	$20,465	$32,597	$35,135
	ZIA	8.9	9	9	8.9	9.1	9.2	$21,053	$20,417	$29,767	$21,328	$24,798	$29,064
☐ Ohio	BTP	8.2	8	6.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	MVR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	TDN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

State-bred Race Benchmarking – Race data, Races & Field Size

Figure 157 Mid-America Race Region Thoroughbred State-bred & Open Race Comparisons & Pct. of State-Bred Races

Mid-America Race Region - Thoroughbred Data																	
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
☐ Iowa	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%	
☐ Arkansas	OP	484	498	553	105	111	101	8.2	8.6	8.5	10.1	10.5	10.5	17.8%	18.2%	15.4%	
☐ Illinois	FAN	245	345	370	57	78	85	5.3	5.9	6.6	5.7	6.1	6.7	18.9%	18.4%	18.7%	
	HAW	378	524	490	37	55	37	7.4	7.4	6.8	7.4	7.3	6.5	8.9%	9.5%	7.0%	
☐ Indiana	IND	508	501	544	490	464	439	6.7	7.4	7.7	7.4	8.3	8.3	49.1%	48.1%	44.7%	
☐ Louisiana	DED	608	524	456	345	277	271	8.4	8.1	8.1	8.2	7.9	8.1	36.2%	34.6%	37.3%	
	EVD	444	421	309	267	270	219	7	6.7	8.1	7.3	7.2	8.1	37.6%	39.1%	41.5%	
	FG	448	440	403	269	317	293	7.8	7.3	7.5	8.4	8	7.5	37.5%	41.9%	42.1%	
	LAD	401	369	284	185	206	166	6.7	6.9	8.3	6.6	6.7	7.6	31.6%	35.8%	36.9%	
☐ Minnesota	CBY	397	400	298	142	129	98	7.2	7.3	6.5	7.6	7.2	6.5	26.3%	24.4%	24.7%	
☐ Nebraska	FON	237	271	265	31	42	55	8	7.6	6.7	6.9	7	6.6	11.6%	13.4%	17.2%	
☐ Oklahoma	FMT	126	91	85	39	32	32	6.1	5.7	5.6	6.2	5.9	6.1	23.6%	26.0%	27.4%	
	RP	398	421	427	203	179	178	8.1	8	7.8	8.7	8.2	8.1	33.8%	29.8%	29.4%	
	WRD	167	158	157	103	94	91	6.5	6.2	6.5	7	6.9	7.3	38.1%	37.3%	36.7%	
☐ Texas	Hou	312	337	261	93	104	99	8	7.6	7.8	8.1	8	8.1	23.0%	23.6%	27.5%	
	LS	323	283	265	132	119	114	7.5	7.7	8	7.1	7.8	7.7	29.0%	29.6%	30.1%	
	RET	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 158 Other Comparable Tracks Thoroughbred State-bred & Open Race Comparisons & Pct. of State-Bred Races

Other Tracks - Thoroughbred Data																
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races		
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
☐ Iowa	PRM	371	345	324	225	228	232	6.3	6.3	6.1	6.8	6.9	6.7	37.8%	39.8%	41.7%
☐ Arizona	AZD	210	131	n/a	5	6	n/a	6.8	6.7	n/a	6	6.3	n/a	2.3%	4.4%	n/a
	TUP	915	812	597	19	16	9	7.7	7.6	7	6.3	7.1	5.2	2.0%	1.9%	1.5%
☐ Colorado	ARP	152	243	213	10	22	18	6.6	6.3	6.5	6.9	5.6	5.4	6.2%	8.3%	7.8%
☐ Florida	GP	1930	1815	1707	115	116	100	8	7.9	7.7	7.2	7.6	7.3	5.6%	6.0%	5.5%
	TAM	826	834	834	8	8	8	8.2	7.7	7.9	7.1	7.1	8.3	1.0%	1.0%	1.0%
☐ New Mexico	ALB	69	122	114	56	69	50	7.7	8.2	8.9	7.9	8.3	8.5	44.8%	36.1%	30.5%
	RUI	71	48	67	72	39	79	7.3	6.6	7.9	7.7	6.9	7.6	50.3%	44.8%	54.1%
	SRP	53	65	71	39	38	33	7.6	8.8	8.1	7.4	8.4	8.4	42.4%	36.9%	31.7%
	SUN	1	117	117	3	147	126	5	7.1	7.9	9	7.8	8.1	75.0%	55.7%	51.9%
	ZIA	125	148	90	88	103	60	7.7	7.4	9	8	7.6	8.8	41.3%	41.0%	40.0%
☐ Ohio	BTP	591	585	606	153	162	143	6.6	6.6	6.4	6.3	6.2	6	20.6%	21.7%	19.1%
	MVR	548	501	506	279	309	317	7.8	7.2	7.3	8	7.6	7.7	33.7%	38.1%	38.5%
	TDN	474	451	413	329	351	395	6.5	6.5	6.3	7.1	7.2	6.6	41.0%	43.8%	48.9%

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 159 Mid-America Race Region Quarter Horse State-bred & Open Race Comparison & Pct. of State-bred Races

Mid-America Race Region - Quarter Horse Data																	
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
☐ Iowa	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%	
☐ Indiana	IND	118	130	129	101	97	86	8.7	8.9	9	8.7	9.1	9	46.1%	42.7%	40.0%	
☐ Louisiana	DED	177	216	238	252	292	293	8.2	8.3	8.5	8.8	8.5	8.6	58.7%	57.5%	55.2%	
	EVD	226	179	188	208	154	155	7.2	7.8	8	7.7	7.9	8	47.9%	46.2%	45.2%	
	FG	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a	n/a	n/a	n/a	
	LAD	130	183	192	148	139	137	7.2	6.4	7	7.8	7	7.2	53.2%	43.2%	41.6%	
☐ Minnesota	CBY	50	42	22	26	31	17	7.1	7	7.2	7.4	7.1	6.6	34.2%	42.5%	43.6%	
☐ Oklahoma	FMT	154	128	104	22	32	16	7.2	7.1	7.2	6.9	6.8	7.8	12.5%	20.0%	13.3%	
	RP	383	358	376	94	86	80	8.9	9.1	8.8	8.8	8.8	8.5	19.7%	19.4%	17.5%	
	WRD	182	189	164	45	51	61	8.2	8.2	8.5	8.4	7.9	8.1	19.8%	21.3%	27.1%	
☐ Texas	Hou	296	193	201	105	49	37	9	8.9	8.7	8.6	8.7	8.9	26.2%	20.2%	15.5%	
	LS	262	253	269	45	28	33	9.5	8.7	8.9	9.6	8.6	8.5	14.7%	10.0%	10.9%	
	RET	n/a	159	175	n/a	49	40	n/a	8.6	8.4	n/a	8.6	8.5	n/a	23.6%	18.6%	

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

Figure 160 Other Comparable Tracks Quarter Horse State-bred & Open Race Comparison & Pct. of State-bred Races

Other Tracks - Quarter Horse Data																	
		Unrestricted Races			State-bred Races			Unrestricted Race Avg. Field Size			State-bred Race Avg. Field Size			Pct. of State-bred Races			
State	Track	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
☐ Iowa	PRM	132	134	154	59	61	58	7	6.6	6.9	7.2	6.5	7.3	30.9%	31.3%	27.4%	
☐ Arizona	AZD	49	72	n/a	4	4	n/a	7.4	8.2	n/a	6.8	7.3	n/a	7.5%	5.3%	n/a	
	TUP	100	105	70	3	5	2	8.7	8.8	8.6	8.3	9	8.5	2.9%	4.5%	2.8%	
☐ Colorado	ARP	29	57	66	14	15	15	7.2	7.8	7.2	6.8	8.6	6.8	32.6%	20.8%	18.5%	
☐ Florida	GP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	TAM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
☐ New Mexico	ALB	80	104	106	44	70	75	8.4	8.7	8.8	8.6	9	9.3	35.5%	40.2%	41.4%	
	RUI	276	315	288	86	103	94	8.8	8.6	9.1	8.7	8.5	9.2	23.8%	24.6%	24.6%	
	SRP	59	54	72	26	25	35	7.8	9.1	8.7	8.5	9	9.5	30.6%	31.6%	32.7%	
	SUN	4	159	145	1	97	92	9.3	8.6	9	7	9.1	9.2	20.0%	37.9%	38.8%	
	ZIA	104	138	86	61	80	66	8.9	9	9	8.9	9.1	9.2	37.0%	36.7%	43.4%	
☐ Ohio	BTP	6	5	5	0	0	0	8.2	8	6.8	n/a	n/a	n/a	0.0%	0.0%	0.0%	
	MVR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	TDN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Sources: Daily Racing Form Charts & RGE
Data by Race Breed

State-bred Benchmarking – Prairie Meadows Race Conditions, State-bred compared to Non-state-bred

Figure 161 Prairie Meadows 2023 Thoroughbred Race Conditions, State-bred Compared to Non-state-bred

Prairie Meadows Thoroughbred 2023 Race Type Comparisons - State-bred and Non-state-bred Races										
Year	Race Breed	Race Type	Races	Races Greater than a mile	Races Less than a mile	Mean Field Size	Mean Field Size Greater than a mile	Mean Field Size Less than a mile	Mean WPS Pool	Mean Exotic Pool Single
2023	TB	ALW	47	17	30	6.9	6.7	7.0	$ 28,108	$ 36,174
2023	TB	ALW (IA)	24	7	17	7.1	6.4	7.4	$ 27,422	$ 36,939
2023	TB	ALW (Not-SB)	23	10	13	6.7	6.9	6.5	$ 28,824	$ 35,375
2023	TB	AOC	27	8	19	6.0	5.6	6.2	$ 22,237	$ 25,229
2023	TB	AOC (IA)	19	5	14	6.2	6.0	6.2	$ 23,001	$ 26,111
2023	TB	AOC (Not-SB)	8	3	5	5.6	5.0	6.0	$ 20,422	$ 23,133
2023	TB	CLM	225	58	167	6.1	5.7	6.3	$ 19,662	$ 23,100
2023	TB	CLM (IA)	75	15	60	6.2	5.5	6.4	$ 20,037	$ 23,694
2023	TB	CLM (Not-SB)	150	43	107	6.1	5.8	6.2	$ 19,475	$ 22,803
2023	TB	HCP	10	6	4	6.1	6.2	6.0	$ 24,150	$ 29,982
2023	TB	HCP (IA)	6	4	2	6.7	6.3	7.5	$ 29,308	$ 37,897
2023	TB	HCP (Not-SB)	4	2	2	5.3	6.0	4.5	$ 16,414	$ 18,109
2023	TB	MCL	63	10	53	6.3	5.8	6.3	$ 21,533	$ 29,663
2023	TB	MCL (IA)	31	4	27	6.5	5.8	6.6	$ 23,960	$ 34,598
2023	TB	MCL (Not-SB)	32	6	26	6.0	5.8	6.0	$ 19,182	$ 24,881
2023	TB	MSW	82	13	69	6.8	6.2	7.0	$ 24,437	$ 30,665
2023	TB	MSW (IA)	47	5	42	7.3	6.8	7.4	$ 25,657	$ 34,058
2023	TB	MSW (Not-SB)	35	8	27	6.2	5.8	6.3	$ 22,798	$ 26,108
2023	TB	SOC	28	12	16	5.7	5.7	5.7	$ 20,175	$ 22,213
2023	TB	SOC (IA)	3	1	2	6.7	6.0	7.0	$ 19,221	$ 27,644
2023	TB	SOC (Not-SB)	25	11	14	5.6	5.6	5.5	$ 20,289	$ 21,562
2023	TB	STK	34	16	18	7.2	7.3	7.2	$ 54,621	$ 53,626
2023	TB	STK (IA)	13	6	7	7.5	8.0	7.1	$ 41,844	$ 53,818
2023	TB	STK (Not-SB)	21	10	11	7.0	6.8	7.2	$ 62,530	$ 53,507
2023	TB	STR	40	12	28	6.0	6.2	5.9	$ 20,189	$ 25,244
2023	TB	STR (IA)	14	5	9	6.4	6.8	6.1	$ 22,686	$ 29,176
2023	TB	STR (Not-SB)	26	7	19	5.8	5.7	5.8	$ 18,845	$ 23,126
2023	TB	All Race Types	556	152	404	6.3	6.1	6.4	$ 23,699	$ 28,268
2023	TB	All Race Types: IA-bred	232	52	180	6.7	6.3	6.8	$ 24,317	$ 31,256
2023	TB	All Race Types: Non-state-bred	324	100	224	6.1	6.0	6.2	$ 23,257	$ 26,128

Sources: Daily Racing Form Charts & RGE

Figure 162 Prairie Meadows 2023 Quarter Horse Race Conditions State-bred Compared to Non-state-bred

Prairie Meadows 2023 Quarter Horse Race Type Comparisons - State-bred and Non-state-bred Races						
Year	Race Breed	Race Type	Races	Mean Field Size	Mean WPS Pool	Mean Exotic Pool Single
2023	QH	ALW	49	6.3	$ 9,382	$ 14,997
2023	QH	ALW (IA)	13	6.1	$ 7,771	$ 11,021
2023	QH	ALW (Not-SB)	36	6.4	$ 9,964	$ 16,433
2023	QH	CLM	16	6.1	$ 7,356	$ 11,324
2023	QH	CLM (IA)	1	6.0	$ 8,201	$ 8,575
2023	QH	CLM (Not-SB)	15	6.1	$ 7,299	$ 11,507
2023	QH	DBY	6	7.8	$ 22,711	$ 36,357
2023	QH	DBY (IA)	3	7.0	$ 22,864	$ 36,484
2023	QH	DBY (Not-SB)	3	8.7	$ 22,558	$ 36,230
2023	QH	DTR	10	7.1	$ 11,280	$ 19,896
2023	QH	DTR (IA)	2	6.0	$ 5,945	$ 10,610
2023	QH	DTR (Not-SB)	8	7.4	$ 12,614	$ 22,218
2023	QH	FTR	19	8.2	$ 13,903	$ 19,719
2023	QH	FTR (IA)	9	8.1	$ 14,050	$ 18,194
2023	QH	FTR (Not-SB)	10	8.2	$ 13,770	$ 21,091
2023	QH	FUT	6	9.7	$ 30,309	$ 48,176
2023	QH	FUT (IA)	3	10.0	$ 27,052	$ 45,839
2023	QH	FUT (Not-SB)	3	9.3	$ 33,566	$ 50,513
2023	QH	INS	1	10.0	$ 26,823	$ 50,493
2023	QH	INS (Not-SB)	1	10.0	$ 26,823	$ 50,493
2023	QH	MCL	30	6.5	$ 8,458	$ 14,177
2023	QH	MCL (IA)	5	6.6	$ 11,345	$ 20,742
2023	QH	MCL (Not-SB)	25	6.5	$ 7,881	$ 12,864
2023	QH	MDN	50	7.2	$ 11,397	$ 20,434
2023	QH	MDN (IA)	19	7.5	$ 13,445	$ 25,427
2023	QH	MDN (Not-SB)	31	7.0	$ 10,142	$ 17,373
2023	QH	OCL	13	6.8	$ 11,793	$ 19,179
2023	QH	OCL (Not-SB)	13	6.8	$ 11,793	$ 19,179
2023	QH	STK	9	7.4	$ 17,544	$ 26,578
2023	QH	STK (IA)	3	8.3	$ 19,619	$ 26,191
2023	QH	STK (Not-SB)	6	7.0	$ 16,506	$ 26,772
2023	QH	TRL	3	8.7	$ 14,442	$ 27,488
2023	QH	TRL (Not-SB)	3	8.7	$ 14,442	$ 27,488
2023	QH	All Race Types	212	7.0	$ 11,686	$ 19,176
2023	QH	All Race Types: IA-bred	58	7.3	$ 13,248	$ 21,538
2023	QH	All Race Types: Non-state-bred	154	6.9	$ 11,098	$ 18,287

Sources: Daily Racing Form Charts & RGE

Iowa Purse Residency Report

Figure 163 Iowa Purse Residency Report

Combined Total Quarter Horse & Thoroughbred									
	Total			Iowa Resident			Non-Iowa Resident		
Year	2021	2022	2023	2021	2022	2023	2021	2022	2023
Open Purses	$9,339,115	$9,774,180	$10,147,578	$1,212,604	$1,459,170	$1,669,856	$8,126,511	$8,315,010	$8,477,722
Restricted Purses	$5,628,518	$6,347,620	$6,663,034	$2,993,804	$3,304,455	$3,746,329	$2,634,715	$3,043,165	$2,916,706
Supplement Open	$257,395	$433,046	$331,476	$153,998	$285,422	$171,651	$103,396	$147,624	$159,824
Supplement Restricted	$2,506,633	$2,687,594	$2,825,087	$1,379,123	$1,434,179	$1,615,460	$1,127,510	$1,253,415	$1,209,627
Total Purse & Supplement	$17,731,661	$19,242,440	$19,967,175	$5,739,529	$6,483,226	$7,203,296	$11,992,132	$12,759,214	$12,763,879
				32.37%	**33.69%**	**36.08%**	67.63%	66.31%	63.92%
Total Iowa-bred Payouts to Non-Iowa Residents	$4,166,438	$4,841,820	$4,691,641				$4,166,438	$4,841,820	$4,691,641
Total Investment in Iowa Program	$9,905,967	$11,325,046	$11,894,937	$5,739,529	$6,483,226	$7,203,296	$4,166,438	$4,841,820	$4,691,641
	100%	100%	100%	**57.9%**	**57.2%**	**60.6%**	42.1%	42.8%	39.4%

Source: Iowa Racing and Gaming Commission

Notes: In 2023 there were 768 races, 478 open races and 290 restricted races.

In 2023 there were 556 Thoroughbred races, 324 open races and 232 restricted races.

In 2023 there were 212 Quarter Horse races, 154 open races and 58 restricted races.

Appendix #4 Breeding Statistics – Iowa Breeding Benchmarking

Figure 164 Thoroughbred Foal Crop - National vs. Iowa

Thoroughbred Foal Crop			
Crop Year	Iowa	North America	Pct. Of NA Crop
2001	494	37,901	1.3
2002	462	35,978	1.3
2003	434	37,067	1.2
2004	364	37,949	1
2005	386	38,365	1
2006	356	38,104	0.9
2007	296	37,499	0.8
2008	287	35,274	0.8
2009	262	32,364	0.8
2010	242	28,420	0.9
2011	217	24,941	0.9
2012	290	23,542	1.2
2013	262	23,248	1.1
2014	254	23,001	1.1
2015	262	23,047	1.1
2016	202	22,680	0.9
2017	199	22,254	0.9
2018	173	21,284	0.8
2019	154	20,518	0.8
2020	162	19,824	0.8
2021	156	19,200	0.8
2022	155	18,700	0.8 *

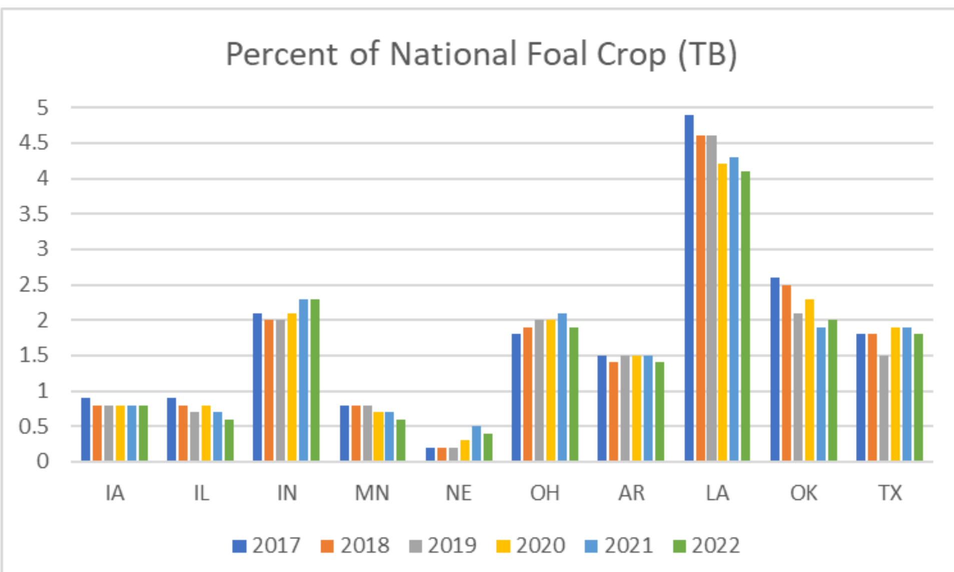
Source: Jockey Club State Fact Books – Iowa
*2022 Estimated figures
Figures as of 3/1/2024

Figure 165 National Thoroughbred Foal Crop Compared to Select State Foal Crops

	THOROUGHBRED FOAL CROP						% of NATIONAL FOAL CROP					
State	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**State**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
IA	199	173	154	162	156	155	**IA**	0.9	0.8	0.8	0.8	0.8	0.8
IL	190	176	151	150	140	119	**IL**	0.9	0.8	0.7	0.8	0.7	0.6
IN	460	427	414	413	434	429	**IN**	2.1	2	2	2.1	2.3	2.3
MN	185	180	167	140	131	107	**MN**	0.8	0.8	0.8	0.7	0.7	0.6
NE	43	36	33	51	99	74	**NE**	0.2	0.2	0.2	0.3	0.5	0.4
OH	399	403	406	398	396	355	**OH**	1.8	1.9	2	2	2.1	1.9
AR	327	292	269	293	291	262	**AR**	1.5	1.4	1.5	1.5	1.5	1.4
LA	1085	972	950	837	821	766	**LA**	4.9	4.6	4.6	4.2	4.3	4.1
OK	568	529	441	451	361	370	**OK**	2.6	2.5	2.1	2.3	1.9	2
TX	407	377	317	382	360	338	**TX**	1.8	1.8	1.5	1.9	1.9	1.8

Source: Jockey Club State Fact Books – Iowa
*2022 Estimated figures
Figures as of 3/1/2024

Figure 166 Select State Thoroughbred Foal Crops as a Percentage of the National Foal Crop



Source: Jockey Club State Fact Books – Iowa
*2022 Estimated figures
Figures as of 3/1/2024

Quarter Horse Foal Crops are not all bred for racing and only racing data when available from racing commissions are useful for comparisons.

Figure 167 Indiana Quarter Horse Racing Foal Crop, Mares & Stallions

Indiana Quarter Horses				
Year	**Mares**	**Foals Bred**	**Foals Bred & Sired**	**Stallions**
2012	404	256	NA	77
2013	405	241	NA	73
2014	377	251	164	61
2015	369	248	156	63
2016	349	197	104	48
2017	346	206	138	47
2018	290	190	108	44
2019	265	156	90	44
2020	282	76	109	46
2021	301	92	105	43
2022	287	71	91	39

Source: Indiana Horse Racing Commission Annual Report 2022

Note: Quarter Horse programs register all mares foaling in Indiana for purposes of having an Indiana bred or sired registered foal.

Figure 168 Minnesota Racing Foal Crops

MN Bred Registered Foals			
Year	**QH Foals**	**TB Foals**	**SB Foals**
2012	39	96	99
2013	44	246	101
2014	47	251	63
2015	39	231	78
2016	31	237	68
2017	43	203	104
2018	47	203	134
2019	42	185	157
2020	37	145	135
2021	39	137	189
2022	44	122	141

Sources: Minnesota Racing Commission Biennial Report 2021-2022 and Minnesota Racing Commission 2017 Annual Report

Figure 169 Iowa, Indiana, Minnesota & Oklahoma Racing Foal Data

Iowa, Indiana, Minnesota, Oklahoma Quarter Horse Foal Data				
Year	**Iowa Foals Born**	**IN QH Foals Bred**	**MN QH Foals**	**OK QH Foals**
2012	n/a	256	39	1100
2013	120	241	44	1154
2014	88	251	47	1084
2015	121	248	39	1129
2016	77	197	31	1101
2017	94	206	43	1067
2018	90	190	47	1007
2019	99	156	42	956
2020	87	76	37	1032
2021	104	92	39	982
2022	87	71	44	974

Sources: Iowa Department of Agriculture and Land Stewardship, Indiana Horse Racing Annual Report 2023, Minnesota Racing Commission Biennial Report 2021-2022, 2017 MRC Annual Report and Oklahoma Horse Racing Commission
Notes: Quarter Horse programs register all mares foaling in Indiana for purposes of having an Indiana-bred or sired registered foal, Oklahoma foal data for the years 2020-2022 may be slightly under reported due to pending registration status, data for Oklahoma is as of June 28, 2024.

Numbers of Iowa foals born will not match the number of foals reported by the Jockey Club.

Figure 170 Iowa Racing Foal Data

Iowa Foals Born											
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Quarterhorse	120	88	121	77	94	90	99	87	104	87	105
Standardbred	226	232	226	233	254	277	301	292	279	264	277
Thoroughbred	293	274	292	220	220	208	167	170	171	175	212
Total Number of Foals Born	639	594	639	530	568	575	567	549	554	526	594

Source: Iowa Department of Agriculture and Land Stewardship

Figure 171 Iowa Mares In-Foal Data

Iowa Mares In-Foal											
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Active Quarterhorse	138	152	126	123	125	129	122	124	95	131	144
Active Standardbred	335	330	329	359	400	461	435	389	383	374	447
Active Thoroughbred	387	375	297	293	271	227	210	206	202	235	217
Total Number of Active Mares	860	857	752	775	796	817	767	719	680	740	808

Source: Iowa Department of Agriculture and Land Stewardship

Figure 172 Iowa Mare Standing Report

Iowa Mare Standing Report											
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Active Quarterhorse	194	205	173	179	183	182	186	172	163	202	255
Active Standardbred	412	411	422	447	512	551	536	516	476	502	584
Active Thoroughbred	538	534	479	489	440	398	371	343	317	346	344
Total Number of Active Mares	1144	1150	1074	1115	1135	1131	1093	1031	956	1050	1183

Source: Iowa Department of Agriculture and Land Stewardship

Figure 173 Iowa Active Stallion Data

Iowa Active Stallions												
Breed	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Quarterhorse	n/a	n/a	n/a	24	n/a	n/a	n/a	16	n/a	20	20	12
Standardbred	n/a	n/a	n/a	41	n/a	n/a	n/a	39	n/a	46	51	57
Thoroughbred	n/a	n/a	n/a	33	n/a	n/a	n/a	20	n/a	15	15	11
Total Number of Active Stallions	0	0	0	98	0	0	0	75	0	81	86	80
Total Number of Active Stallion Owners	n/a	n/a	n/a	70	n/a	n/a	n/a	61	n/a	65	67	61

Source: Iowa Department of Agriculture and Land Stewardship

Figure 174 Iowa Combined Residency Purse Report

Combined Total Quarter Horse & Thoroughbred									
	Total			Iowa Resident			Non-Iowa Resident		
Year	2021	2022	2023	2021	2022	2023	2021	2022	2023
Open Purses	$9,339,115	$9,774,180	$10,147,578	$1,212,604	$1,459,170	$1,669,856	$8,126,511	$8,315,010	$8,477,722
Restricted Purses	$5,628,518	$6,347,620	$6,663,034	$2,993,804	$3,304,455	$3,746,329	$2,634,715	$3,043,165	$2,916,706
Supplement Open	$257,395	$433,046	$331,476	$153,998	$285,422	$171,651	$103,396	$147,624	$159,824
Supplement Restricted	$2,506,633	$2,687,594	$2,825,087	$1,379,123	$1,434,179	$1,615,460	$1,127,510	$1,253,415	$1,209,627
Total Purse & Supplement	$17,731,661	$19,242,440	$19,967,175	$5,739,529	$6,483,226	$7,203,296	$11,992,132	$12,759,214	$12,763,879
				32.37%	**33.69%**	**36.08%**	67.63%	66.31%	63.92%
Total Iowa-bred Payouts to Non-Iowa Residents	$4,166,438	$4,841,820	$4,691,641				$4,166,438	$4,841,820	$4,691,641
Total Investment in Iowa Program	$9,905,967	$11,325,046	$11,894,937	$5,739,529	$6,483,226	$7,203,296	$4,166,438	$4,841,820	$4,691,641
	100%	100%	100%	**57.9%**	**57.2%**	**60.6%**	42.1%	42.8%	39.4%

Source: IRGC

Note: In 2023 there were 768 races, 478 open and 290 restricted.

In 2023 there were 556 Thoroughbred races, 324 open and 232 restricted races.

In 2023 there were 212 Quarter Horse races, 154 open and 58 restricted races.

Figure 175 Thoroughbred Foal Crops by State

Thoroughbred Foal Crops by State							
State by 2022 Ranking	**2013 Reg. Foals**	**Pct. US Crop**	**2021 Reg. Foals**	**Pct. US Crop**	**2022 Reg. Foals**	**Pct. US Crop**	**Pct. Chg. 2013-22**
Kentucky	7,408	34.6	7,893	44.8	7,698	46	3.9
New York	1,468	6.8	1,257	7.1	1,316	7.9	-10.4
California	1,695	7.9	1,309	7.4	1,303	7.8	-23.1
Florida	2,162	10.1	1,327	7.5	1,141	6.8	-47.2
Louisiana	1,528	7.1	811	4.6	766	4.6	-49.9
Maryland	448	2.1	695	3.9	575	3.4	28.3
Pennsylvania	898	4.2	638	3.6	511	3.1	-43.1
Indiana	602	2.8	430	2.4	430	2.6	-28.6
Oklahoma	662	3.1	351	2	370	2.2	-44.1
Ohio	321	1.5	386	2.2	356	2.1	10.9
Texas	593	2.8	343	1.9	341	2	-42.5
West Virginia	609	2.8	329	1.9	327	2	-46.3
New Mexico	612	2.9	330	1.9	275	1.6	-55.1
Arkansas	248	1.2	285	1.6	263	1.6	6
Iowa	262	1.2	156	0.9	156	0.9	-40.5
Virginia	150	0.7	117	0.7	127	0.8	-15.3
Washington	284	1.3	150	0.9	124	0.7	-56.3
Illinois	406	1.9	138	0.8	119	0.7	-70.7
Minnesota	233	1.1	131	0.7	108	0.6	-53.6
New Jersey	152	0.7	114	0.6	96	0.6	-36.8
Arizona	128	0.6	98	0.6	88	0.5	-31.3
Nebraska	35	0.2	90	0.5	74	0.4	111.4
Oregon	58	0.3	26	0.1	39	0.2	-32.8
Colorado	93	0.4	42	0.2	34	0.2	-63.4
Wyoming	5	0	34	0.2	30	0.2	500
North Dakota	20	0.1	17	0.1	17	0.1	-15
Montana	18	0.1	4	0	9	0.1	-50
Tennessee	24	0.1	5	0	8	0	-66.7
South Carolina	23	0.1	13	0.1	5	0	-78.3
Utah	13	0.1	14	0.1	5	0	-61.5
Alabama	33	0.2	17	0.1	5	0	-84.8
Kansas	24	0.1	6	0	5	0	-79.2
Michigan	48	0.2	11	0.1	4	0	-91.7
North Carolina	11	0.1	3	0	4	0	-63.6
Virgin Islands	2	0	2	0	3	0	50
Wisconsin	3	0	6	0	3	0	0
Massachusetts	41	0.2	7	0	3	0	-92.7
Missouri	11	0.1	4	0	3	0	-72.7
Idaho	64	0.3	13	0.1	2	0	-96.9
Georgia	7	0	1	0	2	0	-71.4
Nevada	1	0	1	0	1	0	0
Rhode Island	0	0	0	0	1	0	0
Mississippi	3	0	1	0	0	0	0
Vermont	0	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0
Delaware	5	0	0	0	0	0	0
South Dakota	18	0.1	4	0	0	0	0
Hawaii	1	0	0	0	0	0	0
New Hampshire	1	0	0	0	0	0	0
Maine	0	0	0	0	0	0	0
Total US	21,431		17,609		16,747		-21.9

Source: The 2023 American Racing Manual, The Jockey Club

Appendix #5 Race Conditions at Prairie Meadows and Stake Race Data

Figure 176 Prairie Meadows Stake Race vs. Non-Stake Race Comparison

Prairie Meadows Comparison Data - Stake Races and Non-Stake Races								
Race Type	Breed	Year	Races	Starts	Total Earnings	Mean WPS Pool	Mean Exotic Pool Single	Avg Field Size
Non-stakes	QH	2021	169	1,158	$ 1,857,143	$ 9,315	$ 14,551	6.9
Non-stakes	QH	2022	172	1,103	$ 2,332,672	$ 8,634	$ 13,153	6.4
Non-stakes	QH	2023	190	1,304	$ 2,664,722	$ 10,393	$ 17,202	6.9
Non-stakes	QH	2021-23	531	3,565	$ 6,854,537	$ 9,480	$ 15,047	6.7
Stakes	QH	2021	22	183	$ 1,543,669	$ 15,248	$ 20,778	8.3
Stakes	QH	2022	23	183	$ 1,552,874	$ 16,844	$ 26,036	8.0
Stakes	QH	2023	22	182	$ 1,608,501	$ 22,856	$ 36,222	8.3
Stakes	QH	2021-23	67	548	$ 4,705,044	$ 18,294	$ 27,654	8.2
Non-stakes	TB	2021	566	3,639	$ 12,623,013	$ 22,784	$ 31,237	6.4
Non-stakes	TB	2022	539	3,525	$ 13,136,249	$ 22,305	$ 30,166	6.5
Non-stakes	TB	2023	512	3,213	$ 13,112,556	$ 21,637	$ 26,550	6.3
Non-stakes	TB	2021-23	1617	10,377	$ 38,871,818	$ 22,261	$ 29,395	6.4
Stakes	TB	2021	30	210	$ 2,870,394	$ 59,238	$ 58,954	7.0
Stakes	TB	2022	34	237	$ 3,363,172	$ 61,102	$ 58,584	7.0
Stakes	TB	2023	44	306	$ 3,787,261	$ 47,696	$ 48,252	7.0
Stakes	TB	2021-23	108	753	$ 10,020,827	$ 55,122	$ 54,478	7.0

Sources: Daily Racing Form Charts & RGE

Figure 177 Prairie Meadows Thoroughbred Stake Race Data

Prairie Meadows Thoroughbred Stake Data									
Race_Type	Breed	Year	Races	Starts	Total Earnings	Median Earnings	Mean WPS_Pool	Mean Exotic_Pool _Single	Avg Field Size
HCP	TB	2023	10	61	$ 455,138	$ 50,247	$ 24,150	$ 29,982	6.1
HCP	TB	2021-23	10	61	$ 455,138	$ 50,247	$ 24,150	$ 29,982	6.1
STK	TB	2021	30	210	$ 2,870,394	$ 87,163	$ 59,238	$ 58,954	7.0
STK	TB	2022	34	237	$ 3,363,172	$ 96,303	$ 61,102	$ 58,584	7.0
STK	TB	2023	34	245	$ 3,332,123	$ 96,655	$ 54,621	$ 53,626	7.2
STK	TB	2021-23	98	692	$ 9,565,689	$ 91,866	$ 58,283	$ 56,977	7.1

Sources: Daily Racing Form Charts & RGE

Figure 178 Prairie Meadows Quarter Horse Stake Race Data

Prairie Meadows Quarter Horse Stake Race Data									
Race_Type	**Breed**	**Year**	**Races**	**Starts**	**Total Earnings**	**Median Earnings**	**Mean WPS_Pool**	**Mean Exotic_Pool_Single**	**Avg Field Size**
DBY	QH	2021	5	47	$ 397,618	$ 64,510	$ 15,190	$ 21,641	9.4
DBY	QH	2022	6	56	$ 487,727	$ 81,800	$ 14,526	$ 23,444	9.3
DBY	QH	2023	6	47	$ 451,711	$ 72,278	$ 22,711	$ 36,357	7.8
DBY	QH	2021-23	17	150	$ 1,337,056	$ 64,510	$ 17,610	$ 27,471	8.8
FUT	QH	2021	6	54	$ 731,358	$ 120,187	$ 13,781	$ 18,228	9.0
FUT	QH	2022	6	52	$ 704,593	$ 98,122	$ 22,821	$ 35,519	8.7
FUT	QH	2023	6	58	$ 755,760	$ 118,250	$ 30,309	$ 48,176	9.7
FUT	QH	2021-23	18	164	$ 2,191,711	$ 108,240	$ 22,303	$ 33,974	9.1
INS	QH	2021	1	10	$ 20,000	$ 20,000	$ 16,914	$ 27,172	10.0
INS	QH	2023	1	10	$ 22,500	$ 22,500	$ 26,823	$ 50,493	10.0
INS	QH	2021-23	2	20	$ 42,500	$ 21,250	$ 21,869	$ 38,833	10.0
STK	QH	2021	10	72	$ 394,693	$ 35,000	$ 15,991	$ 21,237	7.2
STK	QH	2022	11	75	$ 360,554	$ 32,900	$ 14,849	$ 22,277	6.8
STK	QH	2023	9	67	$ 378,530	$ 37,835	$ 17,544	$ 26,578	7.4
STK	QH	2021-23	30	214	$ 1,133,777	$ 35,000	$ 16,038	$ 23,221	7.1

Sources: Daily Racing Form Charts & RGE

Figure 179 Prairie Meadows Thoroughbred Race Data by Race Condition

Prairie Meadows Thoroughbred Race Data By Race Condition									
Race_Type	Breed	Year	Races	Starts	Total Earnings	Median Earnings	Mean WPS_Pool	Mean Exotic_Pool _Single	Avg Field Size
ALW	TB	2021	66	434	$ 2,495,242	$ 40,967	$ 28,291	$ 37,547	6.6
ALW	TB	2022	72	516	$ 2,859,277	$ 42,773	$ 26,525	$ 37,685	7.2
ALW	TB	2023	47	324	$ 1,912,928	$ 43,975	$ 28,108	$ 36,174	6.9
ALW	TB	2021-23	185	1,274	$ 7,267,447	$ 41,122	$ 27,557	$ 37,252	6.9
AOC	TB	2021	43	250	$ 1,602,249	$ 38,438	$ 21,860	$ 25,772	5.8
AOC	TB	2022	33	211	$ 1,327,093	$ 44,012	$ 23,625	$ 31,665	6.4
AOC	TB	2023	27	162	$ 1,168,814	$ 45,678	$ 22,237	$ 25,229	6.0
AOC	TB	2021-23	103	623	$ 4,098,156	$ 41,201	$ 22,524	$ 27,518	6.0
CLM	TB	2021	245	1,585	$ 3,481,329	$ 12,811	$ 21,774	$ 30,423	6.5
CLM	TB	2022	236	1,519	$ 3,623,415	$ 14,200	$ 20,183	$ 26,684	6.4
CLM	TB	2023	225	1,375	$ 3,947,450	$ 16,800	$ 19,662	$ 23,100	6.1
CLM	TB	2021-23	706	4,479	$ 11,052,194	$ 14,671	$ 20,569	$ 26,839	6.3
HCP	TB	2023	10	61	$ 455,138	$ 50,247	$ 24,150	$ 29,982	6.1
HCP	TB	2021-23	10	61	$ 455,138	$ 50,247	$ 24,150	$ 29,982	6.1
MCL	TB	2021	73	464	$ 1,089,007	$ 14,259	$ 20,093	$ 29,387	6.4
MCL	TB	2022	69	435	$ 1,160,023	$ 15,201	$ 20,850	$ 29,771	6.3
MCL	TB	2023	63	394	$ 1,173,868	$ 17,821	$ 21,533	$ 29,663	6.3
MCL	TB	2021-23	205	1,293	$ 3,422,898	$ 15,725	$ 20,791	$ 29,602	6.3
MSW	TB	2021	84	582	$ 3,016,082	$ 39,580	$ 24,659	$ 34,735	6.9
MSW	TB	2022	89	611	$ 3,403,781	$ 41,699	$ 26,002	$ 35,367	6.9
MSW	TB	2023	82	560	$ 3,186,621	$ 42,846	$ 24,437	$ 30,665	6.8
MSW	TB	2021-23	255	1,753	$ 9,606,484	$ 39,891	$ 25,056	$ 33,647	6.9
SOC	TB	2021	14	79	$ 247,297	$ 15,500	$ 16,625	$ 17,840	5.6
SOC	TB	2022	28	162	$ 518,897	$ 17,900	$ 18,927	$ 22,504	5.8
SOC	TB	2023	28	159	$ 563,492	$ 19,320	$ 20,175	$ 22,213	5.7
SOC	TB	2021-23	70	400	$ 1,329,686	$ 18,900	$ 18,966	$ 21,455	5.7
STK	TB	2021	30	210	$ 2,870,394	$ 87,163	$ 59,238	$ 58,954	7.0
STK	TB	2022	34	237	$ 3,363,172	$ 96,303	$ 61,102	$ 58,584	7.0
STK	TB	2023	34	245	$ 3,332,123	$ 96,655	$ 54,621	$ 53,626	7.2
STK	TB	2021-23	98	692	$ 9,565,689	$ 91,866	$ 58,283	$ 56,977	7.1
STR	TB	2021	18	107	$ 312,104	$ 16,000	$ 26,078	$ 33,566	5.9
STR	TB	2022	12	71	$ 243,763	$ 19,400	$ 23,890	$ 30,977	5.9
STR	TB	2023	40	239	$ 1,159,383	$ 27,800	$ 20,189	$ 25,244	6.0
STR	TB	2021-23	70	417	$ 1,715,250	$ 21,763	$ 22,338	$ 28,367	6.0
WCL	TB	2021	22	131	$ 364,133	$ 15,592	$ 22,424	$ 31,858	6.0
WCL	TB	2021-23	22	131	$ 364,133	$ 15,592	$ 22,424	$ 31,858	6.0
WMC	TB	2021	1	7	$ 15,570	$ 15,570	$ 20,305	$ 20,784	7.0
WMC	TB	2021-23	1	7	$ 15,570	$ 15,570	$ 20,305	$ 20,784	7.0

Sources: Daily Racing Form Charts & RGE

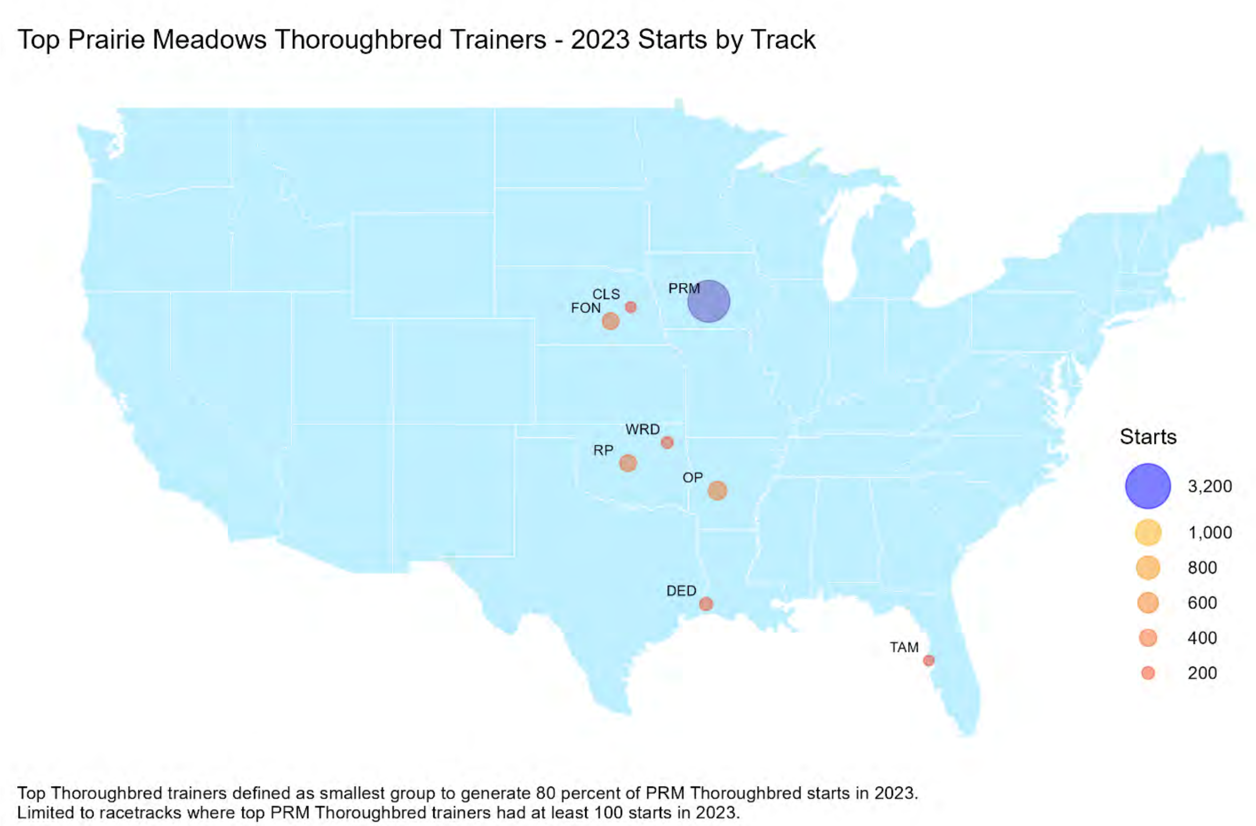
Figure 180 Prairie Meadows Quarter Horse Race Data by Race Condition

Prairie Meadows Quarter Horse Race Data By Race Condition									
Race_Type	**Breed**	**Year**	**Races**	**Starts**	**Total Earnings**	**Median Earnings**	**Mean WPS_Pool**	**Mean Exotic Pool Single**	**Avg Field Size**
ALW	QH	2021	27	175	$ 353,315	$ 12,650	$ 9,571	$ 13,922	6.5
ALW	QH	2022	36	220	$ 613,383	$ 17,111	$ 8,756	$ 12,580	6.1
ALW	QH	2023	49	311	$ 818,408	$ 16,005	$ 9,382	$ 14,997	6.3
ALW	QH	2021-23	112	706	$ 1,785,106	$ 14,759	$ 9,226	$ 13,961	6.3
CLM	QH	2021	21	136	$ 214,123	$ 9,869	$ 7,297	$ 10,851	6.5
CLM	QH	2022	23	144	$ 293,651	$ 12,266	$ 6,700	$ 9,529	6.3
CLM	QH	2023	16	98	$ 201,564	$ 12,097	$ 7,356	$ 11,324	6.1
CLM	QH	2021-23	60	378	$ 709,338	$ 11,801	$ 7,084	$ 10,470	6.3
DBY	QH	2021	5	47	$ 397,618	$ 64,510	$ 15,190	$ 21,641	9.4
DBY	QH	2022	6	56	$ 487,727	$ 81,800	$ 14,526	$ 23,444	9.3
DBY	QH	2023	6	47	$ 451,711	$ 72,278	$ 22,711	$ 36,357	7.8
DBY	QH	2021-23	17	150	$ 1,337,056	$ 64,510	$ 17,610	$ 27,471	8.8
DTR	QH	2021	7	58	$ 52,500	$ 7,500	$ 16,589	$ 31,392	8.3
DTR	QH	2022	11	77	$ 98,456	$ 8,000	$ 13,234	$ 22,118	7.0
DTR	QH	2023	10	71	$ 85,432	$ 8,000	$ 11,280	$ 19,896	7.1
DTR	QH	2021-23	28	206	$ 236,388	$ 8,000	$ 13,375	$ 23,643	7.4
FTR	QH	2021	20	167	$ 162,715	$ 7,500	$ 12,198	$ 19,725	8.3
FTR	QH	2022	21	146	$ 186,806	$ 8,000	$ 11,121	$ 17,506	7.0
FTR	QH	2023	19	155	$ 189,036	$ 8,000	$ 13,903	$ 19,719	8.2
FTR	QH	2021-23	60	468	$ 538,557	$ 8,000	$ 12,361	$ 18,946	7.8
FUT	QH	2021	6	54	$ 731,358	$ 120,187	$ 13,781	$ 18,228	9.0
FUT	QH	2022	6	52	$ 704,593	$ 98,122	$ 22,821	$ 35,519	8.7
FUT	QH	2023	6	58	$ 755,760	$ 118,250	$ 30,309	$ 48,176	9.7
FUT	QH	2021-23	18	164	$ 2,191,711	$ 108,240	$ 22,303	$ 33,974	9.1
INS	QH	2021	1	10	$ 20,000	$ 20,000	$ 16,914	$ 27,172	10.0
INS	QH	2023	1	10	$ 22,500	$ 22,500	$ 26,823	$ 50,493	10.0
INS	QH	2021-23	2	20	$ 42,500	$ 21,250	$ 21,869	$ 38,833	10.0
MCL	QH	2021	32	205	$ 302,631	$ 9,000	$ 7,568	$ 11,586	6.4
MCL	QH	2022	30	190	$ 349,475	$ 11,342	$ 7,405	$ 11,684	6.3
MCL	QH	2023	30	195	$ 349,051	$ 11,054	$ 8,458	$ 14,177	6.5
MCL	QH	2021-23	92	590	$ 1,001,157	$ 10,800	$ 7,805	$ 12,463	6.4
MDN	QH	2021	45	306	$ 551,238	$ 11,000	$ 8,571	$ 13,820	6.8
MDN	QH	2022	39	252	$ 594,956	$ 13,500	$ 8,548	$ 12,965	6.5
MDN	QH	2023	50	360	$ 788,981	$ 14,000	$ 11,397	$ 20,434	7.2
MDN	QH	2021-23	134	918	$ 1,935,175	$ 14,000	$ 9,619	$ 16,039	6.9
OCL	QH	2021	13	79	$ 178,998	$ 12,951	$ 9,186	$ 12,641	6.1
OCL	QH	2022	12	74	$ 195,945	$ 15,656	$ 6,756	$ 10,269	6.2
OCL	QH	2023	13	88	$ 208,250	$ 15,500	$ 11,793	$ 19,179	6.8
OCL	QH	2021-23	38	241	$ 583,193	$ 15,500	$ 9,311	$ 14,129	6.3
STA	QH	2021	1	7	$ 13,012	$ 13,012	$ 12,753	$ 23,545	7.0
STA	QH	2021-23	1	7	$ 13,012	$ 13,012	$ 12,753	$ 23,545	7.0
STK	QH	2021	10	72	$ 394,693	$ 35,000	$ 15,991	$ 21,237	7.2
STK	QH	2022	11	75	$ 360,554	$ 32,900	$ 14,849	$ 22,277	6.8
STK	QH	2023	9	67	$ 378,530	$ 37,835	$ 17,544	$ 26,578	7.4
STK	QH	2021-23	30	214	$ 1,133,777	$ 35,000	$ 16,038	$ 23,221	7.1
TRL	QH	2021	3	25	$ 28,611	$ 9,508	$ 14,172	$ 20,219	8.3
TRL	QH	2023	3	26	$ 24,000	$ 8,000	$ 14,442	$ 27,488	8.7
TRL	QH	2021-23	6	51	$ 52,611	$ 8,754	$ 14,307	$ 23,853	8.5

Sources: Daily Racing Form Charts & RGE

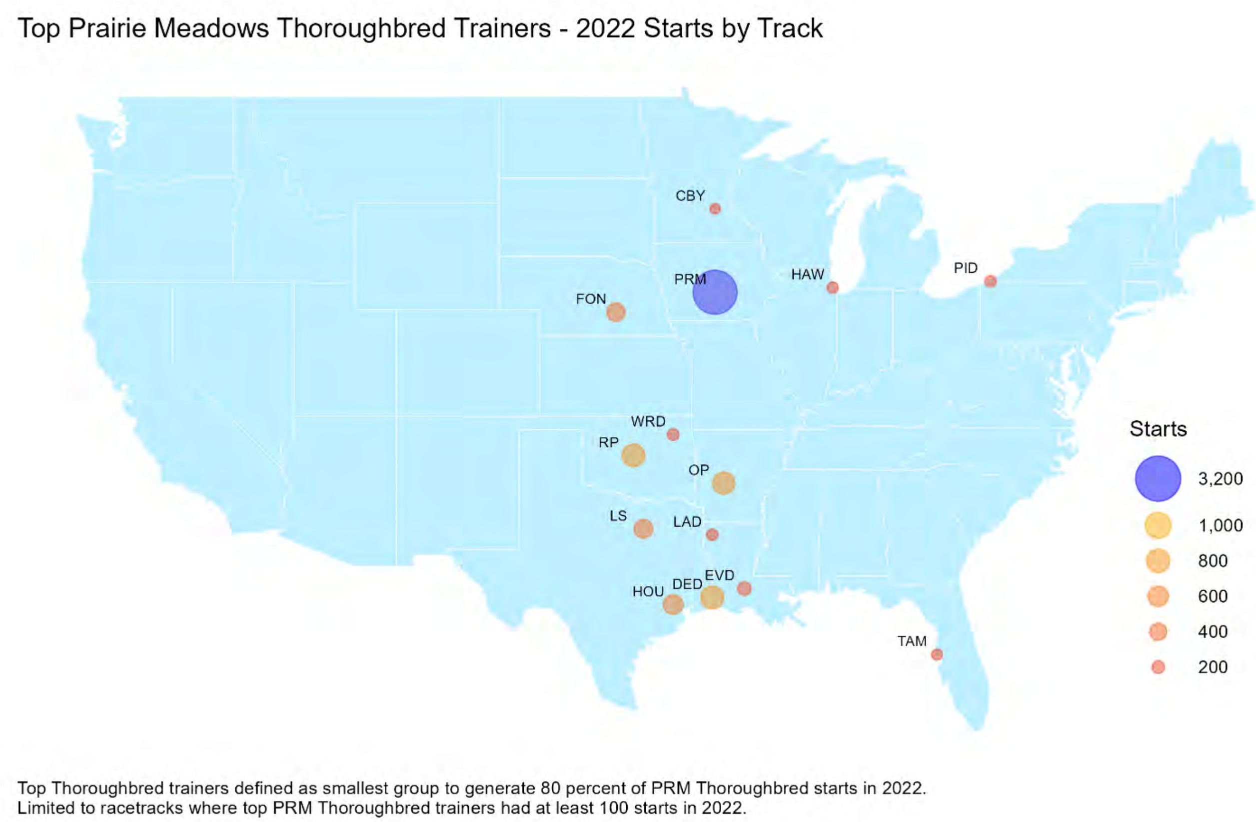
Appendix #6 Migration Maps, Trainers, Jockeys and Owner Residency

Figure 181 Prairie Meadows 2023 Thoroughbred Trainers Migration Map



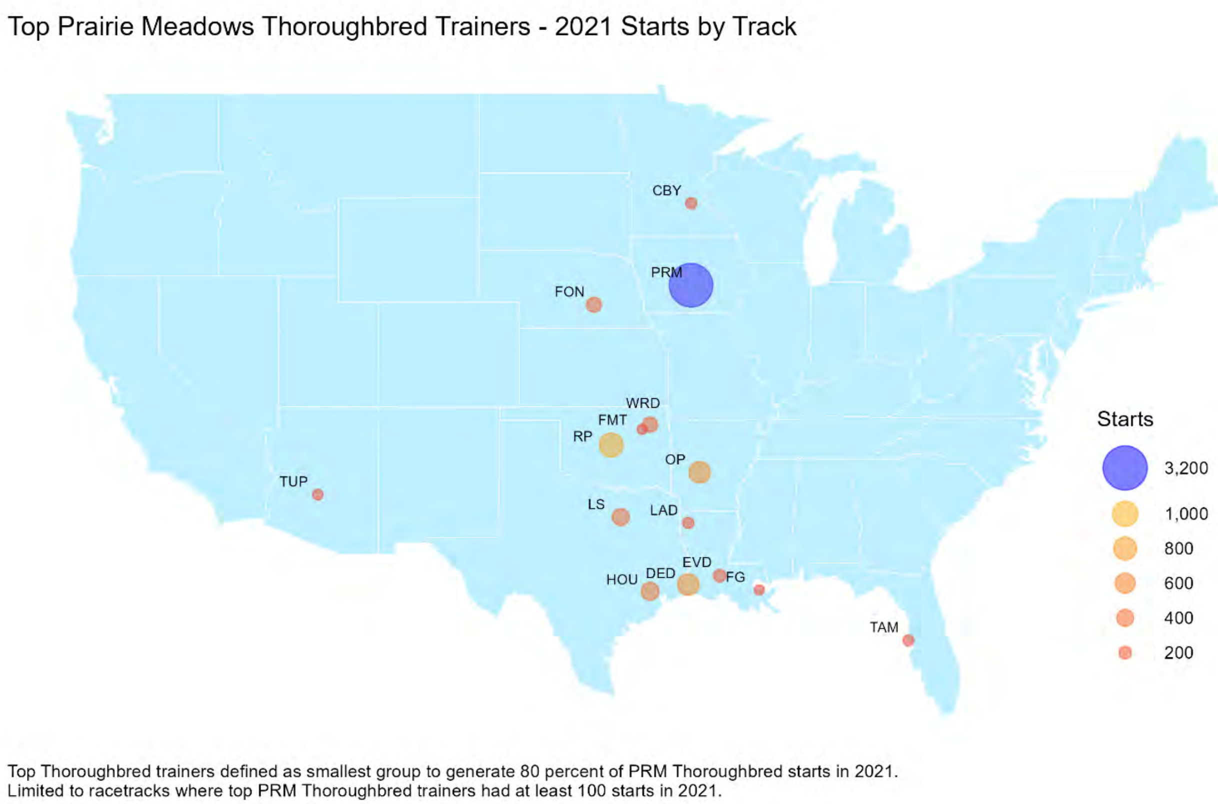
Sources: Daily Racing Form Charts & RGE

Figure 182 Prairie Meadows 2022 Thoroughbred Trainers Migration Map



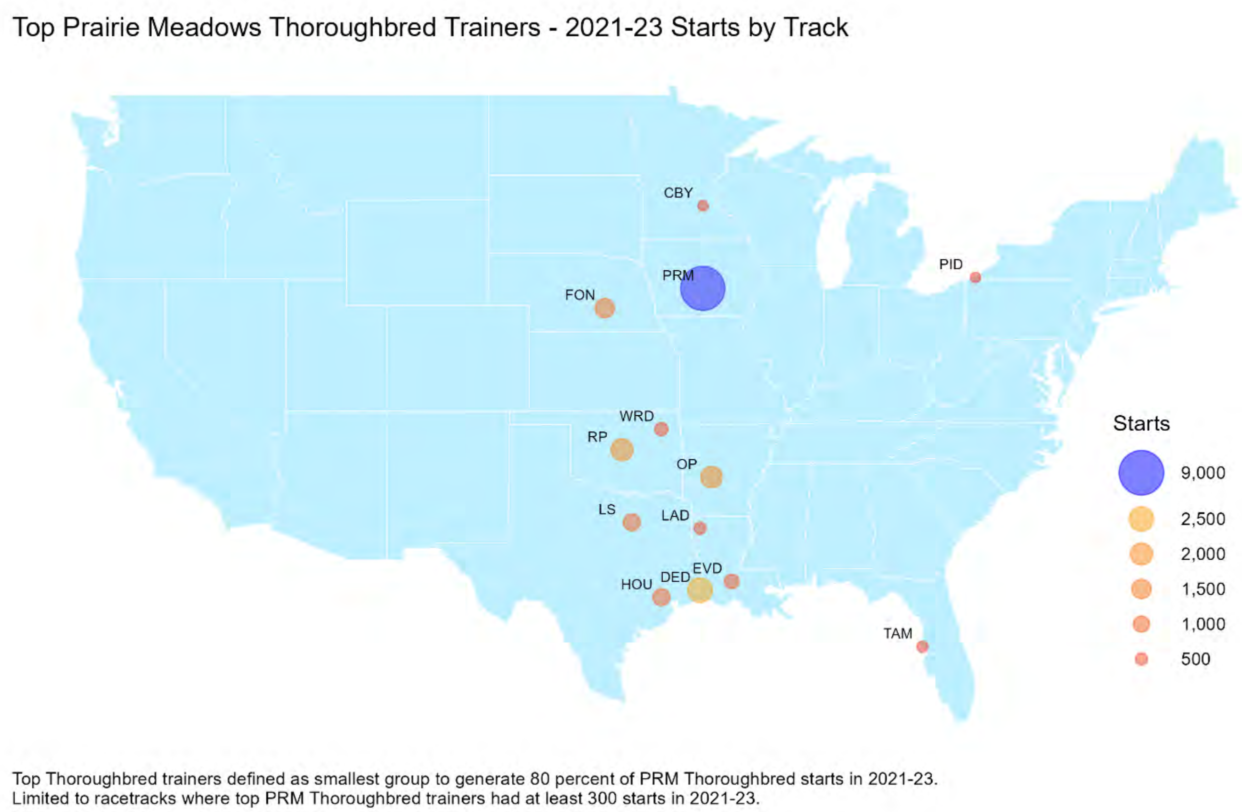
Sources: Daily Racing Form Charts & RGE

Figure 183 Prairie Meadows 2021 Thoroughbred Trainers Migration Map



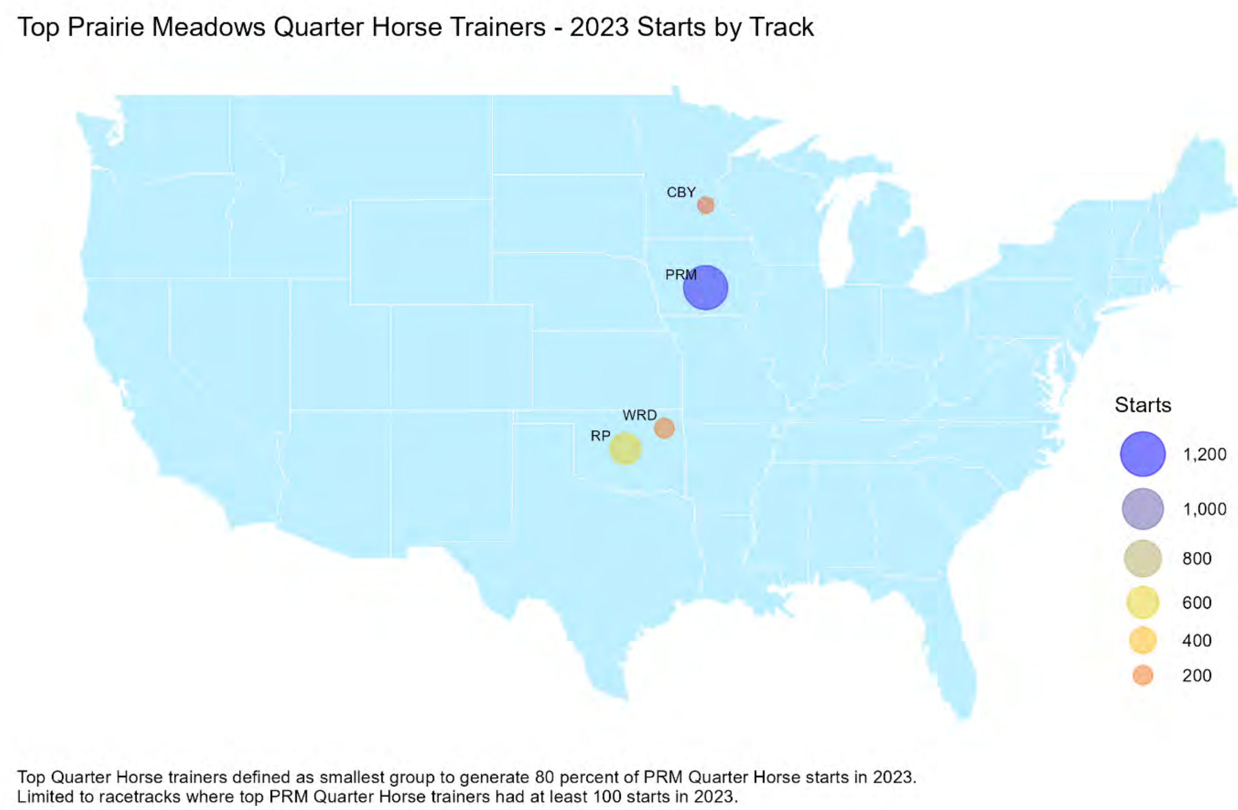
Sources: Daily Racing Form Charts & RGE

Figure 184 Prairie Meadows 2021-23 Thoroughbred Trainers Migration Map



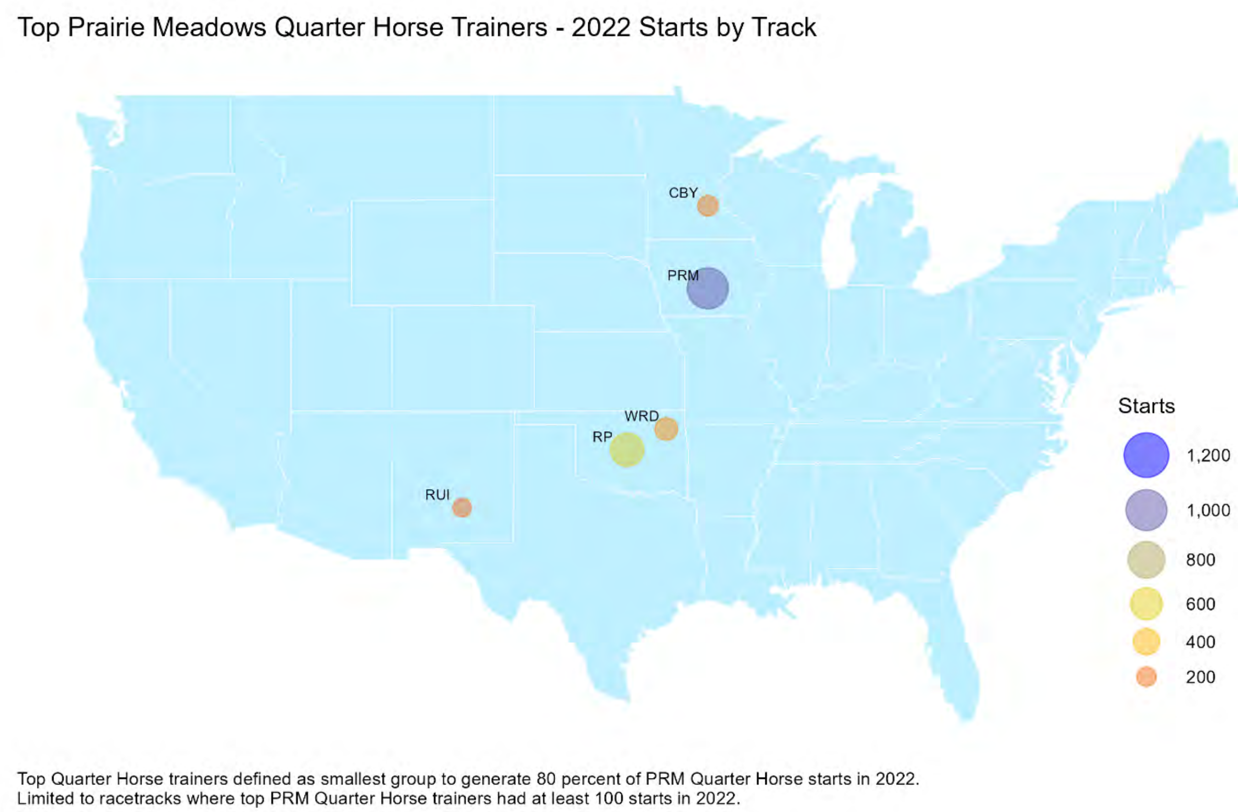
Sources: Daily Racing Form Charts & RGE

Figure 185 Prairie Meadows 2023 Quarter Horse Trainer Migration Map



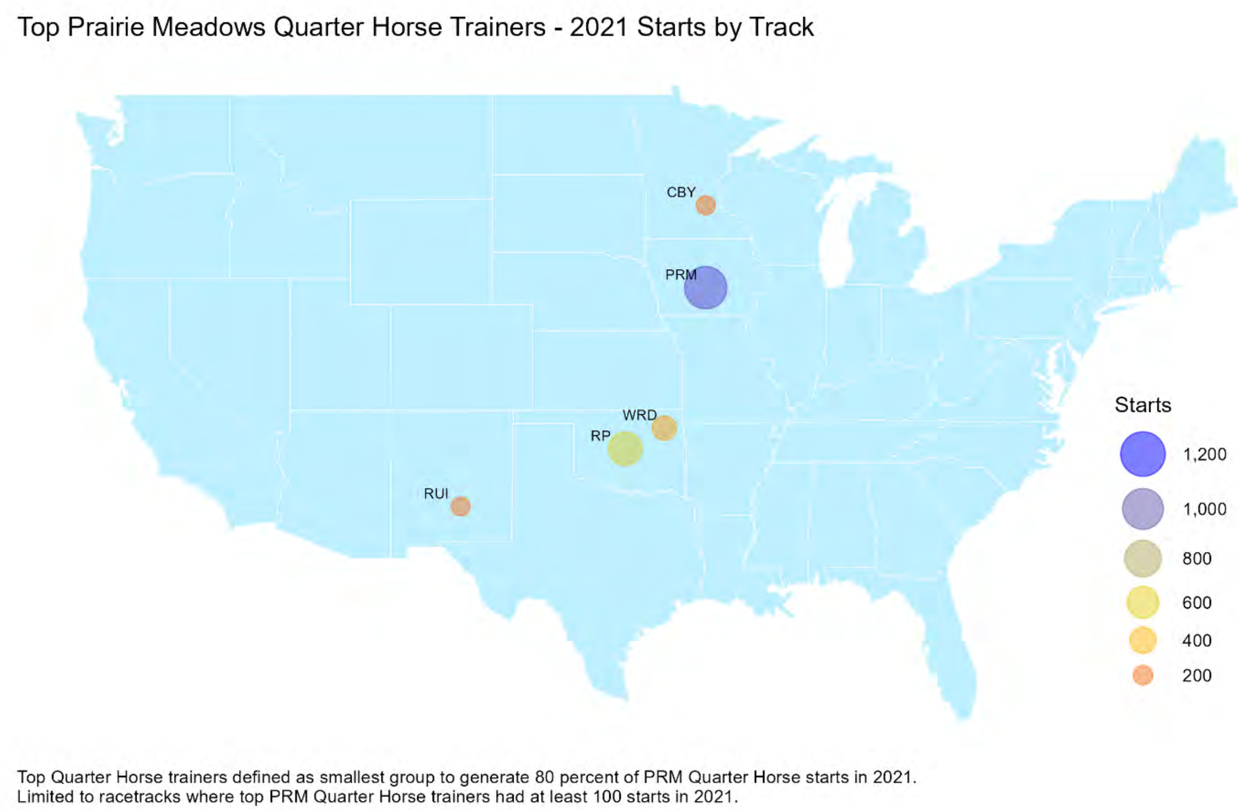
Sources: Daily Racing Form Charts & RGE

Figure 186 Prairie Meadows 2022 Quarter Horse Trainer Migration Map



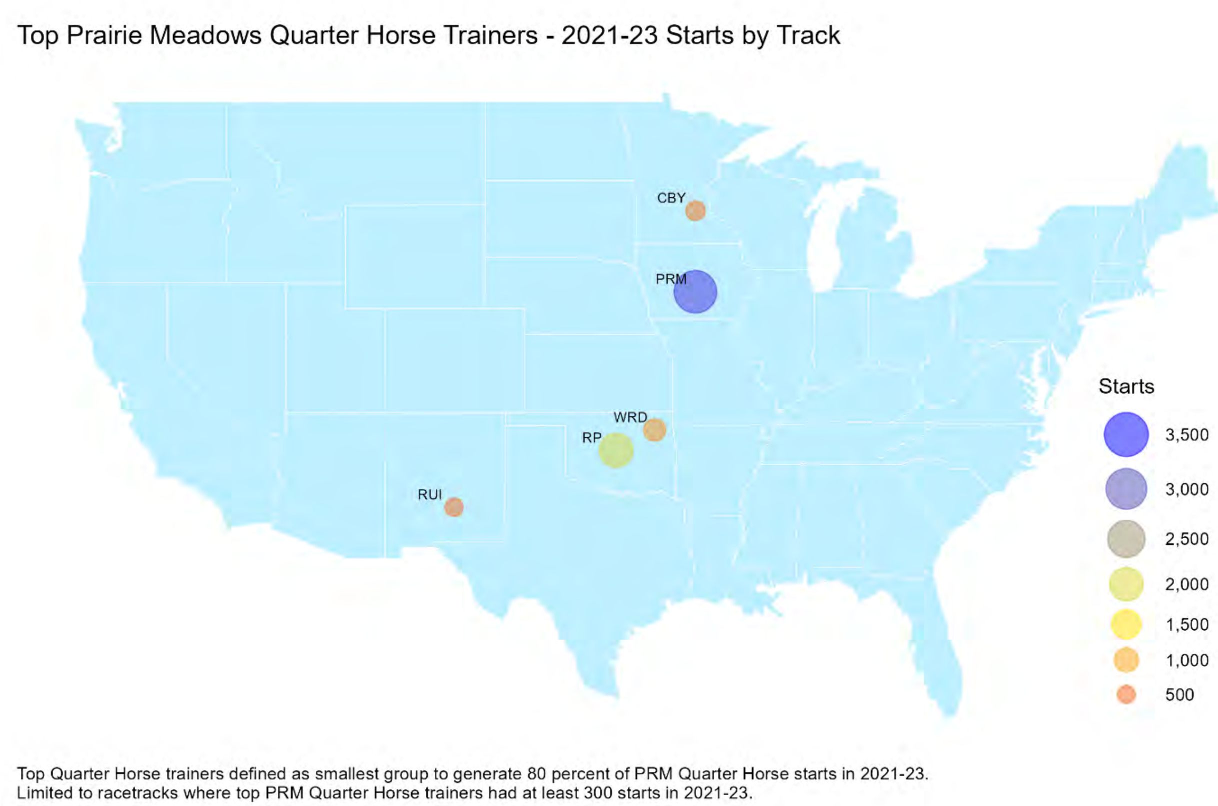
Sources: Daily Racing Form Charts & RGE

Figure 187 Prairie Meadows 2021 Quarter Horse Trainer Migration Map



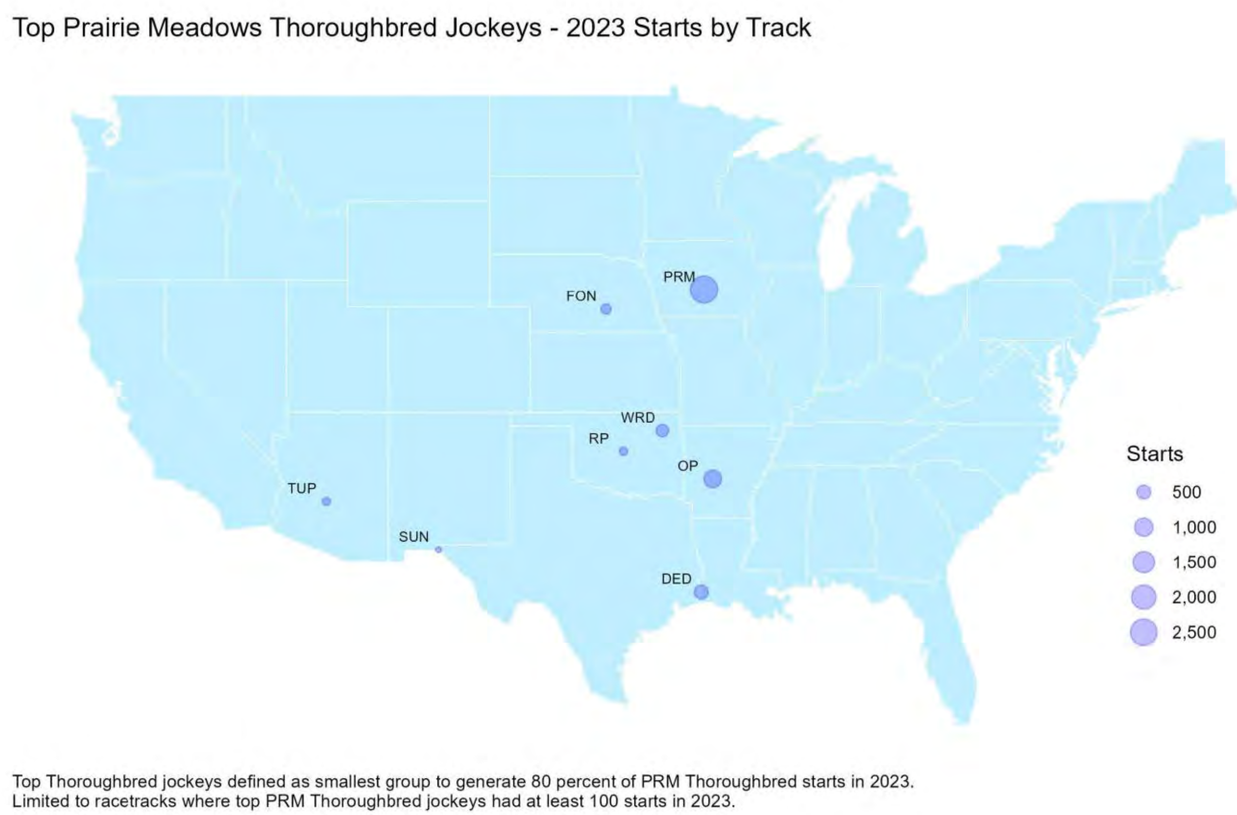
Sources: Daily Racing Form Charts & RGE

Figure 188 Prairie Meadows 2021-23 Quarter Horse Trainer Migration Map



Sources: Daily Racing Form Charts & RGE

Figure 189 Prairie Meadows 2023 Thoroughbred Jockey Migration Map

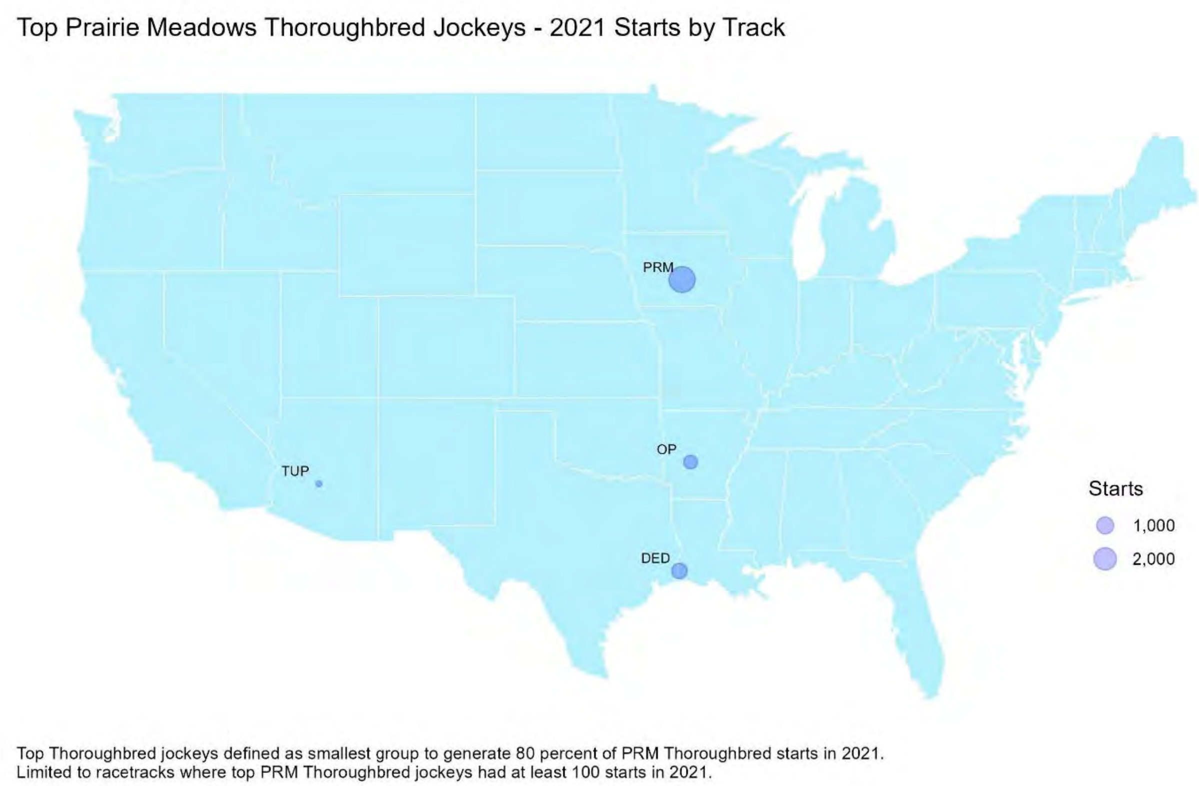


Sources: Daily Racing Form Charts & RGE

Figure 190 Prairie Meadows 2022 Thoroughbred Jockey Migration Map

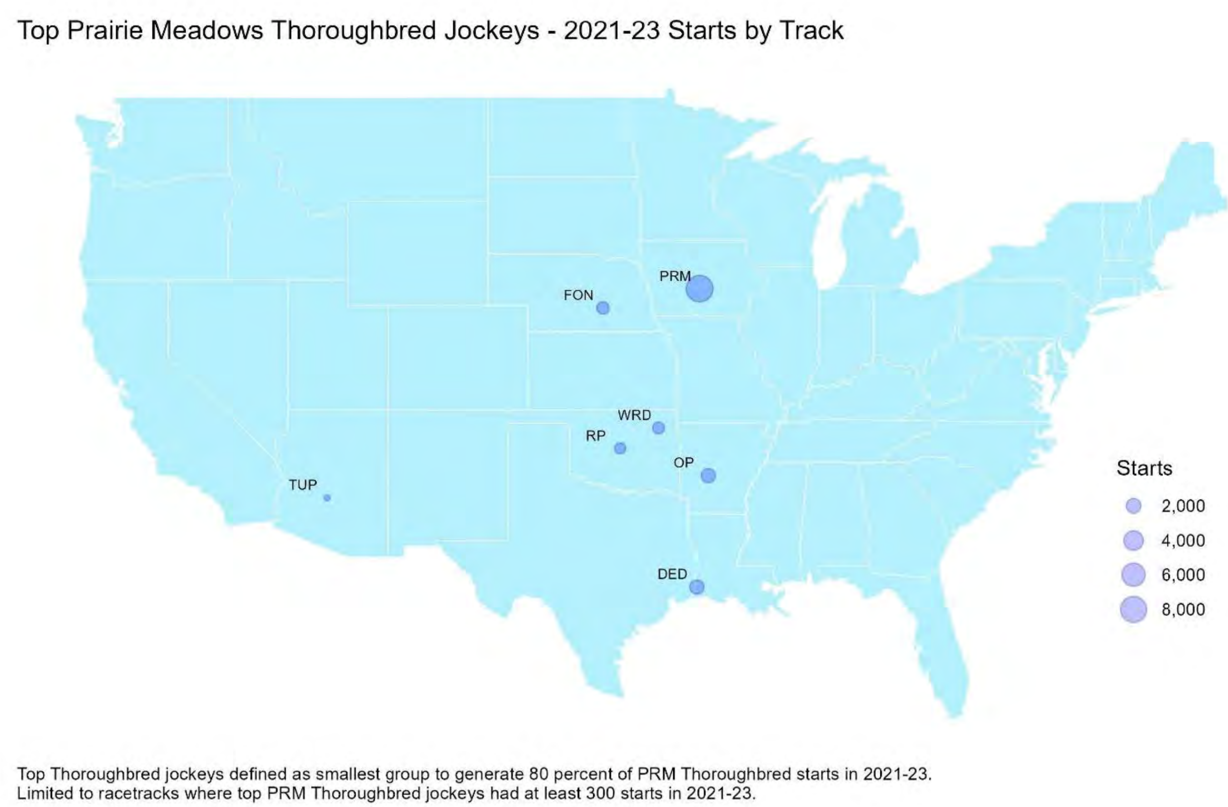
Sources: Daily Racing Form Charts & RGE

Figure 191 Prairie Meadows 2021 Thoroughbred Jockey Migration Map



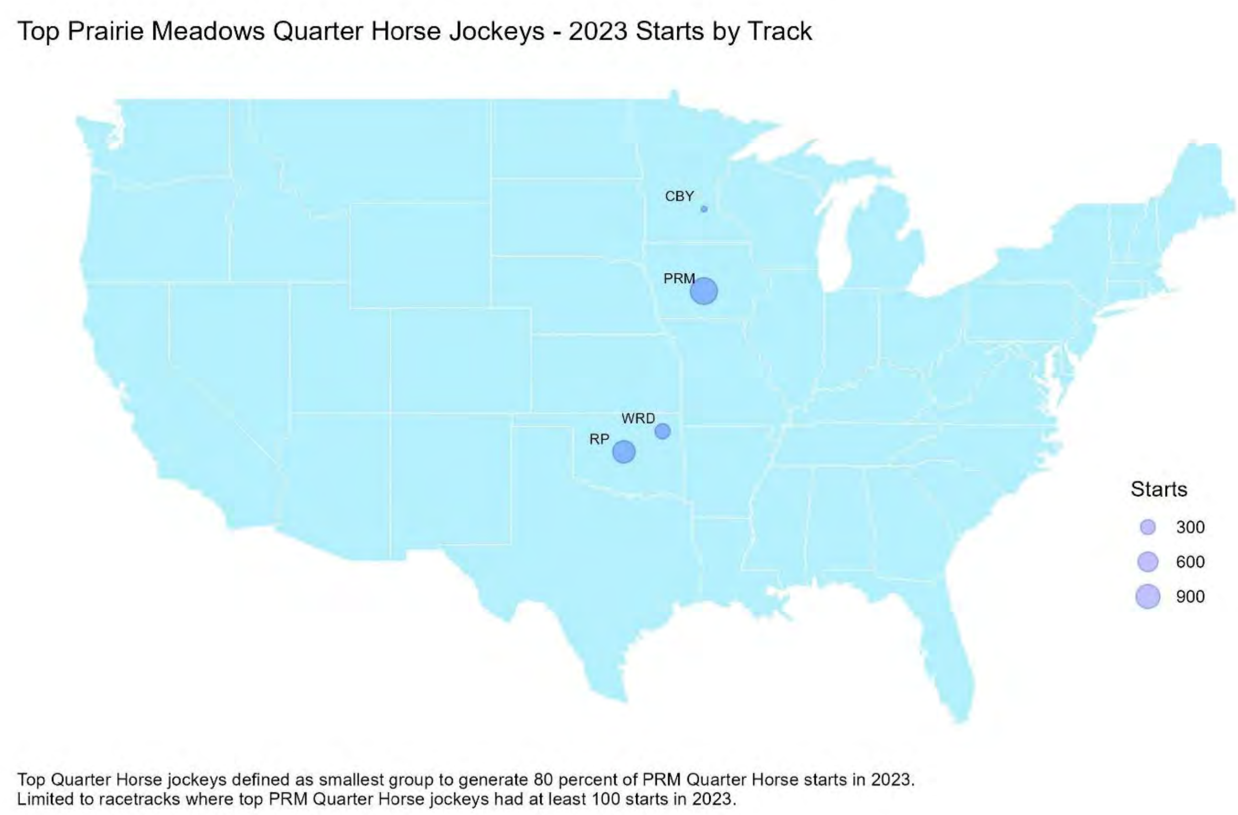
Sources: Daily Racing Form Charts & RGE

Figure 192 Prairie Meadows 2021-23 Thoroughbred Jockey Migration Map



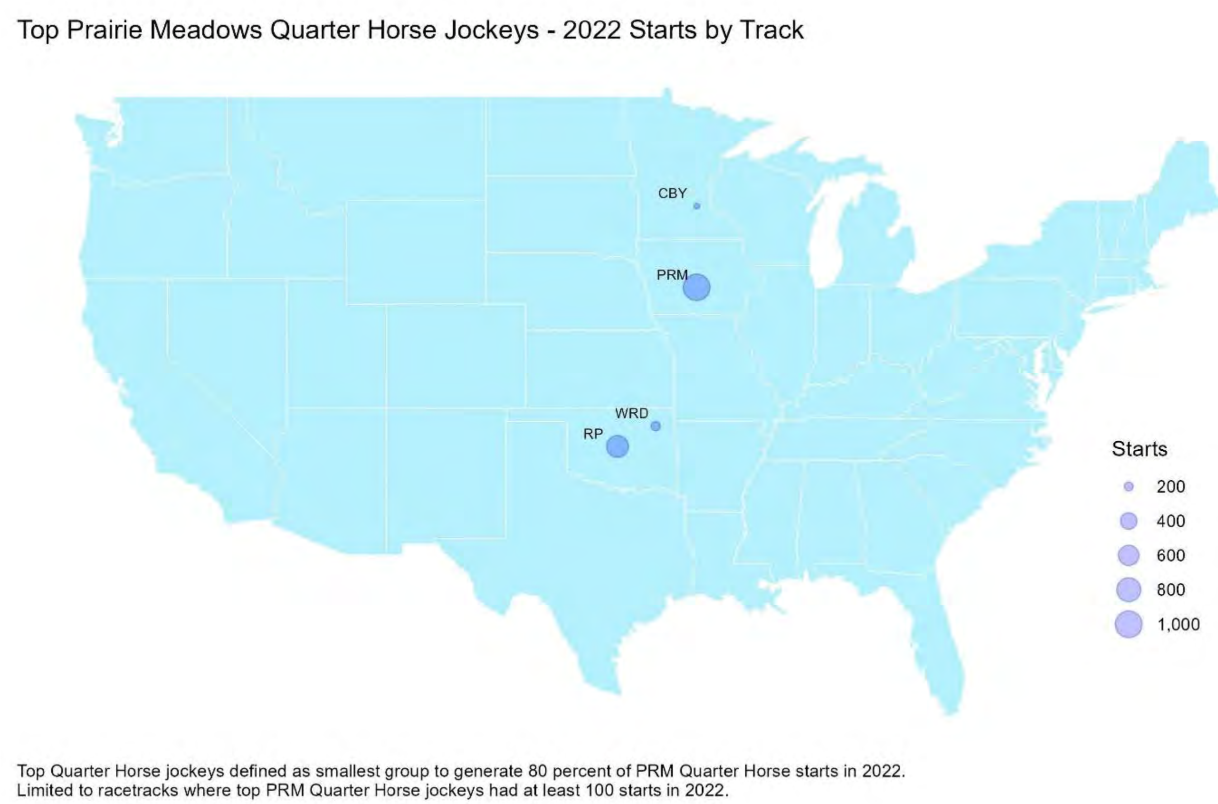
Sources: Daily Racing Form Charts & RGE

Figure 193 Prairie Meadows 2023 Quarter Horse Jockey Migration Map



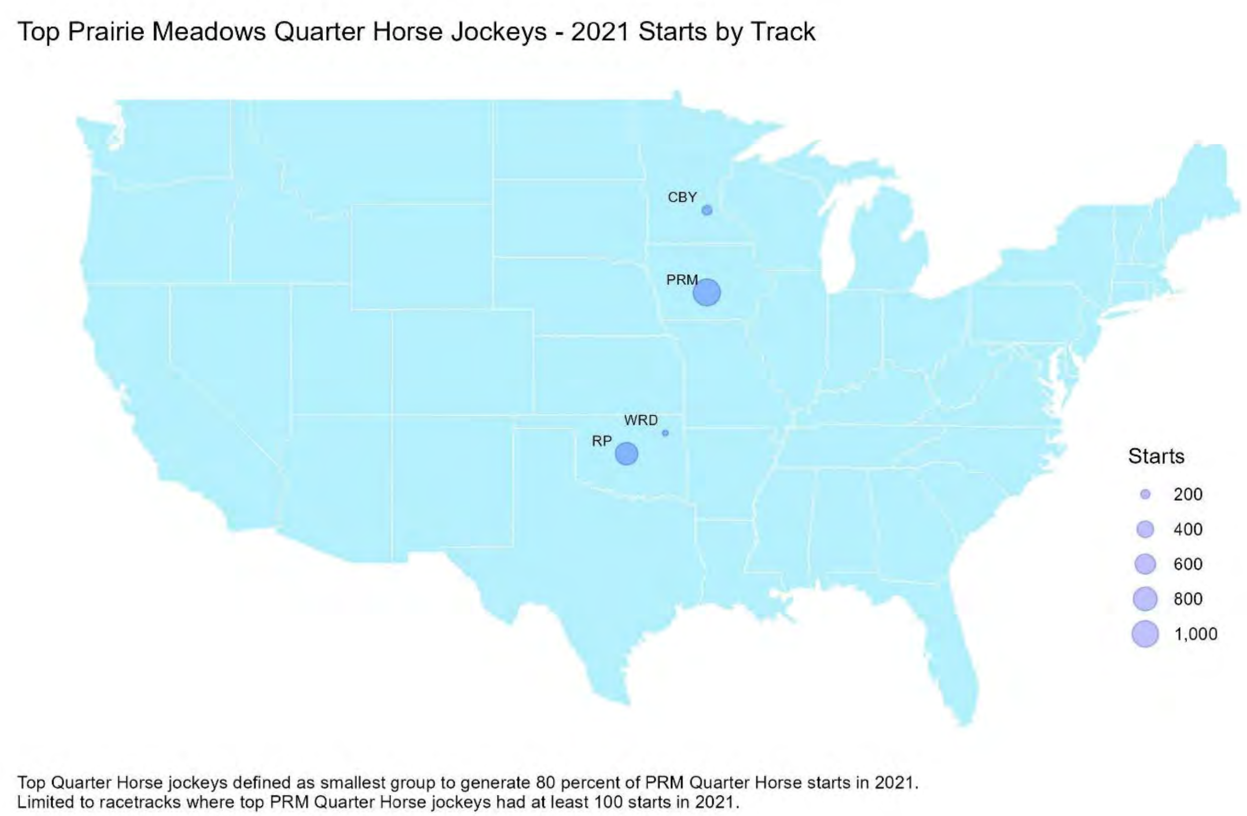
Sources: Daily Racing Form Charts & RGE

Figure 194 Prairie Meadows 2022 Quarter Horse Jockey Migration Map



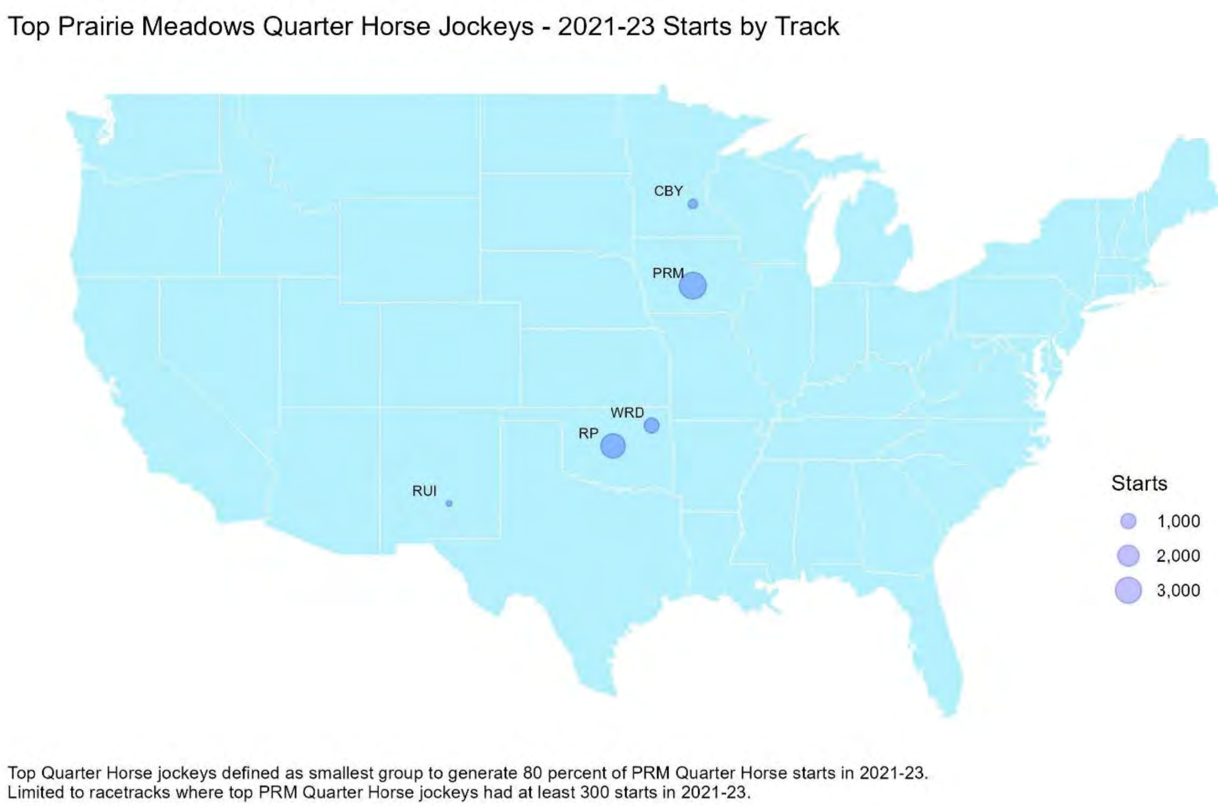
Sources: Daily Racing Form Charts & RGE

Figure 195 Prairie Meadows 2021 Quarter Horse Jockey Migration Map



Sources: Daily Racing Form Charts & RGE

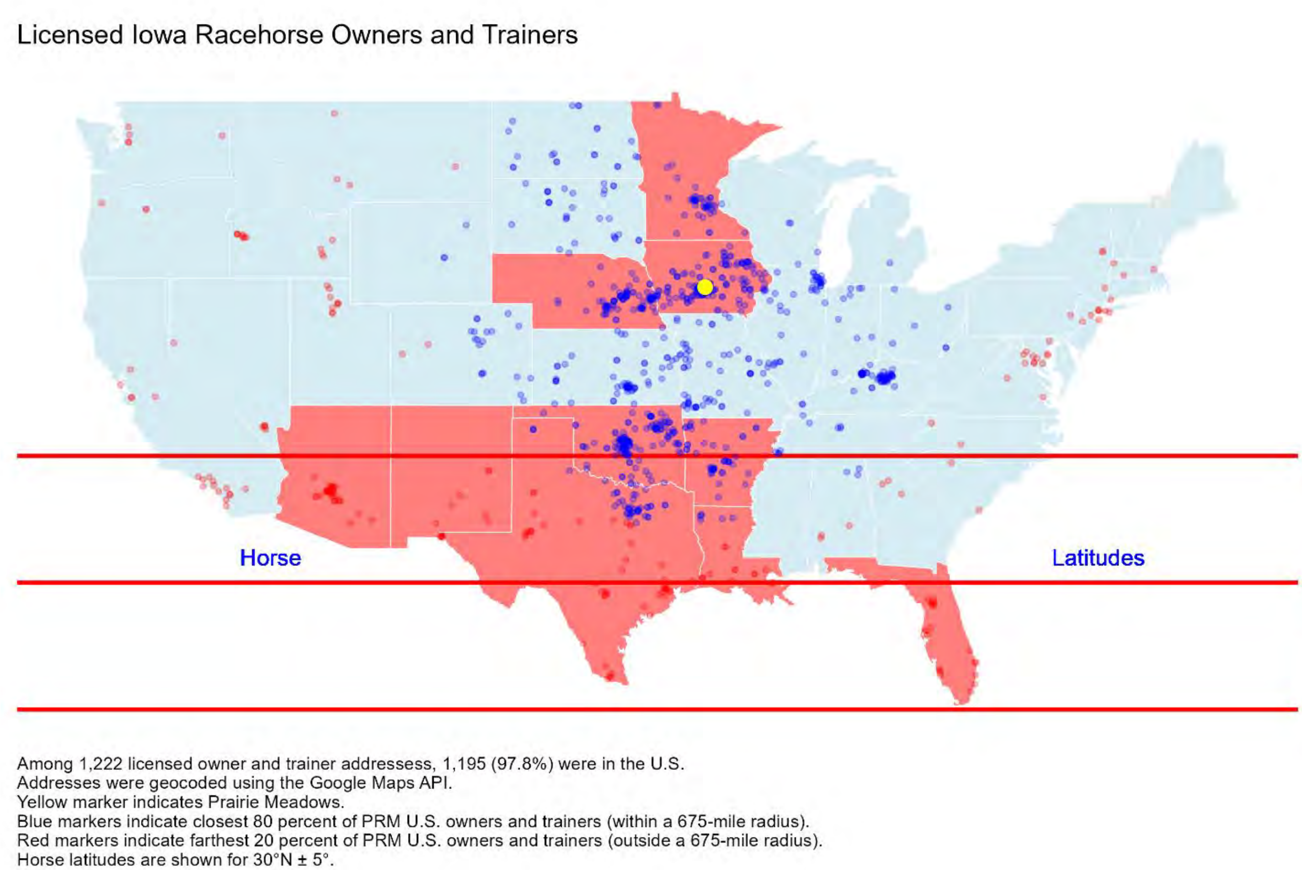
Figure 196 Prairie Meadows 2021-23 Quarter Horse Jockey Migration Map



Sources: Daily Racing Form Charts & RGE

Map of Residence of Iowa Licensed Owners and Trainers

Figure 197 Residence Map of Iowa Licensed Owners & Trainers



Sources: IRGC & RGE

Appendix #7 Turf Races Versus Dirt Races Analysis

In this analysis we compared all dirt races vs. all turf races

Figure 198 2021 Turf vs. Dirt Comparisons

2021 Turf vs. Dirt Comparisons									
Track	Number of Races		Avg. Field Size		Mean Total Handle Single Race		Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf	Dirt	Turf	Dirt	Turf			
BTP	666	78	6.3	8.1	$ 97,117	$ 123,064	28.6%	26.7%	10.5%
CBY	359	180	6.9	8.1	$ 115,940	$ 146,952	17.4%	26.7%	33.4%
EVD	570	141	7.1	7.3	$ 116,565	$ 112,831	2.8%	-3.2%	19.8%
HAW	371	44	7.2	9.1	$ 155,526	$ 197,370	26.4%	26.9%	10.6%
IND	803	195	6.8	8.3	$ 156,699	$ 209,872	22.1%	33.9%	19.5%
LAD	450	136	6.4	7.5	$ 64,116	$ 72,626	17.2%	13.3%	23.2%
RP	485	116	8.1	9.0	$ 120,219	$ 148,644	11.1%	23.6%	19.3%
LS	331	124	7.0	8.4	$ 145,896	$ 172,005	20.0%	17.9%	27.3%

Sources: Daily Racing Form Charts & RGE

Figure 199 2022 Turf vs. Dirt Comparisons

2022 Turf vs. Dirt Comparisons									
Track	Number of Races		Avg. Field Size		Mean Total Handle Single Race		Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf	Dirt	Turf	Dirt	Turf			
BTP	654	93	6.2	8.8	$ 65,727	$ 108,104	41.9%	64.5%	12.4%
CBY	342	187	6.8	8.2	$ 124,909	$ 167,306	20.6%	33.9%	35.3%
EVD	599	92	6.9	6.9	$ 104,122	$ 93,751	0.0%	-10.0%	13.3%
HAW	489	90	7.1	8.8	$ 124,589	$ 167,957	23.9%	34.8%	15.5%
IND	767	198	7.5	9.2	$ 164,283	$ 238,454	22.7%	45.1%	20.5%
LAD	368	207	6.5	7.5	$ 65,515	$ 76,977	15.4%	17.5%	36.0%
RP	492	108	7.8	9	$ 102,775	$ 130,374	15.4%	26.9%	18.0%
LS	264	138	7.2	8.8	$ 102,834	$ 130,984	22.2%	27.4%	34.3%

Sources: Daily Racing Form Charts & RGE

Figure 200 2023 Turf vs. Dirt Comparisons

2023 Turf vs. Dirt Comparisons									
Track	Number of Races		Avg. Field Size		Mean Total Handle Single Race		Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf	Dirt	Turf	Dirt	Turf			
BTP	583	166	5.9	8.0	$ 58,795	$ 87,472	35.6%	48.8%	22.2%
CBY	228	168	6.2	6.9	$ 84,668	$ 96,390	11.3%	13.8%	42.4%
EVD	402	126	8.0	8.3	$ 164,210	$ 160,028	3.8%	-2.5%	23.9%
HAW	424	103	6.5	7.8	$ 139,463	$ 179,381	20.0%	28.6%	19.5%
IND	736	247	7.5	9.3	$ 193,289	$ 267,650	24.0%	38.5%	25.1%
LAD	335	115	7.7	9.3	$ 70,871	$ 86,784	20.8%	22.5%	25.6%
RP	513	92	7.7	9.0	$ 95,885	$ 123,265	16.9%	28.6%	15.2%
LS	274	105	7.5	8.9	$ 37,155	$ 42,782	18.7%	15.1%	27.7%

Sources: Daily Racing Form Charts & RGE

In the following tables the analysis looked to see what effect races that came off the turf and moved to dirt had on the results.

Figure 201 2021 Turf vs. Off-Turf vs. Dirt Races

2021 Turf vs. Dirt Comparisons												
Track	Number of Races			Avg. # Betting Interests			Mean Total Handle Single Race			Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf			
BTP	594	72	78	6.23	6.75	8	$ 95,643	$ 109,281	$ 123,064	28.4%	28.7%	10.5%
CBY	324	35	180	7	5.94	8.06	$ 117,658	$ 100,038	$ 146,952	15.1%	24.9%	33.4%
EVD	449	121	141	7.18	6.21	7.14	$ 120,695	$ 101,243	$ 112,831	-0.6%	-6.5%	19.8%
HAW	349	22	44	7.18	7.5	9.14	$ 154,753	$ 167,792	$ 197,370	27.3%	27.5%	10.6%
IND	711	92	195	6.84	6.13	8.29	$ 157,550	$ 150,122	$ 209,872	21.2%	33.2%	19.5%
LAD	353	97	136	6.48	6.03	7.38	$ 64,138	$ 64,034	$ 72,626	13.9%	13.2%	23.2%
RP	467	18	116	8.16	7.33	9.03	$ 120,007	$ 125,719	$ 148,644	10.7%	23.9%	19.3%
LS	297	34	124	6.92	6.5	8.3	$ 146,939	$ 136,784	$ 172,005	19.9%	17.1%	27.3%
Totals	3544	491	1014									20.1%

Sources: Daily Racing Form Charts & RGE

32.62 percent of races in 2021 for the eight tracks were races carded for the turf that were switched to dirt.

Figure 202 2022 Turf vs. Off-Turf vs. Dirt Races

2022 Turf vs. Dirt Comparisons												
Track	Number of Races			Avg. # Betting Interests			Mean Total Handle Single Race			Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf			
BTP	576	78	93	6.05	6.85	8.61	$ 64,634	$ 73,797	$ 108,104	42.3%	67.3%	12.4%
CBY	324	18	187	6.83	6.28	8.25	$ 125,810	$ 108,683	$ 167,306	20.8%	33.0%	35.3%
EVD	494	105	92	6.93	6.24	6.7	$ 107,400	$ 88,647	$ 93,751	-3.3%	-12.7%	13.3%
HAW	458	31	90	7.18	6.48	8.77	$ 124,504	$ 125,834	$ 167,957	22.1%	34.9%	15.5%
IND	678	89	198	7.6	6.51	9.21	$ 165,910	$ 151,882	$ 238,454	21.2%	43.7%	20.5%
LAD	317	51	207	6.53	6.02	7.3	$ 64,696	$ 70,602	$ 76,977	11.8%	19.0%	36.0%
RP	480	12	108	7.84	8	9.02	$ 102,282	$ 122,475	$ 130,374	15.1%	27.5%	18.0%
LS	264	0	138	7.2	n/a	8.75	$ 102,834	n/a	$ 130,984	21.5%	27.4%	34.3%
Totals	3591	384	1113									21.9%

Sources: Daily Racing Form Charts & RGE

25.65 percent of races in 2022 for the eight tracks were races carded for the turf that were switched to dirt.

Figure 203 2023 Turf vs. Off-Turf vs. Dirt Races

2023 Turf vs. Dirt Comparisons												
Track	Number of Races			Avg. # Betting Interests			Mean Total Handle Single Race			Field Size Pct. Increase w/ Turf	Handle Pct. Increase w/ Turf	Turf Pct. Of All Races
	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf	Dirt	Turf race switched to dirt	Turf			
BTP	543	40	166	5.8	6.53	7.93	$ 57,978	$ 69,880	$ 87,472	36.7%	50.9%	22.2%
CBY	216	12	168	6.24	5.58	6.85	$ 84,668	$ 60,615	$ 96,390	9.8%	13.8%	42.4%
EVD	376	26	126	8.07	6.81	8.33	$ 166,758	$ 127,357	$ 160,028	3.2%	-4.0%	23.9%
HAW	394	30	103	6.54	6.57	7.79	$ 138,799	$ 148,182	$ 179,381	19.1%	29.2%	19.5%
IND	662	74	247	7.61	6.85	9.29	$ 193,591	$ 190,587	$ 267,650	22.1%	38.3%	25.1%
LAD	278	57	115	7.74	7.23	9.3	$ 71,081	$ 69,845	$ 86,784	20.2%	22.1%	25.6%
RP	485	28	92	7.72	7.11	8.96	$ 95,847	$ 96,544	$ 123,265	16.1%	28.6%	15.2%
LS	257	17	105	7.5	7.88	8.88	$ 37,310	$ 34,825	$ 42,782	18.4%	14.7%	27.7%
Totals	3211	284	1122									24.3%

Sources: Daily Racing Form Charts & RGE

20.20 percent of races in 2023 for the eight tracks were races carded for the turf that were switched to dirt.

Appendix #8 Stakeholder Feedback Summary

At the start of the horseracing study for the IRGC, the team conducted interviews with key stakeholders in the Iowa racing industry. The initial interviews were to gain insight into the current state of the industry, concerns of the stakeholders, and to gain more firsthand knowledge of various aspects of the industry from various viewpoints. Each stakeholder was told that individual responses will remain anonymous, only a summary of all the feedback will be documented in aggregate in the report or a summary appendix.

In addition to the interviews, the stakeholders were asked to provide data related to their industry sector to help with the overall analysis for the horseracing study. In several cases follow-up calls, or virtual meetings were conducted to get additional insights.

Concerns/questions - Each interview started by asking stakeholders if they had any questions or concerns regarding the IRGC horse racing study.

Overall, there were no real concerns about the study and some stakeholders even expressed support for the study in hopes that it would be not only informative for the IRGC but pleased in general that the IRGC was undertaking such a task.

A few stakeholders did inquire as to the goals of the study and who was paying for the study. RGE explained that it was for the IRGC and reiterated the general goals and what aspects of the racing industry would be analyzed in the study.

Competitive tracks - Stakeholders were asked what they thought were the tracks/regions that Iowa facilities had to compete against.

Of course, the answers varied slightly by breed, but there was a fair amount of consistency. As explained in the report based on the data analysis and the stakeholder feedback, we did not limit the analysis to the Midwest tracks and examined what we call the Mid-America Race Region.

Stakeholders felt the competitive regions included Colorado, Illinois, Indiana, Minnesota, Nebraska, Oklahoma, Texas and to a much lesser extent Arizona, the Dakotas, Montana, New Mexico and Wyoming.

Where do horses/horsemen run when Iowa does not host live racing – The interview also inquired where the stakeholder felt most horses run when not racing in Iowa.

Like the answers we received about competitive tracks the answers we received were again reasonable consistent and likewise the data analysis and stakeh*older answers reinforced our team not to limit the study to the Midwest but look at a Mid-America Race Region*. The exception are Standardbred participants, that are predominately Iowa based. The Mid-America Race Region was created after analysis of the Daily Racing Form charts from 2021-2023 identifying where most Iowa horsemen raced when not racing at Prairie Meadows.

What an ideal circuit would look like – To understand stakeholders' thoughts about the current racing season and what a circuit could look like, we asked what may be ideal. This can be broken out by breed:

- Some Thoroughbred stakeholders would rather see more race days and a longer season in Iowa rather than support the theory of a circuit. However, many horse people venture to warmer destinations in the winter and return in the spring.
- Many Quarter Horses stakeholders mostly go to Oklahoma to race when outside of Iowa. This seems reasonable as a circuit due to proximity to Iowa.
- The Standardbred Horses do not generally leave Iowa unless sold to people racing elsewhere.
- During the June visit the talk with a larger sample of horsemen offered us more insights.
- Quarter Horse participants were asked which time would be best if they had a separate meeting. Answers were consistent that mid-June to late August or early September were best but when asked for the second-best option, almost all said the fall competing against Claremore.
- Thoroughbred horsemen's feedback included their understanding of how difficult the summertime is for attracting stables because many more tracks compete during the summer months than any other time of year.

Thoughts on mixed meet vs. Separate meets for Thoroughbreds and Quarter Horses – The stakeholder groups believe the mixed meet is a necessity for making the required race dates at Prairie Meadows. However, one group believes it is necessary for the time being but prefers the split meets that were run prior to 2020.

The mixed meet does pose a few dilemmas. The primary one, the barn area is shared and that limits the number of stalls each breed can use. To grow one breed, stalls need to be reallocated from the other or new stalls must be built. Second, there is consternation between the Thoroughbreds and Quarter Horses about when the other should run on the card. The Quarter Horses are generally first and that pushes the Thoroughbred races later into the evening. Neither breed likes the late race time.

During the June visit with a broader sample of horsemen we did speak to many that realize the mixed meet creates issues especially with the filling of open races. This seemed to be a greater issue with Thoroughbred horsemen.

What is the ideal number of race days and how many days a week – Some stakeholder groups believe longer seasons are important for Iowa breeding and racing health. The current number of race days are supported by the purse structure but increasing the racing season by increasing the dates would require more purse money to maintain the current structure or reduce the daily purse distribution. The alternative, though not as popular, is to reduce the number of days per week and keep that same number of days if the meets are lengthened.

Strengths and weaknesses of the Iowa breeding program

Have incentives been offered to attract horses/horsemen? How have they worked? - There have been a few offered with limited success. One issue is that the generation of money from slots, ADW, sports betting and breakage are to go to purses. This is an investigation area for the report. Some Mid-America states are offering incentives to attract horses and participants.

How is the current purse distribution and it's fit with competitors - Apart from Oaklawn, the purse structure for Thoroughbreds is believed to fit well and except for the Remington Park Quarter Horse meet, the Quarter Horse purses are a competitive fit with the competition.

How are the relationships among the various other breeds racing in Iowa; Is the industry aligned for the greater good. The feeling amongst the stakeholder groups is that the relationship is good between all stakeholders and there is general alignment.

Have there been initiatives to increase horse ownership, if so what and how have they worked. The Prairie Meadows Racing Club was mentioned and said that it was successful in attracting members in the first year with a winning horse but not as successful in the second year when the horse was not as competitive. Some people put together syndicates to allow people into ownership of more expensive horses. Aside from those efforts, purse winnings and Iowa-bred bonuses, there are no direct or implied incentives to generate more ownership.

In addition to the above feedback, we asked some specific questions of stakeholders only to gain insight into that group's specific efforts that were unique to the entity. Since those questions were only to learn more specifics about data and individual effects those responses are either not included since anonymity cannot be provided or in most cases, the answers are clear in the data presented in this study.

Some questions were asked to verify our understanding of the Iowa Code and what money went to purses etc.

Other questions were asked to understand what stakeholders' perceptions were about the competitive environment. We examined racing chart data for the past three years (2021-2023) to analyze competitive issues and quantify the stakeholders' current perceptions. The report provides ample detail on the migration of horses, trainers and jockeys that race in Iowa and a comparison of competitive tracks in the Mid-America Race Region.

From June 15-18, 2024 we visited Des Moines, Iowa to gain first-hand insight into the operations of the live race meet and equally important to follow up with as many stakeholders as possible to gain more insight as the analysis and report were well underway. The in-person visit was very productive since we were well into our analysis, had the opportunity to see the live races and all facilities and to talk to all stakeholder groups again as well as make many in-person visits with horsemen and additional Prairie Meadows staff.

During our June visit we received very positive feedback from almost all horsemen regarding the barn area upkeep and maintenance, with only minor complaints on small issues. Perhaps the track kitchen service being the one area that seemed below par when comparing to other jurisdictions. Horsemen mostly expressed appreciation about the amenities and condition and maintenance of the stable area. We thought in comparison to other “B” level barn areas Prairie Meadows was well maintained and in good condition.

During the June visit we had the ability to ask more participants about Iowa racing. We canvased opinions on several aspects that we thought would be helpful as we were refining aspects of the report after the on-site visit.

We asked many participants “on average, how do Iowa-breds compare competitively with some other regional state-breds including: Arkansas, Minnesota, Nebraska, and Oklahoma. The answers with just a few exceptions were consistent that the Iowa-bred was competitive or better than most of the states we asked about.

We asked all trainers what they liked and what could be improved. As previously mentioned most appreciated the amenities and maintenance of the barn area. Reported repairs needed were fixed in a very reasonable amount of time and daily cleaning of areas was better than at many other places they race at.

Some felt the management could be more supportive of horse racing in general. As is always the case in our experience some had issues with the race conditions or other aspects related to the races filled and offered. We find this to be the case in most jurisdictions. One trainer put it “almost all are self-serving" and he understood the independent nature of each stable looking out for their needs. Could this also carry over into the representation of various stakeholder groups?

Areas that they wished were better, included:

- The challenges of getting good help and in most cases, you must bring your own help and in other cases they expressed the challenges of licensing.
- Dorms were at a premium and many felt there were not enough.
- A number realized the problem with filling open races, this seemed more an issue with Thoroughbreds.
- Both breeds suggest in some cases too many race conditions were offered.
- Track kitchen amenities, lack of options.
- Since less races a day are offered for Quarter Horses, one horseman thought there was more likelihood to run and not wait for better conditions with the Quarter Horse races.
- Some trainers discussed the 42-stall limit for trainers and stall allocation, but this is difficult to assess.

Appendix #9 Possible Metrics to Measure

RGE believes that the Iowa racing industry should consider that there are several main drivers that need to be evaluated and monitored on an ongoing basis for determining the number of races, race days, and perhaps purse allocations for the breeds. As the demand and supply change, it will impact the feasibility of running more or fewer races/days. If supply and demand increase, it is feasible to look at expansion but if the product demand and supply decrease, it will remain difficult to maintain the status quo.

Main drivers that should be evaluated:

1. Demand
2. Supply
3. Economic Impact effects for Iowa

We will look at each of these separately to make suggestions on possible metrics for the industry to consider.

Demand

Handle has been one of the metrics universally used by the industry to measure the demand for horse racing. Obvious metrics such as average handle by race, meet, betting interests, and year are just a few. The table in this appendix gives several wagering data-related metrics that can be analyzed from the race chart data.

Of course, another measure that is important is the revenues that result from demand for the support of the live racing because this is tied to the economic impact for the state. Those measures are listed in the economic impact section below.

The handle metrics should include live handle, export handle, ADW handle, and import handle.

Supply

From the results of this report and other studies, we observed that the foal crops of the horses that are 2, 3, 4 and 5 years old (the four-year foal crop total) for the upcoming year is a significant indicator of the supply, and those numbers are available before the number of races and race days need to be approved. Also, given the fact that in Iowa many Iowa-bred horses supply the races, the following metrics seem obvious:

- National total foal crop total of the 2, 3, 4 and 5-year-old horses to race in the upcoming year
- Iowa total foal crop total of the 2, 3, 4 and 5-year-old horses to race in the upcoming year
- Average field size by breed

Figure 204 Four-year Thoroughbred Foal Crop Supply (2,3,4, & 5 yr. olds)

Four year Thoroughbred Foal Crop Supply (2, 3, 4 & 5yr. olds)					
Foal Crop Years	Racing Year	Four-Years Total Foals	Four-Years Total Iowa Foals	TB Races Run	
2014-2017	2019	84,745	1,006	591	
2020-2023	2025	70,785	728	556	*
Pct. Chg.		-16.5%	-27.6%	-5.9%	

Sources: Daily Racing Form Charts & RGE

In Question 1 - Statutory requirements notwithstanding, how many race days should be conducted? of this report, we discussed the interrelatedness of many factors that are related to the allocation of race days or races.

In addition to those two primary supply indicators, other trends should be monitored. They may include the trend in the number of unique starters, the total number of starts, number of unique trainers and owners participating, average field size and distribution of field-size numbers, the number of unique Iowa foals, and the total number of starts by Iowa foals.

Figure 205 below is a list of easily monitored data points that can be analyzed over time – as well as by race meet, by race day, and by year – and cross-referenced between any two or more data points. These metrics are examples of some of the trends that could be monitored over a series of race meets and the year.

Previously discussed in the Strategic Plan & Action Plan, if you have separate race meets it is also easier and fairer to measure each breed with equal but appropriate metrics. For example, Quarter Horse pari-mutuel handle most likely will always be less than Thoroughbred handle. If run as a separate meet, the Quarter Horse handle can be benchmarked against other similar track's Quarter Horse handle and the total handle will not be influenced by what day of the week or what race on the card the Quarter Horse race is since with a mixed meet those factors can greatly affect the handle per race. Likewise, the Thoroughbred field size most often is less than Quarter Horse races due to several factors. The field size for each breed with separate race meets can be measured against similar race meets and national trends and not be influenced by the stall allocation or race conditions filled in a mixed meet. The separate race meet lets each meet stand on its own and future allocation of resources can be more equitably distributed based on past performances. As stakeholders also know, the separate meets do eliminate some issues that may arise such as appropriate track surface, when to card each breed's race etc.

Figure 205 Table of Possible Metrics Derived from Equibase or Daily Racing Form Charts

Metircs - Potential Data Points to Monitor				
Major Category	**Races and Bets**	**Participants**	**Per Event, Basic**	**Per Event, Detailed**
Year	Race Days	Unique Horses	Runners Per Day	WPS Per Betting interests
Track	Races	Unique Trainers	Runners Per Race	Exotic Per Betting interests
Meet	Runners	Unique Owners	WPS Per Day	Total Pool Per Betting interests
Surface	Betting Interests	Unique Jockeys (drivers)	Exotic Per Day	WPS Per Unique Horse
	Earnings	Starts Per Horse	Total Pool Per Day	Exotic Per Unique Horse
	WPS Pool	Starts Per Trainer	WPS Per Race	Total Pool Per Unique Horse
	Exotic Pool	Starts Per Jockey (driver)	Exotic Per Race	WPS Per Unique Trainer
	Total Pool	Starts Per Owner	Total Pool Per Race	Exotic Per Unique Trainer
		Earnings Per Unique Horse	Betting interests Per Day	Total Pool Per Unique Trainer
		Earnings Per Unique Trainer	Betting interests Per Race	WPS Per Unique Jockey (driver)
		Earnings Per Unique Jockey (driver)		Exotic Per Unique Jockey (driver)
		Earnings Per Unique Owner		Total Pool Per Unique Jockey (driver)
		Earnings Per Day		WPS Per Unique Owner
		Earnings Per Race		Exotic Per Unique Owner
		Earnings Per Betting interests		Total Pool Per Unique Owner

Source: RGE

Economic Impact

Question 2 - What should the annual purse amount be? of this report asked: “How much purse money should be allocated by breed?” The economic impact of the industry for Iowa is important and one of the statutory reasons the legislation creating a racino in Iowa was passed. Therefore, the economic indicators that influence what impact each breed has for the State should be metrics monitored and also over time be one of the key indicators in determining future allocation by breed. With the help of an economist and past economic impact studies on the horse racing industry the key determinants that measure the impact of each breed should be included to help make necessary adjustments to the purse money allocated by breed to maximize the benefits for State of Iowa.

Safety Metrics

While not part of the Scope of Work for the Horse Study, the IRGC may want to consider a set of safety metrics to measure when establishing other metrics.

Appendix #10 Daily Racing Form Data & Methodology for Reporting Statistics by Breed

Data used for this analysis included detailed race chart data from Equibase, the source of information published in Daily Racing Form (DRF) race charts and past performances. The Iowa Racing and Gaming Commission provided address information of owners, trainers and stable partners. The United States Trotting Association (USTA) provided harness racing and breeding information. Addresses of North American racetracks and Iowa's racing participants were geocoded using the Google Maps API, enabling geographic analysis of horse racing in Iowa and the migration and performance of Iowa's racing participants throughout North America. Race data was managed and analyzed, in large part, using the R statistical programming language.

DRF Race Starter Breeds

DRF data comprised 131 racetracks in the U.S. and Canada for the years 2021-23. Race starters' breeds comprised Arabians (AR), Appaloosas (AP), Paints (PT), Quarter Horses (QH) and Thoroughbreds (TB). Standardbred (SB) race charts were not included in the DRF data analyzed.

DRF RACETRACKS AND JURISDICTIONS

Country	Racetracks	States or Provinces
U.S.	120	36
Canada	11	5
Total	131	41

The 2021-23 race chart data about 200 fields per horse entered to race, and about 127,000 races, 1.1 million race entries, 942,000 starts, 98,000 unique racehorses, 96,000 unique starters, \$38.8 billion in handle and \$4.3 billion in earnings – virtually all North American pari-mutuel racing for these breeds. Seven subcategories of the race data were:[79]

- ***Headers***. Header records described each track's race card, i.e., a one-row summary of all live races scheduled each day. There were 14,399 header records, equivalent to the number of live race days.
- ***Races***. Race records described each race, including some race results and the Win Place Show pool. There were 126,721 race records, or about 9 races per race card.
- ***Starters***. Starter records contained detailed information about each entry, including starters and scratched entries. There were 1,059,182 starter records, with 1 row of data per race entry, or about 8.4 entries per race. There were 941,867 non-scratched starters, or about 7.4 starters per race, i.e., average field size.
- ***Exotics***. Exotic records contained information about each exotic wager. These wagers were further categorized for the purposes of the study into single- and multi-race exotic wagers. Win, Place and Show wagering amounts by race were reported in the Race records data set. There were 656,039 exotics records reported for 126,093 races (multi-race exotics are reported in the last race of the exotic wager).

[79] Descriptive information about the Daily Racing Form race chart data is available from DRF: Chart field layout [https://www1.drf.com/misc/charts/drfchartfields.pdf]. Chart field descriptions [https://www1.drf.com/misc/charts/textchartsdescriptions.pdf]

- ***Attendance***. Attendance records contained information about attendance and handle. There were 23,819 attendance records for 12,741 race cards. Attendance records were not reported for all live race days in the race chart data.
- ***Oddities***. Oddity records, also called "comments," contained comments about extraordinary race events. There were 2,839 oddities records, associated with 2,838 races. Oddities, as the name implies, are only reported for extraordinary events and included comments like, "Race was hand timed" and "No contest."
- ***Footnotes***. Footnote records contained the race chart footnotes describing each starter's race performance. There were 1,532,348 footnotes, associated with 126,744 individual races (including 23 races declared "No contest" and for which other categories of data, including Race records, were not reported.

DRF Race Breeds

DRF categorized each race as one of four breeds: Arabian (AR), Mixed (MX), Quarter Horse (QH) and Thoroughbred (TB). Race breed categories were not all represented in every state or every year within each state. Multiple horse breeds started in mixed breed races and Quarter Horse races.

Arabian Races

All Arabian races comprised only Arabian starters. Arabian races were hosted in California, Colorado, Delaware, Maryland and Texas.

Mixed Breed Races

Mixed breed races were hosted in 9 states or provinces and were most prevalent in Alberta, California, Oklahoma and Texas. There were varying breeds represented among mixed race starters, as summarized below:

Alberta: TB only. Maximum annual mixed breed races: 86 in 2021.
Arizona: TB only. Maximum annual mixed breed races: 2 in 2021.
California: TB only. Maximum annual mixed breed races: 264 in 2023.
Colorado: TB only. Maximum annual mixed breed races: 1 in 2021 and 2022.
Idaho: AP, PT and TB. Maximum annual mixed breed races: 9 in 2022.
North Dakota: TB only. Maximum annual mixed breed races: 1 in 2021.
Nevada: AP and PT only. Maximum annual mixed breed races: 1 in 2021 and 2023.
Oklahoma: AP and PT only. Maximum annual mixed breed races: 192 in 2021.
Texas: AP, PT, QH and TB. Maximum annual mixed breed races: 36 in 2022.

Quarter Horse Races

Quarter Horse races were hosted in 25 of the 41 states or provinces in the data. In some states, Quarter Horse race starters comprised only Quarter Horses, and in other states, Quarter Horse race starters comprised varying combinations of Appaloosas, Paints, Quarter Horses and Thoroughbreds.

Thoroughbred Races

All Thoroughbred races comprised only Thoroughbred starters. Thoroughbred races were hosted in 39 of the 41 states or provinces in the data.

Methodology for Reporting Racing Statistics by Breed

Quarter Horses and Thoroughbreds, the only horse breeds that competed at Prairie Meadows in 2021-23, were the primary focus of this report. Differences between race breeds (arbitrary race categories) and horse breeds (specific to each starter) can be confusing when summarizing race-level statistics. For example, total earnings from Quarter Horse races are not necessarily the same as total earnings among Quarter Horses, since multiple breeds competed in Quarter Horse races. Therefore, statistics for each starter's breed are summarized separately from statistics for each race breed.

The methodology used in this report to aggregate and summarize statistics for starters' breeds and their owners, trainers and jockeys is as follows:

- Starts and earnings by breed were aggregated by starters' breed regardless of race breed.
- Race level statistics, including mean and median starts, earnings and field size by race, were aggregated by race breed. For example, we wouldn't say a Quarter Horse race's total earnings (i.e., purses) were $600 (amount won by Quarter Horses) when total earnings for all breeds that started in the race were $30,000.

Since only Thoroughbreds started in Thoroughbred races, the methodology primarily applies to Quarter Horse statistics. Where practical, the specific methodology applied has been noted in this report.

Iowa hosted only Thoroughbred and Quarter Horse races, with only Thoroughbreds competing in Thoroughbred races and only Quarter Horses competing in Quarter Horse races. Several states hosted mixed breed and Quarter Horse races with starters from multiple breeds, while Thoroughbred races included only Thoroughbreds.

The DRF data includes the variable "Restrictions," which is reported at the race level. Restrictions was listed as one of the following:

- Blank: Unrestricted
- "A" Auction
- "O" Ontario-bred (1 race only)
- "R" Restricted "Miscellaneous"
- "S" State-Bred

A variable "Restrictions" was added to the starter data, such that each starter in a race with Restrictions = "S" had a "State_Bred" variable = "S". In Iowa, all state-bred races consisted only of Iowa-breds.[80] Some states' definitions of state-bred races allowed horses foaled in multiple states to compete.

[80] One non-IA bred horse raced in an Iowa state-bred race. The horse, "Kisss and Teller," raced at PRM four times, winning twice. The race chart reported that Kisss and Teller was foaled Apr 02, 2019 in Iowa, although the Equibase data indicated Kisss and Teller was foaled in Indiana.

Single-race exotic and WPS wagering was summed to compare the attraction of state-bred vs. unrestricted races. The 2021-23 DRF exotic pools included 13 single-race and 16 multi-race wager types. Multi-race exotic pools are reported in the final race of the wager. The size of a multi-race exotic pool depends on field size, day of week, racing surface, breed, weather, stakes race activity, carryovers, etc., making it difficult (and beyond the scope of this project) to isolate each individual race's impact based on the total multi-race wager.

The 2021-23 DRF exotic pools included 13 single-race and 16 multi-race wager types, as listed in the following tables. About one-third of the wager types refer to the same wagers by other names, e.g., Exacta = Exactor and Trifecta = Triactor. Multi-race exotic pools are reported in the last race of the wager. The total pool for a multi-race wager depends on numerous factors, including field sizes, day of week, racing surfaces, breeds, weather, stakes race activity, carryovers, etc., making it difficult (and beyond the scope of this project) to isolate each race's impact on the total multi-race wager.

SINGLE-RACE EXOTIC WAGERS

Exotic Wager Type	Description
Exacta	Pick exact order of finish of first 2 finishers
Exactor	Pick exact order of finish of first 2 finishers
Future Wager	Typically, a wager on future winner of Kentucky Derby
Omni	Pick two horses to finish among first 3 finishers
Omni/Swinger	Pick two horses to finish among first 3 finishers
Perfecta	Pick exact order of finish of first 2 finishers
Quinella	Pick first 2 finishers regardless of order of finish
Roulette	Pick color group of winning horse: red, black or green
Super High Five	Pick exact order of finish of first 5 finishers
Super High Five Jackpot	Pick exact order of finish of first 5 finishers
Superfecta	Pick exact order of finish of first 4 finishers
Triactor	Pick exact order of finish of first 3 finishers
Trifecta	Pick exact order of finish of first 3 finishers

MULTI-RACE EXOTIC WAGERS

Exotic Wager Type	Description
Consolation Double	Consolation daily double payout when nobody wins daily double
Consolation Pick 3	Consolation Pick 3 payout when nobody wins Pick 3
Daily Double	Pick winner of 2 consecutive races
Grand Slam	Pick a top 3 finisher in 3 consecutive races, and winner of 4th race in sequence.
Pick 3	Pick winner of 3 consecutive races
Pick 4	Pick winner of 4 consecutive races
Pick 4 Jackpot	Pick winner of 4 consecutive races
Pick 5	Pick winner of 5 consecutive races
Pick 5 Jackpot	Pick winner of 5 consecutive races
Pick 6	Pick winner of 6 consecutive races
Pick 6 Jackpot	Pick winner of 6 consecutive races
Pick 7	Pick winner of 7 consecutive races
Pick 8	Pick winner of 8 consecutive races
Place Pick All	Pick horse among top 2 finishers in 8 to 10 consecutive races
Twin Trifecta	Pick first 3 finishers in a race with option to pick first 3 finishers in a 2nd designated race
Win Four	Pick winner of 4 consecutive designated races