

## *Economic Impact of 2022 Breeders' Cup on the Lexington Metro Area*

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### 1. Wagering and other spending at the track

Table 1 displays estimates of how \$22.2 million in wagering, concessions, and parking spent at Keeneland in November 2022 for the Breeders' Cup causes even greater economic effects beyond the track. An additional and approximate extra \$8.3 million in final sales is produced in the metro region totaling around \$30.56 million for the event. Employment at Keeneland is projected to increase by an additional 248 employees or so, and this in turn creates about 52 extra jobs elsewhere in the region due to the event. Direct effects encompass those occurring at the track, whereas indirect effects are the employment, labor income or payroll, and revenues created by vendors and suppliers to Keeneland. Induced effects are those created by the additional employees of Keeneland and of local vendors spending on housing, clothing, and other items in the regional economy.

**Table 1—Impact of Wagering, Concessions, Parking, etc. at the Track**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Final Revenues</b>
1 - Direct	248.58	\$7,769,770.87	\$22,204,130.75
2 - Indirect	18.24	\$940,585.41	\$2,776,436.82
3 - Induced	34.06	\$1,774,837.20	\$5,583,190.86
<b>Total</b>	<b>300.88</b>	<b>\$10,485,193.48</b>	<b>\$30,563,758.43</b>

### 2. Spending on hotels, restaurants, transportation, and tourism

Table 2 shows the impact of spending on hotels, business services, restaurants, retailing, transportation, rental space, recreational services, and tourism during the few days

preceding the Breeders’ Cup and the two days of the Breeders’ Cup in November 2022. Lexington hotel occupancy hovered around 90% with most lodgers staying for the Breeders’ Cup in anticipation of the weekend’s events. Retailers, taxis, tour operators and other related establishments saw an increase in their business. Again, the direct effects show how many jobs, payroll, and revenues are created or supported in these businesses, the indirect effects show how much employment, payroll and revenues are created with their suppliers, and the induced effects show how the spending of these businesses and their vendors affect housing, clothing, and food sales throughout the region. The total impact of these activities is estimated to be almost \$34 million and around 370 jobs supported thanks to the Breeders’ Cup.<sup>1</sup>

**Table 2—Impact of Spending on Hotels, Retailers, Transportation, etc.**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Final Revenues</b>
<b>1 - Direct</b>	283.95	\$ 6,776,341.51	\$ 19,315,365.70
<b>2 - Indirect</b>	50.06	\$ 2,642,443.27	\$ 8,478,817.05
<b>3 - Induced</b>	35.73	\$ 1,874,849.78	\$ 5,902,144.68
<b>Total</b>	369.74	\$ 11,293,634.58	\$ 33,696,327.42

3. Capital and physical improvements undertaken for Breeders’ Cup

Any spending on capital and/or any physical improvements have to be included in any analysis of the economic impact of an event on a region. In Table 3, the approximate \$10 million spent (WDRB.com 2022) on these improvements is estimated to create a total of around 102 jobs of which 61 are directly related to the improvements at Keeneland with another 41 jobs created due to the spinoff effects of undertaking the projects (jobs with construction vendors created or supported plus jobs supported in retailing, housing, etc.).

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<sup>1</sup> This assumes that 90% of the occupied rooms from Wednesday, Nov 2 to Sunday, Nov 6, 2022 were related to Breeders Cup activities.

Payroll is boosted by around \$6.5 million of which \$4 million is due directly to the construction work at the track, and the upgrades boost the Lexington economy by an estimated \$17.5 million beyond the direct expenditures of \$10 million on works at the track. Construction vendors and suppliers, and in turn retailers and other establishments that service construction firms and their suppliers, receive \$7.5 million in final revenues.

**Table 3—Impact of Spending on Capital and Physical Improvements**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Final Revenues</b>
<b>1 - Direct</b>	60.68	\$4,106,780.93	\$10,000,000.00
<b>2 - Indirect</b>	20.26	\$1,286,607.22	\$4,064,399.01
<b>3 - Induced</b>	21.6	\$1,120,298.86	\$3,522,412.78
<b>Total</b>	102.54	\$6,513,687.01	\$17,586,811.80

4. Taxes generated from Breeders’ Cup

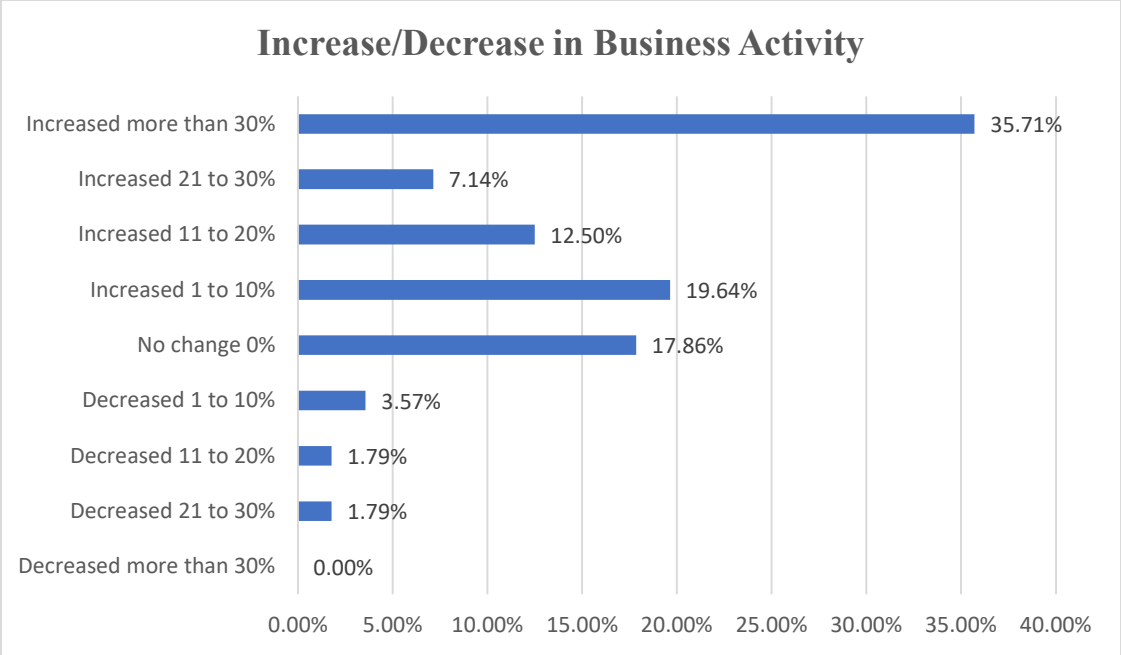
Regarding tax receipts for track activities and for spending at hotels, restaurants, transportation and tourism, Table 4 illustrates projected tax revenues for the event at Keeneland and for other related activities from November 2022. The Cup and related activities are estimated to bring an additional and approximate \$657,000 dollars to state tax coffers while garnering a total of nearly \$304,000 in local taxes and close to \$5.3 million in federal taxes.

**Table 4—Estimated Tax Revenues from Breeders Cup**

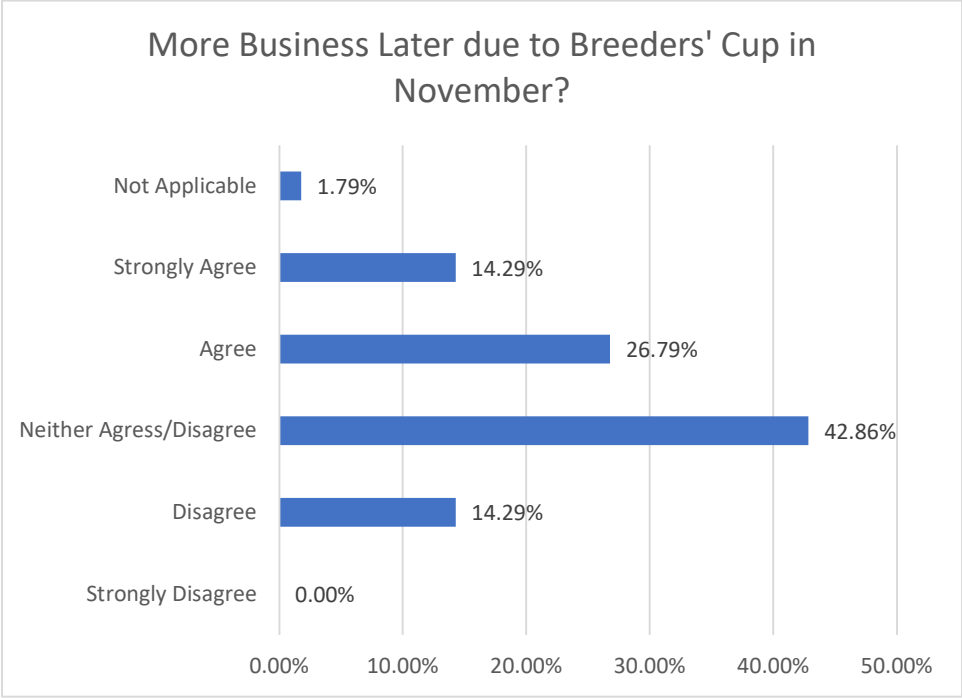
	<b>Local</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
<b>Total</b>	\$303,918.34	\$656,705.70	\$5,323,293.11	\$6,283,917.15

5. Survey Results

Survey results gathered by VisitLex indicate that around 75% of the businesses (hotels, restaurants, etc.) responding feel that their sales picked up during the week of Breeders’ Cup versus sales of a typical week. Please see the chart below.



Additionally, responses from businesses show that around 41% feel that the exposure that the businesses received during Breeders' Cup results in them getting repeat business from patrons who met them during Breeders' Cup week. Please see the chart below.



## Summary

The economic impact estimates presented are conservative ones using IMPLAN (2022) which is based upon advanced, regional, economic input-output models. Given the numbers generated for this study, the 2022 Breeders' Cup held at Keeneland on November 4 and 5 is estimated to have had a total economic impact on the Lexington area of \$81,846,897.65. This is a larger impact than the 2015 estimated impact of around \$65 million of the Breeders' Cup on Lexington when it was held in Keeneland then too (Hall 2022). This figure falls somewhat short of what the author projected in October 2022 based on a larger attendance estimate yet comes very close to what Breeders' Cup officials projected last year (Hall 2022). The impacts of the two-day event certainly extend well beyond Keeneland's track and facilities and ripple across the Lexington area providing an economic benefit to local tourism, hotels, restaurants, transportation companies, etc. Like 2015, the 2022 event will go down as a tremendous success for the Lexington region.

## References:

Hall, Gregory A. 2022.. "Lexington Hospitality Businesses Welcome Breeders' Cup: Event returns to Central Kentucky after COVID-19-impacted edition in 2020." *Bloodhorse.com*. November 1, 2022. <https://www.bloodhorse.com/horse-racing/articles/264498/lexington-hospitality-businesses-welcome-breeders-cup> . Accessed on February 1, 2023.

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WDRB.com. 2022. "Keeneland plans \$10 million for upgrades to host Breeders' Cup on Nov. 4 and 5." April 7, 2022. [https://www.wdrb.com/derby\\_148/keeneland-plans-10-million-for-upgrades-to-host-breeders-cup-on-nov-4-and-5/article\\_56d12ab0-b6bc-11ec-9654-7785f6b59c11.html](https://www.wdrb.com/derby_148/keeneland-plans-10-million-for-upgrades-to-host-breeders-cup-on-nov-4-and-5/article_56d12ab0-b6bc-11ec-9654-7785f6b59c11.html) . Accessed on February 1, 2023.