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September 22, 2020

Rachel Austin
Congressional Budget Office

Re: Impact of HR1754 on the private sector

Dear Ms. Austin;

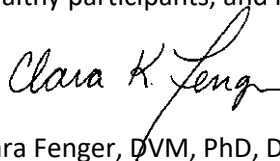
The North American Association of Racetrack Veterinarians is grateful for the opportunity to provide input to the CBO regarding HR1754. We have watched the progress of this bill over the last few years, and several members of our organization have met with members of Congress to express our concerns. We welcome the opportunity to present our concerns with this bill and the devastating economic effect we would see on our Industry, if it were to be enacted.

1. This new **unfunded mandate** will be paid for by a fee structure that is undefined in the bill, but will clearly be assessed to the participants on a per start basis. The simple fact is: horses at the lowest quality of racing, which are owned by mostly middle-class owners will pay the largest percentage. The lowest classes of racing are the “meat and potatoes” of horse racing, where the purse money contested may not pay for even the cost of basic care of the horses. These lowest classes of racing fill the majority of races on any given day. The highest classes of races, populated mostly by wealthy owners, are contested the least often.
2. Throughout this bill, there is reference to “breed governing organization[s]” in the event that horses other than Thoroughbreds are to be covered by this bill. Interestingly, there is no “breed governing organization” for Thoroughbreds. The Jockey Club, which is the major organization pushing this bill forward, is NOT a breed governing organization, but rather a privately held club of mostly wealthy members. This organization holds a monopoly on the Thoroughbred registry and all of the information surrounding horse racing, such that anyone wanting to participate in the sport must pay this monopoly without any input into how the information is disseminated, or upon what private agendas the money is spent.
3. The result of this bill is **taxation without representation**: The actual people in the business, unrepresented by the Jockey Club, will have a new tax (the fees assessed by the Authority) in order to participate in Horse Racing.
4. Despite the argument that this bill is intended to “...provide for the safety and welfare of horses and jockeys.(SEC2(3))”, this bill seeks to eliminate the use of furosemide (also known as Lasix) on race day in two-year-old and Stakes Thoroughbreds for the first three years, and ultimately all Thoroughbreds after that. Furosemide has been proven to be safe and effective for mitigation of exercise induced pulmonary hemorrhage (EIPH), a condition that affects the majority of

horses competing at high speed. Such a ban will create **HIGHER costs** in an expensive labor-intensive business with small profit margins for the vast preponderance of participants. It bans a drug that averages \$20-25 a dose, to replace it with antibiotics (\$90+/week), Bronchodilators (\$100+/week), hyperbaric oxygen treatments (\$100+ each), days unable to train or race (\$55+ per day), and ultimately “horse wastage”, that is horses unable to race because of EIPH who will require new homes.

5. The Authority will be a private, independent, self-regulated corporation. But it will have the ability to assess taxes (“fees”) on individuals and States. There is no provision in the bill for what remuneration may be provided to Authority Board Members, nor to the United States Anti-Doping Agency (USADA) for the administration of the Authority.
6. This bill places USADA at the head of the newly established Horse-racing Anti-Doping and Medication Control Authority. This provision is likely to balloon into an enormous amount of money, based on the existing USADA budget of about \$20,000,000, which administers only 7336 drug tests annually.¹ The Horse Racing Industry currently administers about 260,000 post competition tests annually.² The likelihood that USADA can administer over 35 times as many tests for a fraction of the cost would be miniscule. Any such charge would be over and above the actual current cost of the drug testing. This represents an additional per start fee in excess of \$1000 per starter. The existing cost of a racehorse per month exceeds \$2000. The average earnings per month is \$1727.³ In light of the failure of the bill to expressly limit what the Authority could charge the industry, it is clear that, if enacted, this bill would result in massive contraction of the industry.
7. The bill does not limit its tax burden to the participants of the sport. The Federal Trade Commission will be tasked with its oversight, and Administrative Law Judges to hear any cases arising from medication violations will have to receive compensation. Such tax liability will fall on all taxpayers and not just the Horse racing industry.
8. There is no written description of where these Administrative Hearings will take place. Currently, Administrative Hearings take place in the jurisdiction of the violation. If the location of the hearing were moved to a central location, and horsemen or women choose to fight a sanction, the cost of travel would multiply the expenses associated with a violation.

Horse racing in the United States of America is a business, and the largest horse racing jurisdiction in the world. It is currently self-sustainable, but with narrow profit margins, with the majority of horse owners participating for love of the sport and not for profit. The fee burden that this Act would heap on an already strained industry would cause massive contraction of the sport. HR 1754 tries to pattern American horse racing after European horse racing, which is dominated by a small number of super-wealthy participants, and is not a self-sustainable industry.



Clara Fenger, DVM, PhD, DACVIM, Secretary NAARV

¹ <https://www.usada.org/wp-content/uploads/2019-USADA-Annual-Report.pdf>, accessed 9/20/2020

² ARCI Annual Report for 2018, most recent year available

³ <https://www.ifhaonline.org/default.asp?section=Resources&area=4&FF=4&country=56>, accessed 9/22/2020