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### Turfway Park Renovation and Transformation: Its Impact on the Cincinnati Metro Area

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# **Turfway Park Renovation and Transformation: Its Impact on the Cincinnati Metro Area**

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Scheduled to reopen in the summer of 2022 after a \$145 million renovation, the old Turfway Park in Florence, Kentucky will be renamed Turfway Park Racing & Gaming and will continue with horse racing but also contain around 1500 new gaming machines, have a new clubhouse, and also have both a synthetic and dirt track (Fair 2020). The new facility will be part of the new owner's (Churchill Downs, Inc. of Louisville, Kentucky) attempts to revitalize the track and bring back business which had been on the decline for the last few years.

But the \$145 million spent on the Turfway renovation will be not the only impacts of the new complex's effects on the Cincinnati region. In urban and regional economics, there is the concept of regional economic multipliers which demonstrates that \$100.00 in direct spending in a local economy usually has an impact beyond what the recipient of the \$100.00 collects whether the recipient is a household, business, or some other entity. That is, not only does the recipient receive \$100.00, but that recipient in turn spends the \$100.00 on purchases of other items. A restaurant which receives \$100 in spending will in turn spend that money on payroll, supplies, and keep some for profits. The net impact on a region could be 2 to 3 times the amount of the initial \$100 of expenditures, however.

Therefore, the \$145 million to be received by local construction contractors and other vendors will have a greater net amount added to the Cincinnati area economy which extends

across counties in northern Kentucky, southeastern Indiana, and southwestern Ohio. Using economic multipliers from IMPLAN software (2021), Table 1 below shows that the \$145 million will result in a total increase in the Cincy economy of around \$279 million with total employment of around 1,624 jobs created due to the construction of the new facility (around 879 jobs estimated); and due to increased activity among the suppliers of the construction companies (around 295 jobs estimated); and due to overall increased spending by the employees of the construction and supplier companies (around 450 jobs). The overall result for labor income or payroll gains is estimated to be around \$106.6 million.

**Table 1-Construction Impacts**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output/Sales</b>
1 – Direct	879.03	\$61,289,660.29	\$145,000,000.00
2 – Indirect	294.53	\$21,169,866.45	\$60,917,602.60
3 – Induced	450.01	\$24,188,900.96	\$72,907,243.75
<b>Total</b>	<b>1,623.56</b>	<b>\$106,648,427.69</b>	<b>\$278,824,846.35</b>

Additionally, since the new Turfway Park Racing & Gaming basically will be a “racino” and have combined elements of both horse racing and a gaming parlor, the impact of Turfway will be greater than what it was when it was a race track alone. Table 2 below shows that for every 10 people employed at the race track, around 3 other jobs will be created in the Cincinnati region, and for every 10 employed at the gaming facilities, another 6 jobs will be created in the region. Every \$100 dollar in payroll generated at the track will yield around \$52 more labor income in the local economy whereas \$100 in payroll at the gaming parlor will create another \$93 in payroll in the area. Finally, for every \$100 in final output or sales originating from the track, another \$53 will be created in the Cincinnati metro area, and for every \$100 in output

coming from the gaming parlor, another \$60 in sales or output will be generated in the metropolitan region.

**Table 2-Racing and Gaming Impacts**

	<b>Jobs Multiplier</b>	<b>Labor Income Multiplier</b>	<b>Output/Sales Multiplier</b>
<b>Race Track Operations</b>	1.315778945	1.515359563	1.533571295
<b>Gaming Operations</b>	1.607160363	1.926513781	1.602750629

The decision to invest in and to rebuild Turfway and enhance its operation will have impacts that will reverberate across a tri-state region that takes in at least 12 to 15 counties. “Rebooting” Turfway will make it more competitive with other local racing and gambling establishments and allow the track to continue to compete with these establishments to the benefit of the local economy for more years to come.

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