

University of Louisville

ThinkIR: The University of Louisville's Institutional Repository

Faculty Scholarship

11-2022

The Economic Impact of the Red Mile on the Lexington Metro Area

Thomas E. Lambert

University of Louisville, thomas.lambert@louisville.edu

Follow this and additional works at: <https://ir.library.louisville.edu/faculty>



Part of the [Gaming and Casino Operations Management Commons](#)

ThinkIR Citation

Lambert, Thomas E., "The Economic Impact of the Red Mile on the Lexington Metro Area" (2022). *Faculty Scholarship*. 862.

<https://ir.library.louisville.edu/faculty/862>

This Article is brought to you for free and open access by ThinkIR: The University of Louisville's Institutional Repository. It has been accepted for inclusion in Faculty Scholarship by an authorized administrator of ThinkIR: The University of Louisville's Institutional Repository. For more information, please contact thinkir@louisville.edu.

The Economic Impact of the Red Mile on the Lexington Metro Area

Thomas E. Lambert, PhD
College of Business
University of Louisville
Louisville, KY 40292
502-852-7838

Thomas.Lambert@Louisville.Edu

The Red Mile Racetrack and Red Mile Gaming Center in Lexington, Kentucky have a harness racetrack, and the track has had a solid tradition for quality harness racing going back to its start in 1875 (Red Mile 2022). This paper examines what economic impact the racetrack and gaming center have on the Lexington metro area (Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford counties in Kentucky) on a yearly basis.¹

Table 1 below shows how the approximate 375 jobs at the track and gaming center generate additional payroll and output throughout the Lexington region. The 375 jobs help to generate an additional and approximate 123 jobs from vendors and suppliers who sell to the track (indirect impact) and another 74 jobs from restaurants, movie theaters, and other retailers as well as from home builders and landlords and others who sell goods and services to the employees of the track and its suppliers (induced impact). The approximate \$10.7 million in estimated payroll helps to create an additional \$6.3 million in payroll among the employees of its vendors and employees of establishments which provide services to Red Mile's employees and the employees of track vendors. Red Mile employees and employees of vendors spend money at Lexington area retail stores, buy housing, and consume a whole host of locally offered products. The Red Mile's approximate annual sales or output of \$49.2 million helps to make an additional local output/production of around \$28 million or so through orders to its vendors (track supplies,

¹ Projections are based on 2019 data since the years 2020 and 2021 were unusual ones because of the Covid-19 pandemic crisis. All estimates are in terms of 2022 dollars. IMPLAN was the economic modeling system used for this paper (IMPLAN 2022 data).

gaming machines, renovation expenses, etc.) and through increased sales of local establishments who service Red Mile and supplier employees. Finally, the “multipliers” of employment, labor income, and output are displayed in the last line of Table 1, and these show that 1) a single job at Red Mile supports 0.53 of another job; 2) each dollar earned by a Red Mile employee supports another \$0.91 in pay elsewhere; and 3) each dollar of output/sales by the Red Mile helps to generate another \$0.58 in output in other establishments.

Table 1—Job, Payroll, and Output

Impact	Employment	Labor Income	Output
1 – Direct	375	\$10,703,755.06	\$49,197,505.86
2 – Indirect	123.49	\$6,300,768.99	\$17,889,777.71
3 - Induced	73.65	\$3,450,309.99	\$10,828,203.52
Totals	572.14	\$20,454,834.04	\$77,915,487.10
Multipliers	1.53	1.91	1.58

Red Mile Racetrack also contributes quite a bit to local, state, and federal tax revenues during a typical year. Table 2 illustrates that for every \$1.00 in taxes at all levels paid by the Red Mile, an additional \$0.46 is paid by its suppliers and local Lexington area businesses that serve the Red Mile and supplier employees. The greatest amount in taxes estimated to be paid by Red Mile, its vendors, and other local businesses is to the federal government (around \$10 million), although it has a greater multiplier effect for state taxes generated, and this is mostly and probably due to sales taxes paid by vendors and other enterprises. For every one dollar paid by the Red Mile to Frankfort, another \$0.73 is generated for state government.

Table 2—Tax Effects

Impact	Local Taxes	State	Federal	Total
1 - Direct	\$ 1,606,063.71	\$ 2,812,207.39	\$ 2,458,336.00	\$ 6,876,607.10
2 - Indirect	\$ 257,276.76	\$ 462,152.08	\$ 1,131,529.04	\$ 1,850,957.88
3 - Induced	\$ 233,385.88	\$ 413,393.11	\$ 654,803.91	\$ 1,301,582.90
Totals	\$ 2,096,726.34	\$ 3,687,752.58	\$ 4,244,668.95	\$ 10,029,147.89
Multipliers	1.31	1.31	1.73	1.46

References:

IMPLAN®. 2022. 2022 data, using inputs provided by the user and IMPLAN Group LLC, IMPLAN System, 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com . Accessed on October 11, 2022.

Red Mile. 2022. Keeneland website, Home page. <https://redmileky.com/about> . Accessed on November 7, 2022.