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# **Kentucky Downs and The Mint—A Huge “Exporter” for Kentucky?**

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Kentucky Downs is a thoroughbred racetrack located in Franklin, Kentucky near the Kentucky-Tennessee border and close to Interstate 65 which features European-style (all turf track) racing. (The Mint and Kentucky Downs n.d.). It is also part of an entertainment complex that features a gaming center called The Mint, which has over 1000 historical horse racing (HHR) machines, machines that are somewhat similar to but not exactly the same as casino slot machines (The Mint n.d.). The Mint has another location around 20-30 minutes away by car in Bowling Green, Kentucky, and combined these two operations have around 125 employees according to Zippia.com (n.d.). Kentucky Downs has around 89 employees according to Zoominfo.com (n.d.).

Since Franklin, Kentucky is only around 45 minutes away by car from Nashville, Tennessee, the Mint and Kentucky Downs draw many patrons from the Nashville metro area which runs up against the Kentucky and Tennessee border. In Tennessee, pari-mutuel wagering on races and casinos or gaming centers are not allowed, although gambling on lotteries and other sports is legal. Given its proximity to the Nashville region, Ky Downs and the Mint are in a unique position to become “exporters” of gambling services which are not available in Tennessee. In economics, exporting as many products or services from one’s nation, state, or locale is seen as very desirable because the economic spinoff (multiplier) effects of exports are noted as having a greater impact economically than if all goods are locally produced and

consumed. That is, job creation, payroll, business revenues, and output are larger than what would be the case otherwise due to having markets outside of one's geographic boundaries. For the US, it has been a major exporter over the years of agricultural products, motor vehicles, banking, and heavy equipment. Success in exporting these goods and services has led to the growth and expansion of these industries.

Some of type of export effect can also occur when customers from other locations come to your region to shop, buy products or services, attend museums or engage in tourism. Certain cities and regions of the US thrive on having clients and patrons come to them such as Las Vegas, Nevada or Niagara Falls, New York.

The track and gaming center in Franklin can be seen as an exporter of gaming revenues and taxes by comparing what the Bowling Green Micropolitan Area (Allen, Butler, Edmondson, and Warren counties of Kentucky) market alone would yield in terms of economic outcomes (jobs, payroll, output, and tax revenues) versus what the two actually garner by attracting customers from Tennessee. Using the IMPLAN input-output modeling system (2021), results for Ky Downs and the Mint for the Bowling Green area alone are shown in Table 1 below. Direct effects include those generated by the two establishments; indirect effects are the jobs, payroll, output/revenues and taxes provided by vendors; and the induced effects are those created by retailers, home builders, and other establishments which serve the employees of Ky Downs, the Mint, and their suppliers/vendors.

**Table 1—Bowling Green area**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
<b>1 - Direct</b>	214	\$4,979,190.96	\$26,597,912.74
<b>2 - Indirect</b>	93.15	\$3,782,430.54	\$10,600,845.53
<b>3 - Induced</b>	42.97	\$1,708,578.38	\$5,404,982.86
<b>Total</b>	350.12	\$10,470,199.88	\$42,603,741.13

<b>Impact</b>	<b>Local Taxes</b>	<b>State Taxes</b>	<b>Federal Taxes</b>	<b>Total Taxes</b>
<b>1 - Direct</b>	\$681,253.53	\$1,837,047.89	\$1,421,976.47	\$3,940,277.89
<b>2 - Indirect</b>	\$ 116,594.75	\$ 317,753.10	\$ 731,920.37	\$ 1,166,268.23
<b>3 - Induced</b>	\$ 101,565.47	\$ 275,080.97	\$ 381,141.00	\$ 757,787.44
<b>Total</b>	\$ 899,413.74	\$ 2,429,881.97	\$ 2,535,037.84	\$ 5,864,333.55

However, when looking at the impact of the track and gaming center on a wider regional basis and when noting that the Mint and Ky Downs have generated over \$1.1 billion in revenues (around 90% from the Mint location in Franklin alone) and around \$17 million in pari-mutuel wagering taxes (again mostly from the Mint site in Franklin), a better estimate of the economic impact of the two establishments is displayed in Table 2 below. The job and payroll amounts do not vary that much from the ones in Table 1, but due to the sheer volume of customers, the final output/revenues from the two entities goes up dramatically so that the total contribution to the Bowling Green and Nashville area economies is closer to \$1.8 billion. This level of a contribution to regional gross domestic product given the number of workers indicates a high level of productivity for the Mint and Kentucky Downs. Due to the automation of HHR machines, this is perhaps not that surprising. State taxes are also boosted beyond the approximate \$17 million collected directly by the Commonwealth of Kentucky. After adding indirect and induced tax effects, the estimate rises to over \$21 million with still most of this going to Kentucky. By providing pari-mutuel wagering and HHR machines, Ky Downs and the Mint are offering services not offered to Tennessee patrons, and this results in a powerful impact

to the Bowling Green and Nashville regional economies and a boon to local and state government tax coffers, especially of those in the Commonwealth. These tax revenues are somewhat like a windfall since they do not come from Kentucky residents.

**Table 2—Bowling Green and Nashville Areas**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
<b>1 - Direct</b>	214	\$4,979,190.96	\$1,133,908,727.00
<b>2 - Indirect</b>	107	\$3,833,977.04	\$453,563,490.80
<b>3 - Induced</b>	53.5	\$1,842,300.66	\$230,422,488.19
<b>Total</b>	374.5	\$10,655,468.65	\$1,817,894,705.99

<b>Impact</b>	<b>Local Taxes</b>	<b>State Taxes</b>	<b>Federal Taxes</b>	<b>Total Taxes</b>
<b>1 - Direct</b>	\$6,310,543.56	\$17,016,823.00	\$13,171,960.31	\$36,499,326.88
<b>2 - Indirect</b>	\$816,530.29	\$ 2,225,271.98	\$5,125,746.66	\$ 8,167,548.99
<b>3 - Induced</b>	\$711,278.02	\$ 1,926,432.74	\$2,669,186.82	\$ 5,306,897.58
<b>Total</b>	\$7,838,351.87	\$21,168,527.72	\$20,966,893.79	\$49,973,773.45

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