



Legislative Budget and Finance Committee

A JOINT COMMITTEE OF THE PENNSYLVANIA GENERAL ASSEMBLY

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June 13, 2007

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TO: LB&FC Members
FROM: Philip Durgin *PD*
SUBJECT: Pocono Raceway NASCAR Events

House Resolution 237 of 2005 called on the Legislative Budget and Finance Committee to assess the economic impact of the two NASCAR races held at the Pocono Raceway, the Pocono 500 and the Pennsylvania 500. As we do not have the in-house expertise to conduct such a study, we solicited proposals for a contractor to do the study for us. We received several proposals, but all were substantially more costly than the LB&FC officers were willing to consider. Instead, the Officers authorized us to work with the resolution's sponsor to craft a more limited approach that would still provide useful information.

The result of this effort is attached in the form of a letter, plus attachments, from Mr. Bruce Yerger, Vice President of Operations at Buchart Horn, Inc./Basco Associates, with whom we contracted to provide certain focused information. Specifically, the letter and attachments provide information on in-state and out-of-state attendance at the two races; an estimate of the direct, indirect, and induced economic impact of the two races; and information on the economic impact of the approximately 57 other motor racetracks across the Commonwealth.

We are also providing a copy of this memorandum report to the sponsors of HR 237 and will make it available to others upon request. Please contact me if you have any questions about this matter.

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October 30, 2006

Mr. Philip R. Durgin, Executive Director
Legislative Budget and Finance Committee
Commonwealth of Pennsylvania
Finance Building, Room 400A
Post Office Box 8737
Harrisburg, PA 17105-8737

Re: Pennsylvania 500 Survey – Phase 2

Dear Mr. Durgin:

As per our proposal dated October 7, 2005, Buchart Horn, Inc./BASCO Associates (BH/BA) performed the outlined Scope of Work and provide the following confidential draft report.

- BH/BA conducted a survey, by telephone and/or email, of the 61 racetracks in Pennsylvania as identified by the ARCA Publication. Four (4) of the 61 tracks were closed by the end of 2005. Of the remaining 57 tracks, (Pocono 500 results to be addressed separately below) after repeated attempts, responses were received from 21 tracks. Those track results (details attached¹) were as follows:

1. Number of race events per year: 535
2. Average ticket price: \$10.60
3. Average event attendance: 885

Given the results of the survey from the 21 tracks, it could be concluded that 1,450-1,500 race events are held in Pennsylvania in a given year with total attendance of 1,300,000–1,350,000 spectators.

The result of 36% response is direct expenditures for tickets only of \$5,009,375. The estimated multiplier to determine total (direct, indirect and induced economic impact) for the statewide track revenue is 1.99 (from Pennsylvania Tourism Office – D.K. Shifflet, Inc., 2003 data). Direct expenditures x 1.99 = \$5,009,375 x 1.99. The estimated direct, indirect and induced impact of these 21 tracks is \$9,968,656 in 2005. Given the representative sample of 21 tracks, this would indicate a potential impact of \$25-30 million for the tracks in Pennsylvania (exclusive of the Pocono 500 and Pennsylvania 500).

York, PA
Coatesville, PA
Harrisburg, PA
Hershey, PA
King of Prussia, PA
New Cumberland, PA
Pittsburgh, PA
State College, PA
Stroudsburg, PA
Baltimore, MD
Marlton, NJ
Charleston, WV
Morgantown, WV
Memphis, TN
Nashville, TN
Baton Rouge, LA
New Orleans, LA
Shreveport, LA
Olive Branch, MS
Pensacola, FL
Frankfurt/Main, Germany
Kaiserslautern, Germany

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- The two events, the Pocono 500, held June 12, 2005 and the Pennsylvania 500 each generate attendance of 150,000 spectators.

The direct, indirect and induced impact of the Pocono 500 and Pennsylvania 500 is determined to be \$363,055,475 (details attached²).

- Department of Revenue sales tax figures (details attached³) from Carbon, Lackawanna, Luzerne, Monroe, Pike and Wayne Counties for food services and drinking places, gasoline stations, hotels and motels combined are as follows:

April 2005	\$3,057,000
May 2005	\$2,878,000
June 2005	\$3,077,000
July 2005	\$3,820,000
August 2005	\$3,418,000
September 2005	\$3,106,000

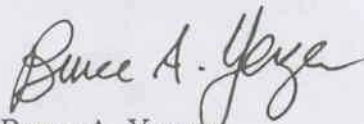
While some of the July sales tax revenue can be attributed to remittances from quarterly, semi-annual and annual filers, it can be concluded that the impact of the June 12th and July 24th events provided significant contribution to the increases.

In summary, auto racing is extremely important to Pennsylvania. It generates over 1,450 events per year, with attendance at these events approaching 1,600,000 spectators along with a direct, indirect and induced impact of over \$390,000,000.

If you have any questions or comments, please contact me at 800-274-2224, ext. 364 or by email at byerger@bh-ba.com.

Very truly yours,

**BUCHART HORN, INC./
BASCO ASSOCIATES**



Bruce A. Yerger
Vice President, Operations

BAY/crm
Attachments

2005 Pocono Raceway Estimated Impacts

I. Two (2) Major Races

A. Pocono 500

<u>Date</u>	<u>Total Attendance*</u>	<u>Overnight Guests **</u>	<u>Day Trippers</u>
June 12, 2005	150,000	66,000	84,000

Average Expenditure Per Person

<u>Overnight ***</u>	<u>Daytrip</u>
\$601.20 (See Attached)	\$325 (\$225 plus \$100 for tickets)

<u>Overnight Expenditures</u>	<u>Total Day Trip Expenditures</u>	<u>Total Direct Expenditures</u>
\$61,371,948 (See Attached)	\$27,300,000	\$88,671,948

B. Pennsylvania 500

<u>Date</u>	<u>Total Attendance*</u>	<u>Overnight Guests**</u>	<u>Day Trippers</u>
July 24, 2005	150,000	66,000	84,000

Average Expenditure Per Person

<u>Overnight ***</u>	<u>Daytrip</u>
\$657.18 (See Attached)	\$325 (\$225 plus \$100 for tickets)

<u>Overnight Expenditures</u>	<u>Total Day Trip Expenditures</u>	<u>Total Direct Expenditures</u>
\$69,463,296 (See Attached)	\$27,300,000	\$96,763,296

Total Direct Expenditures – Two (2) Major Races

\$185,435,244

II. Lease Participants

<u>Total Participant Days 2005 Estimate</u>	<u>Expenditure Per Day per Person</u>
22,192	\$300

Total Lease Participant Expenditures **\$ 6,657,600**

III. Total Direct Race Fan/Participant Expenditures

\$192,092,844

IV. Multiplier to determine total (direct, indirect and induced economic impact) for the Pocono Mountains Region = 1.89****

X 1.89

V. Estimated Direct, Indirect and Induced Impact of Pocono Raceway in 2005

\$363,055,475

* Source: Pennsylvania State Police Traffic Estimates for Race Days

** July overnight race fans stayed from 1 to 20 days in region. Source: Buchart Horn, Inc./BASCO Associates Survey. Pocono Raceway, July 24, 2005

*** Source: Pocono Mountain Visitors Bureau

****Source: Pennsylvania Tourism Office – D.K. Shifflet, Inc. – Please Note: The 1.99 multiplier figure cited on page 1 of the October 30, 2006, letter refers to a statewide multiplier and the 1.89 figure refers to a Pocono Mountain Region multiplier.

**Overnight Guests Determined From
BH/BA Survey – Pocono Raceway, July 24, 2005**

66,000	1 st Night
48,180	73% of Overnight Guests – 2 nd Night
30,360	46% of Overnight Guests – 3 rd Night
	Balance Not Considered in the Analysis

A. Pocono 500

1 Overnight	66,000 Guests @ \$601.20	=	\$39,679,200
2 nd Overnight	48,180 Guests @ \$276.20 (\$601.20-\$325)	=	\$13,307,316
3 rd Overnight	30,360 Guests @ \$276.20 (\$601.20-\$325)	=	\$ 8,385,432
			\$61,371,948

B. Pennsylvania 500

1 Overnight	66,000 Guests @ \$657.18	=	\$43,373,880
2 nd Overnight	48,180 Guests @ \$332.18 (\$657.18-\$325)	=	\$16,004,432
3 rd Overnight	30,360 Guests @ \$332.18 (\$657.18-\$325)	=	\$10,084,984
			\$69,463,296

		Number of race events held per year	Average ticket price	Average event attendance	TOTAL
1	Ace High Speedway	Track Closed			
2	Allegheny Mountain Speedway	23	\$ 8.00	500	\$ 92,000
3	Beaver Springs Dragway	65	10.00	250	162,500
4	BeaverRun Motorsports Complex				
5	Bedford Speedway	21	10.00	2,500	525,000
6	Big Diamond Raceway				
7	Blanket Hill Speedway				
8	Borger's Speedway				
9	Bradford Speedway	23	9.00	525	108,675
10	Central Pennsylvania Speedway				
11	Challenger Raceway				
12	Clinton County Speedway	25	9.00	750	168,750
13	Clyde Martin Memorial Speedway				
14	Dog Hollow Speedway				
15	Eriez Speedway	19	8.00	250	38,000
16	Farmington V.F.D. Speedway				
17	Gamblers Raceway Park	40	5.00	400	80,000
18	Grandview Speedway				
19	Greenwood Valley Action Track				
20	Hamilin Speedway	Track Closed			
21	Hesston Speedway	25	11.00	675	185,625
22	Hill Valley Speedway				
23	Hummingbird Speedway				
24	Jennerstown Speedway	24	8.00	1,800	345,600
25	Lake Erie Speedway	25	10.00	2,500	625,000
26	Latrobe Speedway				
27	Lermerville Speedway				
28	Lincoln Speedway	19	11.00	800	167,200
29	Linda's Speedway				
30	Lucky Drag City				
31	Mahoning Valley Speedway				
32	Maple Grove Raceway				
33	Marion Center Speedway				
34	McKean County Raceway				
35	Mercer Raceway Park	27	10.00	2,000	540,000
36	Motordrome Speedway				
37	Mountain Speedway in the Poconos				
38	Numidia Raceway				
39	Path Valley Speedway Park	15	12.00	350	63,000
40	Penn Can Speedway				
41	Pittsburgh Raceway Park				
42	Pittsburgh Vintage Grand Prix	18	9.00	600	97,200
43	Pittsburgh's PA Motor Speedway				
44	Pocono Raceway				
45	Port Royal Speedway	30	12.00	1,600	576,000
46	Redline Raceway				
47	Roaring Knob Motorsports	20	10.00	700	140,000
48	Selinsgrove Speedway				
49	Shippensburg Speedway	15	11.00	450	74,250
50	Silver Springs Speedway	Track Closed			
51	Snydersville Speedway				
52	Somerset County Speedway				
53	South Mountain Dragway - Spectators	32	10.00	300	96,000
	South Mountain Dragway - Race Cars		35.00	150	168,000
54	Sportsman's Speedway	Track Closed			
55	Susquehanna Speedway Park	50	12.00	1,200	720,000
56	The Fairgrounds at Kutztown				
57	Thunder Mountain Speedway				
58	Thunder Valley Raceway				
59	Trail-Way Speedway				
60	Tri-City Speedway	19	7.00	275	36,575
61	Williams Grove Speedway				

Total

535

\$5,009,375

Pennsylvania 500 Survey

Table 1

	Totals	%
Question No. 1		
Are you from Pennsylvania:		
Yes	498	47%
No - which state (country)?	569	53%
Arizona	2	
California	5	
(Canada)	43	
Colorado	3	
Connecticut	58	
Delaware	3	
(England)	1	
Florida	6	
Georgia	1	
Idaho	1	
Illinois	2	
Indiana	7	
Louisiana	1	
Kentucky	1	
Maine	2	
Maryland	13	
Massachusetts	16	
Michigan	3	
Minnesota	5	
Missouri	4	
New Jersey	116	
New Hampshire	3	
New Mexico	2	
New York	174	
North Carolina	7	
Ohio	39	
Oklahoma	1	
Oregon	3	
Rhode Island	2	
South Dakota	2	
Tennessee	1	
Texas	2	
Vermont	6	
Virginia	13	
Washington	3	
West Virginia	10	
Wisconsin	6	
Wyoming	1	
Question No. 2		
Did you travel on Interstate 80:		
Yes	665	62%
No	402	38%
If yes- East(E) or West(W)		
East	404	61%
West	261	39%

Table 1 (Continued)

	Totals	%
Question No. 3		
Are you staying overnight at somewhere other than your home:		
Yes	474	44%
No	592	56%
If yes -		
Friend or Relative's House	56	11%
Public Campground	51	11%
Private Campground	38	8%
Hotel or Motel	305	64%
Other	24	5%
Question No. 4		
How many overnight stays will you have in the Pocono Region during your trip:		
0	592	56%
1	131	27%
2	130	27%
3	112	24%
4	56	12%
5	13	3%
6	9	2%
7	10	2%
8	2	1%
14	2	1%
20+	6	1%
Question No. 5		
Did you or will you eat at a local restaurant:		
Yes	579	54%
No	488	46%

**2005 Sales Tax Remittances By North American Industrial Classification (NAICS)
For Carbon, Lackawanna, Luzerne, Monroe, Pike, and Wayne Counties**

NAICS Group	April Remittance	May Remittance	June Remittance	July Remittance	August Remittance	September Remittance
TOTAL	18,283,593	18,821,074	19,802,656	23,036,387	21,036,717	20,863,057
Mfg Ind	841,248	1,065,484	1,070,306	1,271,317	1,266,298	1,353,744
3211-3219	D	D	D	D	D	D
3231	123,215	129,051	122,496	129,913	100,590	135,163
3251-3259	D	D	D	D	D	D
3271-3279	D	D	D	D	D	D
3311-3315	D	D	D	D	D	D
3321-3329	D	D	D	D	D	D
3331-3339	D	D	D	D	D	D
3341-3346	D	D	D	D	D	D
3351-3359	D	D	D	D	D	D
3111-3399	359,155	426,530	413,019	485,253	562,316	595,734
Pub Util	D	D	D	D	D	D
2211	D	D	D	D	D	D
2212	D	D	D	D	D	D
2213	D	D	D	D	D	D
Whl Tr	1,273,954	1,459,023	1,669,154	1,692,770	1,565,547	1,678,466
4236	D	D	D	D	D	D
4237	D	D	D	D	D	D
4238	184,511	213,145	249,897	197,489	205,740	224,055
4239	D	D	D	D	D	D
4248	D	D	D	D	D	D
4231-4251	609,250	704,407	813,857	834,092	733,353	791,145
Bld Mat	1,272,490	1,747,689	2,014,121	2,214,649	1,858,712	1,903,501
4441	1,186,153	1,542,777	1,701,401	1,926,881	1,675,902	1,765,019
4442	86,338	204,912	312,720	287,768	182,810	138,482
Gen Mer	232,217	211,987	240,100	307,028	225,144	200,731
4521	D	D	D	D	D	D
4529	D	D	D	D	D	D
Food St	3,580,650	3,318,442	3,402,895	4,262,721	3,803,322	3,464,119
4451	791,439	721,979	649,962	794,146	742,530	688,487
4452	150,361	118,620	101,825	203,444	121,330	120,442
7221-7224	2,638,849	2,477,843	2,651,108	3,265,131	2,939,462	2,655,190
Auto Dlr	1,429,924	1,567,458	1,633,582	1,895,629	1,650,622	1,632,150
4411	511,913	551,957	537,729	563,405	508,648	549,845
4412	136,722	240,311	301,089	339,216	275,221	238,634
4413	430,230	434,230	434,252	518,570	450,039	455,088
4471	351,059	340,960	360,512	474,438	416,714	388,583
Fur Appl	657,789	662,040	604,756	641,933	556,695	594,165
4421	524,418	519,708	462,515	497,574	430,979	456,926
4422	133,371	142,332	142,241	144,359	125,716	137,239
Oth Ret	2,481,122	2,262,970	2,519,626	2,874,330	2,551,197	2,528,352
4431	237,299	208,648	174,203	231,158	199,075	208,207
4453	399,219	421,361	437,432	553,749	547,420	478,208

4461	D	D	D	D	D	D
4481-4483	122,708	127,569	199,311	147,751	115,773	136,475
4539	869,910	832,983	889,738	1,087,436	960,056	961,679
4541-4542	D	D	D	D	D	D
4543	211,723	134,379	130,913	172,921	110,756	124,821
4511-4533	560,634	468,117	610,393	594,160	545,590	535,972
Serv Ind	3,909,901	4,098,618	4,370,278	5,086,064	5,199,160	5,047,661
5111-5179	D	D	D	D	D	D
5181-5191	D	D	D	D	D	D
5321-5324	246,968	207,858	278,621	315,206	298,157	319,181
5411-5419	143,927	121,516	122,383	304,196	155,372	173,435
6111-6117	D	D	D	D	D	D
6211-6244	D	D	D	D	D	D
7111-7139	192,436	190,504	215,045	257,432	319,880	240,543
7211	68,005	59,162	65,938	80,712	62,122	62,305
8111	909,655	1,012,164	1,191,120	1,340,453	1,779,500	1,728,897
8112-8114	845,032	838,063	817,096	870,546	790,153	867,358
5611-8141	487,693	529,714	664,685	736,473	652,074	584,278
Other	1,210,264	1,474,453	1,467,180	1,629,709	1,527,178	1,596,131
1111-2131	D	D	D	D	D	D
2361-2389	391,270	545,189	551,058	621,820	573,327	600,875
4811-4931	D	D	D	D	D	D
5211-5313, 5331, 5511	746,613	772,293	759,953	818,898	804,889	824,238
Unclassified	D	D	D	D	D	D

The NAICS data shown above are organized by major industrial activity of the vendor and do not represent sales by product type. These data represent remittances by monthly filers only and are not directly comparable to Treasury receipts.