

US: Kentucky Derby—‘high rollers’ and social misery

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Saturday’s 131st running of the Kentucky Derby at Louisville’s Churchill Downs racetrack had been promoted incessantly in the weeks leading up to the event as a “rite of spring” and another moment for the history books. The Derby Festival began last month with a military air show over Louisville lasting nearly six hours. Bank-sponsored golf tournaments dominated the festival, which culminated in the black-tie, \$3,000 a table Grand Gala held at the prohibitively expensive Galt House hotel Friday night.

The \$2.4 million race, lasting just over two minutes, was viewed by a national audience. Tens of thousands more Kentuckians waited all day crowded within the shadeless inside track area to watch on a big screen television. The 40-acre infield is sometimes called “Kentucky’s third largest city” because of the number of spectators crowded within the track. However, on Saturday it was the horse owners, breeders and celebrity speculators who dominated news coverage from their newly constructed private party suites overlooking the winner’s circle, drinking mint juleps and smoking imported cigars.

The Derby celebrations might as well have taken place on another planet, so alien and protected was the convention of “high rollers” in the midst of Kentucky’s economic crisis. Last year, the state experienced a \$2 billion budget shortfall and major increases in home foreclosures, heating and transportation costs, job cuts and arrests for petty theft.

Especially in Louisville, social services are overstretched, in part because of a years-long state hiring freeze and emphasis by Governor Ernie Fletcher on “efficient and cost-effective” state government, focusing primarily on cuts in emergency and social services. According to one Louisville EMT, for nearly a year, 18 paramedics have been covering 43 positions,

working for 36 hours, taking 12 to 24 hours off, and then resuming work.

Meanwhile, Kentucky’s wealthiest individuals and corporations have benefited from reductions in the top income tax rate and repeal of the corporate license tax. A special provision, the Thoroughbred Breeders Incentive Fund, was passed along with the governor’s tax modernization scheme in March. This loophole program takes millions of dollars in revenue from the 6 percent tax on stud fees out of the General Fund and gives it back to elite racehorse owners as business stimulus.

Government at all levels has padded the pockets of the National Track Racing Association (NTRA), particularly since the formation of a racehorse lobby in 2003. According to a statement from NTRA president D.G. Van Clief, Jr., “After just two years, the NTRA political action committee’s Horse PAC is in the top 10 percent of all federal PACs, raising more than \$725,000 during the 2003/2004 election cycle.” Almost immediately, influential conservatives were lobbied to insert tax exemptions and specific favors into federal legislation. Bush’s American Jobs Creation Act of 2004, for example, provided a tax deduction of up to 9 percent for breeders and a tax write-off of the first \$100,000 spent annually by breeders on the purchasing of horses.

In the last year, the Churchill Downs racetrack has undergone extensive renovations at a cost of \$121 million, borne largely on the backs of Louisville residents. The *Louisville Courier-Journal* business report for April 29 stated, “Under a tax-reducing 2002 agreement, Louisville Metro owns the track and is leasing it to Churchill for \$1 a year for 30 years, although Churchill can reacquire the property at any time.” Additionally, the track “is taking advantage of

tax-increment financing, which created a special taxing district for the racetrack and allows the track to pay off debt using tax revenue the district generates.”

Most of the money went to build 79 private luxury suites and so-called Gold Rooms renting for \$2,500 a night, off-limits to all but members of the Gold and Platinum Clubs, those placing annual bets of \$100,000 and \$250,000, respectively. In addition to the 20,000 square yards of suites, a huge ballroom, an inter-track wagering center, a media center, and corporate meeting rooms are all also closed to the public. Effectively, the general public is now denied access to most of the facility, prohibited from using coolers not bought at the on-site commissary, and subject to tight security and random searches.

At the 2005 Derby, 35 law enforcement and government agencies, including the Kentucky State Police, hundreds of Kentucky National Guardsmen, the Federal Bureau of Investigation, and the Secret Service were involved in searches of patrons and employees at entrance gates and in vehicle “sweeps.” Police forces passed through countless camera shots during NBC’s coverage, though not a breath was expended by commentators on the obvious military presence.

Since 2002, Homeland Security has utilized the event as a display of militarism as part of its nationwide campaign to spread fear and paranoia. In the process, the Bush administration has demonstrated its devotion to the ultra-wealthy at the expense of civil liberties by coordinating local law enforcement and fire departments into a phalanx of body guards for “millionaire’s row.”

Although the horse industry is touted as a tourism draw and therefore an essential component of Kentucky’s economy, the strain on the service sector caused by the annual Derby is enormous. Louisville International Airport prepared for this year’s record number of charter and private aircraft by requiring all AvCenter employees to work 12-hour shifts for the week, even on their off days. In a *Louisville Courier-Journal* interview, AvCenter general manager Dick Parisi related several anecdotes about the fickle demands made of employees by visiting millionaires in recent years. Most commonly, celebrities requested specific, rare wines, or butter served in “dollops” rather than in foil, although he recounted one instance in which a guest “wanted a real beef bone, sliced into

chunks by a hacksaw and put on a silver platter for their dog.” After the Derby, private jets departed hastily, averaging one every two minutes.

The tremendous pressure placed on Louisville workers to cater to the horse aristocracy was not limited to industries in direct contact with race fans. In fact, nearly all workers felt the effects in the last week of the Derby Festival in the form of a 30-cent gas hike at the pumps. Seeking to capitalize on the influx of tourists, station owners hiked the average price for unleaded gasoline 10 cents over the national average of \$2.20.

But the demands of Derby high-end bettors are perhaps felt most directly by those living in houses encroached upon by the sprawl of Churchill Downs. Since 1958, Gertrude and Austin Jones have lived on Homeview Avenue in a home now almost completely surrounded by Churchill parking lots. The track has offered to buy their property in order to demolish it like those of their former neighbors, but they have declined to sell, citing inadequate monetary compensation. Another Louisville resident, 80-year-old Marion Magel, has refused the \$100,000 offered by Churchill last year to give up the home closest to the track, built by his father in 1923.

It is unlikely that such residents will hold out for much longer against what seems to be the inevitable invasion of corporate sprawl. One neighbor who sold the property he bought in 1970 described his predicament thus: “They almost made an offer that would get me totally out of debt, and now that I’m retired, I thought I can’t hardly turn that down.”



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