

STOCK CAR RACING IN VIRGINIA: THE SPORT AND THE BUSINESS



Virtually every popular sport that captures the public imagination boasts multiple levels of competition. In baseball, for example, competition ranges from sandlots and Little League on up to the minor leagues and Major League Baseball. Car racing is much the same. From the dirt tracks and drag strips to the short tracks and NASCAR, it is a sport enjoyed by many people as spectators and participants, in many different settings. It has evolved into a very big business.

For some, car racing is recreational. For others, it is a spectator sport. For still others, it is a money-making business. Some people golf regularly or join a bowling league, while others enjoy tuning their cars and racing them. For many, this is an experience that simply is fun, yet for others it leads to a career or a business. People make significant investments in horses for racing or dogs for showing, while others make truly significant financial investments in race cars.

NASCAR, the National Association for Stock Car Auto Racing, is the most prominent organizer of stock car racing. It sanctions 1,500 races annually at 100 tracks in almost 40 states. NASCAR exceeds both golf and tennis in terms of the number of its fans and television viewers, and live audiences can exceed 200,000. Although in recent years attendance has trended downward, NASCAR still asserts that it sponsors a majority of the most-attended single-day sporting events in the world.¹

¹ "NASCAR," Wikipedia (accessed May 19, 2016).

Professional race car drivers such as Jimmie Johnson, Kevin Harvick and Kyle Busch earn substantial amounts of money and are recognized by their fans on television and the national scene. Hendrick Motorsports, a NASCAR racing team, was worth \$375 million in 2015, according to Forbes magazine (Feb. 16, 2016).

For every famous team and driver, however, there are dozens who work semi-anonymously on their own cars, drive them in races and are racing heroes only to their families and the people in their communities. Car racing is a way of life for some people – a part of their culture, an opportunity for fun and relaxation.

These are among the reasons why car racing has become a big business that involves thousands of Virginians, highly attended sports events, hundreds of millions of dollars of economic impact, expensive high-technology vehicles, franchises, sponsorships, prize money and elaborate facilities. All of this is in addition to the teenager who “soups up” his car and enjoys drag racing and the demolition derbies that occur on dirt tracks around the Commonwealth.

It's not easy to assemble reliable information on car racing in Virginia because public records in the sport are limited and many of the participants come and go from year to year. NASCAR, for example, is a family-owned and operated firm. Thus, anecdotal information assumes larger than usual importance.

Car Racing In Virginia Traces Its Beginnings To Virginia Beach

Virginia Tech professor of landscape architecture Brian Katen, who has done an exhaustive study of the beginnings of racing in Virginia, reports that car racing in the Commonwealth got its start on the beach at Virginia Beach in 1904. That was the plan, at least. Alas, neither the weather nor the tides cooperated that day, and so the race was moved to the Norfolk fairgrounds. This started a trend of having races at fairgrounds.

“Since colonial times, race day – horse racing – was always a part of the fair. These horse tracks became car tracks,” Katen explained (Susan Trulove, “Life in the fast lane enriches Virginia’s landscape: Culture of racing a significant part of past and present,” Research Magazine, Virginia Tech, fall 2004).

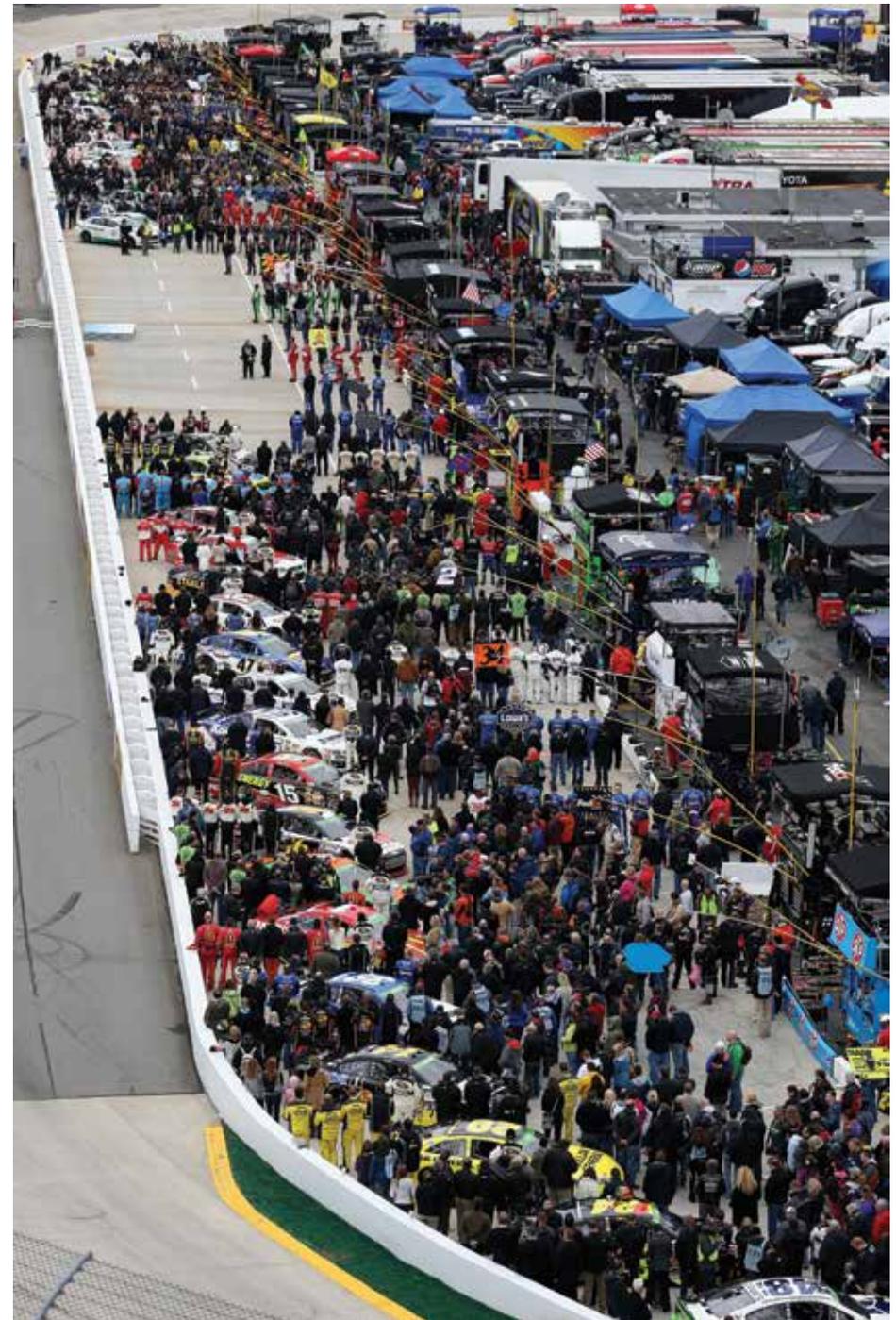
Katen’s research unearthed 110 car race tracks in Virginia, though not all were ever operational at the same time. From the fairgrounds to baseball fields to oval tracks in a farm field, car racing would become very popular and a part of life in many rural communities, especially in Southwest Virginia.

Early race cars were open-wheeled vehicles. After World War II, there was a move to what became known as stock car racing – featuring cars that race around oval tracks at speeds up to and exceeding 200 mph. Southwest Virginia Speedway, built near Marion in 1947, was the first designed for stock cars. Currently, there are at least 11 hard-surface stock car tracks in Virginia plus a half-dozen dirt tracks.

A dozen or more distinct classes of stock car racing exist (for example, “true” stock car racing, which is limited to street vehicles that can be purchased by the general public). For each class, rules exist that are designed to produce races between cars with near-identical specifications. Fudging the specification rules, of course, always has been a temptation for drivers and teams.

The story that stock car racing began in the era of Prohibition is a mixture of myth and truth. The legend is that young men, particularly in the South, used souped-up regular cars to ferry illegal moonshine and outrun federal revenuers. Undoubtedly this occurred during Prohibition and was the basis for movies such as “Thunder Road” (1958). The tradition was embellished (and satirized) subsequently by Burt Reynolds in movies such as “Smokey and the Bandit” (1977) and “The Cannonball Run” (1981). Even so, to the extent this occurred, it only supplemented the natural desire of many car owners to maximize the performance of their vehicles.

The foremost historian of race cars and tracks in Virginia is Brian Katen, an associate professor in the School of Architecture + Design at Virginia Tech. His contributions include “Racing’s Roots in the Virginia Landscape,” in “Horsehide, Pigskin, Oval Tracks and Apple Pie: Essays on Sports and American Culture,” Dr. James A. Vlasich, ed., McFarland and Co., 2006; “The Roots of Oval Track Racing in Virginia,” in “Car Crazy: Racing and Rodding in Southwest Virginia,” Art Museum of Western Virginia, Roanoke, Va., in collaboration with the Blue Ridge Institute and Museum of Ferrum College, 2004, and “Richmond’s Oval Track History,” in “Capital Car Crazy; Racing and Rodding Around Richmond,” Exhibit Catalogue, Virginia Historical Society, Richmond, Va., Blue Ridge Institute and Museum of Ferrum College, 2005.



Race Car Tracks In Virginia

Table 1 lists the major stock car raceways with hard surfaces in Virginia. Dirt tracks and drag racing tracks are listed separately. Figure 1 locates the tracks within the Commonwealth. While concentrated in less

urbanized areas, it is apparent that virtually every area of Virginia hosts a stock car race track.

TABLE 1

RACE CAR TRACKS IN VIRGINIA, 2015

Bristol Motor Speedway - Located on the Tennessee side of the city of Bristol, which straddles the Virginia and Tennessee border. Shape: High-banked oval. Surface: Concrete. Length: .533 miles. Called the "world's fastest half mile." It is counted as a Virginia track in Figure 1.
Dominion Raceway - Thornburg. Multipurpose race and entertainment facility. Shape: Oval. Road course and drag strip to open soon. Surface: Asphalt. Length: .4 mile. Seats: 3,500. New in 2016.
Langley Speedway - Hampton. Shape: Semi-banked oval. Surface: Asphalt. Length: .396 mile.
Lonesome Pine Raceway - Coeburn. Shape: Oval. Surface: Asphalt. Length: .375 mile.
Martinsville Speedway - Ridgeway. Shape: Paperclip. Surface: Asphalt. Length: .526 mile. Voted one of the most popular tracks by fans.
Motor Mile Speedway - Radford. Shape: High-banked oval. Surface: Asphalt. Length: .416 mile.
Richmond International Raceway - Shape: "D"-shaped oval. Surface: concrete. Length: .75 mile. Seats: 70,000.
Shenandoah Speedway - Shenandoah. Shape: Oval. Surface: Asphalt. Length: .375 mile.
South Boston Speedway - South Boston. Shape: Semi-banked oval. Surface: Asphalt. Length: .4 mile.
Southside Speedway - Midlothian. Shape: Oval. Surface: Asphalt. Length: .33 mile. Called "toughest short track in South."
VIRginia International Raceway - Alton (near Danville). Shape: Road course, oval and drag strip. Surface: Asphalt. Length: 2.25 miles. Named one of the top six courses in North America by Car and Driver magazine.
Among the more active dirt oval tracks are Eastside Speedway , Waynesboro; Natural Bridge Speedway , Natural Bridge; Virginia Motor Speedway , Jamaica; Winchester Speedway , Winchester; and Wythe Raceway , Rural Retreat.
Drag racing strips in Virginia include Colonial Beach Dragway , Colonial Beach; Eastside Speedway , Waynesboro; Elk Creek Dragway , Elk Creek; New London Dragway , Lynchburg; Newton Dragway , Newton; Richmond Dragway , Richmond; Sumerduck Dragway , Culpeper; and Virginia Motorsports Park , Petersburg.

Source: Virginia Delegate Kenneth Plum

FIGURE 1

LOCATION OF STOCK CAR TRACKS IN VIRGINIA

RACE TRACKS

- 1. Bristol Motor Speedway - Bristol, VA/TN
- 2. Dominion Raceway - Thornburg
- 3. Langley Speedway - Hampton
- 4. Lonesome Pine Raceway - Coeburn
- 5. Martinsville Speedway - Ridgeway
- 6. Motor Mile Speedway - Radford
- 7. Richmond International Raceway - Henrico County
- 8. Shenandoah Speedway - Shenandoah
- 9. South Boston Speedway - South Boston
- 10. Southside Speedway - Midlothian
- 11. Virginia International Raceway - Alton

DIRT OVAL TRACKS

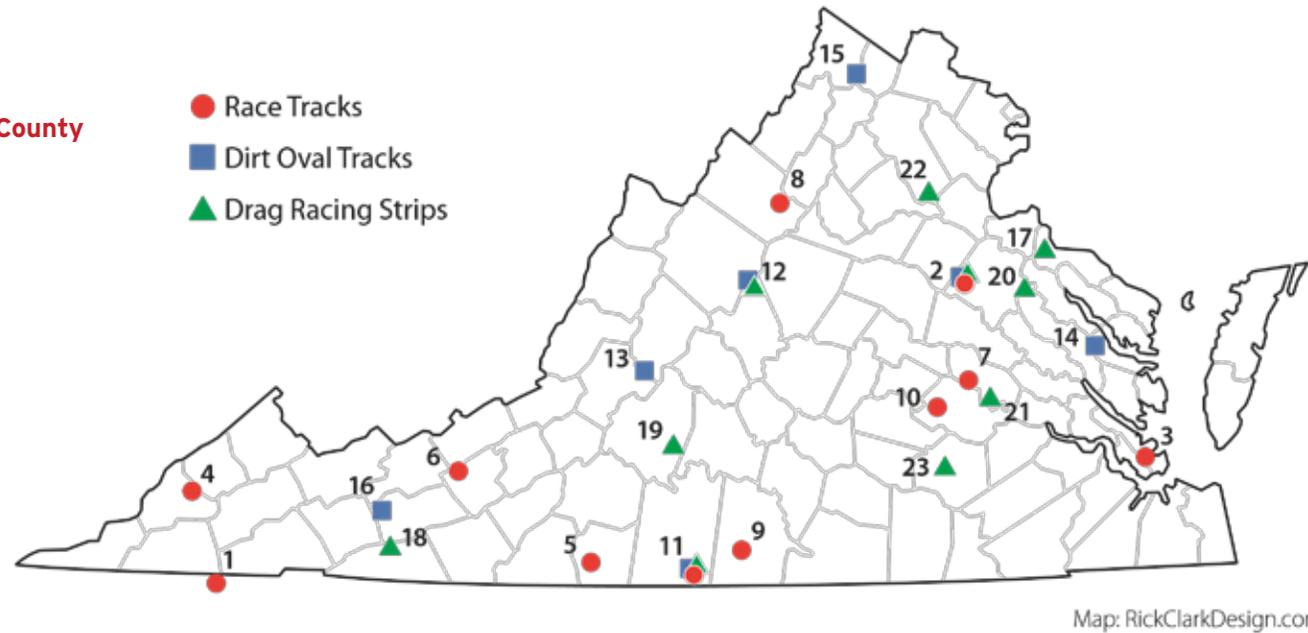
- 12. Eastside Speedway - Waynesboro
- 13. Natural Bridge Speedway - Natural Bridge
- 14. Virginia Motor Speedway - Jamaica
- 15. Winchester Speedway - Winchester
- 16. Wythe Raceway - Rural Retreat

DRAG RACING STRIPS

- 17. Colonial Beach Dragway - Colonial Beach
- 18. Elk Creek Dragway - Elk Creek
- 19. New London Dragway - Lynchburg
- 20. Newton Dragway - Newton
- 21. Richmond Dragway - Richmond
- 22. Sumerduck Dragway - Culpeper
- 23. Virginia Motorsports Park - Petersburg

Source: Virginia Delegate Kenneth Plum

Racing Facilities in Virginia



Virginia Recognizes The Economic Potential Of Stock Car Racing

In 2003, Gov. Mark R. Warner announced the Virginia Motorsports Initiative to “promote and support motorsports activities in Virginia as a means for economic development.” According to Warner, the purpose of the project was:

Virginia has a strong cluster of racing venues and motorsports businesses. Our new initiative will build on these exciting assets to promote the growth of the motorsports industry and racing venues. Our aim is to attract and grow in Virginia a dynamic motorsports industry that sees the Commonwealth as the preferred location for engine builders, component makers, race car teams, and other businesses in the fast growing motor sports world (press release from the Governor’s Office, Aug. 13, 2003).

Warner’s announcement also revealed that \$250,000 would be made available in low-interest loans to help finance the move of new motorsports businesses to Virginia, \$100,000 in workforce funds to train new workers and \$250,000 in incentive funds from the Virginia Tobacco Commission to attract related new businesses. Educational and workforce programs in motorsports were to be developed. A private-sector Virginia Motorsports Coalition was organized.

A commending resolution passed by the House of Delegates and the Senate (HJR 451) in March 2004 was equally as optimistic in praising the motorsports industry in the Commonwealth “for its positive contributions to tourism and economic development.” The resolution noted that Virginia had 37 racetracks, from the best tracks in the competition to local dirt tracks and drag strips. It further noted that “attendance figures from Martinsville Speedway, Richmond International Raceway, South Boston Speedway, Virginia International Raceway and Virginia Motorsports Park show almost two million visitors in 2002 with an economic impact of \$11.7 million in state and local sales taxes and other tax revenues.”

A posting on the internet blog Bacon’s Rebellion (June 19, 2005) proclaimed: “Virginia has what it takes to be a contender in motor sports. A little help from the state could jump-start local development of this fast-growing industry.” The column went on to explain that “several states are trying to position themselves as the location for more motorsport businesses. None of these efforts has taken a clear lead yet, and Virginia should work to position itself as the industrial capital of motor sports.”

NASCAR And Other Stock Car Sanctioning Groups

Sanctioning bodies in stock car racing are organizations that establish uniform rules and safety standards for the races for which they coordinate the scheduling and promotion. Rules include detailed and elaborate specifications for the racing cars and trucks that are permitted to enter various kinds of races. Rules that drivers must follow are also specified. There are three major stock car-sanctioning bodies nationally and each sanctions some races in Virginia.

Virginia is home to two of the tracks where major NASCAR races are held: Richmond International Raceway and Martinsville Speedway. Another major NASCAR site, Bristol Motor Speedway, is located on the Tennessee side of the divided city of Bristol, Va./Tenn., but is counted as a Virginia track in Table 1 and in Figure 1.

The **National Association for Stock Car Auto Racing (NASCAR)** was founded in 1948 as a family-owned and operated business venture that sanctioned and governed multiple auto-racing sports events. There was no central organization or rules until Bill France Sr. of Daytona Beach, Fla., organized a meeting of racing team owners, which led to the formation of a sanctioning body that would become NASCAR.

As a family-controlled business, NASCAR is not publicly traded on the stock market. However, its major sanctioning body, **International Speedway Corp. (ISC)**, is publicly traded on the NASDAQ. Declining attendance and revenues during the Great Recession of 2008 pushed down the price of ISC stock from a high of \$53.20 per share on Feb. 1, 2007, to

less than \$19 per share two years later. It currently trades at about \$32 per share and has paid dividends to its shareholders for 43 consecutive years (<https://finance.yahoo.com>).

ISC owns and operates 13 motor speedways, including Richmond International Raceway and Martinsville Speedway. Its total revenues for the first quarter of 2016 were approximately \$142.6 million, up about 5 percent compared to the previous year. Its market cap is approximately \$1.5 billion.

The second major owner of NASCAR tracks, **Speedway Motorsports Inc.**, is publicly traded on the New York Stock Exchange. The company owns eight raceways including Bristol Motor Speedway. The price of a share of Speedway Motorsports fell from a high of approximately \$40 in 2007 to only about \$12 per share in 2009. It currently trades at approximately \$17 per share, but recently has experienced falling revenues. Its market cap is about \$700 million. (The third owner of large national race venues, **Dover Motorsports**, owns two raceways including the Indianapolis Motor Speedway, but none in Virginia.)

The aforementioned stock market data are relevant because they reflect a slowdown that has afflicted stock car racing nationally over the past decade. The Great Recession is partially, though not totally, responsible for this. In any case, as Graph 1 reports, attendance at NASCAR events has been declining. Rather than increasing their attendance capacities, several race tracks have reduced their size, including Martinsville and Richmond (see Table 2). Bristol, however, remains an immense facility that apparently will be the largest in the United States by year's end.

Richmond International Raceway boasted a 33-race sellout streak that lasted 16 years, from 1992 to 2008 – while its seating capacity rose from 59,368 to 112,029 with a waiting list of thousands who wanted tickets. Since 2008, however, the raceway has not sold out and the seating capacity currently is being reduced to 60,000 (Richmond Times-Dispatch, Jan. 5, 2016).

The Great Recession of 2008 accelerated what had been a very gradual decline in interest in stock car racing. NASCAR's average ticket price of \$92, when combined with the associated costs of getting to the track and

staying nearby for a couple of days, proved to be a major impediment to NASCAR attendance when the country's unemployment rate peaked at 10 percent.

In addition, many prime NASCAR races were televised and some NASCAR fans simply decided to stay home.

Underpinning these economic motives has been an erosion in fan interest. Graph 2 illustrates the gradual decline in interest in NASCAR nationally. This has been matched by declining television ratings as well.

NASCAR Race Series

Sprint Cup Series* - Cars weigh 3,450 pounds, engines produce about 850 horsepower and 9,000 RPM, and cars can reach speeds above 180 mph at some tracks. Richmond International, Martinsville and Bristol hold races in this series.

Xfinity Series* - Cars weigh 3,400 pounds, engines produce about 650 horsepower and 8,200 RPM, and cars can reach speeds around 175 mph at some tracks. Richmond International and Bristol host races in this series.

Camping World Truck Series* - Pickup trucks with high-performance engines that produce about 750 horsepower. Trucks may go as fast as 180 mph on some tracks. Martinsville and Bristol have races in this series.

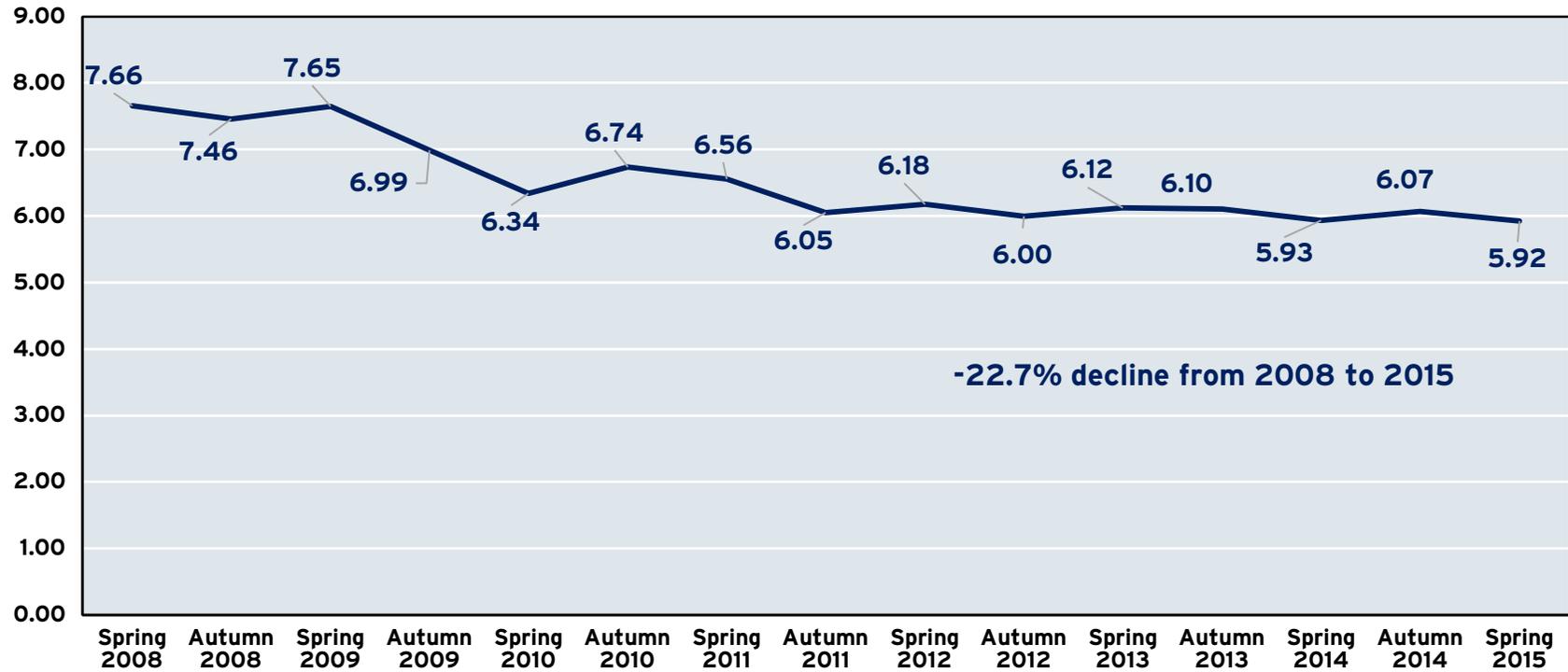
K&N Pro Series - Divided between east and west. Cars produce 625 horsepower at 8,000 RPM. Considered developmental races before drivers progress to national races. Bristol, VIR and Dominion host these races.

Whelen All-American Series - Short-track races. More than 10,000 drivers compete through a point system that results in track-, state- and national-level champions. Four tracks in Virginia host races in this series.

*NASCAR national races

GRAPH 1

ATTENDANCE AT NASCAR EVENTS IN THE PRECEDING 12 MONTHS, 2008 TO 2015 (IN MILLIONS)



Source: Nielsen Scarborough, www.statista.com

TABLE 2

NASCAR SPRINT CUP RACE TRACKS PERMANENT SEATING CAPACITY - 2015

Rank and Track	Capacity	Background*
1 - Daytona International Speedway	147,000	Seating being reduced to 101,000
2 - Bristol Motor Speedway	146,000	Will take over No. 1 spot in 2016
3 - Texas Motor Speedway	137,000	No change
4 - Las Vegas Motor Speedway	123,000	Previously was 131,000
5 - Kentucky Speedway	107,000	No change
6 - Dover International Speedway	96,000	Had been as high as 135,000
7 - Charlotte Motor Speedway	89,000	Had been as high as 156,000
8 - New Hampshire Motor Speedway	88,000	Previously was 96,000
9 - Talladega Superspeedway	78,000	Had been as high as 143,000
10 - Kansas Speedway	74,000	Previously was 80,000
11 - Atlanta Motor Speedway	71,000	Had been as high as 124,000
12 - Michigan International Speedway	71,000	Had been as high as 137,243
13 - Richmond International Raceway	71,000	Had been as high as 110,000. Is being reduced to 60,000.
14 - Auto Club Speedway	68,000	Had been as high as 92,000
15 - Darlington Raceway	58,000	Had been as high as 65,000
16 - Chicagoland Speedway	55,500	Had been as high as 73,000
17 - Martinsville Speedway	55,000	Previously was 63,000
18 - Phoenix International Raceway	51,000	Previously was 76,812
19 - Sonoma Raceway	47,000	No change
20 - Homestead-Miami Speedway	46,000	Had been as high as 63,000
21 - Watkins Glen International	33,000	Previously was 35,000

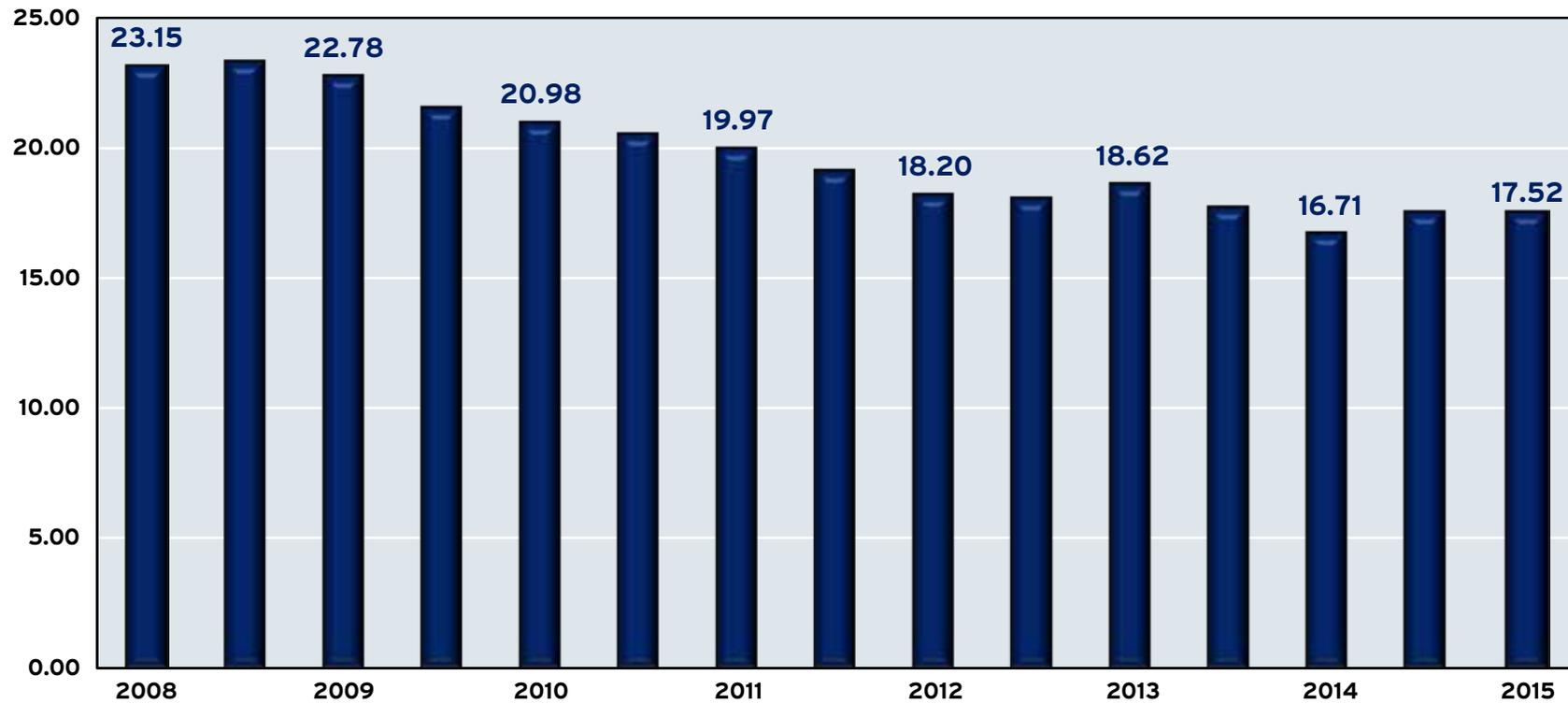
* "Had been as high as" indicates that seating capacity was reduced more than once.

Source: Adapted from NBC Report, March 10, 2015

NASCAR's fan base is 63 percent male, 98 percent white, 91 percent ages 35 or older, and twice as likely as the typical American to live in rural areas of the South and Midwest. <http://brandongaille.com/52-fantastic-nascar-demographics>

GRAPH 2

NUMBER OF PEOPLE INTERESTED IN NASCAR IN THE UNITED STATES, 2008-2015 (IN MILLIONS)



Source: Nielsen Scarborough, www.statista.com

NASCAR Changes Its Business Model

NASCAR has not been sitting idly while these changes in its market position have been occurring. In February 2016, it announced a drastic overhaul of its business model. It is shifting from an independent-contractor alliance of racing teams with sponsors to a franchise-like system that is intended to provide value and financial stability to team owners. Under the old system, car owners as independent contractors were responsible for all the financial obligations of each race, while depending on sponsorships to pay the bills. The Great Recession exposed the vulnerabilities of this business model, as several teams went broke because they could not obtain sufficient financial support, which in turn reflected flagging attendance.

Under the new model, the franchises (or “charters,” as NASCAR now terms them) will have economic value that can be bought and sold within the rules of NASCAR. The new model is designed to smooth out team financial performance. A charter has a life of nine years and can be bought and sold, much like a taxicab medallion or liquor license. Economically speaking, this model may indeed moderate the ups and downs in racing team financial performance; however, it does not deal directly with the elephant in the room – the ebbing of attendance and interest in NASCAR.

NASCAR also attempted to address the issue of flagging interest in its events by changing the manner in which it determined its season champion. In 2004, NASCAR erased the system whereby all races during a season counted the same in determining its champion and replaced it with a new structure whereby, with 10 races to go, all point advantages were erased for the top 10 drivers, who then would compete for the championship. The goal was, in the fashion of Major League Baseball and the National Basketball Association, to maintain fan interest by increasing the number of competitors who realistically could win its championship.

In 2011, NASCAR tinkered with the system whereby it awarded points reflecting the finishes of its drivers in races. In 2014, it changed its championship format to a 16-driver field that would be whittled down

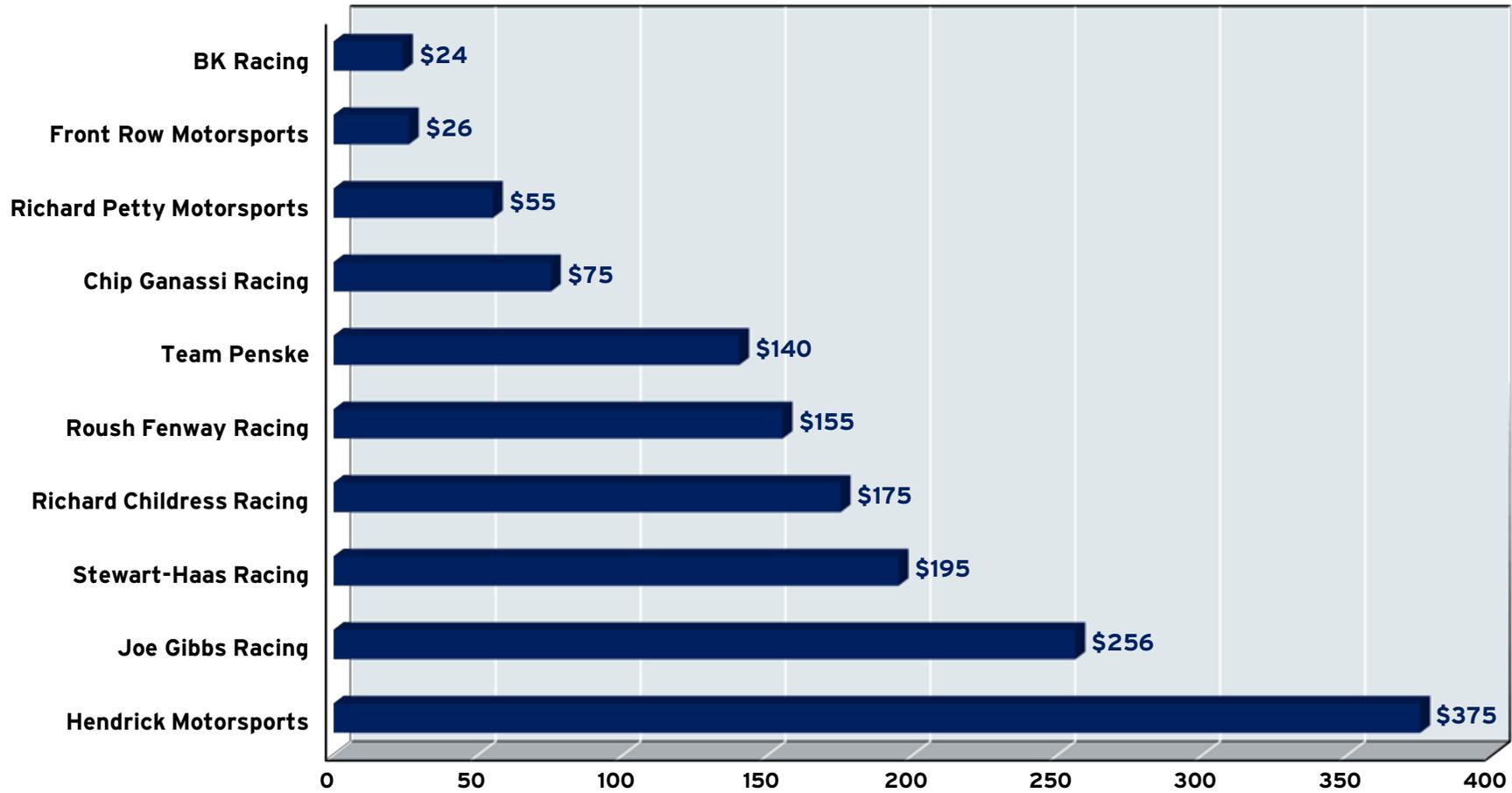
through a set of races until there would be only four drivers remaining, who would compete in a final race. These changes ensure that long-term, steady racing performance over the length of the NASCAR season would not be the major determinant of NASCAR’s champion. A driver could endure a series of subpar finishes and still end up being crowned the champion if he/she performed well at the crucial times late in the racing season. This was viewed as a means to maintain the interest of a larger number of fans of specific NASCAR racing teams. Now, in 2016, it is not clear that it yet has had this effect.

NASCAR Racing Teams

In 2016, in response to a variety of complaints from the owners of its racing teams, NASCAR issued 36 charters to 17 teams. Charter teams now are guaranteed entry into each of the season’s 36 NASCAR races that generate ranking points for drivers; the remaining four spots will be filled by noncharter teams that qualify. According to Forbes magazine (Feb. 17, 2016), the charters are worth \$5 million to \$10 million each. Forbes estimated in the same article that the top 10 teams were worth an average \$148 million, up 6 percent from the previous year (see Graph 3). In aggregate, the teams generated nearly \$1 billion in revenues in 2015.

GRAPH 3

VALUE OF MAJOR NASCAR RACING TEAMS IN 2016 (IN MILLIONS OF U.S. DOLLARS)



Source: Forbes, www.statista.com

Joe Gibbs Racing is headed by former Washington Redskins football coach Joe Gibbs, who lived in Virginia while he was coaching the Redskins. His son J.D. Gibbs attended the College of William & Mary and played football there before going into racing. Their team, which includes four cars and drivers, is one of the most successful in the country today. The team is second only in value and revenue to Hendrick Motorsports and is celebrating its 25th anniversary this year.

According to Forbes magazine, 13 NASCAR drivers made more than \$10 million in 2015 from salaries, bonuses, personal endorsements and their share of winnings and licensing. Collectively, they made \$198 million (Forbes, Feb. 17, 2016).

NASCAR's latest television deal with Fox and NBC, which runs through 2024, is worth a reported \$8 billion, of which sum the tracks receive approximately 65 percent. The shift described earlier to a charter system among the teams will bring stability for the racing teams. Some analysts have concluded that the big companies that control NASCAR may see a reduction in revenue but an increase in profit. Clearly, experience across the industry varies.

NASCAR remains a popular, profitable sport even while it is in the midst of a disturbing period of declining interest in its product. One should not make too much of this because the value of most NASCAR racing teams has increased and NASCAR itself, while privately held, is widely viewed as a quite profitable firm with a “moat” (barrier to entry) of considerable magnitude. Thus, it would not be easy for any challenger to dent NASCAR’s carefully constructed market position.

Rick Hendrick, the owner of Hendrick Motorsports, grew up near South Hill, Va., and as a teenager built engines and drag raced in the area. After attending North Carolina State University, he settled in North Carolina, where he started Hendrick Motorsports. Headquartered in Concord, it has 600 employees. Since 1986, his teams have won at least one cup-level race each season. In addition, Hendrick is chairman of the board of Hendrick Automotive Group, which generated \$7.55 billion in revenue in 2014 after selling 184,000 vehicles and servicing more than 2.3 million cars and trucks at dealerships throughout the country.

Other Stock Car-Sanctioning Groups

There are two additional groups that sanction racing in Virginia, but they are birds of a different feather. The **International Motor Contest Association (IMCA)** is the oldest active car racing-sanctioning body, having organized in 1915. Its races primarily focus on modified cars with open wheels. The IMCA-sanctioned Virginia Sprint Series is held at Eastside, Natural Bridge and Shenandoah speedways.

The other, **INEX**, is the third-largest short track-sanctioning body and holds races in Virginia at Southside Speedway and Dominion Raceway. Races for INEX, which stands for inexpensive racing, include legend cars, bandoleros, thunder roadsters and legends dirt-modified racing cars. INEX has sanctioned more than 30,000 races since its founding in 1995.

Beyond NASCAR races, there are dozens of other races that utilize local racing talent. For some people, the local tracks provide a way to break into the big business of racing or to pursue a hobby interest in rebuilding cars and engines. For others, limitations on funding keep them local. One of the enduring and endearing features of stock car racing on the local level, often on dirt tracks, is the manner in which “the boy next door” – and sometimes now “the girl next door” – attract followers who faithfully follow them, root for them and grant them mini-hero status, albeit sometimes within a fairly defined segment of society.

Racing attendance figures are not available for local dirt tracks, many of which are highly informal in their organization, and there is no association that collects such numbers from them. We received not a single response to our written requests for attendance and other information, probably because many of these tracks operate on a cash basis and have tax reasons for not supplying such information. Our telephone interviews with personnel at these tracks revealed that many have only a single full-time staff member. However, there was general agreement among them that their race attendance has fallen. Half-filled seats have replaced full houses with people sitting on blankets because no seats were available.

Each class of racing cars features rigid specifications imposed by the sanctioning body for the race or by the race track. All vehicles within a type must adhere to weight, horsepower, size, etc., in order to create a racing competition among vehicles that are otherwise equal.

Bandolero - Miniature stock cars. Speeds about 50 mph. Drivers as young as 8.

Legends - Open-wheel, 5/8th scale replicas of automobile coupes from the 1930s style, enclosed racer. 140 horsepower motorcycle engine. For short, paved oval tracks. Dirt-modified model also available.

Thunder Roadster - Open cockpit, open wheel, purpose-built racers look like race cars from the 1950s. 122 horsepower. Race on road, asphalt or dirt.

Sprint car - Purpose-built, open-wheel race car with or without wings for short-oval dirt or paved tracks. V-8 engine with about 1,000 horsepower. Can reach speeds to 160 mph.

UCAR (U Can Afford Racing) - Features front-wheel drive cars that have been slightly modified and fitted with safety measures, such as a roll cage, racing seat, etc., and are run at short tracks. Cars such as Ford Escorts or Probes, Chevy Cavaliers, Dodge Daytonas, Honda Preludes, Toyota Tercels and even Geo Storms are often used.

Stock Car - Originally stock car meant automobiles that had not been modified from the factory. True stock car racing continues with a designation "street stock," "pure stock" or "hobby stock." Other stock cars, such as in NASCAR, are production-based automobiles that may superficially resemble production-based cars but are really purpose-built racing machines.

The Economic Impact Of Stock Car Racing

Economic impact studies by and large tend to overestimate the actual economic impact of the enterprises and organizations they evaluate because they typically ignore the role of "displaced expenditures." For example, when a resident of Fairfax County spends \$250 at Fair Oaks Mall in Fairfax, if this reduces expenditures elsewhere in Fairfax County by \$250, then the net economic impact of this expenditure is zero insofar as the county and the Commonwealth of Virginia are concerned. A practitioner may ignore the displaced expenditures and report a large economic impact in any given situation, but that does not mean such a report is valid.

However, stock racing is a bird of a different color because it typically attracts people from other regions and other states who spend money that does not represent expenditures displaced from other jurisdictions immediately around the track. Further, racing fans who flock to venues such as Bristol, Martinsville and Richmond often spend several days and patronize hotels, restaurants, bars, stores of all kinds, gasoline stations, rental car agencies, airlines, etc. The point is simple – the economic impact of stock car racing is very different from the findings of the run-of-the-mill studies that (inaccurately) attribute economic impact to actions that represent nothing more than displaced expenditures.

An economic impact study conducted by Washington Economics Group of the Richmond International Raceway in 2009 found that the track generates over a half million dollars in economic activity each year, including \$36 million in additional state tax revenues (see Table 3). A total of 6,102 jobs were directly attributed to the RIR, while another 1,663 "induced and indirect" jobs were generated as well by the expenditures of the raceway's employees and the expenditures of its suppliers.

TABLE 3

RECURRING ECONOMIC IMPACTS GENERATED BY RICHMOND INTERNATIONAL RACEWAY

Economic Impacts	Direct	Indirect/Induced	Total Impact
Employment Jobs	6,102	1,663	7,765
Labor Income (\$ Mil.)	\$126	\$60	\$186
Gross State Product (Value-added \$ Mil.)	\$177	\$109	\$286
Federal Tax Revenue (\$ Mil.)			\$48.50
State & Local Tax Revenues (\$ Mil.)			\$36.20
Total Economic Impact (\$ Mil.)	\$303	\$169	\$557

Source: Washington Economics Group Inc., November 2008

A somewhat similar economic study by the Washington Economics Group of the Martinsville Speedway in 2009 found the total economic impact of the track to be \$170 million a year statewide. The study attributed 3,000 full-time jobs in Virginia to the Martinsville Speedway (The New York Times, “A Longtime Racing Town Shifts Its Focus,” March 3, 2009). In a region that has seen more than its share of economic challenges, these are big numbers.

To build on this development, Virginia issued more than \$8 million in bonds to build a 30,000-square-foot instructional facility at Patrick Henry Community College for motorsports-related jobs. Further, a four-year bachelor’s degree program leading to a minor in motorsports engineering was established at New College Institute through a partnership with Old Dominion University.

The lesson that we should take from these studies is that stock car racing, especially when connected to NASCAR, has a large economic impact because these races often attract attendees from other regions and states. In this regard, economic impact studies of stock racing differ significantly from the dozens of economic impact studies that report largely bogus

economic impact numbers, which fail to take into account displaced expenditures that would have been made anyway.

Competitors To The South

Reference has been made several times in this chapter to auto racing activity in North Carolina. The truth is that the Charlotte metropolitan region has become the unchallenged hub of stock car racing in the United States. The success in North Carolina has no doubt affected the possibilities for future growth in the industry in the Commonwealth. Within a hundred-mile radius of Charlotte, there are no fewer than 36 significant motorsports industry-related activities that include a major race track, the base of operation of the most successful racing teams in the country, several engine and auto manufacturing facilities, two wind tunnels for race car testing, the nation’s only NASCAR-endorsed training program for race technicians, a Center for Motorsports Automotive Research, government incentives for racing teams and more.

Motorsports tax incentives in North Carolina include a refund of half the sales tax paid in the state on tangible property that is part of a professional motorsport vehicle, a refund on aviation fuel taxes when airplanes are used to travel to motorsports events and a refund of sales tax paid on service contracts related to racing activities. For the three years – 2012, 2013 and 2014 – North Carolina paid out in tax refunds to motorsports teams or sanctioning bodies and professional motorsports teams nearly \$8 million in refunds. Of that amount, 60 percent went to the five wealthiest racing teams with the highest levels of revenue in the United States. Refunds that were due to expire in 2016 have been extended for four more years despite the current challenges the state faces in trying to balance its budget. The state’s policy is clearly not simply to attract racing teams but to give them incentives to stay in North Carolina.

Despite North Carolina’s success in building a motorsports hub in the Charlotte area, there was one effort that has not paid off. A NASCAR Hall of Fame was built in Charlotte in 2009 with \$137 million in municipal bonds. It was expected to attract 800,000 visitors in the first year and

400,000 each year thereafter. Thus far, the attendance has averaged 175,000 per year and the facility has yet to break even.

Interesting Developments

None of Virginia's major stock car race tracks has avoided the national trend of declining attendance. However, Bristol Motor Speedway neatly found another way to profit from its facilities by hosting "the biggest football game ever" on Sept. 10, 2016. The Hokies of Virginia Tech met the Tennessee Volunteers in a matchup of rivals on a football field marked off on the infield of the raceway oval. The raceway is about a two-hour drive from each campus. The "Battle at Bristol" set an NCAA football attendance record, as 156,990 fans watched the game in person. Each school potentially earned \$4.5 million for the game. This example has inspired other race tracks, like Daytona, to consider doing the same thing.

Activity at **VIRginia International Raceway** (VIR) shows great promise for motorsport activities in the Commonwealth. VIR is located in Alton, 12 miles east of Danville and just north of the North Carolina line. Since 1957, there has been racing on the property that is now VIR, with the exception of 1974 to 2000. With the investment of Connie Nyholm and Harvey Siegel, the track was reopened in 2000 under a concept of a "Motorsport Resort" that features a unique combination of race track, luxury lodging, dining, spa, skeet shooting, pistol and rifle range, karting, hiking and mountain bike trails, and more. With the retirement of Siegel in 2013, Nyholm became one of the only female majority owners of a race track in the country.

The raceway is considered a showplace for racing. It has five world-class road course configurations, ranging from 1.1 miles to 4.1 miles, with up to 130-foot elevation change. The late actor Paul Newman, who raced in amateur and professional competition from 1972 to 2007, was quoted as saying, "If there's a heaven on earth, it's VIR" (www.virnow.com). VIR's annual Hyperfest claims to be the largest automotive event on the East Coast, with about a dozen different kinds of races in an "automotive amusement park of asphalt, dirt, mud, grass and air." Car and Driver

magazine recognizes its road courses as one of the six best in North America. It has a drivers' club.

Also at VIR is the Virginia Motorsport Technology Park (VMTP) that on a greatly reduced scale attempts to replicate the supporting industries of racing one sees in the Charlotte region. "VMTP offers occupants a strategic advantage over their competitors – a premium location adjacent to Virginia International Raceway's world-class road courses for on-track testing and close proximity to other race support and research and development. VIR industrial park tenants lead the way in motorsports innovation, research, and development." Already in the park, Virginia Tech Transportation Institute operates the Global Center for Automotive Performance Simulation and the National Tire Research Center. The National Tire Research Co. is an affiliated company of Virginia Tech that provides testing of race tires for Goodyear specific to a particular track. Other tenants offer vintage car preparation, driver training and race engineering. Old Dominion University has a drivetrain lab and chassis dynamometer in the park.

Dominion Raceway in Spotsylvania County, which opened in April 2016, describes itself as "a new model for motorsports facilities and entertainment venues." The complex that is nearing completion in 2016 is located on I-95 between Washington, D.C., and Richmond. When completed, the complex will include a 2 mile road course, a 4/10th mile paved NASCAR oval, and a 1/8th mile drag strip. In addition to the race tracks, the complex includes a 36,600-square-foot building for meetings, entertainment and hospitality with a full-service kitchen and bar. Not only will fans be able to watch races, but also they will be able to join a Drivers Club to participate in races themselves. Space will be available for meetings and events. The goal clearly is to offer a range of experiences that build upon and augment stock car racing.

Racing College of Virginia, a partnership between Old Dominion University and Patrick Henry Community College, offers training to people who wish to enter the motorsports field. The program is a 2+1+2-year A.A.S. to B.S. program, where students can receive an Applied Associate of Science degree from PHCC followed by one-year leveling courses and two years to complete their B.S. degree in mechanical engineering

technology with a minor in motorsports. Students from the program do not necessarily become drivers of race cars, but instead the designers, engineers and technologists who build and enhance racing cars.

Final Thoughts

Stock car racing is highly visible in some parts of the Commonwealth and virtually invisible in others. Despite the considerable economic impact of large NASCAR races that easily attract more than 100,000 fans, there has been a tendency among some to pooh-pooh the sport as somehow not being in the same category as sports staples such as football and basketball. In fact, the economic impact of NASCAR races in Virginia (counting Bristol) appears to be larger than the economic impact of all intercollegiate athletic contests in the state combined. This is because the college contests typically involve significant displacement of expenditures that would have occurred in any case somewhere in Virginia.

This noted, attendance at most stock car racing events has been declining gradually in Virginia as well as nationally. Surveys suggest a decline in interest in the sport and this has been matched by declines in previously healthy television ratings. If this trend continues through the remainder of this decade, then it will have visibly negative economic effects on the communities that have relied upon stock car racing as an economic engine.