

**Deloitte.**

# American Horse Council Foundation

The Economic Impact of the Texas Horse Industry



Audit . Tax . Consulting . Financial Advisory .



### Section One

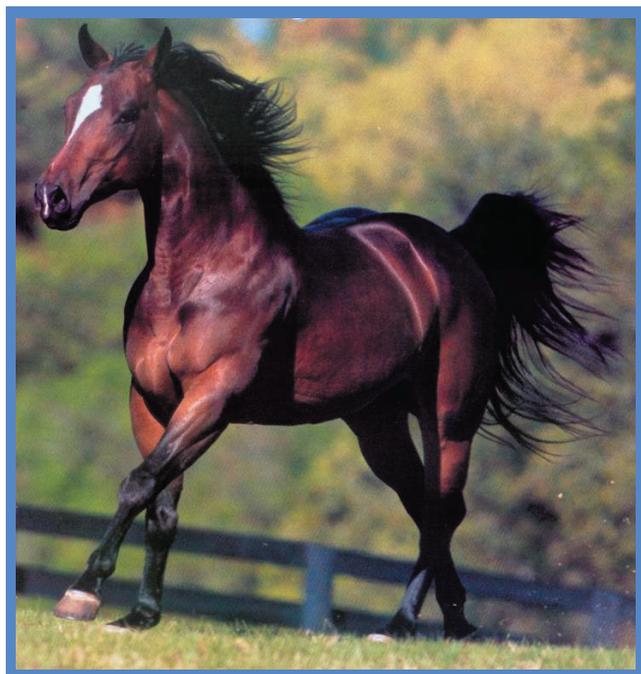
## EXECUTIVE SUMMARY OF THE TEXAS HORSE INDUSTRY

### Economic Impacts

- Produces a total economic impact valued at approximately \$5.2 billion with an activity distribution as follows:
  - \$848 million from Racing
  - \$1.9 billion from Showing
  - \$1.5 billion from Recreation
  - \$898 million from Other activities
- Generates a direct economic impact of approximately \$3.0 billion, with an activity distribution as follows:
  - \$506 million from Racing
  - \$1.1 billion from Showing
  - \$900 million from Recreation
  - \$518 million from Other activities
- Generates approximately \$110 million in annual taxes (of which \$43 million is paid to state government and \$26 million to local government)

### Industry Participation and Employment

- Involves approximately 455,600 Texans, including
  - 181,200 horse owners
  - 66,900 employees
  - 207,500 volunteers
- Generates approximately 32,200 direct jobs and 96,300 total jobs with a distribution over primary activities as follows:
  - 8,000 direct jobs and 17,900 total jobs generated by Racing
  - 12,700 direct jobs and 36,200 total jobs generated by Showing
  - 4,700 direct jobs and 24,700 total jobs generated by Recreation
  - 6,800 direct jobs and 17,500 total jobs generated by Other horse-related activities



### Horse Population Characteristics

- Has approximately 979,000 horses, including
  - 148,100 Thoroughbreds
  - 453,600 Quarter Horses
  - 377,100 Other horses (registered and unregistered)
- The 979,000 horses in Texas represent the following activities:
  - 104,800 in Racing
  - 311,000 in Showing
  - 340,400 in Recreation
  - 222,600 in Other activities



Section Two

# SECTION OVERVIEW

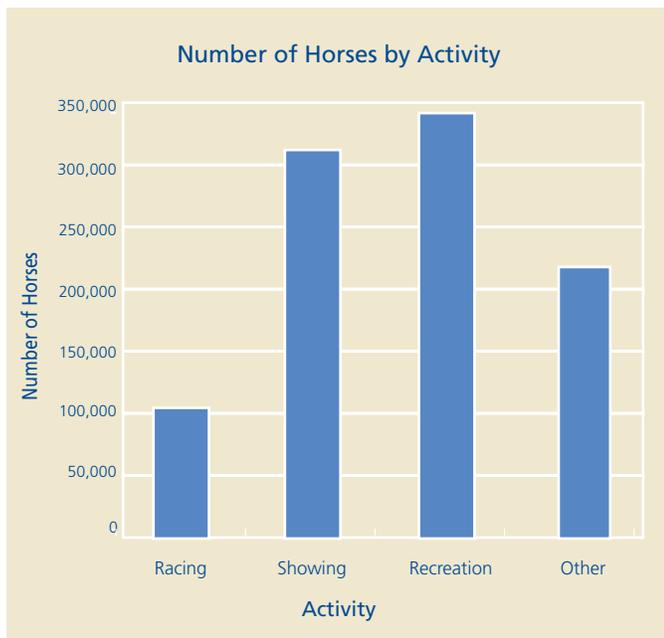
As part of the economic impact study of the U.S. Horse Industry, state specific impact data and additional estimates were generated for a number of “break-out” states. This section provides summary highlights of the impacts and characteristics of the horse industry in Texas.

## Overall Industry Impacts

**Table 1 - Total Number of Horses by Activity**

Activity	Horses
Racing	104,836
Showing	310,988
Recreation	340,383
Other	222,615
<b>TOTAL</b>	<b>978,822</b>

**Chart 1**

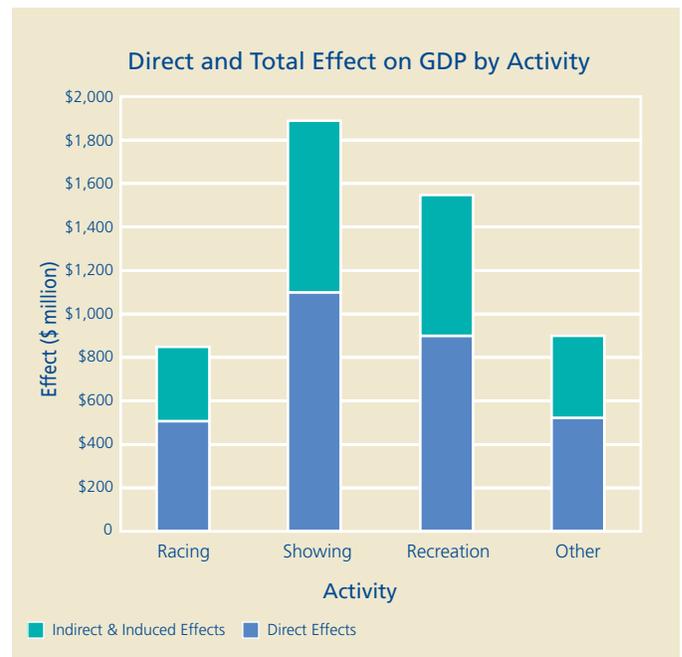


**Table 2 - Direct and Total Effect on GDP by Activity** <sup>(1)(2)</sup>

Activity	Direct Effects	Indirect & Induced Effects	Total
Racing	\$506	\$342	\$848
Showing	\$1,096	\$793	\$1,888
Recreation	\$900	\$647	\$1,547
Other	\$518	\$380	\$898
<b>TOTAL</b>	<b>\$3,020</b>	<b>\$2,163</b>	<b>\$5,182</b>

- (1) Numbers shown in millions
- (2) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.

**Chart 2**



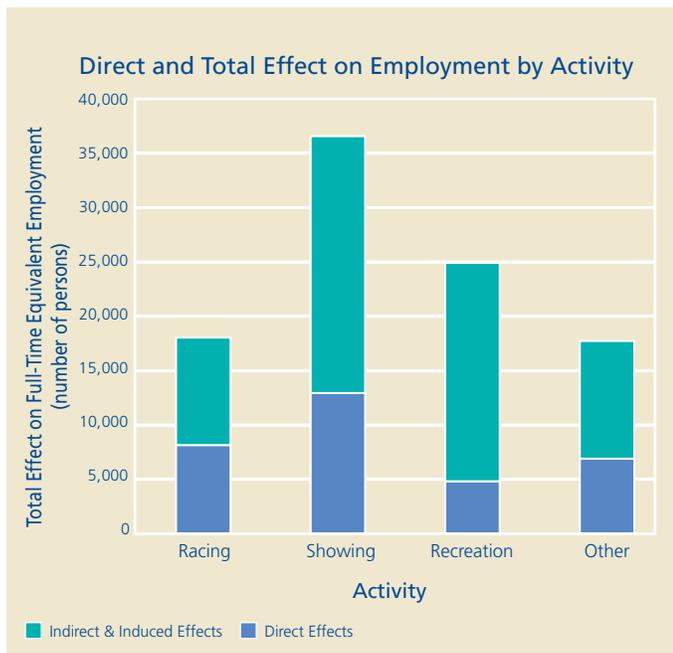


**Table 3 - Direct and Total Effects on Employment by Activity<sup>(1)</sup>**

Activity	Direct Effects	Indirect & Induced Effects	Total
Racing	8,011	9,854	17,866
Showing	12,733	23,484	36,217
Recreation	4,664	20,017	24,682
Other	6,768	10,752	17,520
<b>TOTAL</b>	<b>32,177</b>	<b>64,107</b>	<b>96,285</b>

(1) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.

**Chart 3**

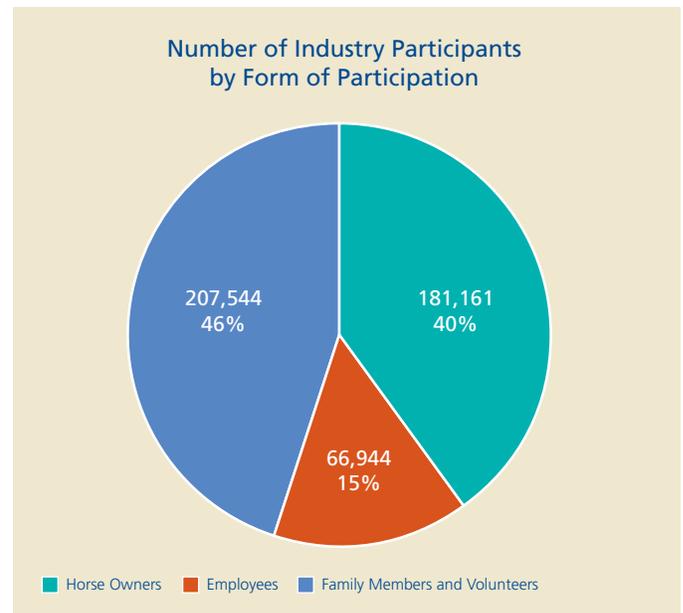


**Table 4 - Total Number of Industry Participants by Form of Participation<sup>(1)</sup>**

Type of Participation	Number of Participants	Percent of Total Participation
<b>Horse Owners</b>	<b>181,161</b>	<b>39.76%</b>
Primary Activity, Breeding	28,985	6.36%
Primary Activity, Competing	49,974	10.97%
Primary Activity, Other	93,388	20.50%
Primary Activity, Service Provider	8,814	1.93%
<b>Employees</b>	<b>66,944</b>	<b>14.69%</b>
of Owners	61,466	13.49%
of Racetracks	2,582	0.57%
of Shows	2,895	0.64%
<b>Family Members and Volunteers</b>	<b>207,544</b>	<b>45.55%</b>
<b>TOTAL</b>	<b>455,649</b>	<b>100.00%</b>

(1) Owner estimates not inclusive of horse owners under the age of 18.

**Chart 4**



**Table 5 - Direct, Indirect and Induced Effects on GDP by Expenditure Category**<sup>(1)(2)</sup>

Expenditure Category	Direct Effect	Indirect & Induced Effects	Total
<b>Spending that Generates Indirect Effects</b>			
Horse-Related Goods (e.g., feed, tack, etc.)	\$842	\$595	\$1,436
Horse-Related Services (e.g., boarding, training)	\$811	\$649	\$1,460
Horse-Related Transportation (e.g., trailering)	\$309	\$266	\$576
Overhead (e.g., utilities, office supplies, etc.)	\$357	\$258	\$615
Capital Expenses (i.e. equipment and structures)	\$410	\$330	\$740
<b>Spending that Generates Induced Effects</b>			
Employee Compensation	\$118	\$84	\$202
Profits Distributable to Owners	\$3	\$2	\$4
Taxes and Land Purchases	\$196		\$196
<b>TOTAL</b>	<b>\$3,046</b>	<b>\$2,183</b>	<b>\$5,230</b>

(1) Numbers shown in millions

(2) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.

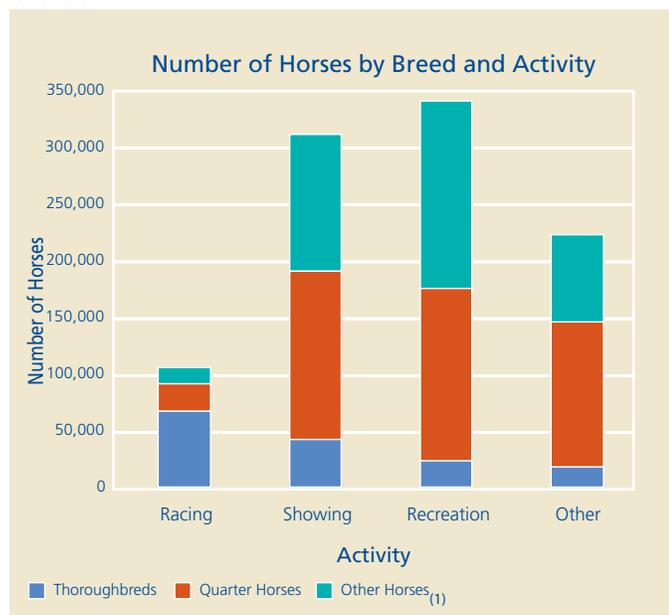
## Impacts by Breed and Activity

**Table 6 - Number of Horses by Breed and Activity**

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	66,385	42,008	22,531	17,200	148,123
Quarter Horses	24,206	148,006	152,742	128,609	453,563
Other Horses <sup>(1)</sup>	14,245	120,974	165,110	76,806	377,136
<b>TOTAL</b>	<b>104,836</b>	<b>310,988</b>	<b>340,383</b>	<b>222,615</b>	<b>978,822</b>

(1) Includes additional registered breeds and non-registered non-pedigreed horses.

**Chart 6**



(1) Includes additional registered breeds and non-registered non-pedigreed horses.

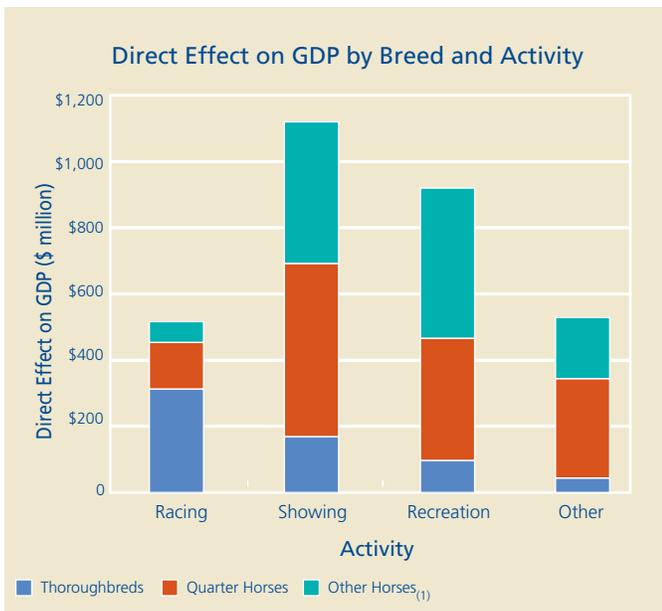


**Table 7 - Total Direct Effect on GDP by Breed and Activity<sup>(1)(2)</sup>**

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	\$306	\$166	\$95	\$43	\$610
Quarter Horses	\$139	\$512	\$362	\$295	\$1,309
Other Horses <sup>(3)</sup>	\$61	\$417	\$443	\$179	\$1,101
<b>TOTAL</b>	<b>\$506</b>	<b>\$1,096</b>	<b>\$900</b>	<b>\$518</b>	<b>\$3,020</b>

- (1) Numbers shown in millions
- (2) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but can not be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.
- (3) Includes additional registered breeds and non-registered non-pedigreed horses.

**Chart 7**



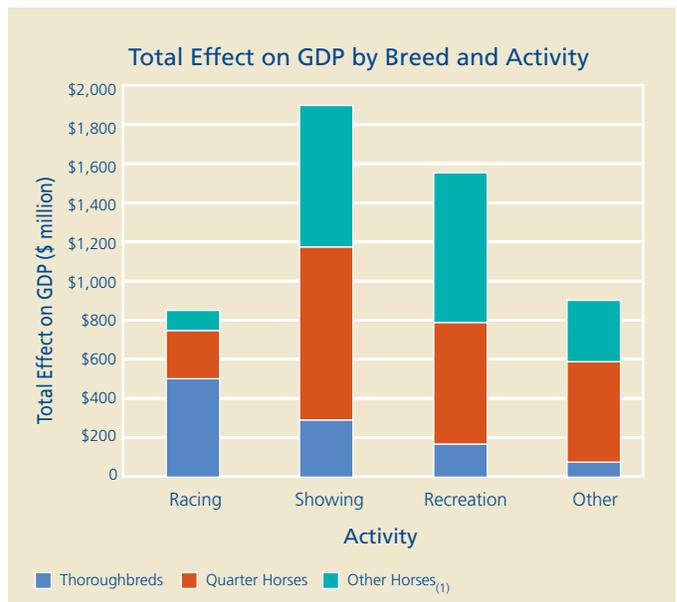
- (1) Includes additional registered breeds and non-registered non-pedigreed horses.

**Table 8 - Total Effect on GDP by Breed and Activity<sup>(1)(2)</sup>**

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	\$502	\$291	\$166	\$76	\$1,035
Quarter Horses	\$242	\$877	\$621	\$511	\$2,251
Other Horses <sup>(3)</sup>	\$105	\$720	\$761	\$311	\$1,896
<b>TOTAL</b>	<b>\$848</b>	<b>\$1,888</b>	<b>\$1,547</b>	<b>\$898</b>	<b>\$5,182</b>

- (1) Numbers shown in millions
- (2) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.
- (3) Includes additional registered breeds and non-registered non-pedigreed horses.

**Chart 8**



- (1) Includes additional registered breeds and non-registered non-pedigreed horses.

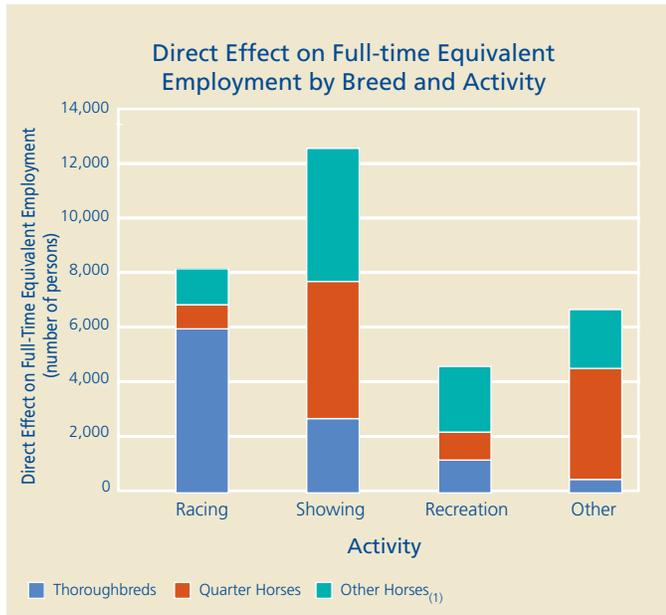


**Table 9 - Direct Effect on Full-Time Equivalent Employment by Breed and Activity<sup>(1)</sup>**

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	6,079	2,753	1,225	505	10,562
Quarter Horses	898	5,058	1,036	4,113	11,105
Other Horses <sup>(2)</sup>	1,034	4,922	2,403	2,151	10,510
<b>TOTAL</b>	<b>8,011</b>	<b>12,733</b>	<b>4,664</b>	<b>6,768</b>	<b>32,177</b>

- (1) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.
- (2) Includes additional registered breeds and non-registered non-pedigreed horses.

**Chart 9**



- (1) Includes additional registered breeds and non-registered non-pedigreed horses.

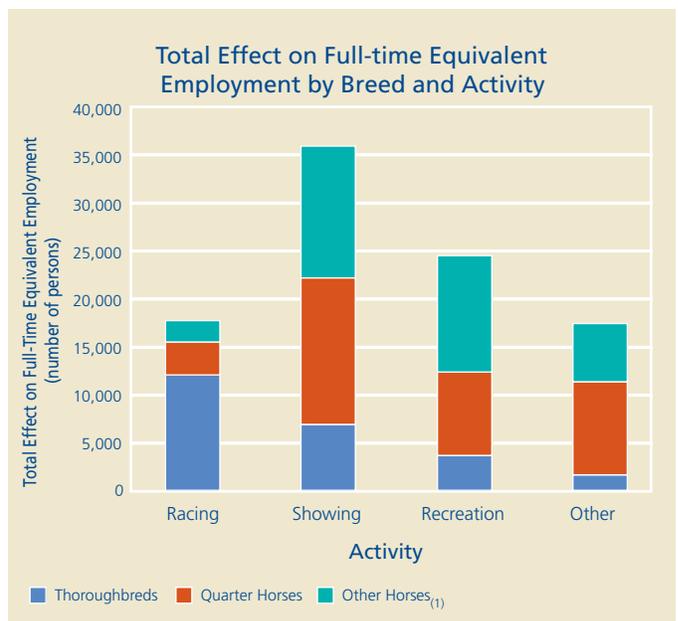


**Table 10 - Total Effect on Full-Time Equivalent Employment by Breed and Activity<sup>(1)</sup>**

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	12,126	6,933	3,632	1,600	24,291
Quarter Horses	3,490	15,388	8,799	9,787	37,464
Other Horses <sup>(2)</sup>	2,250	13,895	12,251	6,133	34,529
<b>TOTAL</b>	<b>17,866</b>	<b>36,217</b>	<b>24,682</b>	<b>17,520</b>	<b>96,285</b>

- (1) A small number of the horse owner survey respondents did not provide adequate information relating to the breed and use of their horse(s), but did provide economic impact information, such as revenues, expenses, and employee counts. This economic data has been included in our national and state-total results, but cannot be reported by breed and/or use. As a result, reported national and state-level totals for GDP impact and jobs are slightly higher than those reported by breed and use.
- (2) Includes additional registered breeds and non-registered non-pedigreed horses.

**Chart 10**



- (1) Includes additional registered breeds and non-registered non-pedigreed horses.



**Table 11- Annual Revenue and Expense per Horse by Activity**

Activity	Racing	Showing	Recreation	Other	Weighted Average
<b>Revenue</b>	<b>\$1,754</b>	<b>\$1,507</b>	<b>\$711</b>	<b>\$1,026</b>	<b>\$1,144</b>
Purses and Fees	\$416	\$176	\$45	\$92	\$136
Stud Fees	\$136	\$74	\$36	\$31	\$57
Horse Sales	\$463	\$608	\$328	\$234	\$410
Boarding and Training	\$481	\$367	\$116	\$99	\$230
Veterinary Services	\$11	\$22	\$11	\$18	\$16
All Other Revenue	\$247	\$259	\$176	\$552	\$295
<b>Expense</b>	<b>\$3,714</b>	<b>\$3,222</b>	<b>\$2,477</b>	<b>\$2,039</b>	<b>\$2,744</b>
<b>Horse Related Goods</b>					
Feed, Bedding and Grooming Supplies	\$590	\$561	\$518	\$421	\$517
Medicine and Vitamins	\$124	\$117	\$123	\$108	\$117
Tack, Equipment and All Other Supplies	\$97	\$220	\$245	\$279	\$229
<b>Horse Related Services</b>					
Boarding and Training	\$734	\$439	\$324	\$181	\$371
Rider Education / Lessons	\$17	\$56	\$64	\$23	\$47
Stud Fees	\$314	\$91	\$48	\$44	\$88
Shoeing / Farrier	\$126	\$206	\$163	\$107	\$160
Veterinary Services	\$412	\$266	\$235	\$213	\$258
All Other Horse Services	\$39	\$41	\$32	\$32	\$36
<b>Transportation and Travel</b>					
Trailing and Horse Transport	\$113	\$171	\$120	\$103	\$132
Travel and Transportation	\$174	\$277	\$150	\$120	\$186
<b>General Operating Expenses</b>					
Entry Fees	\$83	\$205	\$60	\$48	\$106
Facilities Maintenance	\$125	\$174	\$135	\$95	\$137
All Other Business Expenses	\$220	\$157	\$103	\$84	\$128
Salaries					
Employee Compensation (Wages and Non-Cash)	\$378	\$162	\$88	\$131	\$151
<b>Taxes</b>					
Federal Taxes	\$60	\$39	\$35	\$26	\$37
State Taxes	\$80	\$17	\$11	\$10	\$20
Local Taxes	\$26	\$24	\$25	\$15	\$23

# Demographic Information of Texas Horse Owners

**Table 12 - Distribution of Horse Owners by Household Income<sup>(1)</sup>**

Household Income	Count	Percent
\$0 to \$24,999	23,648	13%
\$25,000 to \$49,999	34,685	19%
\$50,000 to \$74,999	38,608	21%
\$75,000 to \$99,999	33,606	19%
\$100,000 to \$124,999	15,256	8%
\$125,000 to \$149,999	9,812	5%
\$150,000 +	20,470	11%
Not Reported	5,077	3%
<b>TOTAL</b>	<b>181,161</b>	<b>100%</b>

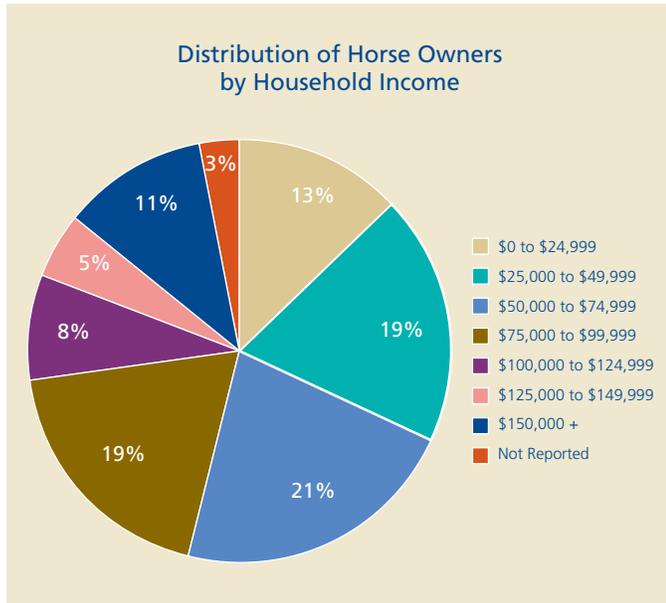
(1) Owner estimates not inclusive of horse owners under the age of 18

**Table 13 - Distribution of Horse Owners by Community Size<sup>(1)</sup>**

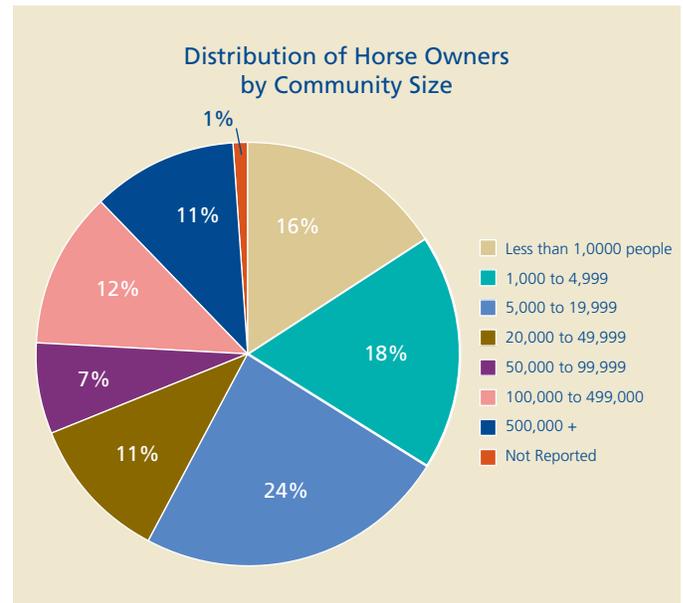
Size of Community	Count	Percent
Less than 1,000 people	29,038	16%
1,000 to 4,999	32,064	18%
5,000 to 19,999	44,182	24%
20,000 to 49,999	20,712	11%
50,000 to 99,999	12,073	7%
100,000 to 499,999	21,011	12%
500,000 +	20,366	11%
Not Reported	1,716	1%
<b>TOTAL</b>	<b>181,161</b>	<b>100%</b>

(1) Owner estimates not inclusive of horse owners under the age of 18

**Chart 12**



**Chart 13**

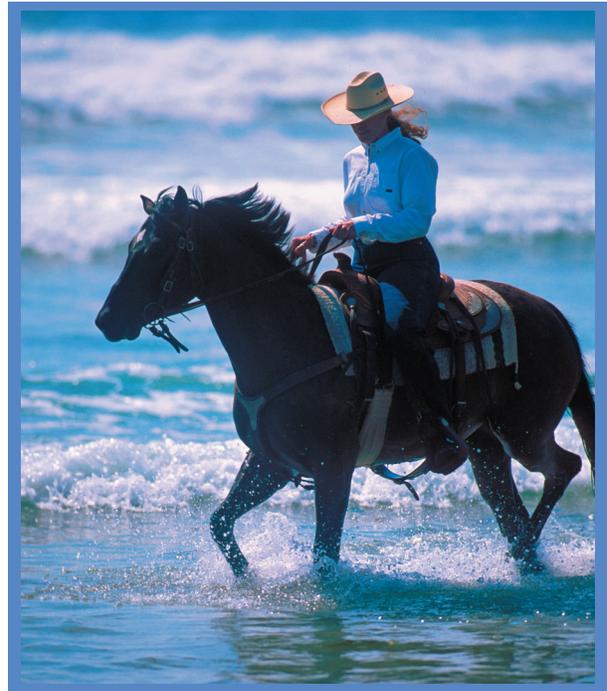
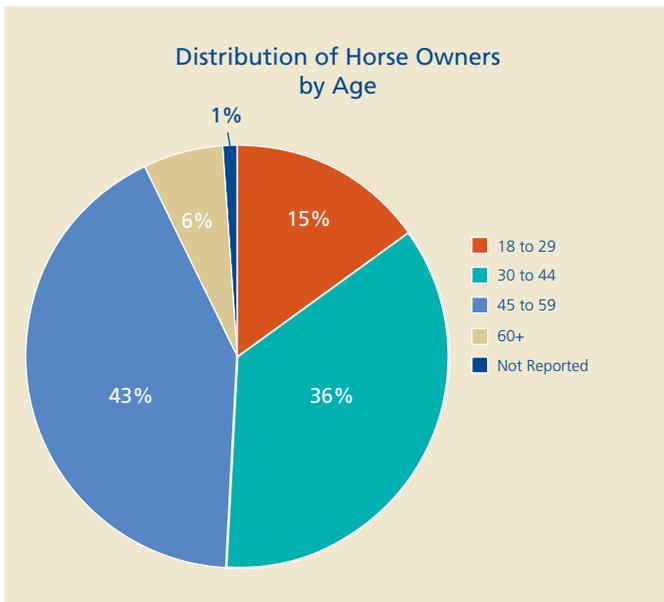


**Table 14 - Distribution of Horse Owners by Age <sup>(1)</sup>**

Age	Count	Percent
18 to 29	27,372	15%
30 to 44	64,457	36%
45 to 59	77,046	43%
60 +	10,231	6%
Not Reported	2,054	1%
<b>TOTAL</b>	<b>181,161</b>	<b>100%</b>

(1) Owner estimates not inclusive of horse owners under the age of 18

**Chart 14**

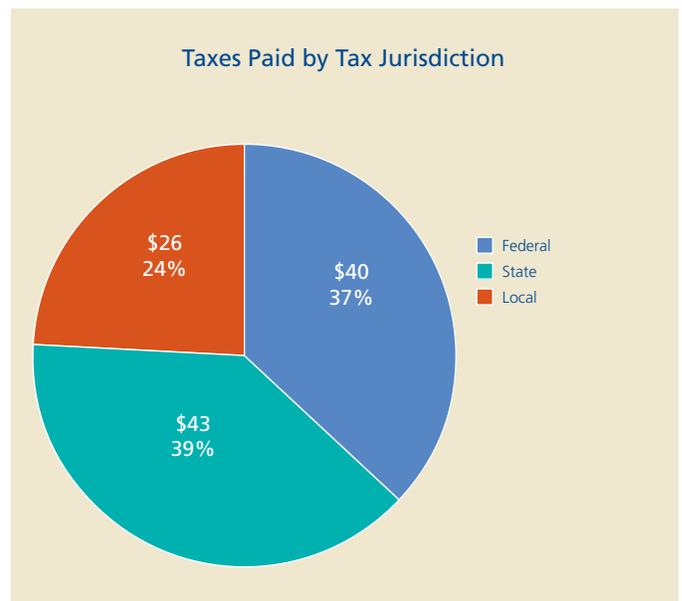


**Table 15 - Taxes Paid by Tax Jurisdiction <sup>(1)</sup>**

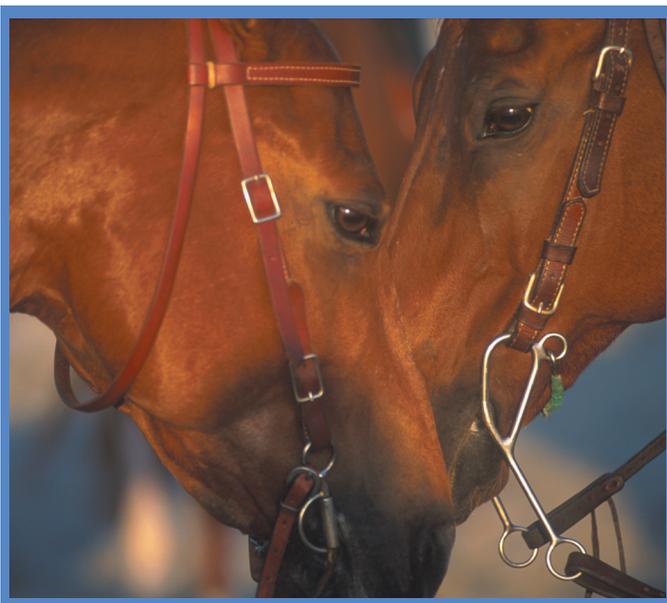
Jurisdiction	Taxes Paid	Percent
Federal	\$40	37%
State	\$43	39%
Local	\$26	24%
<b>TOTAL</b>	<b>\$110</b>	<b>100%</b>

(1) Dollar magnitudes shown in millions

**Chart 15**



(1) Dollar magnitudes shown in millions

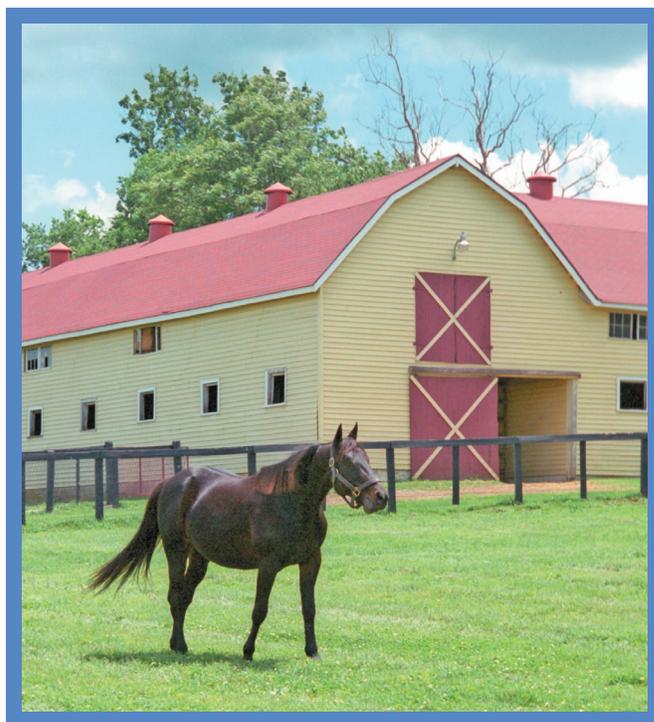


## Methodology

Data was collected for this report using information sourced from surveys of the following industry segments: horse owners & service providers, horse show managers/operators, race-tracks and OTBs. Primary data collection occurred during 2004, so survey respondents were asked to report 2003 data. Responses to the Owners Survey were tabulated based on the primary address of the respondent's home residence and/or operational headquarters. To simplify the survey process instrument, owners were not asked to identify the states in which their horses were stabled, nor the states in which they competed<sup>(1)</sup>. Asking additional state-specific questions would have added significant confusion to the survey process and compromised the quality of respondent data. The technical appendix to the National Summary Report contains further important assumptions and details concerning the methodological approach used to develop the estimates presented in this document and is helpful in developing a full understanding of the material.

In estimating the total economic impacts, state-specific IMPLAN multipliers were used for each of the break-out states. Similar to the process used in estimating the overall economic and employment impacts from the horse industry on the United States, the total spending generated from horse owners, farms, ranches, service providers, training facilities, horse shows and racetracks/OTBs were allocated to a specific state based upon survey data. This spending, also known as the direct impact, was then multiplied by the state-specific multipliers across all of the relevant spending categories to estimate total indirect and induced impacts for each breakout state.

The estimates included in each of the tables have been rounded; therefore individual rows in aggregate may sum to a different total than what is included in the table.



### Footnote:

(1) Individual state figures derived from the national study might differ if several individual state-level studies were performed and then aggregated. In addition, it is possible that some of the horse counts and associated economic impacts could be over or understated, or vary from other industry sources, depending upon the reported home location of prominent horse owners, or for any of the following reasons:

- Horse counts in this study reflect both registered and unregistered horses. It is also expected that many owners of unregistered horses may have indicated their horses were Thoroughbreds or Quarter Horses based on their animals having Thoroughbred or Quarter Horse bloodlines somewhere in the pedigree.
- The survey process solicited input from all industry segments and ownership types. Other published sources frequently solicit data from only those horse owners that own at least five horses, or have a farm or ranch. As indicated, this study surveyed a broad spectrum of horse owners, from those with only a single horse used for recreational purposes to large farms with hundreds of horses.
- While the horse counts in most states are consistent with expectations, some states, particularly in the Midwest and West, have lower counts than may have been anticipated. It is possible that the understatement may be due to the presence of large working and commercial ranches whose horse populations could not adequately be captured through the sampling scheme.



Texas Economic Impact Report made possible in part through the generous support of Lone Star Park, Manor Downs, Sam Houston Race Park, Retama Park, Texas Horsemen's Partnership, Texas Quarter Horse Association and the Texas Thoroughbred Association.

Photos provided courtesy of Patricia McQueen, the American Quarter Horse Association, the National Thoroughbred Racing Association and Breeders' Cup Limited, and the United States Equestrian Federation.

Copyright © 2005 by the American Horse Council Foundation.  
All rights reserved including the right to reproduce this report or portions thereof in any form.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, its member firms, and their respective subsidiaries and affiliates. Deloitte Touche Tohmatsu is an organization of member firms around the world devoted to excellence in providing professional services and advice, focused on client service through a global strategy executed locally in nearly 150 countries. With access to the deep intellectual capital of 120,000 people worldwide, Deloitte delivers services in four professional areas — audit, tax, consulting, and financial advisory services — and serves more than one-half of the world's largest companies, as well as large national enterprises, public institutions, locally important clients, and successful, fast-growing global growth companies. Services are not provided by the Deloitte Touche Tohmatsu Verein, and, for regulatory and other reasons, certain member firms do not provide services in all four professional areas.

As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names.

In the U.S., Deloitte & Touche USA LLP is the member firm of Deloitte Touche Tohmatsu, and services are provided by the subsidiaries of Deloitte & Touche USA LLP (Deloitte & Touche LLP, Deloitte Consulting LLP, Deloitte Tax LLP, and their subsidiaries) and not by Deloitte & Touche USA LLP. The subsidiaries of the U.S. member firm are among the nation's leading professional services firms, providing audit, tax, consulting, and financial advisory services through nearly 30,000 people in more than 80 cities. Known as employers of choice for innovative human resources programs, they are dedicated to helping their clients and their people excel. For more information, please visit the U.S. member firm's website at [www.deloitte.com/us](http://www.deloitte.com/us).