

Deloitte.

American Horse Council Foundation

The Economic Impact of the New York Horse Industry



Audit . Tax . Consulting . Financial Advisory .



Section One

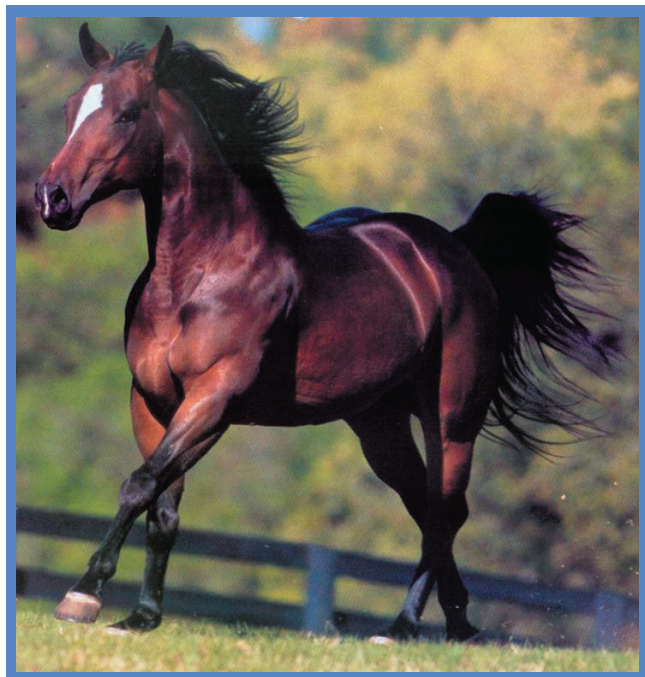
EXECUTIVE SUMMARY OF THE NEW YORK HORSE INDUSTRY

Economic Impacts

- Produces a total economic impact valued at approximately \$2.4 billion with an activity distribution as follows:
 - \$1.4 billion from Racing
 - \$400 million from Showing
 - \$418 million from Recreation
 - \$129 million from Other activities
- Generates a direct economic impact of approximately \$1.4 billion, with an activity distribution as follows:
 - \$869 million from Racing
 - \$234 million from Showing
 - \$249 million from Recreation
 - \$75 million from Other activities
- Generates approximately \$124 million in annual taxes (of which \$88 million is paid to state government and \$13 million to local government)

Industry Participation and Employment

- Involves approximately 152,000 New Yorkers, including
 - 56,400 horse owners
 - 19,100 employees
 - 76,500 volunteers
- Generates approximately 12,700 direct jobs and 35,200 total jobs with a distribution over primary activities as follows:
 - 6,600 direct jobs and 16,900 total jobs generated by Racing
 - 2,800 direct jobs and 8,000 total jobs generated by Showing
 - 2,400 direct jobs and 7,700 total jobs generated by Recreation
 - 900 direct jobs and 2,600 total jobs generated by Other horse-related activities



Horse Population Characteristics

- Has approximately 202,000 horses, including
 - 47,600 Thoroughbreds
 - 48,600 Quarter Horses
 - 105,700 Other horses (registered and unregistered)
- The 202,000 horses in New York represent the following activities:
 - 23,200 in Racing
 - 60,700 in Showing
 - 89,200 in Recreation
 - 28,700 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 New York.

Overall Industry Impacts

Table 1 - Total Number of Horses by Activity

| Activity | Horses |
|--------------|----------------|
| Racing | 23,216 |
| Showing | 60,746 |
| Recreation | 89,223 |
| Other | 28,721 |
| TOTAL | 201,906 |

Chart 1

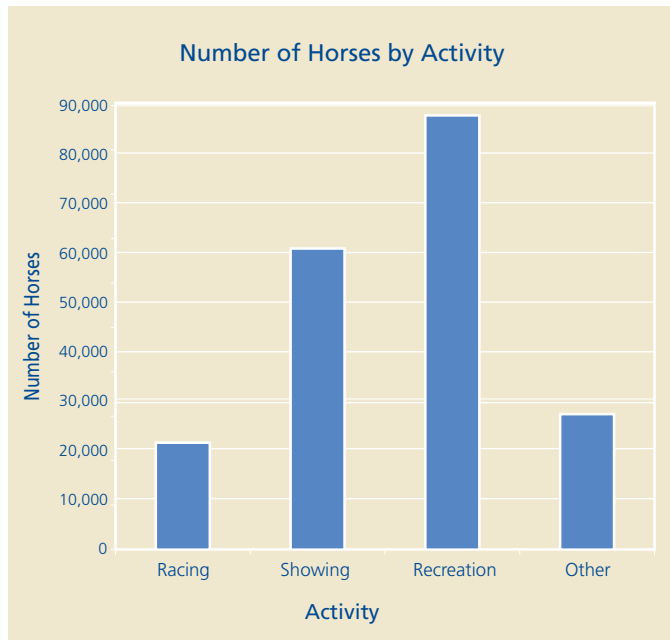


Table 2 - Direct and Total Effect on GDP by Activity ⁽¹⁾⁽²⁾

| Activity | Direct Effects | Indirect & Induced Effects | Total |
|--------------|----------------|----------------------------|----------------|
| Racing | \$869 | \$542 | \$1,411 |
| Showing | \$234 | \$166 | \$400 |
| Recreation | \$249 | \$169 | \$418 |
| Other | \$75 | \$54 | \$129 |
| TOTAL | \$1,427 | \$931 | \$2,358 |

(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

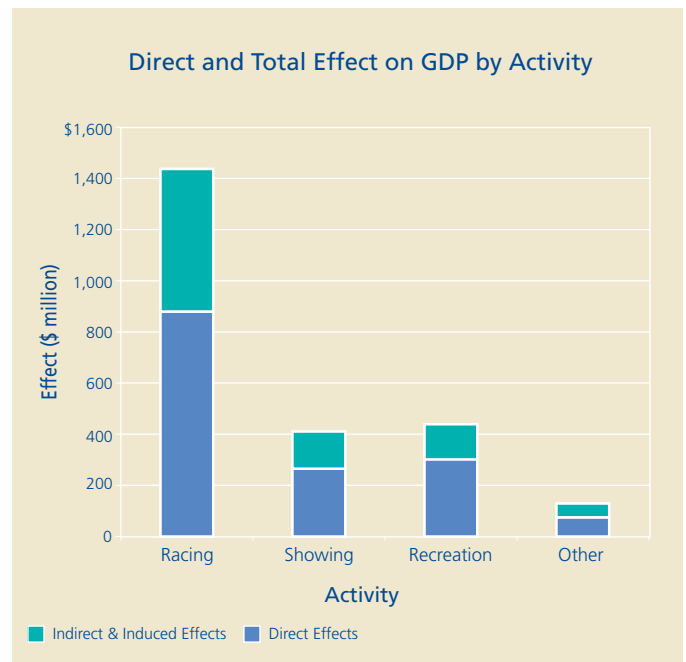




Table 3 - Direct and Total Effects on Employment by Activity⁽¹⁾

| Activity | Direct Effects | Indirect & Induced Effects | Total |
|--------------|----------------|----------------------------|---------------|
| Racing | 6,642 | 10,256 | 16,898 |
| Showing | 2,780 | 5,244 | 8,024 |
| Recreation | 2,352 | 5,398 | 7,749 |
| Other | 928 | 1,639 | 2,567 |
| TOTAL | 12,701 | 22,537 | 35,238 |

(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

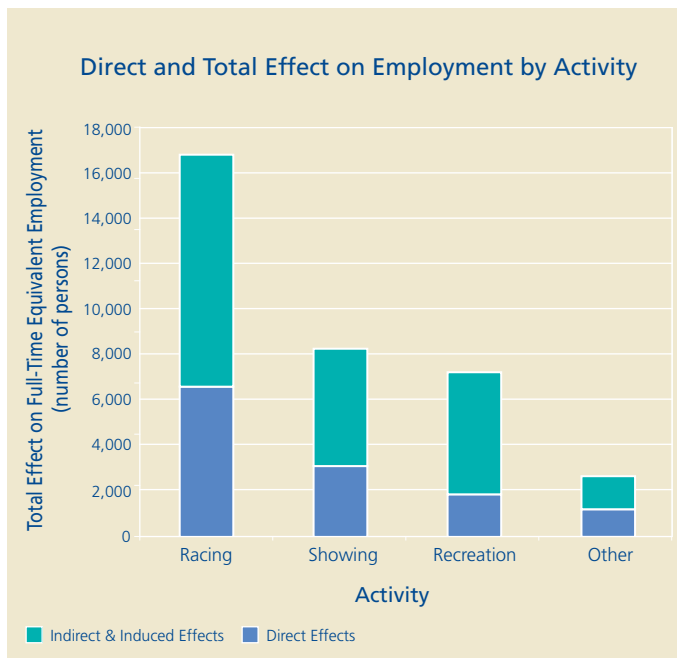


Table 4 - Total Number of Industry Participants by Form of Participation⁽¹⁾

| Type of Participation | Number of Participants | Percent of Total Participation |
|--------------------------------------|------------------------|--------------------------------|
| Horse Owners | 56,422 | 37.11% |
| Primary Activity, Breeding | 5,645 | 3.71% |
| Primary Activity, Competing | 16,485 | 10.84% |
| Primary Activity, Other | 30,893 | 20.32% |
| Primary Activity, Service Provider | 3,399 | 2.24% |
| Employees | 19,138 | 12.59% |
| of Owners | 12,116 | 7.97% |
| of Racetracks | 5,879 | 3.87% |
| of Shows | 1,142 | 0.75% |
| Family Members and Volunteers | 76,470 | 50.30% |
| TOTAL | 152,030 | 100.00% |

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

Chart 4

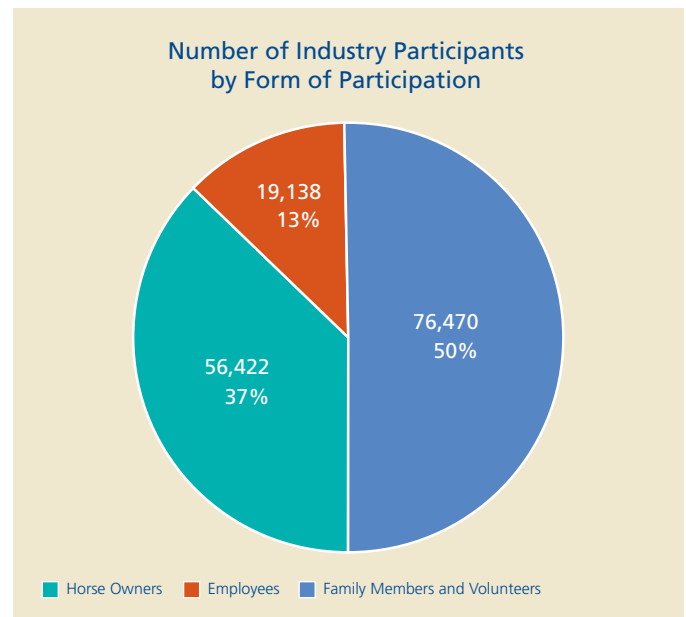


Table 5 - Direct, Indirect and Induced Effects on GDP by Expenditure Category

| Expenditure Category | Direct Effect | Indirect & Induced Effects | Total |
|---|----------------|----------------------------|----------------|
| Spending that Generates Indirect Effects | | | |
| Horse-Related Goods (e.g., feed, tack, etc.) | \$176 | \$108 | \$284 |
| Horse-Related Services (e.g., boarding, training) | \$266 | \$231 | \$498 |
| Horse-Related Transportation (e.g., trailering) | \$56 | \$44 | \$100 |
| Overhead (e.g., utilities, office supplies, etc.) | \$232 | \$143 | \$375 |
| Capital Expenses (i.e. equipment and structures) | \$337 | \$272 | \$610 |
| Spending that Generates Induced Effects | | | |
| Employee Compensation | \$104 | \$69 | \$174 |
| Profits Distributable to Owners | \$118 | \$79 | \$197 |
| Taxes and Land Purchases | \$158 | | \$158 |
| TOTAL | \$1,447 | \$947 | \$2,394 |

(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.

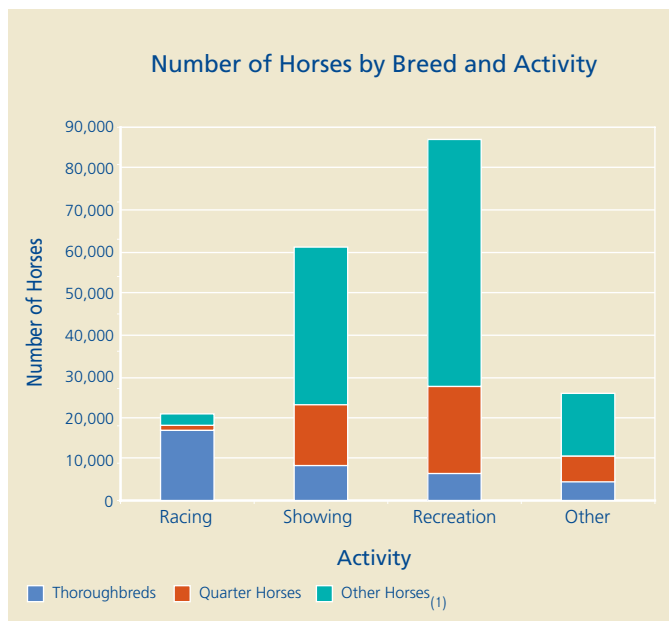
Impacts by Breed and Activity

Table 6 - Number of Horses by Breed and Activity

| Activity | Racing | Showing | Recreation | Other | Total |
|-----------------------------|---------------|---------------|---------------|---------------|----------------|
| Thoroughbreds | 18,828 | 12,223 | 9,386 | 7,144 | 47,581 |
| Quarter Horses | 1,326 | 17,004 | 24,386 | 5,866 | 48,582 |
| Other Horses ⁽¹⁾ | 3,062 | 31,519 | 55,451 | 15,711 | 105,743 |
| TOTAL | 23,216 | 60,746 | 89,223 | 28,721 | 201,906 |

(1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

Chart 6



(1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

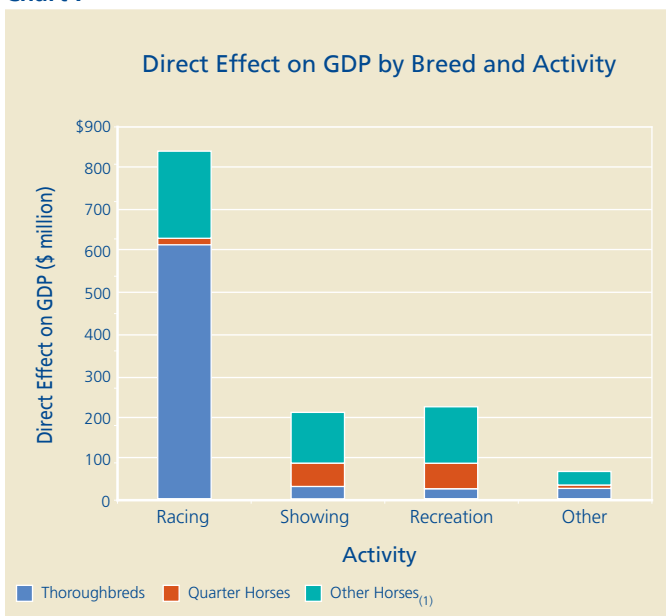


Table 7 - Total Direct Effect on GDP by Breed and Activity⁽¹⁾⁽²⁾

| Activity | Racing | Showing | Recreation | Other | Total |
|-----------------------------|--------------|--------------|--------------|-------------|----------------|
| Thoroughbreds | \$637 | \$55 | \$27 | \$28 | \$748 |
| Quarter Horses | \$7 | \$63 | \$69 | \$9 | \$149 |
| Other Horses ⁽³⁾ | \$225 | \$116 | \$153 | \$37 | \$530 |
| TOTAL | \$869 | \$234 | \$249 | \$75 | \$1,427 |

- (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. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

Chart 7



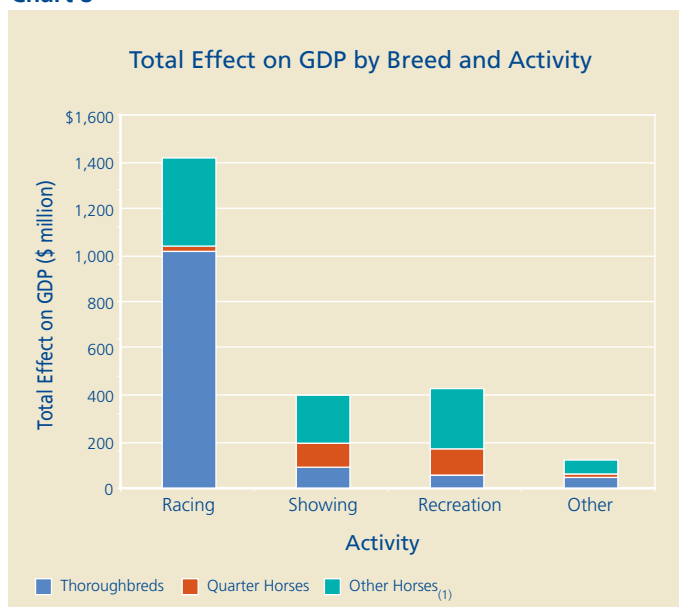
- (1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for racing and categorized under Other Horses are predominantly Standardbreds.

Table 8 - Total Effect on GDP by Breed and Activity⁽¹⁾⁽²⁾

| Activity | Racing | Showing | Recreation | Other | Total |
|-----------------------------|----------------|--------------|--------------|--------------|----------------|
| Thoroughbreds | \$1,074 | \$93 | \$47 | \$49 | \$1,264 |
| Quarter Horses | \$12 | \$106 | \$112 | \$15 | \$245 |
| Other Horses ⁽³⁾ | \$324 | \$202 | \$259 | \$64 | \$849 |
| TOTAL | \$1,411 | \$400 | \$418 | \$129 | \$2,358 |

- (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. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

Chart 8



- (1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for racing and categorized under Other Horses are predominantly Standardbreds.

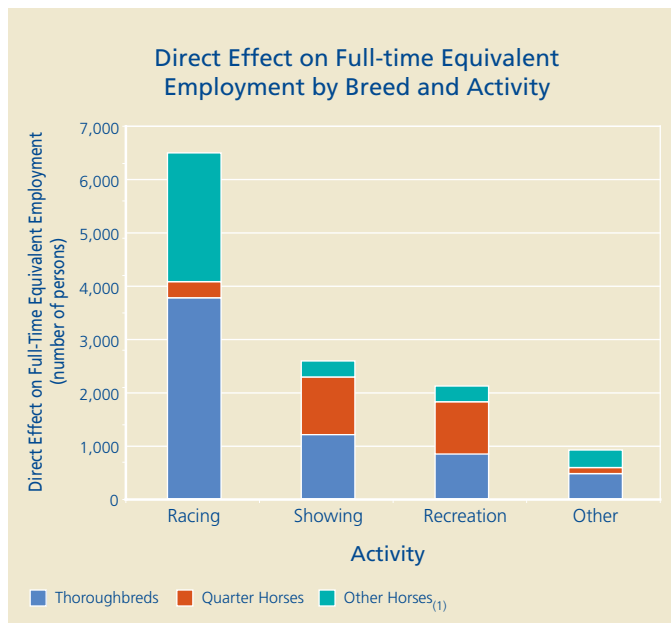


Table 9 - Direct Effect on Full-Time Equivalent Employment by Breed and Activity⁽¹⁾

| Activity | Racing | Showing | Recreation | Other | Total |
|-----------------------------|--------------|--------------|--------------|------------|---------------|
| Thoroughbreds | 4,034 | 1,272 | 1,055 | 479 | 6,840 |
| Quarter Horses | 307 | 1,099 | 908 | 115 | 2,429 |
| Other Horses ⁽²⁾ | 2,301 | 408 | 389 | 334 | 3,433 |
| TOTAL | 6,642 | 2,780 | 2,352 | 928 | 12,701 |

- (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. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

Chart 9



- (1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

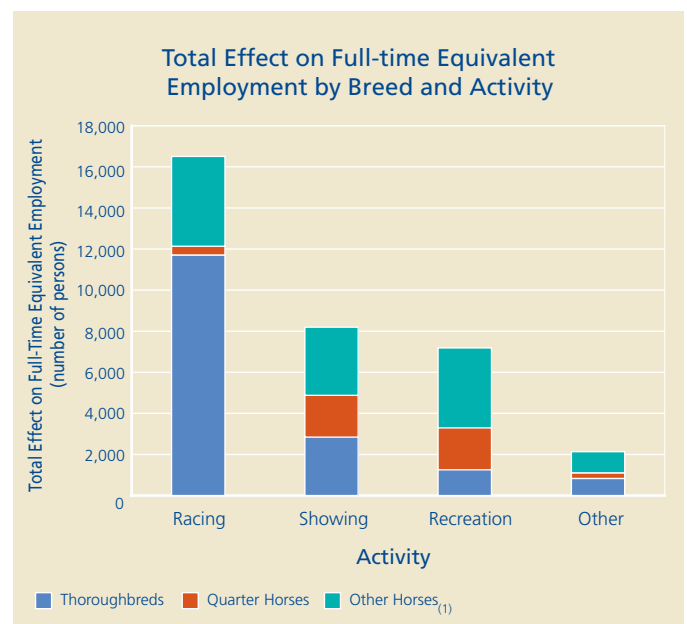


Table 10 - Total Effect on Full-Time Equivalent Employment by Breed and Activity⁽¹⁾

| Activity | Racing | Showing | Recreation | Other | Total |
|-----------------------------|---------------|--------------|--------------|--------------|---------------|
| Thoroughbreds | 12,363 | 2,408 | 1,687 | 1,092 | 17,550 |
| Quarter Horses | 420 | 2,295 | 2,208 | 272 | 5,194 |
| Other Horses ⁽²⁾ | 4,115 | 3,321 | 3,854 | 1,204 | 12,494 |
| TOTAL | 16,898 | 8,024 | 7,749 | 2,567 | 35,238 |

- (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. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.

Chart 10



- (1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for Racing and categorized under Other Horses are predominantly Standardbreds.



Table 11- Annual Revenue and Expense per Horse by Activity

| Activity | Racing | Showing | Recreation | Other | Weighted Average |
|--|----------------|----------------|----------------|----------------|------------------|
| Revenue | \$3,621 | \$1,166 | \$427 | \$775 | \$1,071 |
| Purses and Fees | \$927 | \$186 | \$27 | \$72 | \$186 |
| Stud Fees | \$11 | \$13 | \$6 | \$12 | \$10 |
| Horse Sales | \$1,386 | \$450 | \$123 | \$240 | \$385 |
| Boarding and Training | \$1,169 | \$326 | \$212 | \$348 | \$377 |
| Veterinary Services | \$12 | \$6 | \$3 | \$8 | \$6 |
| All Other Revenue | \$116 | \$184 | \$56 | \$94 | \$107 |
| Expense | \$6,378 | \$3,739 | \$2,595 | \$2,676 | \$3,393 |
| Horse Related Goods | | | | | |
| Feed, Bedding and Grooming Supplies | \$786 | \$520 | \$462 | \$406 | \$509 |
| Medicine and Vitamins | \$134 | \$147 | \$122 | \$96 | \$127 |
| Tack, Equipment and All Other Supplies | \$105 | \$284 | \$205 | \$163 | \$211 |
| Horse Related Services | | | | | |
| Boarding and Training | \$812 | \$860 | \$624 | \$539 | \$705 |
| Rider Education / Lessons | \$8 | \$200 | \$113 | \$72 | \$121 |
| Stud Fees | \$567 | \$70 | \$26 | \$80 | \$110 |
| Shoeing / Farrier | \$164 | \$239 | \$203 | \$136 | \$200 |
| Veterinary Services | \$658 | \$301 | \$235 | \$253 | \$307 |
| All Other Horse Services | \$22 | \$56 | \$38 | \$37 | \$41 |
| Transportation and Travel | | | | | |
| Trailer and Horse Transport | \$242 | \$175 | \$104 | \$98 | \$141 |
| Travel and Transportation | \$186 | \$164 | \$100 | \$85 | \$127 |
| General Operating Expenses | | | | | |
| Entry Fees | \$119 | \$168 | \$35 | \$62 | \$89 |
| Facilities Maintenance | \$566 | \$157 | \$105 | \$173 | \$184 |
| All Other Business Expenses | \$340 | \$129 | \$99 | \$220 | \$153 |
| Salaries | | | | | |
| Employee Compensation (Wages and Non-Cash) | \$1,326 | \$126 | \$28 | \$167 | \$229 |
| Taxes | | | | | |
| Federal Taxes | \$165 | \$72 | \$43 | \$40 | \$66 |
| State Taxes | \$116 | \$39 | \$28 | \$25 | \$41 |
| Local Taxes | \$63 | \$32 | \$25 | \$21 | \$31 |

Demographic Information of New York Horse Owners

Table 12 - Distribution of Horse Owners by Household Income⁽¹⁾

| Household Income | Count | Percent |
|------------------------|---------------|-------------|
| \$0 to \$24,999 | 6,231 | 11% |
| \$25,000 to \$49,999 | 12,540 | 22% |
| \$50,000 to \$74,999 | 12,717 | 23% |
| \$75,000 to \$99,999 | 7,164 | 13% |
| \$100,000 to \$124,999 | 6,507 | 12% |
| \$125,000 to \$149,999 | 3,354 | 6% |
| \$150,000 + | 4,756 | 8% |
| Not Reported | 3,154 | 6% |
| TOTAL | 56,422 | 100% |

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

Table 13 - Distribution of Horse Owners by Community Size⁽¹⁾

| Size of Community | Count | Percent |
|------------------------|---------------|-------------|
| Less than 1,000 people | 3,834 | 7% |
| 1,000 to 4,999 | 13,818 | 24% |
| 5,000 to 19,999 | 17,105 | 30% |
| 20,000 to 49,999 | 10,676 | 19% |
| 50,000 to 99,999 | 2,674 | 5% |
| 100,000 to 499,999 | 4,320 | 8% |
| 500,000 + | 2,231 | 4% |
| Not Reported | 1,765 | 3% |
| TOTAL | 56,422 | 100% |

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

Chart 12

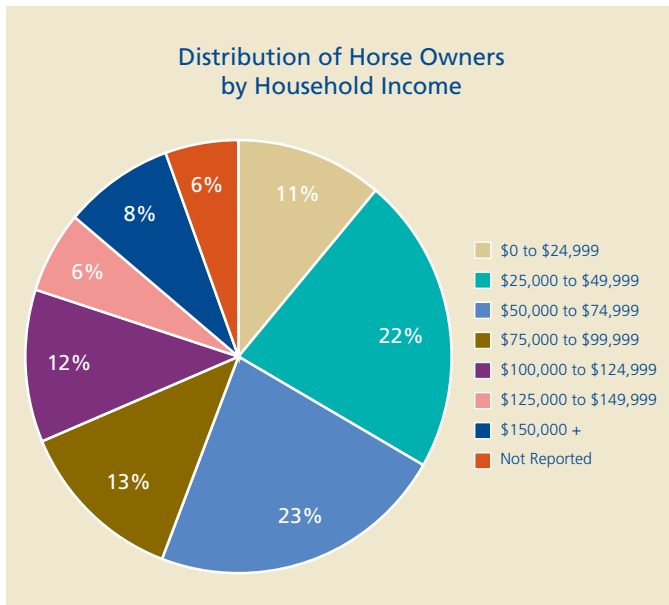


Chart 13

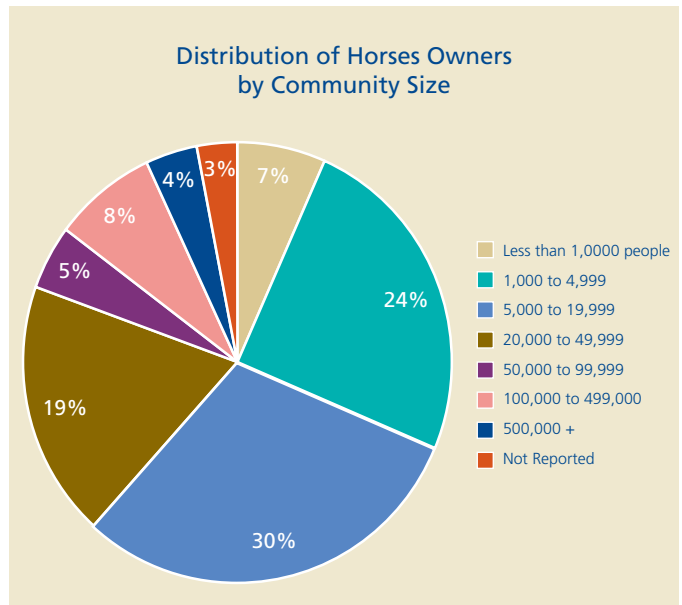


Table 14 - Distribution of Horse Owners by Age ⁽¹⁾

| Race | Count | Percent |
|--------------|---------------|-------------|
| 18 to 29 | 7,976 | 14% |
| 30 to 44 | 21,445 | 38% |
| 45 to 59 | 23,807 | 42% |
| 60 + | 2,215 | 4% |
| Not Reported | 979 | 2% |
| TOTAL | 56,422 | 100% |

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

Chart 14

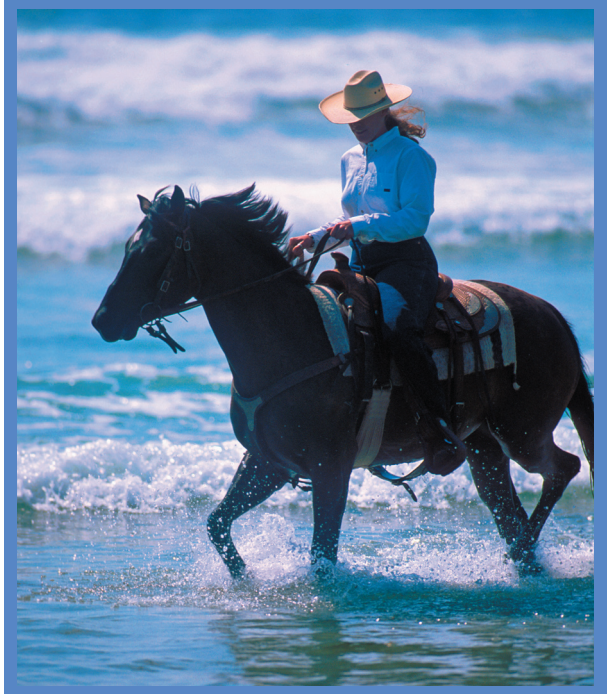
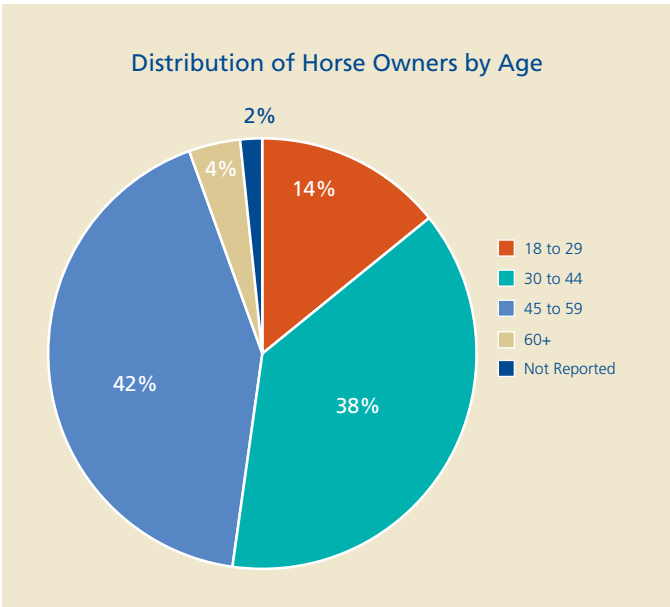
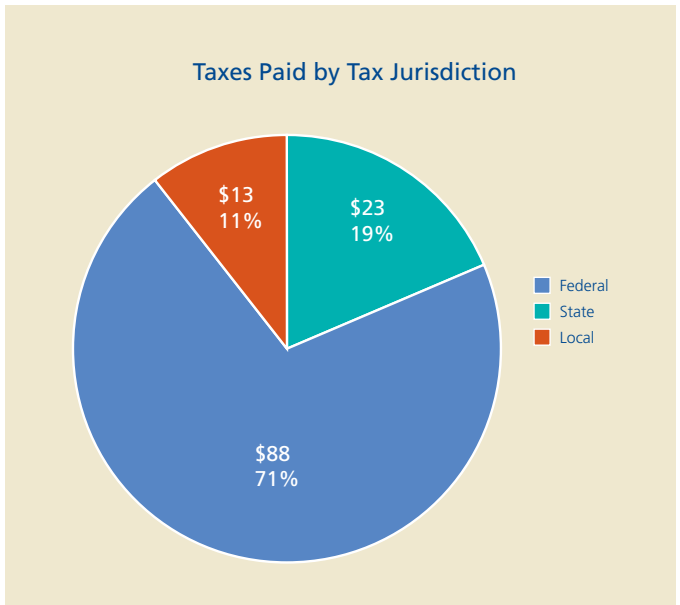


Table 15 - Taxes Paid by Tax Jurisdiction ⁽¹⁾

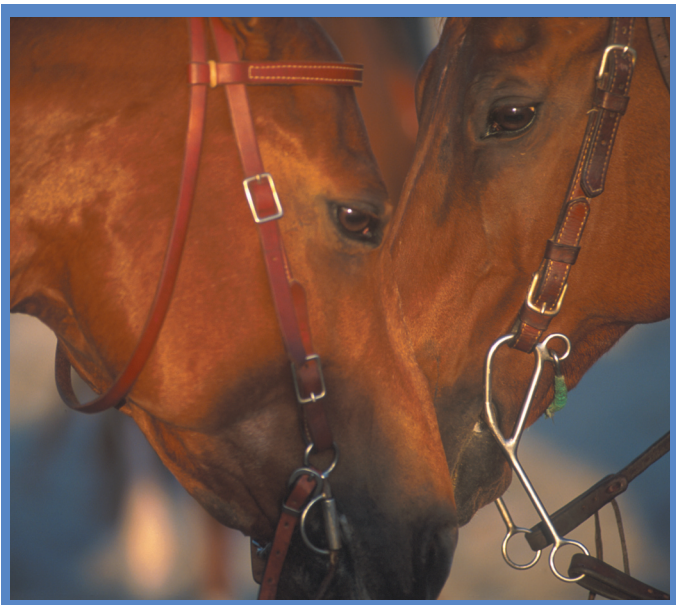
| Jurisdiction | Taxes Paid | Percent |
|--------------|--------------|-------------|
| Federal | \$23 | 19% |
| State | \$88 | 71% |
| Local | \$13 | 11% |
| TOTAL | \$124 | 100% |

(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⁽¹⁾. 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.



New York Economic Impact Report made possible in part through the generous support of the Friends of New York Racing and the New York Thoroughbred Horsemen's 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 world-wide, 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.