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# Equestrian Economic Impact Analysis: How Your Community Benefits

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**Equestrian Land Conservation Resource**  
**4037 Iron Works Pike, Suite120**  
**Lexington, Kentucky 40511**

Phone: 859-455-8383; Fax: 859-455-8381

E-mail: [info@elcr.org](mailto:info@elcr.org); web: [www.elcr.org](http://www.elcr.org)



The Equestrian Land Conservation Resource is a national organization established to promote access to and conservation of land for equestrian use. For further information about the organization and its activities, please contact them at:

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**"Horses and dogs  
have been man's  
most intimate and  
faithful companions  
since the dawn of  
history, but the horse  
has certainly been  
the most useful. In  
sport, agriculture,  
transport and  
warfare, the horse  
has contributed more  
to human pleasure,  
ambition and  
progress than any  
other animal."**

**— Prince Philip (1921-)  
Forward to Monique and  
Hans B. Dossenbach, the  
Noble Horse (1987)**

The information in this booklet is intended to provide a basic understanding of the economic impact that horses and horse owners have on a community. The 7.1 million horse owners nationally contribute over \$100 billion to the gross national product.

#### **Where does it fit into your area's economy?**

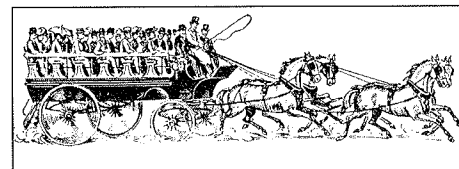
That's what we want to tell you about – this booklet has been written to provide information to people, primarily public officials, who have little or no knowledge of the equestrian aspect in their community and to offer them an understanding of how even those not directly involved with horses benefit from having horses and horse-related activities in their area.

The details of horse keeping, recreation and competition vary from community to community. Specific information should be sought from the people who provided you with this brochure. They are your local horse owners who care about their way of life and are involved in where they live and work. They want to partner with you in planning for the future to benefit the entire community.

## **The Facts**

The history of western civilization has been written on the back of the horse. But, in many ways never so much so as in our own country. The horse was an integral part of the push west from the original colonies into Kentucky, Tennessee and beyond. Our first reliable national mail deliveries were made by the Pony Express. Portraits and statues of our early statesmen often include their most famous mount. Books and movies abound that are centered on the horse. Some are beloved children's stories like "Black Beauty" (which was in fact a treatise against cruelty toward "hack" or carriage horses) others, like current bestseller "Seabiscuit," present an ageless message.

In the new millennium, horse ownership continues to be strong and is a vital part of our national economy. Millions of men, women and children are involved with and drawn to this animal in a way that is unlike our relationship with any other creature. According to a study performed by The American Horse Council there are more than **6.9** million horses in the United States, including both recreational and commercial use. Racing and race horse breeding account for **725,000** of the those horses, and **4,944,000\*** participate in showing and recreational activities while another **1,262,000** are used in farm or ranch work, police work, rodeo and polo. There are over **7.1** million Americans involved with those horses as owners, breeders, riders, veterinarians, support service providers (blacksmiths, feed dealers, barn builders/sellers, horse trailer builders/sellers, not to mention writers, editors, television and print advertising agencies, etc.). This translates to – **one in every 35 Americans is involved with horses.**





# \$ \$ \$ \$

The impact of the horse industry on the American economy is staggering — over **\$25.3 billion** dollars is directly produced annually in goods and services with a total impact of **\$112.1 billion** on the U.S. Gross Domestic Product. These monies are derived from rural activities such as breeding, maintaining and training horses, as well as the more urban-based activities such as the operation of racetracks, off track wagering facilities and horse shows. **The industry's contribution to the U.S. GDP is greater than that of the motion picture services!**

The 2001 American Horse Industry Directory lists 113 different breed registries and associations. "Horse people" are as diverse in their interests and activities as the breeds are numerous. **While a stereotyped image of elitist sports does exist, 14% of horse-owning households have incomes under \$25,000, 38% under \$50,000, 64% under \$75,000 with a median income of \$60,000.**<sup>1</sup>

Another study done in 1998 by the National Animal Health Monitoring System (a non-regulatory effort of the U.S. Department of Agriculture) determined that the largest population of horses and horse operations is based

in the Southern regions. This is not surprising when one takes into account such race horse producing states as Kentucky and Florida, or the western heritage of Texas. The smallest percentages come from the Northeast region. Yet, the northeast region produced one of the most influential, popular and distinctly American breeds — the Morgan Horse.

**Across the country horses are used primarily for recreation and pleasure.** According to the abovementioned study, the most popular breeds were Quarter Horse (135,528 registered in 1999), Paint (62,186 registered in 1999), Thoroughbred (36,500 registered in 1999), Tennessee Walker (13,375 registered in 1999), Arabian (11,501 registered in 1999), Standardbred (11,183 registered in 1999), and Appaloosa (10,099 registered in 1999). Other breeds gaining quite a foothold by population were Morgans, Saddlebreds, Trakehner, Oldenburg, Holsteiner, Friesian, Andalusian, Hanoverian, Lippizan, Halfflinger, Swedish Warmblood, Paso Fino and Peruvian Paso.<sup>2</sup>

While these statistics denote the strength of the tie between human and equine and the current financial good health of the equestrian industry, there is a crisis facing all equestrians: the loss of land. This is a severe and long range threat to every horse owner and rider.

A handful of non-profit organizations are beginning to address access and conservation issues, among them the

Equestrian Land Conservation Resource. The Resource is committed to aiding equestrian groups to find successful, creative, long term solutions to that crisis.



This booklet is a part of the Resource's arsenal of information and it attempts to define some of the types of horse/rider recreationists and how their activities benefit the local and national economy.

## What is Recreational Use?

Recreational use indicates those horses whose primary function is as a companion animal. That does not preclude competitive use, but horse and rider compete or show on a limited basis. More likely, the horse is used for trail or pleasure riding. As noted above, this group makes up the largest contingent of the U.S. horse population. And in many ways these horsemen are the most affected by the rapid loss of

open land. While the creep of suburbia into formerly agricultural land sometimes allows for the "mini-farm" a term used by realtors and developers to identify small acreage zoned to permit a certain number of horses per acre -- **suburban development can spell an end to open land used for raising horses, trail riding or holding competitive events.**



## Protection of Trails at the State Level

Years ago open land was not an issue. Many horse people can speak of a youth spent riding across country that today is paved with malls or suburban subdivisions. This is not a phenomenon of a certain state or region, but a universal one. **If horsemen in the future are to have places to enjoy riding in natural settings, plans must be made today.**

Several states have been in the forefront of open land conservation and have worked to create trail systems. Florida took innovative steps to utilize government lands that had been acquired for the abortive Cross Florida Barge Canal and has a long term plan to develop "linkages" tying forest corridors, recreational trails, waterways and urban areas from one end of the state to the other. In early 2001 the first "land bridge" was completed in Marion County, Florida allowing riders, bikers and hikers to safely cross over an interstate highway.

Illinois has long held park district land from development, providing green vistas along suburban and urban roadways. Unfortunately, only a small number of these parks and trails permit horses. Local organizations such as Illinois Trail Riders and Trail Riders of DuPage have been instrumental in working with the Park District management and quietly fighting to keep open lands available for horsemen.



## Private Land Conservation for Equestrians

The Land Trust movement is active in protecting private lands, some of which are held in trust for the use of future generations of equestrians. In Raeford County, North Carolina, Five Points Horse Park offers a cross country course for upper level event riders on 250 acres, with plans in the works for six more dressage rings, two Grand Prix show jumping rings, a combined driving course and cross country courses for lower level riders, plus additional stabling.<sup>3</sup>

Aiken, South Carolina has long been a Mecca for horsemen from all disciplines. Currently the Aiken Horse Park offers one of the finest Steeplechase courses and hosts hunter/jumper shows on its 64 acres of parkland. Just a few blocks from the park are miles of trails that run through the publicly held

Hitchcock Woods. The Aiken Horse Park has plans for expansion of its facilities that will include additional stabling, a permanent grand prix jumper ring that will include natural obstacles, two sand rings and one traditional hunter ring with grass footing.<sup>4</sup>

**Horse people are increasingly conscious of and engaged in creative efforts, both public and private to preserve and protect land and access to it for multiple users.**

## What Does This Mean in Dollars and Cents?

There is, of course, a cost for developing and maintaining trails and park land. This includes the initial purchase of the land or the trail easement; surveying possible trail routes; planners; equipment to build the trail; not to mention the environmental impact studies; public hearings and administrative costs. Why should city or county officials spend the public's money?

Simply, because horses generate dollars and jobs.

**Unlike a bicycle or a pair of walking shoes a horse won't sit quietly in a closet waiting until the next trail ride.** Owning a horse takes money, money that goes back into the community.

According to a study by the Cooperative Extension Service, University of Maryland, the average annual maintenance cost per horse was \$3,052 at private stables and \$3,258 at public or boarding stables or roughly \$275 per month.<sup>5</sup>



That figure refers to actual cost, not what is charged. Board or maintenance costs across the country differ widely in terms of location, services offered, types of riding or driving styles and management practices. An average of monthly board costs across the U.S. ranges between \$350 - \$750 or \$1,000 and upwards in certain densely populated areas of the country. Annual board costs may exceed \$15,000 a year for some enthusiasts.<sup>6</sup>

While some zoning will permit horses on lots as small as a half-acre, most horseman agree that one acre of grazing land per horse is a good guideline. Horse properties may range in size from one acre to thousands of acres. But what exactly does board cost cover for the land owner and how does that affect local economy? First, the land itself: through mortgages and real estate taxes; then construction costs for barns and fencing if a horse property is being built on undeveloped land; and continuing with items such as repair and maintenance costs if an existing facility; insurance on the facility and its vehicles, as well as liability insurance; landscaping; farm equipment (trucks, tractors, trailers, balers, etc.) purchase and maintenance; feed for the resident horses; bedding for the stabling, salaries for any personnel; veterinary and farrier costs for the facility owned horses; riding equipment, saddles and bridles, or buggies and driving harness.

In this preceding brief illustration it is easy to see that the horse owner/rider is an important part of the local economy.

**Every horse owned requires the support of three or more professionals, the owner, the veterinarian, and the farrier, all of whom pay taxes, buy and sell homes, maintain offices, support local police and fire departments, send their children to schools...and so on and so forth.**

Additionally, horses, greenways and trails are good for property values. In Salem, Oregon a study found that land adjacent to a greenbelt was worth approximately \$1200 per acre more than urban land. In San Diego County, California, homes overlooking dedicated open space sold for more than homes right across the street!<sup>7</sup>

A tertiary benefit of horse property to the community is a more aesthetic one. The neatly fenced and maintained horse farm lends a pleasant vista to visitors passing through the area.

Open land saves communities the cost of schooling.

And finally, pastureland with its grass and trees aids the environment as a natural windbreak reducing water runoff and aiding in soil retention.

## Trail Riders Travel

Studies have been done by numerous recreation agencies to identify trail and greenway users. Hikers, roller bladers, and to some extent bikers, usually chose trails convenient to their homes. Riders, however, will travel miles from their home base to reach a favorite trail, and there are those intrepid types who mix riding and camping and think nothing of driving hundreds of miles to park their vehicle and turn to a gentler form of transportation.

Here again we can see the flow of dollars generated by horsemen. The truck with its trailer requires gas purchases along the way; food for horse and rider must either be brought along or meals procured at restaurants in the area of the trails; equipment for camping must have been acquired, possibly from

a local sporting goods store. In addition, user fees are sometimes required for trail or greenway usage, helping to support the infrastructure for all user groups.

What this overly simplified description boils down to is that **horses generate money in the community.**

## Showing - Moving with Style

Americans are obsessed with sports of all kinds, and horse people are no exception. From the early days of the colonies, horse racing was and remains a favorite pastime. But, now competitions for jumpers, cutting horses, endurance riding and more are all organized -- the American Horse Council lists 52 different horse sport organizations.<sup>8</sup> Competition can be a wonderful component of horse ownership, fostering good sportsmanship and camaraderie in youth (one in every four riders is a child!) and adults alike but

even more importantly competition can be good for the community.

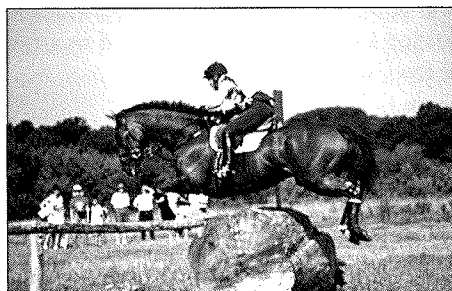
For the competitive rider, we must go beyond the basics of horse keeping. The horse must still be sheltered, fed and tended to, but now a specialized regime of feed and training may be utilized in order to keep the horse in optimal condition.

Competing in the chosen discipline may require special clothing for the rider and equipment for the horse. An average leather saddle will cost between



\$1000 - \$3000; leather bridle between \$100 - \$300.<sup>9</sup> For the driving enthusiast, a buggy or cart can cost almost as much as a small car! The horse owner may choose to purchase these items from catalogs and websites of nationally known companies, but most will prefer to work with a local tack shop because of the special services these enterprises offer.

There are different levels of showing in every discipline, from the local backyard show to international caliber events. The USA Equestrian (formerly American Horse Show Association) is the national governing board for most horse sports, recognizing both discipline and breed affiliations. In order to compete in recognized or sanctioned competitions, riders, owners or both must be members of the organization. According to their Statement of Activities for the year ending November, 2000 USA Equestrian collected \$5,547,088 in membership dues and fees. Not only must the competitors belong to USA Equestrian, but also the competition itself must belong. In 2000 USA Equestrian earned an additional \$1,227,526 paid by competitions in dues and fees.<sup>10</sup>



Every level of show presents opportunities for the community to benefit. Regardless of the stature of the event there are certain components in common. Event organizers may be volunteers or paid professionals, depending on the stature of the event. Judges, who are usually paid, need food and lodging and often require transportation. The show/event charges entry fees and may pay to lease a facility for the duration of the competition. Out of town competitors may stay at local hotels, motels and B & B's. Food service is sometimes provided by local non-profits as a fundraiser, and peripheral services may be necessary such as port-a-potty rental and trash disposal.

One Florida website lists 72 opportunities to compete in 2001 from May to December in everything from Dressage to Eventing to Combined Driving with your Arabian, Paint, Quarter Horse or Saddlebred.<sup>11</sup> The question isn't usually what to do, but what to choose to do!

Most shows will have a program or a printed schedule of events necessitating the services of a local print shop. As a way to supplement show revenue (to pay those judges!), often advertising space in the program is sold. In addition to horse related businesses, local realtors, car dealers, insurance agencies and other business owners have become aware that this inexpensive print advertising is a great way to reach new customers with disposable income.

These programs are generally given away to the competitors, but some of the larger shows may sell their programs as collector's items.

Sponsorship of shows has always been popular. Rolex is the name sponsor of the only "Four Star" Combined Training Event\*\*\*\* held in this country.

Sea World and Anheuser Busch are prominent sponsors of Grand Prix Jumping. Venerable companies such as these see horse events as good marketing opportunities, with strong local connections creating an enthusiastic business community – equestrian competitions offer a win-win for the community. Additionally, some shows raise large sums of money for local charities through a combination of entry fees, spectator fees, advertising, etc.

**The Oklahoma City Chamber of Commerce and Convention and Visitors Bureau uses the following formula to measure the economic impact of a horse show or event:**

**Number of horses entered x 3.5 x number of show days x \$125**

The assumptions that must be made are:

- On average three or four people will accompany each horse.
- 85% of the exhibitors are from out-of-town.
- \$125 is the average that will be expended on food and lodging per day (as based on the International

Association of Convention and Visitors Bureau figures)

**Based on this formula, a two-day horse show with 100 horses entered would generate approximately \$87,500 for the community.<sup>12</sup>** Such a show would not be considered large. Many competitions bring in far more people and horses for a longer period of time.

**One factor not taken into account in the above formula is the impact of the spectator.** For the past two years spectators at the Rolex 3-Day-Event at the Kentucky Horse Park, (Lexington, KY) on cross-country day have totaled over 50,000.<sup>13</sup> Many of these visitors have traveled hundreds of miles to the site, by car or plane. Furthermore, the dates for Rolex traditionally fall on the last day of Keeneland Race Course's spring meet — try finding a hotel room in Lexington at the last minute!

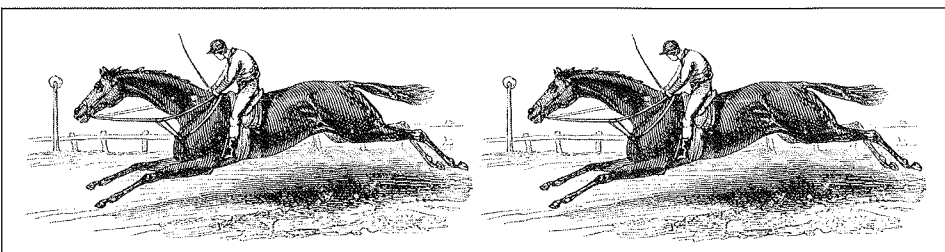
Applying some of the above calculations - say 85% of the 50,000 attendees are from out of town (42,500) x \$125 per day we would total \$5,312,500 flowing into Lexington's coffers via hotel and food costs.

**The bottom line? Horse shows are good business and big shows are better business!**



## Racing – The Historical Sport of Kings

Racing is possibly the most visible of all the horse sports. Even the least interested person in horse sports could hardly fail to identify “the first Saturday in May” as Kentucky Derby day. Nationally televised and heralded as the “most exciting two minutes in sport” the Derby brings with it a mystique all its own that is unrivaled by any other sport.



Visa™ has become a title sponsor of the event and their commercials of 2001 have been extremely effective in pointing out that “some sports figures don’t care what shoes they wear”, or about the media or fan adulation, “they just want to run.” And run they do. At over 104 recognized pari-mutuel tracks nationwide. Almost every large city in the country can boast of a Thoroughbred, Standardbred or Quarter horse racetrack.<sup>14</sup>

Communities with racetracks have a direct tax benefit through pari-mutuel wagering, then collateral benefits through employment, housing, temporary lodging, food, transportation, etc. In Illinois for example, income from horse racing patrons was \$243.7 million in 1985.<sup>15</sup>

But racing isn’t the only way the thoroughbred investor generates income. Thoroughbred auctions are also big business. Ocala Breeders Sales Co. in Ocala, Florida, will offer eight different sales in 2002. These will include two mixed sales (horses of all ages, but primarily broodmares and weanlings); four 2-year-old in training sales showcasing

racing prospects; and two yearling sales. The leading consignor to the 2001 Spring 2-year-old sale, Farnsworth Farm, sold 40 individuals for \$2,036,000 or an average of \$50,900. The OBS Select 2-year-old sale held in February of 2001 yielded a top price of \$900,000.<sup>16</sup>

Keeneland Sales Company in Lexington, Kentucky is considered to be the purveyors of the crème de la crème of the Thoroughbred industry and holds the premiere yearling sale in the world in July. In 2000, 130 yearlings were sold for a gross of \$80,732,000 which is an average of \$621,015.<sup>17</sup> The individuals who buy and sell these horses have a large investment, not only in their stock but also in the communities in which their operations are located. Many of these farms operate like corporations;

multiple managers may oversee various facets of the business with additional help in the form of grooms and maintenance workers. Horse farms in Lexington, Kentucky and Ocala, Florida form a large base of the economy of those locales as some of the largest employers in their areas.

In terms of goods and services as well as work force, these farms are dependent on the community, and thus are joined in a cyclical fashion with their community just as individual horse owners are a part of the community.

These same factors as those illustrating the thoroughbred industry come into play for any other breed, but most especially for those breeds offering wide ranging showcase platforms with financial incentives, such as the Standardbred and Quarter Horse.

## The Results

*The circle principle is never more evident than in the horse business.*

**Racing, big and small shows, pleasure, and trail riders all benefit the community through the horse owners who embrace a sport and a lifestyle that enables them to enjoy their horses, to produce and sell a valuable commodity that in turn allows them to make a living and to continue to return money into the community through taxes, goods and services and employment.**



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## Appendix

The basic worksheet below is intended to be used as a guideline when calculating the economic impact of the the number of horses living in a given community. Maintenance figures vary widely across the country and this is intended to provide a "local" view.

### Calculations for Monthly Maintenance

for One Horse in \_\_\_\_\_

**Board:** \$\_\_\_\_\_ per month

Includes: Grain, pasture, \$\_\_\_\_\_ annually  
stall cleaning

Paid to farm owner - pays a portion of: mortgage, insurance, electricity, wages for farm help, cost of feed bought in bulk, repair of fences and structures.

**Blacksmith:** \$\_\_\_\_\_ per visit

every 6 weeks \$\_\_\_\_\_ annually

Paid to trained professional - pays transportation, portion of time, materials, and skill.

**Worming:** \$\_\_\_\_\_ per occurrence

every 6 weeks \$\_\_\_\_\_ annually

Purchased from local store - pays portion of wages, and stocking.

**Veterinarian:** \$\_\_\_\_\_ per visit

twice yearly exams; shots \$\_\_\_\_\_ annually

Paid to trained professional - pays portion of time, training, materials, insurance, and transportation.

**Training/lessons:** \$\_\_\_\_\_ per visit

twice monthly (or more often) \$\_\_\_\_\_ annually

Paid to trained professional - pays insurance, transportation, portion of time, and training.

Totals \$\_\_\_\_\_ Annually