New York State Equine Industry Economic Impact Study

2012
The Innovation Group was hired by the New York Horse Racing and Agriculture Industry Alliance to assess the economic value of the horse industry in the State of New York, focusing on economic benefits and jobs. The horse industry significantly contributes to the economy, primarily through racing, recreational horse ownership, and horse showing.

The economic contributors on the racing side include the racetracks, breeders, trainers, owners of racehorses, and simulcast wagering entities.

The major contributors on the recreation and showing side include commercial horse enterprises, recreation horse owners, and show organizers and participants. These front-line entities support many other area industries, most notably agriculture, construction and horse-related services.

Members of the New York Horse Racing and Agriculture Industry Alliance

Empire State Harness Horsemen’s Alliance • 914-968-3599
Finger Lakes Horsemen Benevolent Protective Assoc. • 585-924-3004
Harness Horse Association of Central NY • 315-829-3872
Harness Horse Breeders of New York State • 518-785-5858
Monticello Harness Horsemen’s Association • 845-791-7747
New York Farm Bureau • 518-436-8495
New York Thoroughbred Breeders, Inc. • 518-587-0777
New York Thoroughbred Horsemen’s Association • 516-488-2337
Saratoga Harness Horseperson’s Association • 518-577-6901
Standardbred Owners Association of NY • 914-968-3599
Western NY Harness Horsemen’s Association • 716-648-3577
**Executive Summary**

**ECONOMIC IMPACT**

<table>
<thead>
<tr>
<th>EQUINE DIVISION</th>
<th>DIRECT</th>
<th>INDIRECT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,747,578,933</td>
<td>$2,450,044,153</td>
<td>$4,197,623,086</td>
</tr>
</tbody>
</table>

**JOBS IMPACT**

<table>
<thead>
<tr>
<th>EQUINE DIVISION</th>
<th>DIRECT</th>
<th>INDIRECT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12,903</td>
<td>20,088</td>
<td>32,991</td>
</tr>
</tbody>
</table>

**New York Equine Industry – a 62-County Story**

- **Thoroughbred Track**
  1. Finger Lakes Gaming & Racetrack, Farmingdale
  2. Saratoga Race Course, Saratoga Springs
  3. Belmont Park, Elmont
  4. Aqueduct Raceway, Jamaica, Queens

- **Harness Track**
  1. Buffalo Raceway, Hamburg
  2. Batavia Downs, Batavia
  3. Tri-Gold Downs, Nichols
  4. Vernon Downs, Vernon
  5. Monticello Raceway, Monticello
  6. Saratoga Gaming & Raceway, Saratoga Springs
  7. Yonkers Raceway, Yonkers

- **Museums**
  1. Harness Racing Museum (Gallorette)
  2. National Museum of Racing (Saratoga Springs)

**Breaking News:** Economic Impact generated by the New York Equine Industry reached $4.2 billion in 2011, yielding roughly 33,000 full-time equivalent jobs.

There is Equine Activity in every county in New York.
Introduction

Racing Division Front-Line Entities

- Major Racetracks
- Simulcast Wagering Entities
- Breeders, Trainers and Owners of Racehorses
- Fair Racing Programs
- Horsemen and Breeder Associations and the New York State Racing & Wagering Board (“NYSRWB”)
Direct Impact Summary

**Definition of Direct Impact:**
Direct Expenditures by Front-Line Industry Entities or Customers of Front-Line Entities in the Local Community.

Direct Expenditures include Operating Costs as well as Average Annual Capital Expenditures

**Study Resources:**
- NYSRWB Annual Report
- NYRA Annual Report
- Comprehensive Industry Survey
- Industry Standard Implan Model, which applies state-specific multipliers to direct expenditures across numerous spending categories.

### Racing Division - Direct Impact Summary

<table>
<thead>
<tr>
<th>Industry Component</th>
<th>Direct Economic Impact</th>
<th>% of Total</th>
<th>FTE Jobs Impact</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Racetracks</td>
<td>$221,550,878</td>
<td>23.0%</td>
<td>1,867</td>
<td>27.1%</td>
</tr>
<tr>
<td>OTB Corporations</td>
<td>$ 95,551,375</td>
<td>9.9%</td>
<td>1,269</td>
<td>18.4%</td>
</tr>
<tr>
<td>Breeders, Trainers, Owners of Racehorses</td>
<td>$614,331,371</td>
<td>63.6%</td>
<td>3,604</td>
<td>52.2%</td>
</tr>
<tr>
<td>Fair Racing</td>
<td>$  3,784,110</td>
<td>0.4%</td>
<td>21</td>
<td>0.3%</td>
</tr>
<tr>
<td>Horsemen and Breeder Associations and NYSRWB</td>
<td>$ 30,274,756</td>
<td>3.1%</td>
<td>141</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$965,492,490</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>6,902</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Breeders, Trainers, and Owners of Racehorses account for 64% of direct impact and 52% of jobs.

- Expenditures are heavily weighted towards Farm Care and Horse Care.
- Expenditures are primarily funded by purses, but also by stallion fees, boarding fees, horse sales and trainer fees.
- These enterprises, on average, break about even after factoring in capital expenditures.

New York’s 11 Major Racetracks generate the second highest proportion of economic impact at 23% of the total.

- Expenditures and jobs are centered on presenting live racing, offering pari-mutuel wagering, and maintaining the grandstand and backside facilities.
- Expenditures are principally funded by commissions from race wagering.

OTB Corporations account for 10% of direct impact.

- These entities make wagering more convenient for New Yorkers, offering nearly 200 betting outlets around the state.
- Expenditures are primarily funded by commissions from race wagering.
- Labor intensive due to the staffing of branches.

Fair Racing puts horse racing in the public eye.

- 22 fairs present racing in 21 counties.
- Provides opportunity for locally based horsemen.
Impact & Jobs Summary

**Definition of Indirect Impact:**
The economic spin-off of the direct expenditures of the racing entities as local vendors expand their business. This expansion pushes additional revenue throughout the economy in a rippling effect.

**Definition of Induced Impact:**
The positive impact of higher household incomes resulting from direct employment in racing entities. This money is reinvested into the economy via household spending patterns, spurring further local economic activity. Induced impact also results from increased tourism as new visitors spend at area businesses, such as gas stations and restaurants.

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### Racing Division - Total Impact Summary

<table>
<thead>
<tr>
<th>Industry Component</th>
<th>Direct</th>
<th>Indirect &amp; Induced</th>
<th>Total Impact</th>
<th>Indirect &amp; Induced Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Racetracks</td>
<td>$221,550,878</td>
<td>$172,960,848</td>
<td>$394,511,726</td>
<td>1.78</td>
</tr>
<tr>
<td>OTB Corporations</td>
<td>$ 95,551,375</td>
<td>$132,471,097</td>
<td>$228,022,472</td>
<td>2.39</td>
</tr>
<tr>
<td>Breeders, Trainers, Owners of Racehorses</td>
<td>$614,331,371</td>
<td>$848,537,998</td>
<td>$1,462,869,369</td>
<td>2.38</td>
</tr>
<tr>
<td>Fair Racing</td>
<td>$ 3,784,110</td>
<td>$6,862,779</td>
<td>$10,646,889</td>
<td>2.81</td>
</tr>
<tr>
<td>Horsemens and Breeder Associations and NYSRWB</td>
<td>$ 30,274,756</td>
<td>$2,549,874</td>
<td>$32,824,630</td>
<td>1.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$965,492,490</strong></td>
<td><strong>$1,163,382,596</strong></td>
<td><strong>$2,128,875,086</strong></td>
<td><strong>2.20</strong></td>
</tr>
</tbody>
</table>

### Racing Division - Total Jobs Summary

<table>
<thead>
<tr>
<th>Industry Component</th>
<th>Direct</th>
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<th>Total Jobs</th>
<th>Indirect &amp; Induced Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Racetracks</td>
<td>1,867</td>
<td>1,095</td>
<td>2,962</td>
<td>1.59</td>
</tr>
<tr>
<td>OTB Corporations</td>
<td>1,269</td>
<td>879</td>
<td>2,148</td>
<td>1.69</td>
</tr>
<tr>
<td>Breeders, Trainers, Owners of Racehorses</td>
<td>3,604</td>
<td>8,451</td>
<td>12,055</td>
<td>3.34</td>
</tr>
<tr>
<td>Fair Racing</td>
<td>21</td>
<td>51</td>
<td>72</td>
<td>3.43</td>
</tr>
<tr>
<td>Horsemens and Breeder Associations and NYSRWB</td>
<td>141</td>
<td>22</td>
<td>163</td>
<td>1.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,902</strong></td>
<td><strong>10,498</strong></td>
<td><strong>17,400</strong></td>
<td><strong>2.52</strong></td>
</tr>
</tbody>
</table>

Racing Division yields $92,100 of economic impact per horse and 80 jobs per 100 horses.

- Indirect and Induced totaled $1.16 billion, implying a multiplier of about 2.2 times against direct impact.
- The Breeders, Trainers, and Owners of Racehorses showed a strong multiplier of about 2.4 times,

yielding approximately $849 million of indirect and induced impact.

- Indirect jobs totalled about 10,500, implying a multiplier of about 2.5 times against direct jobs.
- The Breeders, Trainers, and Owners of Racehorses accounts for about 81% of indirect and induced jobs, with a multiplier of 3.3 times against direct jobs.
Introduction

Recreation and Showing Division Front-Line Components

- Commercial Horse Enterprises
- Recreation Owners with Farm/Stable
- Recreation Owners without Farm/Stable
- Show/Competition
- Equine Education and Science

### Commercial Horse Enterprises:
- Boarding Stables
- Training Centers
- Breeding Farms
- Riding Academies
- Recreational Ranches
- Sales/Rental Barns

### Equine Educational Programs:
- Cazenovia College
- State University of New York Cobleskill
- State University of New York Ag & Tech at Morrisville
- State University of New York Canton
- Cornell Horse Program, Ithaca
- Houghton College

### Recreation Division Horse Count

<table>
<thead>
<tr>
<th>Owner Categories</th>
<th>Horse Count</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Horse Enterprises</td>
<td>14,785</td>
<td>11%</td>
</tr>
<tr>
<td>Private Farm Owners</td>
<td>96,743</td>
<td>72%</td>
</tr>
<tr>
<td>Owners without Farm</td>
<td>21,910</td>
<td>16%</td>
</tr>
<tr>
<td>College Programs</td>
<td>1,005</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>134,443</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### Show/Competition Event and Participant Count

<table>
<thead>
<tr>
<th>Event Category</th>
<th>Annual Count</th>
<th>Average Participants</th>
<th>Total Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanctioned</td>
<td>120</td>
<td>175</td>
<td>21,000</td>
</tr>
<tr>
<td>Open Shows</td>
<td>360</td>
<td>55</td>
<td>19,800</td>
</tr>
<tr>
<td><strong>Total/Average</strong></td>
<td><strong>480</strong></td>
<td><strong>85</strong></td>
<td><strong>40,800</strong></td>
</tr>
</tbody>
</table>

*Source: The Innovation Group*

- According to Recreation Horse Owner Survey, roughly 50% of recreation horse owners participate in shows/competitions.
- Open shows are usually 1-day events while sanctioned shows can run 5 to 6 days.
Direct Impact Summary

Definition of Direct Impact:
Direct Expenditures by Front-Line Participants or Customers of Front-Line Commercial Enterprises in the Local Community.

Study Resources:
• Comprehensive survey of recreation horse owners.
• Interviews with numerous industry representatives.

RECREATION DIVISION - DIRECT IMPACT SUMMARY

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<th>Industry Component</th>
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<th>FTE Jobs Impact</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Horse Enterprises</td>
<td>$174,202,053</td>
<td>22.3%</td>
<td>1,311</td>
<td>21.8%</td>
</tr>
<tr>
<td>Recreation Owners with Farms/Stables</td>
<td>$413,950,042</td>
<td>52.9%</td>
<td>2,950</td>
<td>49.2%</td>
</tr>
<tr>
<td>Recreation Owners without Farms/Stables</td>
<td>$57,319,001</td>
<td>7.3%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Show/Competition</td>
<td>$127,354,002</td>
<td>16.3%</td>
<td>1,582</td>
<td>26.4%</td>
</tr>
<tr>
<td>Equine Education and Science</td>
<td>$9,261,345</td>
<td>1.2%</td>
<td>158</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$782,086,443</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>6,001</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

- Roughly 23,000 family-owned horse farms/stables (non-commercial) generate the largest economic impact due to heavy spending on farm care and horse care.
- Commercial Horse Enterprises impact was smaller due to fewer farms but host many more horses per farm. This component also utilizes significant labor.
- Show/Competition component reflects spending by show presenters in the form of prizes, facility preparation and labor, and show participants as they travel around the state.
- Horse owners without farms incur costs in addition to boarding fees, such as health care, insurance and tack. Note that these owners support the Commercial Enterprises and related jobs, but employ no persons directly.
- The Equine Educational programs in New York are exemplary, and thus attract students from all over the country.
Impact & Jobs Summary

**Recreation Division - Total Impact Summary**

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</thead>
<tbody>
<tr>
<td>Commercial Horse Enterprises</td>
<td>$174,202,053</td>
<td>$146,779,978</td>
<td>$320,982,031</td>
<td>1.84</td>
</tr>
<tr>
<td>Recreation Owners with Farms/Stables</td>
<td>$413,950,042</td>
<td>$814,272,519</td>
<td>$1,228,222,561</td>
<td>2.97</td>
</tr>
<tr>
<td>Recreation Owners without Farms/Stables</td>
<td>$57,319,001</td>
<td>$105,595,779</td>
<td>$162,914,780</td>
<td>2.84</td>
</tr>
<tr>
<td>Show/Competition</td>
<td>$127,354,002</td>
<td>$208,518,339</td>
<td>$335,872,341</td>
<td>2.64</td>
</tr>
<tr>
<td>Equine Education and Science</td>
<td>$9,261,345</td>
<td>$11,494,942</td>
<td>$20,756,287</td>
<td>2.24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$782,086,443</strong></td>
<td><strong>$1,286,661,557</strong></td>
<td><strong>$2,068,748,000</strong></td>
<td><strong>2.65</strong></td>
</tr>
</tbody>
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**Recreation Division - Total Jobs Summary**

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</thead>
<tbody>
<tr>
<td>Commercial Horse Enterprises</td>
<td>1,311</td>
<td>931</td>
<td>2,242</td>
<td>1.71</td>
</tr>
<tr>
<td>Recreation Owners with Farms/Stables</td>
<td>2,950</td>
<td>5,338</td>
<td>8,288</td>
<td>2.81</td>
</tr>
<tr>
<td>Recreation Owners without Farms/Stables</td>
<td>NA</td>
<td>1,405</td>
<td>1,405</td>
<td>NA</td>
</tr>
<tr>
<td>Show/Competition</td>
<td>1,582</td>
<td>1,828</td>
<td>3,410</td>
<td>2.16</td>
</tr>
<tr>
<td>Equine Education and Science</td>
<td>158</td>
<td>88</td>
<td>246</td>
<td>1.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,001</strong></td>
<td><strong>9,590</strong></td>
<td><strong>15,591</strong></td>
<td><strong>2.60</strong></td>
</tr>
</tbody>
</table>

- Overall multiplier extremely strong at 2.6 times.
- The expenses associated with family farms have significant ripple effect in local economy.
- Commercial Horse Enterprises showed lowest multiplier due to a higher proportion of labor.
- Show/Competition component produces major indirect benefits in Entertainment sector.
- Recreation Owners with Farms/Stables generated 56% of total indirect & induced jobs.
- Despite no direct jobs, recreation owners without farms/stables generate about 1,400 indirect jobs.
Retired racehorses make excellent show and competition horses
Racing attracts out-of-state horsemen that also utilize recreation businesses
Racing revenue attracts and supports veterinarians, farriers and other service providers that are also utilized by recreation owners

A thriving Equine Industry promotes maintenance and reclamation of agricultural land
Horse industries are major consumers of agriculture products
Combined horse population supports healthier agriculture industry
Larger horse population brings down the cost of feed, hay and straw due to the economies of scale

Recreation Farmland provides homes for retired racehorses
Recreation Farmland provides base of operations for some trainers and owners of racehorses

Horse Industry provides job opportunities for graduates from equine educational programs
Equine Educational Programs lead to innovations that support Racing and Recreation
Championship horse shows and scenic horseback rides draw spectators and tourists to New York
Thoroughbred and Harness racing attract fans and tourists from around the world

Significant Direct Expenditure Categories of Equine Industries

**LABOR**
- Accountants
- Administrative Assistants
- Admissions Personnel
- Cleaning Crew
- Communication Specialists
- Construction Workers
- Drivers
- Executives
- Facilities Maintenance Crew
- Farm Hands
- Farriers
- Food Service Personnel
- Grooms
- Human Resource Personnel
- Information Techs
- Jockeys
- Lawyers
- Marketing Specialists
- Outriders
- Pari-Mutuel Tellers
- Security Personnel
- Track Hands
- Track Maintenance Crew
- Veterinarians
- Video Production Techs

**HORSE CARE**
- Boarding Fees
- Farrier Costs
- Feed
- Grooming Supplies
- Hay/Straw
- Health Care Supplies
- Supplements
- Tack
- Veterinarian Costs

**FARM/STABLE CARE**
- Farm Equipment
- Farm Tractors
- Fencing
- Fertilizer/Treatments
- Gas/Oil
- Irrigation Supplies
- Lumber
- Repair & Maintenance Supplies
- Seed/Turf
- Tools
- Top Soil
- Water

**OTHER OPERATING**
- Breeding Equipment
- Entry/Sustaining/Nomination Fees
- Facility Rentals
- Food & Beverage
- Licensing Fees/Permits
- Manure Removal
- Prizes
- Repair & Maintenance Supplies
- Riding Gear
- Subscriptions/Memberships
- Tote Expense
- Travel & Lodging
- Uniforms

**OVERHEAD**
- Bank Charges
- Cable Contract
- Charitable Contributions
- Energy
- Garbage Removal
- Insurance
- Marketing & Advertising
- Utilities
- Professional Services
- Telecommunications

**TOP 10 INDIRECT INDUSTRY SECTORS**
- Financial/Insurance/Real Estate
- Products & Equipment Manufacturing
- Food Manufacturing
- Wholesale Trade
- Legal & Accounting/Professional Services
- Entertainment
- Construction
- Agriculture
- Veterinarian
- Health Care
About the New York Horse Racing and Agriculture Industry Alliance

The mission of the New York Horse Racing and Agriculture Industry Alliance is to secure support for the protection of the horse racing and agriculture industries. This group, which brings together the New York State horsemen, breeders, farmers and agriculture industry representatives, is an informal alliance charged with protecting the current and future interests of the horse racing and agriculture industries that are responsible for 33,000 jobs across New York State.

About The Innovation Group

The Innovation Group is the premier provider of consulting services for the gaming, racing, entertainment and hospitality industries. Our inventive, forward-looking staff of professionals is recognized throughout the industry for the accuracy of our analysis and forecasts, the diversity of our services and our timely response to client needs. Services include feasibility studies, market assessments, economic impact studies, strategic and financial planning, economic diversification, legislative and government advisory, litigation and expert witness, and online gaming strategy/research. The Innovation Group has been associated with more than $75 billion in investment decisions specific to our core industries throughout the past 20 years. Our leadership has helped bring many of the world’s largest entertainment and hospitality developments to fruition, and we have been exposed to industry best practices across six continents and 78 countries. Multi-billion dollar organizations, government entities, global financial institutions, professional associations and private equity investors are just a few of the client segments that have made prudent economic, financial, social and political decisions based on our analysis, advice and support.

This study was made possible through the generous support of the New York Horse Racing and Agriculture Industry Alliance.