

New York State
Equine Industry
Economic Impact
Study



Introduction



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

S U M M A R Y

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**.

FARM ACREAGE
1.3 Million Acres

TOTAL HORSE COUNT
157,500 Horses

IMPACT PER RACEHORSE
80 Jobs per 100 horses
\$92,100 Economic Impact

STATE & LOCAL TAXES
\$187 Million

ECONOMIC IMPACT

EQUINE DIVISION	DIRECT	INDIRECT	TOTAL
Total	\$1,747,578,933	\$2,450,044,153	\$4,197,623,086

JOBS IMPACT

EQUINE DIVISION	DIRECT	INDIRECT	TOTAL
Total	12,903	20,088	32,991

New York Equine Industry – a 62-County Story

Thoroughbred Track

- 1 Finger Lakes Gaming & Raceway, Farmington
- 2 Saratoga Race Course, Saratoga Springs
- 3 Belmont Park, Elmont
- 4 Aqueduct Racetrack, Jamaica, Queens

Harness Track

- 1 Buffalo Raceway, Hamburg
- 2 Batavia Downs, Batavia
- 3 Tioga Downs, Nichols
- 4 Vernon Downs, Vernon
- 5 Monticello Raceway, Monticello
- 6 Saratoga Gaming & Raceway, Saratoga Springs
- 7 Yonkers Raceway, Yonkers

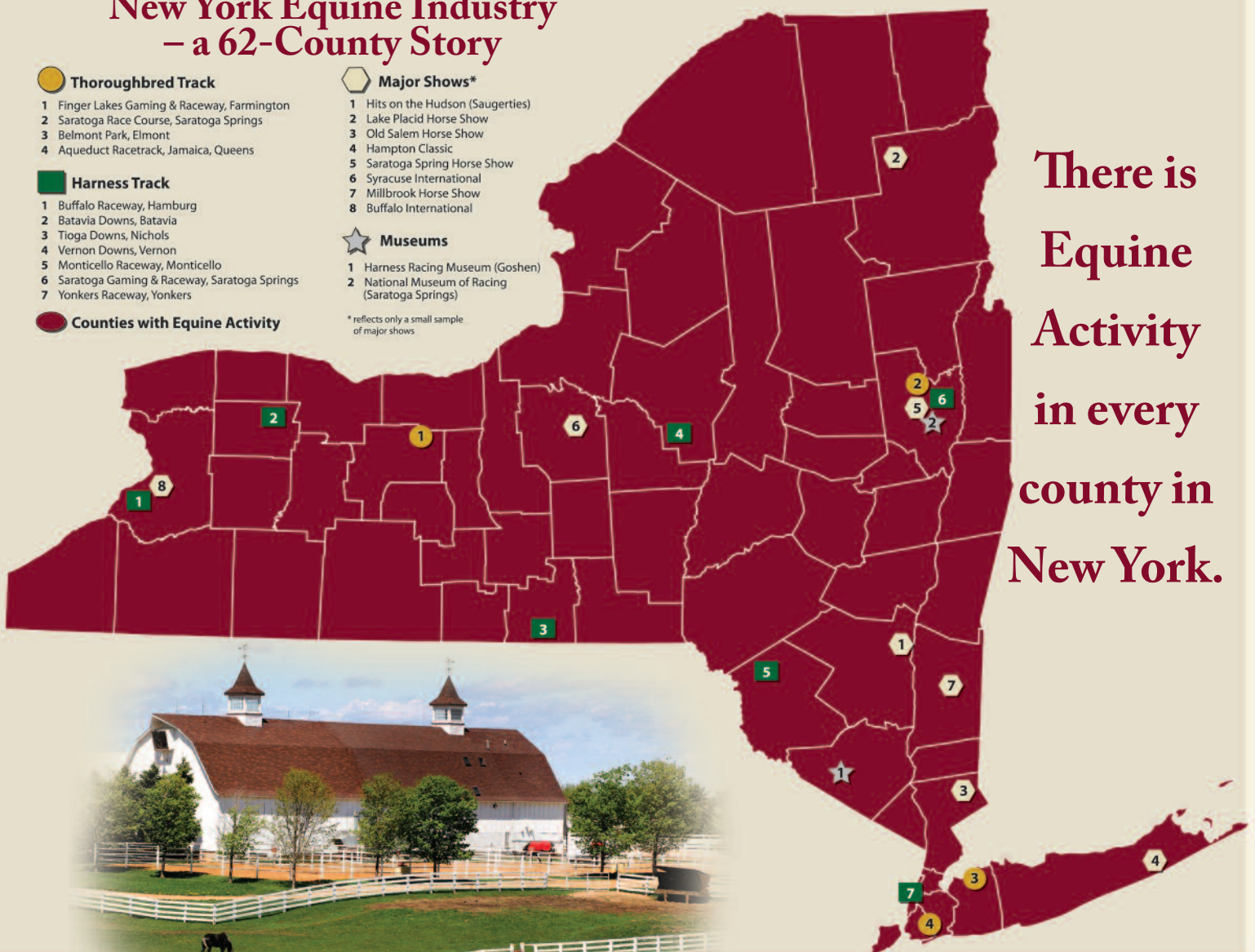
Major Shows*

- 1 Hits on the Hudson (Saugerties)
- 2 Lake Placid Horse Show
- 3 Old Salem Horse Show
- 4 Hampton Classic
- 5 Saratoga Spring Horse Show
- 6 Syracuse International
- 7 Millbrook Horse Show
- 8 Buffalo International

Museums

- 1 Harness Racing Museum (Goshen)
- 2 National Museum of Racing (Saratoga Springs)

* reflects only a small sample of major shows



There is Equine Activity in every county in New York.

Racing

DIVISION

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”)

HIGHLIGHTS

New York boasts roughly 23,100 Racing Division horses.

Over 2,300 breeding, training and racing enterprises call New York home.

Approximately 13,700 horse owner licenses were issued to racehorse owners around the country in 2011.

New York hosts the only two ‘Hall of Fame’ racing museums in the country.



Racing

DIVISION

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

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

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.

Racing

DIVISION SUMMARY

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.

RACING DIVISION - TOTAL IMPACT SUMMARY

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

RACING DIVISION - TOTAL JOBS SUMMARY

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

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.

Recreation

DIVISION

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

Owner Categories	Horse Count	% of Total
Commercial Horse Enterprises	14,785	11%
Private Farm Owners	96,743	72%
Owners without Farm	21,910	16%
College Programs	1,005	1%
Total	134,443	100%

SHOW/COMPETITION EVENT AND PARTICIPANT COUNT

Event Category	Annual Count	Average Participants	Total Participation
Sanctioned	120	175	21,000
Open Shows	360	55	19,800
Total/Average	480	85	40,800

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.



Recreation

DIVISION

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

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

- 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.



Recreation

DIVISION SUMMARY

Impact & Jobs Summary



RECREATION DIVISION - TOTAL IMPACT SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Commercial Horse Enterprises	\$174,202,053	\$146,779,978	\$ 320,982,031	1.84
Recreation Owners with Farms/Stables	\$413,950,042	\$814,272,519	\$1,228,222,561	2.97
Recreation Owners without Farms/Stables	\$ 57,319,001	\$105,595,779	\$ 162,914,780	2.84
Show/Competition	\$127,354,002	\$208,518,339	\$ 335,872,341	2.64
Equine Education and Science	\$ 9,261,345	\$ 11,494,942	\$ 20,756,287	2.24
Total	\$782,086,443	\$1,286,661,557	\$2,068,748,000	2.65

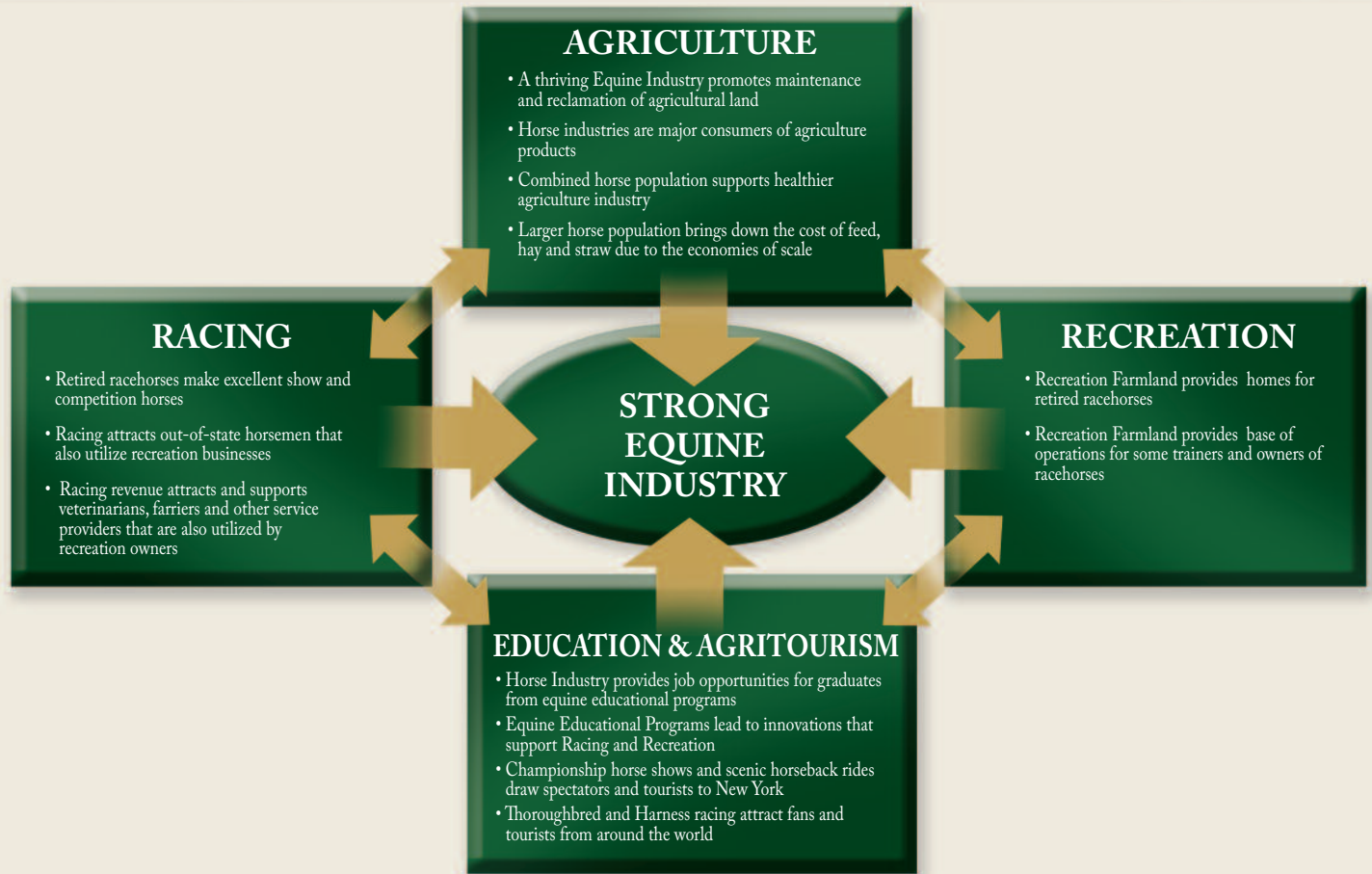
RECREATION DIVISION - TOTAL JOBS SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Commercial Horse Enterprises	1,311	931	2,242	1.71
Recreation Owners with Farms/Stables	2,950	5,338	8,288	2.81
Recreation Owners without Farms/Stables	NA	1,405	1,405	NA
Show/Competition	1,582	1,828	3,410	2.16
Equine Education and Science	158	88	246	1.56
Total	6,001	9,590	15,591	2.60

- 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.

Racing & Recreation

RELATIONSHIP



SIGNIFICANT DIRECT EXPENDITURE CATEGORIES OF EQUINE INDUSTRIES

LABOR	HORSE CARE	OTHER OPERATING
Accountants	Boarding Fees	Breeding Equipment
Administrative Assistants	Farrier Costs	Entry/Sustaining/ Nomination Fees
Admissions Personnel	Feed	Facility Rentals
Cleaning Crew	Grooming Supplies	Food & Beverage
Communication Specialists	Hay/Straw	Licensing Fees/Permits
Construction Workers	Health Care Supplies	Manure Removal
Drivers	Supplements	Prizes
Executives	Tack	Repair & Maintenance Supplies
Facilities Maintenance Crew	Veterinarian Costs	Riding Gear
Farm Hands		Subscriptions/Memberships
Farriers	FARM/STABLE CARE	Tote Expense
Food Service Personnel	Farm Equipment	Travel & Lodging
Grooms	Farm Tractors	Uniforms
Human Resource Personnel	Fencing	
Information Techs	Fertilizer/Treatments	OVERHEAD
Jockeys	Gas/Oil	Bank Charges
Lawyers	Irrigation Supplies	Cable Contract
Marketing Specialists	Lumber	Charitable Contributions
Outriders	Repair & Maintenance Supplies	Energy
Pari-Mutuel Tellers	Seed/Turf	Garbage Removal
Security Personnel	Tools	Insurance
Track Hands	Top Soil	Marketing & Advertising
Track Maintenance Crew	Water	Utilities
Veterinarians		Professional Services
Video Production Techs		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.

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