



American Horse Council Foundation

The Economic Impact of the Maryland Horse Industry





Section One

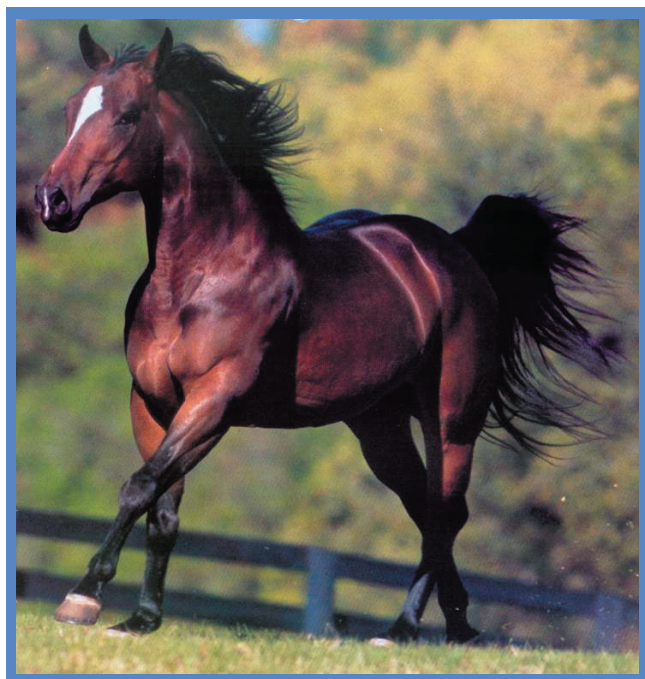
EXECUTIVE SUMMARY OF THE MARYLAND HORSE INDUSTRY

Economic Impacts

- Produces a total economic impact valued at approximately \$1.6 billion with an activity distribution as follows:
 - \$826 million from Racing
 - \$266 million from Showing
 - \$279 million from Recreation
 - \$198 million from Other activities
- Generates a direct economic impact of approximately \$1.0 billion, with an activity distribution as follows:
 - \$532 million from Racing
 - \$167 million from Showing
 - \$174 million from Recreation
 - \$127 million from Other activities
- Generates approximately \$72 million in annual taxes (of which \$40 million is paid to state government and \$6 million to local government)

Industry Participation and Employment

- Involves approximately 65,600 Marylanders, including
 - 23,800 horse owners
 - 14,400 employees
 - 27,400 volunteers
- Generates approximately 10,000 direct jobs and 28,800 total jobs with a distribution over primary activities as follows:
 - 5,800 direct jobs and 15,400 total jobs generated by Racing
 - 1,200 direct jobs and 4,600 total jobs generated by Showing
 - 1,300 direct jobs and 4,700 total jobs generated by Recreation
 - 1,800 direct jobs and 4,100 total jobs generated by Other horse-related activities



Horse Population Characteristics

- Has approximately 153,000 horses, including
 - 69,200 Thoroughbreds
 - 22,600 Quarter Horses
 - 61,100 Other horses (registered and unregistered)
- The 153,000 horses in Maryland represent the following activities:
 - 41,800 in Racing
 - 29,000 in Showing
 - 47,300 in Recreation
 - 34,800 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 Maryland.

Overall Industry Impacts

Table 1 - Total Number of Horses by Activity

Activity	Horses
Racing	41,805
Showing	29,032
Recreation	47,337
Other	34,756
TOTAL	152,930

Chart 1

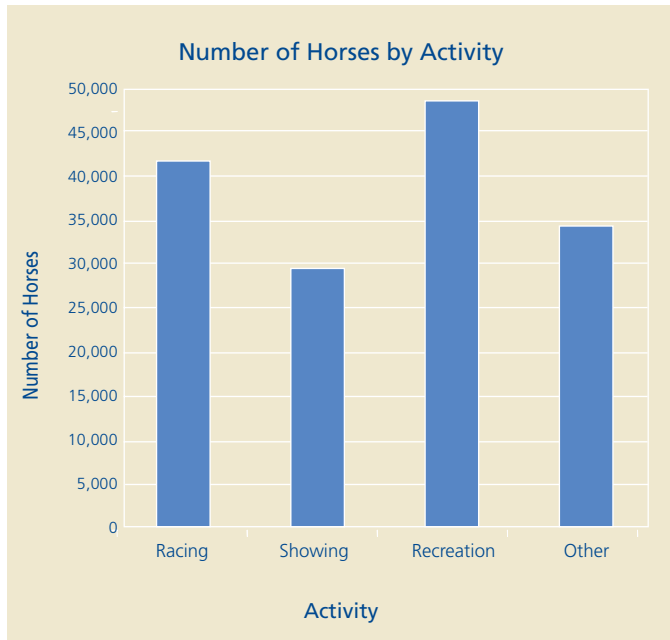


Table 2 - Direct and Total Effect on GDP by Activity ⁽¹⁾⁽²⁾

Activity	Direct Effects	Indirect & Induced Effects	Total
Racing	\$532	\$294	\$826
Showing	\$167	\$100	\$266
Recreation	\$174	\$106	\$279
Other	\$127	\$71	\$198
TOTAL	\$1,000	\$570	\$1,570

(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

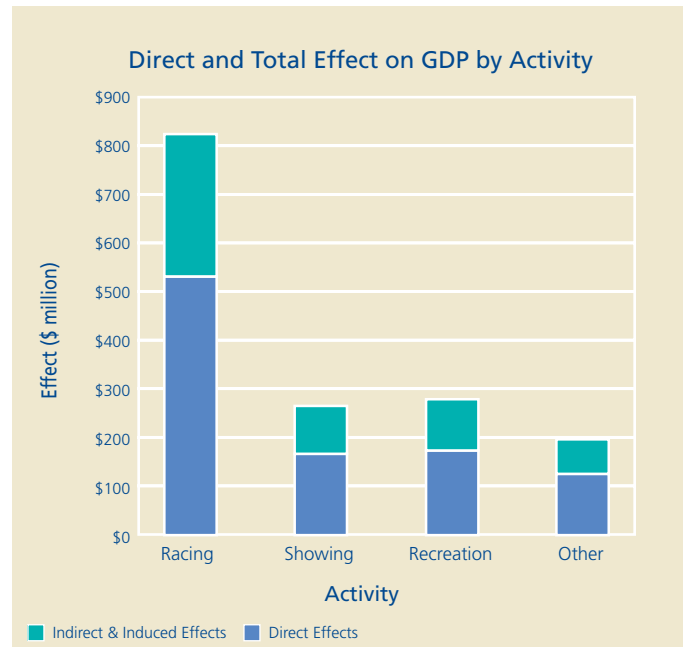




Table 3 - Direct and Total Effects on Employment by Activity⁽¹⁾

Activity	Direct Effects	Indirect & Induced Effects	Total
Racing	5,772	9,667	15,439
Showing	1,158	3,396	4,554
Recreation	1,253	3,478	4,731
Other	1,844	2,211	4,055
TOTAL	10,026	18,752	28,778

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Chart 3

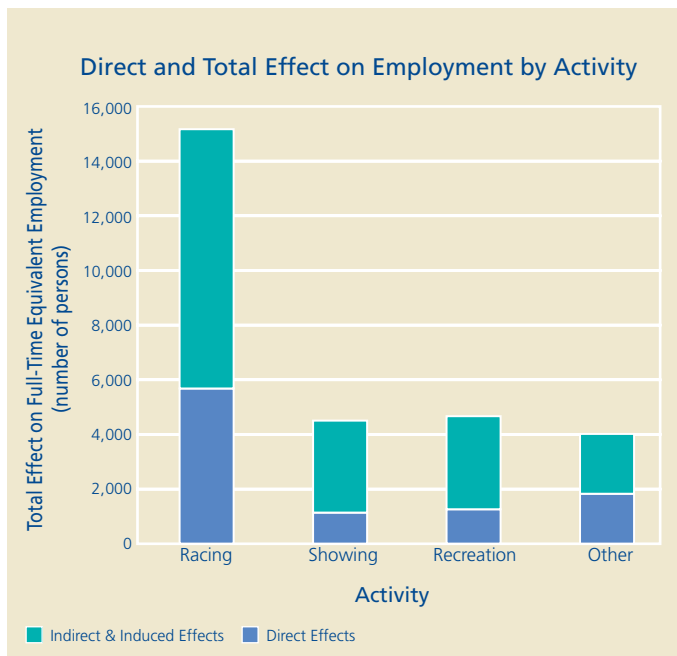


Table 4 - Total Number of Industry Participants by Form of Participation⁽¹⁾

Type of Participation	Number of Participants	Percent of Total Participation
Horse Owners	23,842	36.33%
Primary Activity, Breeding	2,383	3.63%
Primary Activity, Competing	5,673	8.64%
Primary Activity, Other	13,376	20.38%
Primary Activity, Service Provider	2,411	3.67%
Employees	14,361	21.89%
of Owners	11,647	17.75%
of Racetracks	2,537	3.87%
of Shows	177	0.27%
Family Members and Volunteers	27,416	41.78%
TOTAL	65,620	100.00%

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

Chart 4

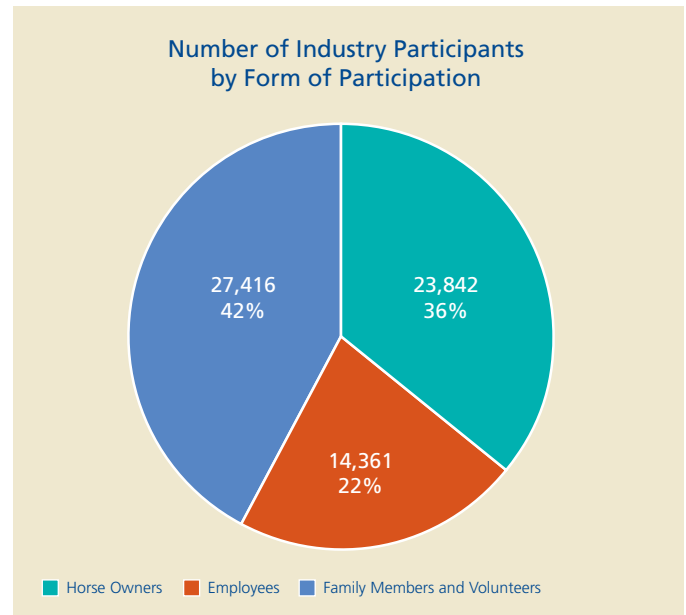


Table 5 - Direct, Indirect and Induced Effects on GDP by Expenditure Category⁽¹⁾⁽²⁾

Expenditure Category	Direct Effect	Indirect & Induced Effects	Total
Spending that Generates Indirect Effects			
Horse-Related Goods (e.g., feed, tack, etc.)	\$161	\$88	\$249
Horse-Related Services (e.g., boarding, training)	\$331	\$235	\$566
Horse-Related Transportation (e.g., trailering)	\$45	\$34	\$79
Overhead (e.g., utilities, office supplies, etc.)	\$158	\$98	\$256
Capital Expenses (i.e. equipment and structures)	\$114	\$69	\$183
Spending that Generates Induced Effects			
Employee Compensation	\$60	\$37	\$97
Profits Distributable to Owners	\$17	\$10	\$27
Taxes and Land Purchases	\$114		\$114
TOTAL	\$1,000	\$571	\$1,570

(1) Numbers shown in millions

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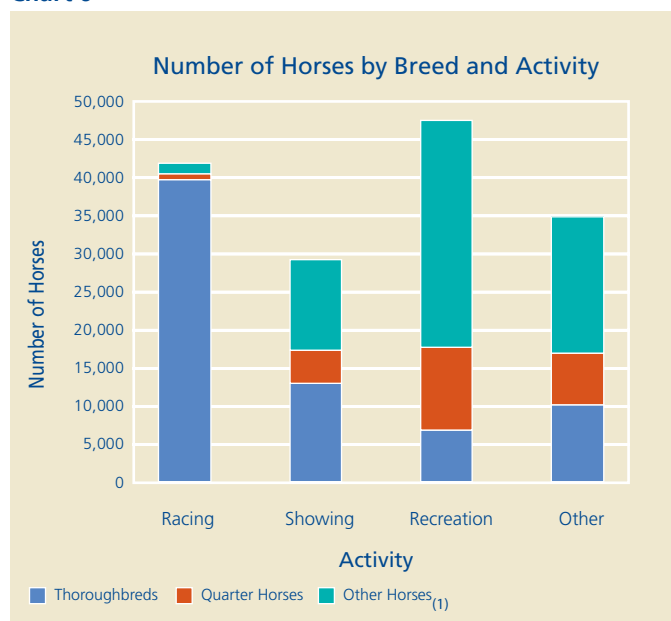
Impacts by Breed and Activity

Table 6 - Number of Horses by Breed and Activity

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	39,573	12,906	6,746	9,993	69,219
Quarter Horses	727	4,288	10,810	6,763	22,588
Other Horses ⁽¹⁾	1,504	11,838	29,781	18,000	61,123
TOTAL	41,805	29,032	47,337	34,756	152,930

(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.

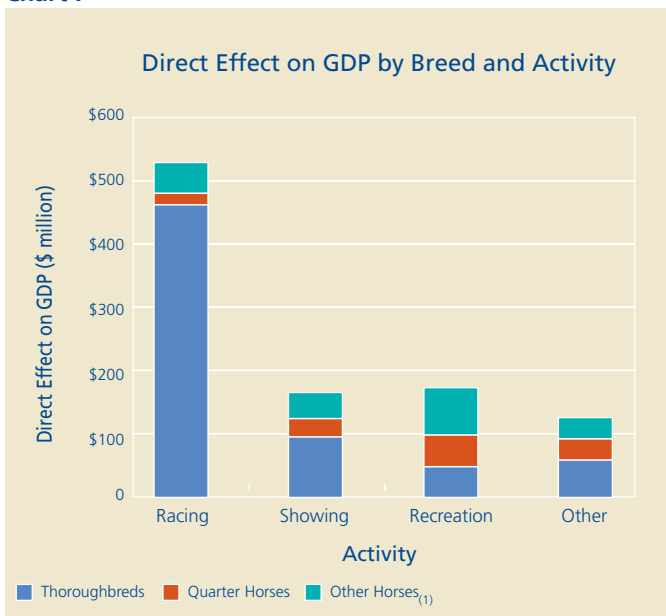


Table 7 - Total Direct Effect on GDP by Breed and Activity⁽¹⁾⁽²⁾

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	\$465	\$96	\$49	\$60	\$669
Quarter Horses	\$19	\$29	\$51	\$34	\$134
Other Horses ⁽³⁾	\$48	\$42	\$74	\$33	\$197
TOTAL	\$532	\$167	\$174	\$127	\$1,000

- (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



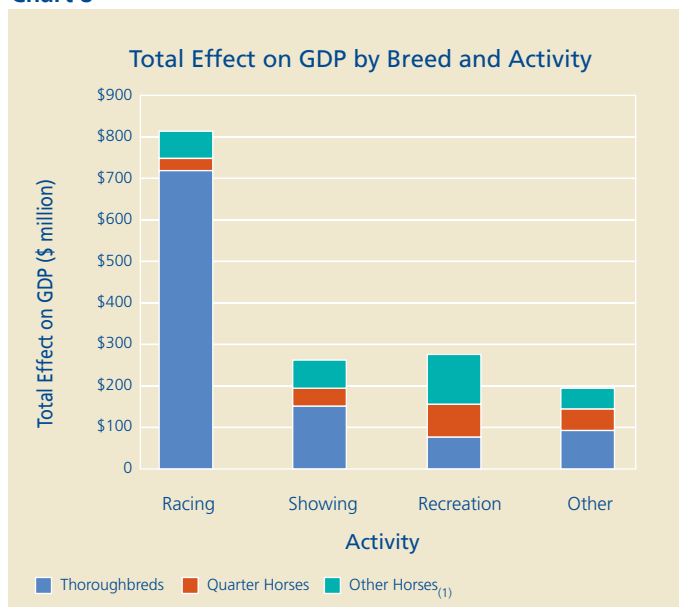
- (1) Includes additional registered breeds and non-registered non-pedigreed horses. The horses primarily used for racing and categorized under Other Horses are predominantly Standardbreds.

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

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	\$731	\$154	\$78	\$95	\$1,059
Quarter Horses	\$28	\$44	\$81	\$51	\$204
Other Horses ⁽³⁾	\$67	\$68	\$120	\$52	\$308
TOTAL	\$826	\$266	\$279	\$198	\$1,570

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Chart 8



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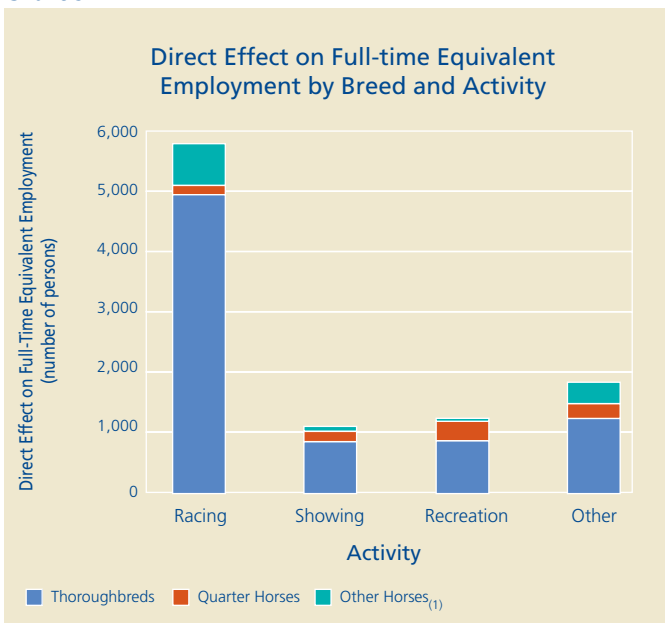
Table 9 - Direct Effect on Full-Time Equivalent Employment by Breed and Activity⁽¹⁾

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	4,934	850	875	1,236	7,895
Quarter Horses	146	170	314	242	873
Other Horses ⁽²⁾	692	137	63	366	1,258
TOTAL	5,772	1,158	1,253	1,844	10,026

(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.

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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.



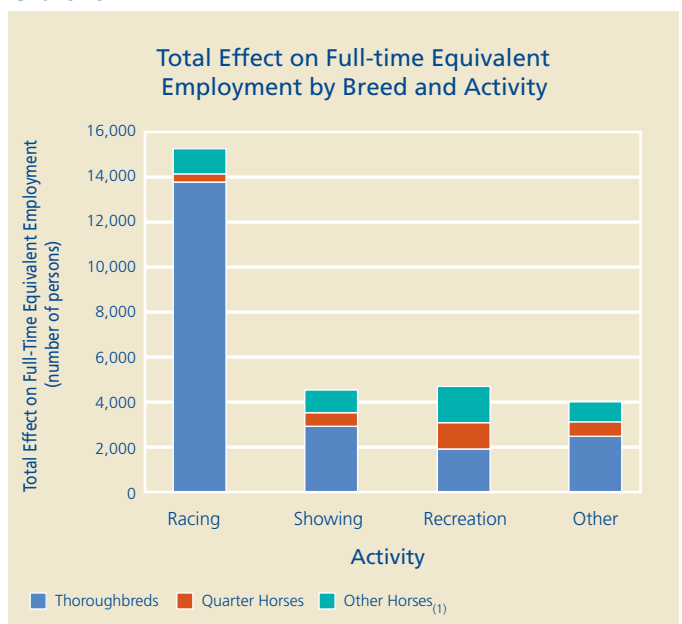
Table 10 - Total Effect on Full-Time Equivalent Employment by Breed and Activity⁽¹⁾

Activity	Racing	Showing	Recreation	Other	Total
Thoroughbreds	13,918	2,942	1,899	2,471	21,231
Quarter Horses	349	617	1,199	679	2,844
Other Horses ⁽²⁾	1,172	994	1,632	904	4,703
TOTAL	15,439	4,554	4,731	4,055	28,778

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Chart 10



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Table 11- Annual Revenue and Expense per Horse by Activity

Activity	Racing	Showing	Recreation	Other	Weighted Average
Revenue	\$4,836	\$1,975	\$720	\$1,475	\$2,223
Purses and Fees	\$2,908	\$966	\$173	\$578	\$1,142
Stud Fees	\$38	\$17	\$5	\$14	\$18
Horse Sales	\$696	\$398	\$162	\$173	\$350
Boarding and Training	\$875	\$464	\$231	\$607	\$532
Veterinary Services	\$0	\$1	\$2	\$0	\$1
All Other Revenue	\$319	\$130	\$146	\$104	\$180
Expense	\$9,947	\$6,316	\$3,546	\$3,390	\$5,721
Horse Related Goods					
Feed, Bedding and Grooming Supplies	\$1,018	\$632	\$517	\$643	\$701
Medicine and Vitamins	\$196	\$236	\$141	\$151	\$175
Tack, Equipment and All Other Supplies	\$235	\$349	\$391	\$211	\$300
Horse Related Services					
Boarding and Training	\$3,003	\$1,705	\$729	\$661	\$1,497
Rider Education / Lessons	\$12	\$193	\$114	\$33	\$82
Stud Fees	\$492	\$181	\$50	\$149	\$215
Shoeing / Farrier	\$322	\$323	\$280	\$191	\$279
Veterinary Services	\$834	\$542	\$370	\$331	\$516
All Other Horse Services	\$108	\$119	\$79	\$41	\$85
Transportation and Travel					
Trailing and Horse Transport	\$290	\$208	\$160	\$76	\$184
Travel and Transportation	\$132	\$205	\$173	\$70	\$144
General Operating Expenses					
Entry Fees	\$178	\$183	\$88	\$83	\$128
Facilities Maintenance	\$748	\$382	\$174	\$168	\$364
All Other Business Expenses	\$725	\$275	\$92	\$199	\$319
Salaries					
Employee Compensation (Wages and Non-Cash)	\$1,232	\$488	\$83	\$244	\$501
Taxes					
Federal Taxes	\$285	\$180	\$61	\$97	\$151
State Taxes	\$118	\$92	\$31	\$31	\$65
Local Taxes	\$19	\$21	\$10	\$14	\$15

Demographic Information of Maryland Horse Owners

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

Household Income	Count	Percent
\$0 to \$24,999	1,425	6%
\$25,000 to \$49,999	3,492	15%
\$50,000 to \$74,999	3,609	15%
\$75,000 to \$99,999	2,831	12%
\$100,000 to \$124,999	5,084	21%
\$125,000 to \$149,999	2,324	10%
\$150,000 +	4,522	19%
Not Reported	556	2%
TOTAL	23,842	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	1,908	8%
1,000 to 4,999	4,258	18%
5,000 to 19,999	4,489	19%
20,000 to 49,999	4,124	17%
50,000 to 99,999	2,857	12%
100,000 to 499,999	2,315	10%
500,000 +	2,773	12%
Not Reported	1,118	5%
TOTAL	23,842	100%

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

Chart 12

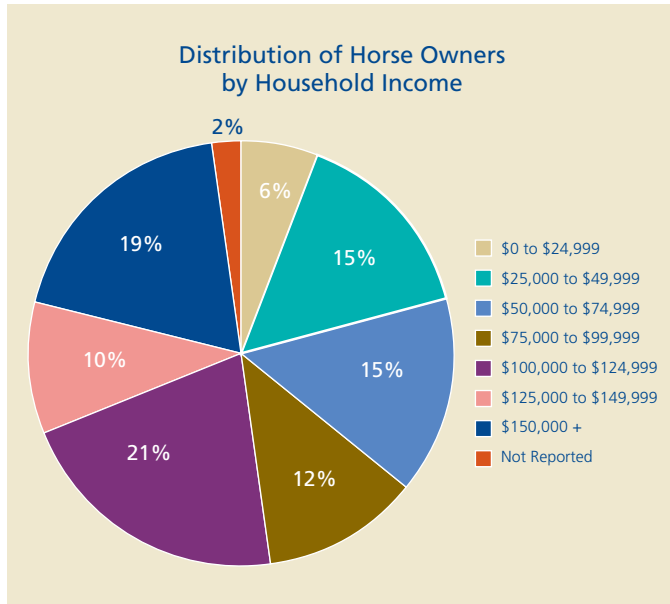


Chart 13

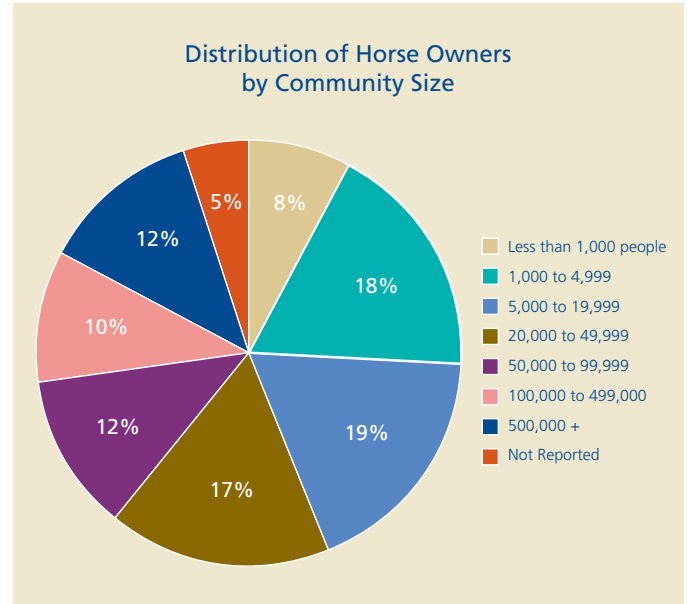


Table 14 - Distribution of Horse Owners by Age ⁽¹⁾

Age	Count	Percent
18 to 29	3,946	17%
30 to 44	6,606	28%
45 to 59	11,314	47%
60 +	1,570	7%
Not Reported	407	2%
TOTAL	23,842	100%

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

Chart 14

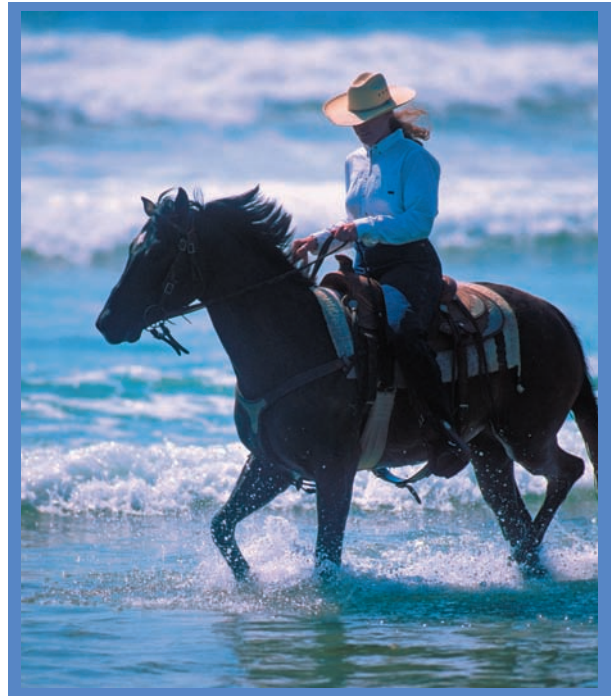
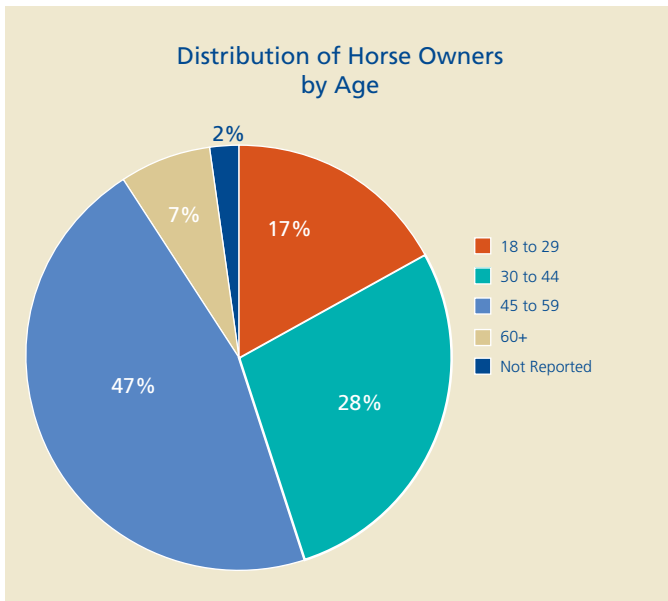
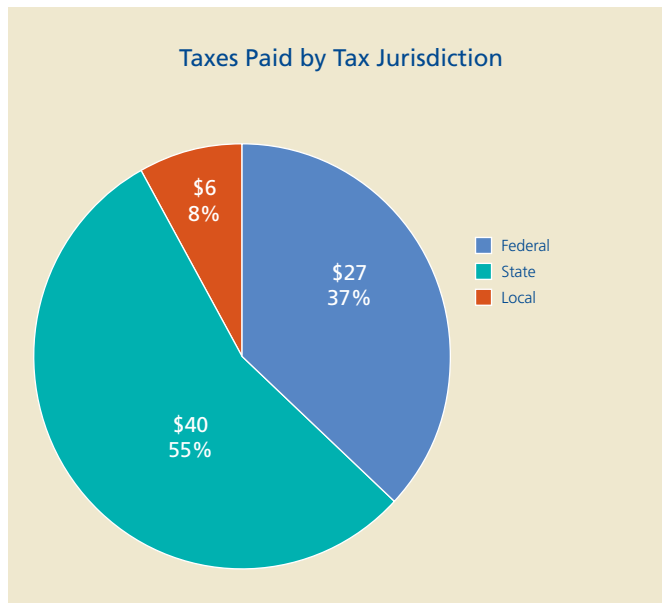


Table 15 - Taxes Paid by Tax Jurisdiction ⁽¹⁾

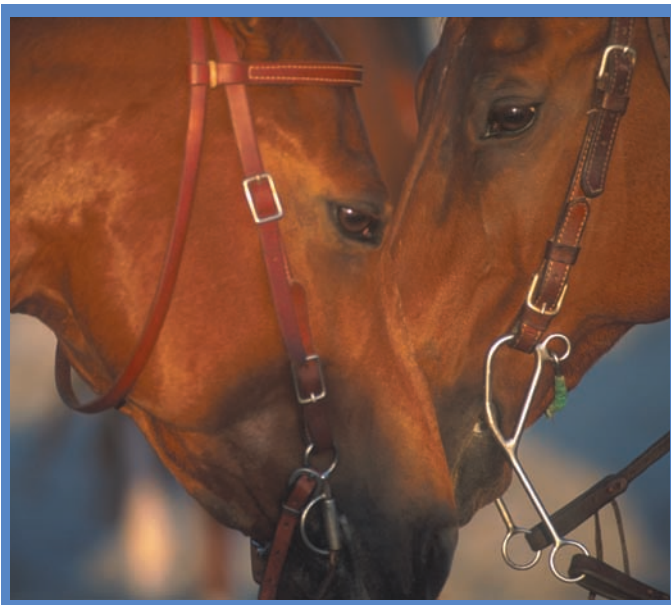
Jurisdiction	Taxes Paid	Percent
Federal	\$27	37%
State	\$40	55%
Local	\$6	8%
TOTAL	\$72	100%

(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.



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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.

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