

Economic Impacts of the Alabama Horse Industry

Horse breeding, maintenance and training, and recreational and competitive events using horses contribute greatly to Alabama's economy and way of life. Many agricultural businesses are directly supported by the horse industry. Alabama farmers grow hay and grain for horse feed. The timber industry sells wood chips or sawdust as bedding for horses and lumber for horse facilities. Veterinary services and health care products are widely used by horse owners, and participants in horse activities often require special clothing and equipment. Tourism related to the horse shows, races, and recreational events also represents a sizable contribution to the state's economy.

In 1993, a 4-year study investigating the economic impact of Alabama's horse industry was completed. The purpose of the study was to obtain objective information on the importance of the horse industry. This publication summarizes the major results from that study.

Horse Breeds and Uses

A wide variety of horse activities takes place in Alabama throughout the year. These activities are usually classified by locality, sport, or breed. Locality-based activities, such as county horse clubs, usually are open to any breed of horse. Sport-based activities are formed by horse owners interested in a common

horse sport, such as trail riding. Sport-based activities usually are open to any breed, but they are often dominated by a certain breed because of its unique success in that sport. Breed-based activities promote a certain breed in many different horse sports. Many horse owners have memberships in several different activity organizations. For example, a Quarter Horse owner may participate in a local saddle club, a barrel-racing association, and Quarter Horse breed shows.

Every major horse breed is found in Alabama. (Estimated numbers of horses of each major breed in Alabama are shown in Table 1.) The American Quarter Horse is the most popular breed in the state and is used mainly as a recreational riding and show horse. Alabama ranks third

in the nation in the number of shows approved by the American Quarter Horse Association (86 shows in 1989). Most of the approved shows are 2- to 3-day events attracting about 100 horses. Quarter Horses also are used in rodeo competitions and raced at the Birmingham Race Course.

The Tennessee Walking Horse and the Racking Horse are the next most popular breeds in the state. These breeds have similar backgrounds and are used mainly for recreational riding and showing. Headquarters of the Racking Horse Breeders' Association of America is located in Decatur, Alabama, and Alabama ranks first in the nation in number of shows approved by this breed association (35 shows in 1989). Two large Racking Horse shows, the Spring Celebration and the World Celebration, are held in Decatur annually. These shows attract horses and spectators from all over the United States. Both shows run for several days, and the World Celebration had more than 1,700 entries in 1989. The Racking Horse has been designated the "Official State Horse for the State of Alabama" by the Alabama legislature.

Thoroughbred horses in the state are used as race horses at the Birmingham Race Course or as breeding stock to produce race horses. Thoroughbreds not involved in the racing industry are used as show horses and polo ponies.

Table 1. Estimated Number of Horses by Breed in Alabama in 1989

Breed	Number
Quarter Horse	34,543
Tennessee Walking Horse	15,617
Racking Horse	12,000
Appaloosa	9,289
Thoroughbred	3,300
Arabian	2,271
Half-Arabian	1,097
Paint	1,014
Saddlebred	732
Pony of the Americas	572
Morgan	303
Paso Fino	220
Pinto	108
Other Breeds	2,644
Total	83,710

Sources: National Equine Marketing Association, Racking Horse Breeders and Owners Associations of America

Other breeds listed in Table 1 are used mainly for recreational riding and showing. Horse showing is the major driving force behind Alabama's horse industry. Breed shows in Alabama vary in size with a small show attracting 100 horses and a large show attracting as many as 500 horses. In addition to recognized breed shows and sport-specific shows, Alabama has a large number of locality-based horse shows. These shows may be sponsored independently or by the many local horse clubs in the state. Many local clubs belong to larger, regional horse owners' organizations, which in turn, belong to a state-wide organization, the Alabama Open Horseman Association. In 1989 this association had 12 regional group members made up of 99 local horse owners' clubs. The membership for these clubs totaled 5,820 people, and the clubs hosted 235 local horse shows in 1989. The Alabama Open Horseman Association sponsors an annual State Championship Show in Montgomery, a 2-day event with approximately 1,400 entries.

Many horses and riders in Alabama are involved in rodeos. About 34 large rodeos in the state are approved by one of several national rodeo associations. Many small locality-based rodeos that are not approved by a rodeo cowboys' association also are held in Alabama. These locality-based rodeos provide a focus for community life, a fund-raising opportunity for civic groups, and income for local merchants.

Many other horse activities are enjoyed in Alabama. Trail riding is very popular. Many sports-based events, such as fox hunts, polo matches, dressage competitions, combined training competitions, team penning competitions, roping competi-

Table 2. Estimated Annual Care and Maintenance Expenses per Horse for Each Use Category in Alabama in 1989

Expense Category	Average Annual Total \$		
	Showing	Racing	Recreational
Veterinary fees	300	400	150
Feed & bedding	800	700	550
Insurance premiums	700	600	100
Farrier	450	500	200
Grooming & supplies	200	175	100
Travel & lodging	1,200	1,200	150
Advertisement	1,000	1,000	0
Utilities	150	150	15
Property taxes	50	50	50
Depreciation	1,500	1,500	680
Maintenance & repairs	500	500	300
Boarding fees	480	280	200
Breeding fees	30	0	50
Property & equipment rental	50	50	25
Tack	1,000	850	120
Professional fees	100	300	30
Registration fees	195	175	10
Training fees	1,500	3,835	50
Employed fees	700	3,025	300
Miscellaneous	100	100	60
Total Per Horse	11,005	15,390	3,140

tions, and barrel races are held throughout the state. Youth horse activities such as 4-H horse clubs, youth breed-based clubs, and pony clubs are active throughout Alabama.

Economic Impacts

This economic impact study reports the direct impact (actual dollars spent) and the aggregate impact (total dollars spent resulting from direct economic activity) of the Alabama horse industry. Aggregate impacts assume that money spent in one area of the economy generates additional economic activity in other areas of the economy. Direct impacts were estimated from interviews with horse owners, trainers, breeders, veterinarians, and suppliers of equine goods and services. The aggregate impact was determined by multiplying the direct impact by an income multiplier developed from an input-output model of Alabama's economy. The income multiplier used in this study was 2.9. This means that every \$1.00 direct

transaction in the horse industry results in \$2.90 of total economic activity. The employment multiplier used in this study was 1.74; that is, for every job created in the horse industry, 1.74 jobs are created throughout the economy.

Horse Care and Maintenance Impacts

Direct expenses (per horse) associated with the care, maintenance, and use of show horses, race horses, and recreational riding horses are listed in Table 2. These expenses are the main way that the economic impacts of horse ownership are spread throughout the state. Actual expenses vary among horse owners, and the figures in Table 2 represent the average expense for all horse owners in Alabama. For many items, this average expense is greatly different from the expense of an individual horse owner, because small numbers of owners of high-value horses spend greater amounts of money than most

other horse owners. This increased spending by a few horse owners skews the expenses upward from the amount that most horse owners spend for that good or service. So, individual horse owners may consider these average expenses high for some items and low for others.

Not all horse owners incur every expense listed in Table 2. For example, an owner who boards a horse would have boarding expenses but no horse-related property tax. This table should not be used as an operating budget by horse owners but as an estimate of expenses per horse owned.

Most expense classes in Table 2 need little explanation. But, you should note that the table does not include horse purchases or sales or capital expenditures. Equine surgery or other major medical expenses are not included in the table. Insurance costs include both horse insurance and vehicle insurance. Tack expenses include special clothing for horsemen. Depreciation includes depreciation expenses associated with equine buildings, machinery, and vehicles, assuming a useful life of 30 years for buildings and 10 years for machinery and vehicles. Boarding fees for show horses include an estimated \$100 annual expense for stall fees at horse shows. Registration fees include fees to register or transfer ownership of horses in breed associations and entry fees for shows. Miscellaneous expenses include horse transport services and manure and dead stock removal.

Breeding fees vary widely in the industry according to the quality of the stallion used by the mare owner. Table 2 lists breeding fees for race horses as zero, because it was assumed that horses that are actively racing are not being bred. Breeding

fees for show horses are also low, because few mares that are actively showing are being bred. But, based on these low estimates, breeding fees for the six major horse breeds (Quarter Horse, Walking Horse, Racking Horse, Appaloosa, Thoroughbred, and Arabian) in Alabama still accounted for more than \$4 million in economic activity in 1989.

Based on the average costs in Table 2, a horse owner spends \$11,005 annually to maintain a show horse. Based on the number of active show horses in the six major horse breeds in Alabama, show horses accounted for \$71.5 million of direct economic activity in 1989. Race horse owners spend an average of \$15,390 annually per horse, resulting in about \$24 million of direct impact. Owners of horses used mainly for recreational purposes spend about \$3,140 per horse per year, reflecting the lower intensity of care for these horses as compared to racing or showing horses. But, owners of the estimated 29,743 recreational horses in Alabama were responsible for about \$93 million of direct impact to the state's economy. Total aggregate impact of horse care and maintenance for all three classes of horses is about \$547 million.

Tourism Impacts

Horse activities result in tourism expenditures from horse owners, trainers, and spectators. Owners of the estimated 6,500 active show horses in the state annually spend about \$1,500 per horse on fuel, food, lodging, stall fees, and registration fees, resulting in a total direct impact of \$9.7 million. This figure does not include the two major Racking Horse shows held annually in Decatur. Spectators' expenses represent the main eco-

nomical impact from rodeos. Each spectator (an estimated total of more than 380,000 people) at a rodeo spends about \$11 for parking and admission fees, concessions, and souvenirs, resulting in a direct impact of \$4.2 million. Horse racing has a large tourism impact. Two thirds of the horses at the Birmingham Race Course are from other states. Personnel traveling with these horses purchase food, lodging, services, and supplies for themselves and the horses in Alabama. Each out-of-state horse stabled at the Birmingham Race Course provided an average of \$90 of direct economic activity per day, resulting in a direct impact of more than \$1.9 million.

The two major Racking Horse shows in Decatur have a large impact on the Decatur area. Combined spectator attendance to the shows in 1989 was 87,300 people, and on-site expenditures totaled \$1,088,070. Tourism impacts in the Decatur area for these shows were an additional \$1,194,363. These two shows account for a direct impact of about \$2.3 million to the Decatur area and an aggregate impact of about \$6.6 million.

Combined tourism impacts from horse shows, rodeos, racing, and the World and Spring Celebration shows are about \$18.1 million of direct impact and \$52.5 million of aggregate impact.

Race Course Impacts

Table 3 shows economic impact of the Birmingham Race Course in 1989. Admissions, the parimutuel handle (wagers), and concessions represent the main sources of income to the track, totaling about \$46.2 million. About one-quarter of the money won from racing (purses total \$3,316,848) goes to Alabama horse owners or trainers, reflect-

ing the large numbers of out-of-state horses competing at the track. Although out-of-state horses win the majority of purses, their owners, trainers, and grooms have a large impact on Alabama's economy in terms of tourism dollars. About 4 percent of the parimutuel handle (which totals \$44,722,483) goes to state and local government in the form of taxes and support of regulatory activities (Birmingham Racing Commission). More than 900 people work at the track in positions not directly involving horses, such as concessions, security, and mutuel clerks. Direct race course impacts, including winnings for bettors (total of

Table 3. Estimated Impact of the Birmingham Race Course in 1989.

Category	\$ Amount
Purse distribution to Alabama residents	805,993
Winnings to bettors	35,281,139
Horse track payroll	3,395,684
Total revenue to government	1,233,048
2.0% of handle to Racing Commission	894,450
City & county payroll tax	85,367
State sales tax	96,397
Property tax	41,000
City admissions tax	115,834
State income tax	562,895
Breeding fund (0.5% of handle)	223,612
Professional & other service fees	2,581,506
Interest to bank (2% of handle)	894,450
Utilities	636,916
Goods & supplies purchased	378,320
Total Impact	45,993,563

Source: Birmingham Race Course

\$35,281,139), are about \$46 million, and aggregate impacts are estimated at \$133.4 million.

Employment Impacts

Numbers of paid employees for horse breeding, training, and care are related to the use of the horse. Racing stables employ 1 person for every 12 horses; show stables, 1 for every 20 horses; breeding facilities and recreational horse owners employ 1 person for every 100 horses. Employment impacts of the industry are low because owners and unpaid family members provide labor for most recreational horses. Total employment associated with the horse industry also includes jobs not directly involved in horse care such as racetrack employees, Racing Commission staff, and a variety of self-employed individuals who provide services to the horse industry. Some jobs are temporary, such as show staff for large events like the World and Spring Celebrations. An estimated 2,000 to 2,800 full-time job equivalents are directly involved with horses in Alabama. The horse industry induces aggregate employment of 3,480 to 4,872 jobs in Alabama.

The total direct impact of the horse industry includes employment expenses, business expenses, horse care and maintenance expenses, and tourism expenses. This direct impact is estimated to

exceed \$573 million with an aggregate impact of approximately \$1.6 billion.

In comparison, the state's gross product was about \$55 billion in 1990. Direct impacts from the horse industry accounted for about 0.1 percent of Alabama's economy. The Alabama agricultural sector generates about 20 percent of the state's total gross product, and about 15 percent of agricultural sector product is horse-related. Many training and breeding facilities are located in rural areas, so much of the economic impact flows to communities that need economic stability.

Alabama has land costs and climate that are favorable to horse and forage production. The climate also is pleasant for recreational riding and showing without the need for covered or enclosed riding arenas or special equipment. Educational and veterinary support for the horse industry is readily available through Alabama land-grant universities, veterinary schools, and private veterinary clinics.

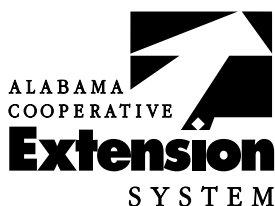
The horse industry has a significant role in the state's economy and should not be overlooked as an important part of Alabama's farming and agribusiness economy. Horse businesses and events should be recognized as activities that keep land in agriculture, stabilize local economies, and improve the quality of life in Alabama.

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