

OKLAHOMA

EQUINE INDUSTRY STUDY

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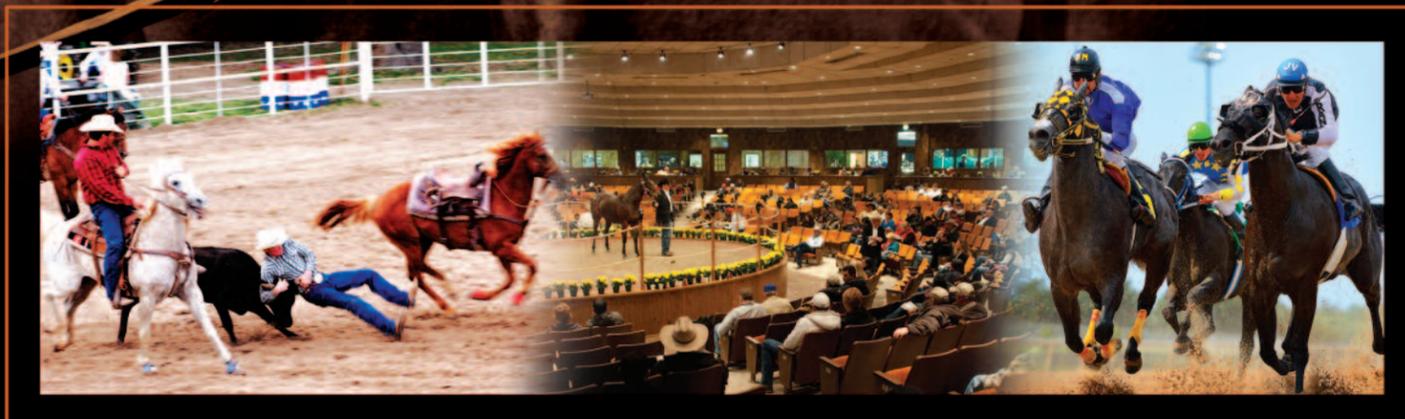
RACING



RECREATION



RODEO



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INTRODUCTION



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The Innovation Group was hired by the Oklahoma Equine Alliance to assess the economic value of the horse industry in the State of Oklahoma, focusing on the economic benefits and jobs. The horse industry in Oklahoma significantly contributes to the economy, primarily through racing, recreational horse ownership, horse showing, rodeos and commercial industry. The economic contributors on the racing side include breeders, trainers, owners of race horses and the racetracks. The major contributors on the recreation, showing and rodeo side include commercial horse enterprises, such as breeding farms, professional training centers and riding/boarding stables, as well as show and rodeo organizers and participants. These front-line entities support many other area industries most notably, agriculture, veterinary, farming equipment, manufacturers, construction, travel/tourism and health care.

Oklahoma Equine Alliance

- Thoroughbred Racing Association of Oklahoma • 405-427-8753
- Oklahoma Quarter Horse Racing Association • 405-216-0440
- Remington Park • 405-424-1000
- Will Rogers Downs • 918-283-8800
- Fair Meadows • 918-743-7223
- Oklahoma Horse Council • 580-233-2538
- Oklahoma Farm Bureau • 405-523-2579
- Oklahoma Horse Racing Commission • 405-943-6472
- Oklahoma Department of Agriculture • 405-521-3864

EXECUTIVE SUMMARY

Significant Economic Impact generated by the **Oklahoma Equine Industry** reached **\$3.6 billion** in 2012, yielding roughly **35,070** full time equivalent jobs.

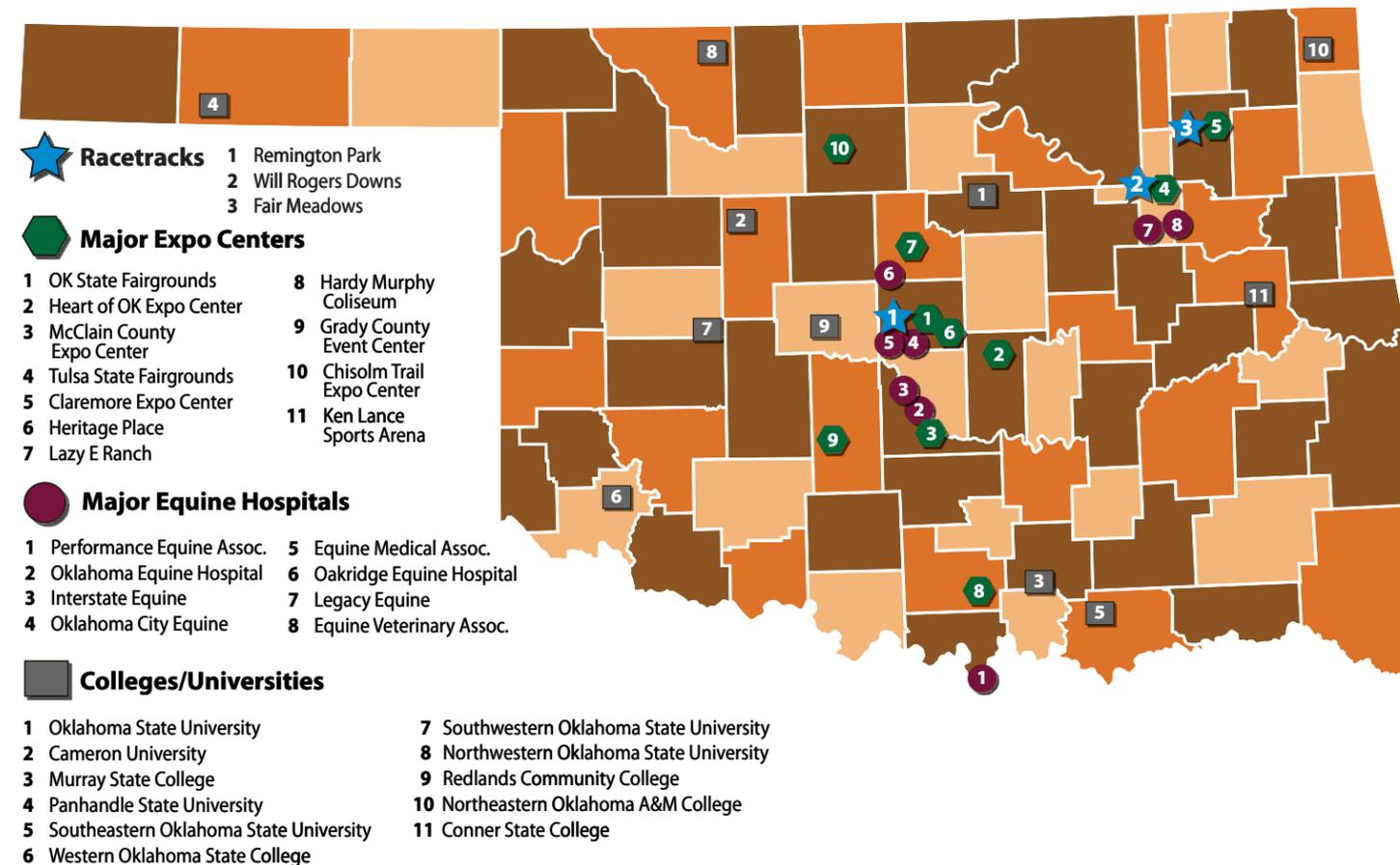
- FARM ACREAGE**
4.2 Million Acres
- TOTAL HORSE COUNT**
269,700 Horses
- IMPACT PER RACEHORSE**
50 Jobs per 100 horses
\$34,700 Economic Impact
- STATE & LOCAL TAXES**
\$100 Million

ECONOMIC IMPACT

EQUINE DIVISION	DIRECT	INDIRECT	TOTAL
Racing	\$ 223,400,000	\$ 267,710,000	\$ 491,110,000
Recreation and Showing	\$1,246,320,000	\$1,870,320,000	\$3,116,640,000
Total	\$1,469,720,000	\$2,138,030,000	\$3,607,750,000

JOBS IMPACT

EQUINE DIVISION	DIRECT	INDIRECT	TOTAL
Racing	3,610	2,840	6,450
Recreation and Showing	9,140	19,480	28,620
Total	12,750	22,320	35,070



RACING DIVISION



Racing Division Front-Line Entities

- Major Racetracks
- Breeders, Trainers and Owners of Race Horses
- Horsemen and Breeder Associations and the Oklahoma Horse Racing Commission (“OHRC”)

HIGHLIGHTS

Oklahoma boasts roughly 14,100 Racing Division horses.

Over 800 breeding, training and racing enterprises call Oklahoma home.

In 2012, approximately 6,550 horse owners/trainers licenses were issued in Oklahoma to race horse owners in Oklahoma.



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Direct Impact Study

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:

- Oklahoma State Auditor's Reports
- OHRC Annual Report
- Comprehensive Industry Survey
- Industry Standard Implan Model, which applies state-specific multipliers to direct expenditures across numerous spending categories

Breeders, Trainers, and Owners of Race Horses account for 67% of direct impact and 75% of jobs.

- Expenditures are heavily weighted towards Farm Care and Horse Care.
- Expenditures are funded by purses, stallion fees, boarding fees, horse sales and trainer fees.

Oklahoma's 3 Major Racetracks generate the second highest proportion of economic impact at 30% 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 and gaming machine revenue.

RACING DIVISION - DIRECT IMPACT SUMMARY

Industry Component	Direct Economic Impact	% of Total	FTE Jobs Impact	% of Total
Racetracks	\$ 68,060,000	30.5%	850	23.5%
Breeders, Trainers and Owners of Race Horses	\$150,270,000	67.2%	2,710	75.1%
Horsemen and Breeder Associations and the OHRC	\$ 5,070,000	2.3%	50	1.4%
Total	\$223,400,000	100.0%	3,610	100.0%

RACING DIVISION

Impact & Jobs Summary

RACING DIVISION - TOTAL IMPACT SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Racetracks	\$ 68,060,000	\$ 66,950,000	\$135,010,000	2.0
Breeders, Trainers and Owners of Race Horses	\$150,270,000	\$194,390,000	\$344,660,000	2.3
Horsemen and Breeder Associations and the OHRC	\$ 5,070,000	\$ 6,370,000	\$ 11,440,000	2.3
Total	\$223,400,000	\$267,710,000	\$491,110,000	2.2

RACING DIVISION - TOTAL JOBS SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Racetracks	850	570	1,420	1.7
Breeders, Trainers and Owners of Race Horses	2,710	2,200	4,910	1.8
Horsemen and Breeder Associations and the OHRC	50	70	120	2.4
Total	3,610	2,840	6,450	1.8

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 yields \$34,700 of economic impact per horse and 50 jobs per 100 horses.

- Indirect and Induced totaled \$268 million, implying a multiplier of about 2.2 times against direct impact.

- The Breeders, Trainers, and Owners of Race Horses showed a strong multiplier of about 2.3 times, yielding approximately \$345 million of total impact.

- Indirect jobs totalled about 2,840 implying a multiplier of about 1.8 times against direct jobs.

- The Breeders, Trainers, and Owners of Race Horses accounts for about 76% of indirect and induced jobs, with a multiplier of 1.8 times against direct jobs.



Recreation DIVISION

Recreation and Showing Division Front-Line Components

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

Commercial Horse Enterprises:

- Boarding Stables
- Training Centers
- Breeding Farms
- Riding Academies
- Recreational Ranches
- Sales/Rental Barns

Equine Education List:

- Connors State College (Warner)
- Oklahoma State University (Stillwater)
- Oklahoma State Univ. (Oklahoma City)
- Rogers State College (Rogers)
- Redlands Community College (El Reno)
- Cameron University (Lawton)
- Murray State College (Tishamingo)
- Mid-America Tech Center (Wayne)

HIGHLIGHTS

According to the Recreation Horse Owner Survey, roughly 70% of recreation horse owners participate in shows/competitions.

Open shows are usually 1-day events while sanctioned shows can run 5 to 6 days.

National show can run 2-weeks or more.



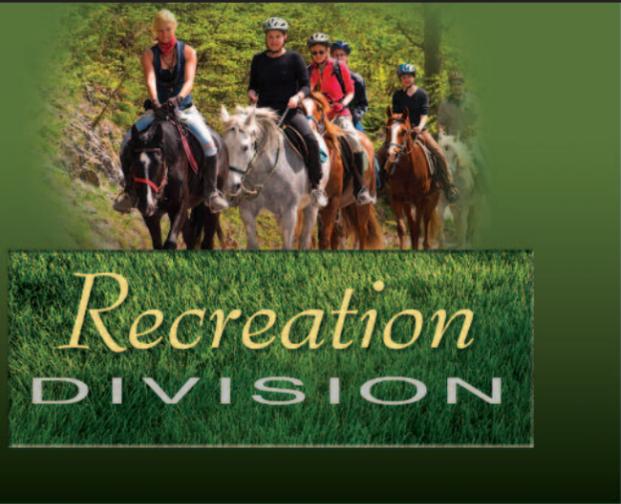
Photo provided by NHRA/Waltenberry

RECREATION DIVISION HORSE COUNT

Horse Owner Categories	Horse Count	% of Total
Commercial Horse Enterprises	20,665	8%
Private Farm Owners	207,679	81%
Owners without a Farm	26,827	11%
College Programs	350	0%
Total	255,521	100%

SHOW / COMPETITION EVENT & PARTICIPATION COUNT

Event Category	National/International	Sanctioned Regional	Open/Clinics/Fun	TOTAL
Annual Count	12	200	400	612
Average Participants	1,775	325	75	190
Total Participants	21,300	65,000	30,000	116,300



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	\$168,470,000	13.5%	1,360	14.9%
Recreation Owners with Farms/Stables	\$607,010,000	48.7%	5,010	54.8%
Recreation Owners without Farms/Stables	\$ 70,690,000	5.7%	0	N/A
Show/Competition	\$270,290,000	21.7%	1,700	18.6%
Rodeos	\$129,860,000	10.4%	1,070	11.7%
Total	\$1,246,320,000	100.0%	9,140	100.0%

- Roughly 28,000 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.



Photo provided by NHRA/Waltenberry

Impact & Jobs Summary

RECREATION DIVISION - TOTAL IMPACT SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Commercial Horse Enterprises	\$168,470,000	\$ 128,640,000	\$ 297,110,000	1.8
Recreation Owners with Farms/Stables	\$607,010,000	\$1,072,070,000	\$1,679,080,000	2.8
Recreation Owners without Farms/Stables	\$ 70,690,000	\$ 125,240,000	\$ 195,930,000	2.8
Show/Competition	\$270,290,000	\$ 384,360,000	\$ 654,650,000	2.4
Rodeos	\$129,860,000	\$ 160,010,000	\$ 289,870,000	2.2
Total	\$1,246,320,000	\$1,870,320,000	\$3,116,640,000	2.5

RECREATION DIVISION - TOTAL JOBS SUMMARY

Industry Component	Direct	Indirect & Induced	Total Impact	Indirect & Induced Multiplier
Commercial Horse Enterprises	1,360	1,120	2,480	1.8
Recreation Owners with Farms/Stables	5,010	10,240	15,250	3.0
Recreation Owners without Farms/Stables	0	1,760	1,760	N/A
Show/Competition	1,700	4,190	5,890	3.5
Rodeos	1,070	2,170	3,240	3.0
Total	9,140	19,480	28,620	3.1

- Overall multiplier extremely strong at 2.5 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 53% of total indirect & induced jobs.
- Despite no direct jobs, recreation owners without farms/stables generate about 1,800 indirect jobs.



Rodeos are a big part of life in Oklahoma from the Round-Up Clubs in many towns that nurture youth horse skills to the numerous pro circuits that make their way through Oklahoma entertaining vast crowds.

HIGHLIGHTS

According to the Recreational Survey, 26% of Recreational Horse Owners participate in Rodeo activities.

According to the Recreational Survey, 54% of Rodeo Household have more than one participant, making Rodeo a family affair.

Oklahoma is host to International Professional Rodeo Association (IPRA) circuit culminating in the International Finals held in Oklahoma City.

Oklahoma is home of the United States Team Roping Championships (USTRC) major Rodeo circuit.

Oklahoma is one of the leading Collegiate & High School Rodeo states.



- Rodeo Division Front-Line Participants - Producers and Presenters of Pro Rodeos
- Participants in Pro Rodeos
- Rodeo Companies Presenting Amateur Rodeos
- Participants in Amateur Rodeos
- Round-Up Clubs and Youth Rodeo Programs

Rodeo Activities/Types

- Traditional Events
- Barrel Racing
- Parade
- Sorting
- Steer Wrestling
- Roping/Team Roping

Direct Impact Summary

Definition of Direct Impact:
Revenue and Direct Expenditures of Front-Line Participants



Study Resources:

- Comprehensive survey of recreational horse owners
- Input and Interviews with numerous industry representatives

RODEO SUMMARY

Event Category	Professional	Adult Amateur	Junior	Total
Event & Participant Count				
Annual Event Count	50	450	550	1,050
Average Participants	110	150	200	174
Total Participants	5,500	67,500	110,000	183,000
Economic Impact of Event Organizers				
Annual Event Count	50	450	550	1,050
Average Economic Impact/Event	\$519,500	\$50,400	\$23,500	\$58,650
Total Economic Impact	\$25,975,000	\$22,680,000	\$12,925,000	\$61,580,000
Economic Impact of Participants				
Average Participant Count	5,500	67,500	110,000	183,000
Average Economic Impact/Event	\$2,860	\$420	\$220	\$373
Total Economic Impact	\$15,730,000	\$28,350,000	\$24,200,000	\$68,280,000

SUPPORT INDUSTRIES

The equine industry spending creates enormous economic impact in construction, equipment, service/labor, agriculture, manufacturing, real estate, tourism and more throughout the entire state.

- Travel/Tourism/Agri-Tourism
- Construction
- Health Care
- Agriculture
- Farming Equipment
- Veterinary

HIGHLIGHTS

Wholesale trade is the leading indirect industry sector with roughly \$240 million of impact; reflecting spending on machinery, trucks, and other wholesale purchases.

Restaurant industry generates indirect impact of about \$140 million partly due to the influx of show and rodeo participants.

The multitude of veterinarians in Oklahoma generate \$86 million in economic in support of both the racing and recreation divisions.



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Major Support Industries

Travel/Tourism/Agri-Tourism

Shows and Rodeos attract spectators from around the country fueling both the tourism and agri-tourism industries in Oklahoma.

Construction

The construction impact is felt throughout the entire state from racetracks, farms and rodeo facilities to construction supply companies and construction companies.

Health Care

Industry employment also drives the healthcare industry since many of these jobs come with health benefits.

Agriculture

The horse industry is a major consumer of agricultural products such as hay, animal bedding, and feed products.

Farming Equipment

The industry impact money is invested into farming equipment. John Deere, International and others have dealerships in Oklahoma.

Veterinary

The large horse industry drives veterinary employment and supplies/services and has led to the development of several major equine hospitals in Oklahoma.

TOP 10 SUPPORT INDUSTRY SECTORS

Description	Employment	Labor Income	Total Impact
Wholesale trade businesses	1,520	\$96,940,000	\$239,550,000
Food and beverage locations	2,460	\$50,610,000	\$140,570,000
Veterinary services	1,630	\$39,860,000	\$ 86,060,000
Retail stores - gasoline stations	820	\$31,410,000	\$ 80,530,000
Other personal services	720	\$33,450,000	\$ 77,040,000
Animal production, except cattle and poultry and eggs	2,190	\$12,920,000	\$ 75,560,000
Support activities for agriculture and forestry	3,100	\$65,460,000	\$ 75,560,000
Construction of other new nonresidential structures	730	\$31,730,000	\$ 72,690,000
Hotels and motels, including casino hotels	580	\$12,680,000	\$ 53,990,000
Maintenance and repair construction	550	\$23,840,000	\$ 48,780,000

SUPPORT INDUSTRIES

SIGNIFICANT DIRECT EXPENDITURE CATEGORIES OF EQUINE INDUSTRIES

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

RELATIONSHIP



RACING

- Racing attracts out of state owners and trainers that utilize providers of agricultural products and services who's predominate market is the recreation horse owner.
- Racing revenue attracts and supports skilled workforce of veterinarians, farriers, and other service providers which are also utilized by Recreation and Rodeo horse owners.
- Retired racehorses are in high demand as second career as recreational performance and rodeo horses.

RECREATION

- Recreational participants are attracted to Oklahoma events as a result of the strong venue of service providers and well maintained facilities that are also utilized by racing and rodeo participants.
- Recreational farmland provides base of operations for breeders, owners, and trainers of racehorses as well as rodeo competitors.
- Recreational participants benefit from the availability of retired race horses available for second careers as show, performance, and or rodeo horses.

RODEO

- The popularity of rodeo events attract out of state horsemen that also utilize the service providers for recreation and racing businesses.

- Rodeo revenue attracts participants that help sustain the service providers that support the strong horse economy in Oklahoma.

SUPPORT INDUSTRIES

- Equine support industries provide job opportunities within and outside the industry

AGRICULTURE

- 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

EDUCATION & AGRITOURISM

- 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 Oklahoma
- Thoroughbred, Quarter Horse, Paint, and Appaloosa racing attracts fans and tourists from around the world.

About The Oklahoma Equine Alliance

The mission of the Oklahoma Equine Alliance is to secure support for the protection of the horse racing and associated industries. This group, which brings together the Oklahoma State horseman, breeders, farmers, rodeo and support 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 35,070 jobs across the state of Oklahoma.

The Innovation Group

Providing Consulting Services for 21 years

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.