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An
Evaluation

WEST VIRGINIA EQUINE ECONOMIC IMPACT STUDY EXECUTIVE SUMMARY

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Research Report
Submitted to the
Joint Committee
on Economic Development,
West Virginia Legislature

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EXECUTIVE SUMMARY

Abstract

The West Virginia equine industry has quietly grown into a major economic industry across the state. It encompasses a wide variety of pursuits that include profitable businesses, such as breeding and training facilities, educational programs at colleges and universities, youth development organizations, such as 4-H, and numerous recreational activities. These diverse activities are all catalysts for economic growth. This study provides an examination of the contribution of equine and equine-related activities to the West Virginia economy based on a state input-output model and an extensive survey of the industry.

KEY FINDINGS

Economic Impact

The equine industry has a strong economic impact on the West Virginia economy including:

- \$509.641 million in total industry output
- \$167.291 million in Gross State Product (0.4% of Gross State Product)
- \$102.930 million in labor income
- 12,924 jobs (1.5% of all jobs in the state economy)

Pleasure horse and nonracing segments of the West Virginia equine industry make huge contributions to the economic impact including:

- Direct spending of \$130.2 million
- 3,836 equine-related jobs
- \$6.8 million in direct payroll and owner-operator profits
- \$18.266 million in direct gross state product

This direct activity led to the following impacts:

- \$221.712 million total impact on output in the West Virginia economy
- \$1.70 in output in the West Virginia economy for every dollar of output by these industry segments (\$1 direct plus \$0.70 in multiplier effects in other parts of the West Virginia economy)
- \$30.7 million in direct payroll and owner-operator profits
- \$62.765 million in Gross State Product
- 6,751 total jobs

The West Virginia racehorse segment of the industry also makes a huge contribution to the economic impact including:

- Direct spending of \$203.724 million
- 4,164 equine-related jobs
- \$45.3 million in direct payroll and owner-operator profits
- \$60.3 million in direct gross state product

This direct activity led to the following impacts:

- \$287.9 million total impact on output in the West Virginia economy
- \$1.42 in output in the West Virginia economy for every dollar of output by this industry segment (\$1 direct plus \$0.42 in multiplier effects in other parts of the West Virginia economy)
- \$72.2 million in direct payroll and owner-operator profits
- \$104.5 million in Gross State Product
- 6,173 total jobs

KEY FINDINGS Economic Impact

Concentration of certain equine activities at out-of-state facilities points to the need for modern, state-of-the-art horse showing-type facilities in West Virginia.

- 20,544 total days of equine activity (45.1 days annual average per activity)
- 75.1% (15,425) of total days in West Virginia
- 24.9% (5,119) of total days out of state
- Level of in-state versus out-of-state use differs greatly between activities
 - Pleasure/Recreational Riding: 85% in West Virginia
15% out of state
 - English Disciplines: 44% in West Virginia
56% out of state
 - Western Disciplines: 61% in West Virginia
39% out of state

Equine inventory

- 56,800 total equine estimated
- 49,000 equine devoted to pleasure or nonracing business
- 7,800 horses devoted to horse racing and racehorse breeding
- Average of 7.7 equine per respondent
- Average of 5.2 boarded horses per respondent
- American Quarter Horse (20% of respondents) was the most popular

Equine values

- Total Value = \$8.6 million
- Average = \$3,392 per equine of survey respondents
- Warmblood breeds had the highest average value at \$10,995

Spending patterns were concentrated in the following areas:

- Equine purchase, rental, and stud fees 18.2%
- Feed and feed additive 17.3%
- Equine health 12.1%
- Travel expense 10.9%
- A large portion of equine health and other selected spending was done out of-state
- Purchasing patterns suggest the potential for substituting West Virginia goods and services for those produced in other states in situations where it makes sense
- A feasibility study for an in-state equine hospital may be warranted

Equine businesses

- Businesses reported total revenues of \$4.3 million
- Out-of-state customers accounted for 46.3% of market value
- Importance of out-of-state market varied by type of service offered
- Few equine businesses reported major tourist marketing efforts
- Very few businesses partnered with other businesses in offering tourism activities or services
- Very few businesses offered training in customer services
- Only 8.2% reported being members of a Chamber of Commerce
- Almost 30% do not have a local Convention and Visitors' Bureau
- Among those who do have a Convention and Visitors' Bureau, only 9.4% were members

KEY FINDINGS Economic Impact

Demographics of horse owners and participants including income, education, age, family size, length of stay in community, and commitment to equine activities:

- West Virginia equine owners have more formal education (46.2% of respondents have a college degree compared with West Virginia average of 13.1%)
- West Virginia equine owners have higher incomes (39.9% have \$70,000+ in annual household income compared with 9% of West Virginia population)
- West Virginia equine owners have slightly larger families (average family size is 2.87 members compared with West Virginia average of 2.4) and are slightly older (median age is 46 years compared with West Virginia median age of 39).
- West Virginia equine owners tend to be longtime residents of their community, but some are newcomers
 - Respondents resided in their community an average of 25.6 years
 - Most common response was 15 years
 - 9.6% were residents for 5 years or less
- West Virginia equine owners showed a strong commitment to equine-related activities usually as family activities (almost three out of four family members participated in equine-related activities)

Policy recommendations

- Study results point to the lack of adequate facilities for horse showing events. Ongoing and facilities under consideration should be supported through appropriate means.
- Spending patterns and economic impact results suggest that the development of other facilities and sources of local supply may be warranted. A feasibility study should be considered to determine if developing an in-state equine surgery facility is a viable option, and if sources of local supply can be developed for other key inputs.
- Equine businesses could be strengthened through membership in equine, agricultural, or tourism-related business cooperatives or associations. For example, these groups could be used to strengthen marketing efforts to tourists.
- The findings of this study suggest that further development of the West Virginia equine industry could attract affluent retirees and other individuals with high incomes and well-developed skills looking for a place to relocate.
- Investments should be made to enable better data collection concerning the equine inventory in West Virginia.
- State government should consider taking the lead in developing a partnership among members and leaders of the various equine-activity organizations, leaders of equine nonracing and racing-based businesses, state government, and West Virginia University to enhance the contribution of equine industry to the state economy. In this regard, support should be considered to create an equine curriculum at WVU and employ an equine specialist who would be jointly positioned with the WVU Extension Service and the WVU Davis College of Agriculture, Forestry, and Consumer Sciences, to more effectively address the needs of this industry.