

Approved Feb. 12, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at
Chairperson

9:00 a.m./~~p.m.~~ on January 30, 1991 in room 423-S of the Capitol

All members were present ~~except~~

Committee staff present: Raney Gilliland, Legislative Research
Jill Wolters, Revisor of Statutes Office
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Dr. Randel Raub, Animal Science Dept.,
Kansas State University

Chairman Hamm introduced Dr. Randel Raub, Kansas State University.

Dr. Raub presented the committee with the Kansas Horse Industry Economic Impact Survey. (Attachment 1). Dr. Raub gave several reasons why he felt Kansas should fund this survey. He stated the statistics would suggest that the horse industry contributes significantly to the economic impact of agriculture as well as other segments of the economy. This survey could be of benefit to Kansas in the recreation and tourist industry.

Dr. Raub further stated that although not directly related to economics, the horse industry has a strong youth component. Nationally, there are more 4-H youth horse projects than any other animal projects.

According to Dr. Raub's report, the Equine Survey Cost Estimates total \$96,000.00

A question and answer period followed Dr. Raub's presentation.

The meeting adjourned at 9:45 a.m. The next meeting of the House Agriculture Committee will be January 31, 1991, in Room 423-S, State Capitol at 9:00 a.m.

KANSAS HORSE INDUSTRY ECONOMIC IMPACT SURVEY

Dr. Randel Raub

Hs. Ag.
1/30/91
ATTACHMENT 1

NATIONAL ECONOMIC IMPACT STATISTICS

According to the American Horse Council there are approximately 6.6 million horses in the U.S. and 1 million owners and users. The horse industry contributes 15.2 billion to the annual economy of the U.S., representing 16% of the GNP of the Agriculture, Forestry, and Fisheries section. In comparison to other specific sectors of the manufacturing sector the horse industry is 83% of the GNP of the textile mill products sector and 65% of the lumber and wood products sector. In addition, it equals the combined output of the tobacco and leather products industries. Horse owners account for roughly 13 billion in annual investment and maintenance expenditures, such as feed and equipment. Horse sports attract more than 110 million spectators annually, with horse racing being the number one spectator sport in the world. Horse-race enthusiasts wager 13 billion annually at paramutual tracks, while horse shows and rodeos contribute an additional \$327 million to the national economy. Although not the most pleasant thought to most people in the U.S., this country is the number one exporter of horse meat for human consumption.

STATE ECONOMIC IMPACT STATISTICS

California leads the nation with 2 billion in horse-related revenues annually, followed by New York with 1.3 billion and Texas with 1 billion. Other states with access to comparable information were very surprised by the amount of annual revenue generated within their state by the horse industry. Indiana's horse industry generates nearly 1 billion annually to the state economy. New Jersey's equine related assets are valued at over 4.1 billion and contributes annual revenues of 600 million to the states economy. The breeding portion of the Oklahoma Bred Program within the racing segment of the Oklahoma Horse

Industry alone has an estimated horse production value of 63 million, direct and indirect income in excess of 68 million and employs over 4,000 people. A recent economic impact study directed towards the Texas race horse industry indicates that a 5% increase in the racehorse population would increase the statewide agricultural payroll by more than 236 million and generate 17,752 new jobs.

Kansas: According to figures from the American Quarter Horse Association Kansas ranks 5th nationally in the number of registered quarter horses with 91,237 and has 3,568 registered members. Registered members in the Kansas Quarter Horse Association number 991. The Kansas Appaloosa Racing Association is represented by 150 members. The Kansas Thoroughbred Association has 235 registered member, however, their mailing list shows there are more than 500 Kansans who own Thoroughbred horses. Unfortunately, there are a great number of horses in Kansas that are not accounted for and no information regarding the economic impact of the industry is known.

COMMUNITY DEVELOPMENT AND ECONOMIC IMPACT RELATED TO THE HORSE INDUSTRY

In Indianapolis, IN, horse shows brought the city 13.45 million in direct and 33.6 million in turnover revenues. Indiana Horse Council statistics indicate that every three day horse show, sale or race results in more than half a million dollars revenue for the host community. Based on only seven world or international horse shows annually, Oklahoma City increases its revenue by 25 million due directly to horse show activity. A large portion

of this 25 million is represented in an excess of 25,000 room nights in hotel trade, however, an even greater portion is made up as restaurant trade.

Communities in Kansas: Wichita and Topeka have the largest and most attractive facilities for horse related events. However, neither communities chamber of commerce could provide information related to the economic impact of horse events on their community or even the number of horse events that occur within their community on an annual basis.

WHY DO WE NEED A KANSAS HORSE INDUSTRY SURVEY

There is probably little argument to the fact that agriculture is the economic backbone of Kansas. The statistics presented in this document would suggest that the horse industry contributes significantly to the economic impact of agriculture as well as other segments of the economy.

The horse industry in Kansas exists as an invisible industry. In order for other segments of the Kansas economy to receive the greatest benefit from the Kansas horse industry, it's size, scope, diversity and demographics must be known. Such information will better allow businesses to identify needs they may be able to satisfy within the horse industry. Once aware of the economic impact of the horse industry, communities may assess how it can better attract various segments of the industry by providing or improving incentives, facilities and promotion for horse events.

Another aspect in which this survey could be of benefit to Kansas is in the recreation and tourist industry. The history of Kansas is tied closely to the horse, whether it is the early settlers and the Santa Fe Trail, the pony express or the old time cowboys and historic trail

drives to the rail heads across Kansas. These recreational and tourist aspects associated with the horse have tremendous potential. Of the people that visit our national parks each year 1.7 million participate in some type of horse activity. The Third Nationwide Outdoor Recreation Plan's Demographic and Recreation Trend Analysis shows a 15% growth trend per year in horse related activities. Horse related recreation activities become more important when we consider the new National Recreational Trails Fund Act currently before the U.S. legislature, and the Supreme Court decision to uphold a federal law that encourages use of abandoned railroad beds as nature trails. In addition, equestrian groups had the largest representation at the National Trails Symposium recently held in Cedar Rapids, IA. Kansas cannot take full advantage of these opportunities unless it knows the status and potential of it's horse industry.

Although not directly related to economics, the horse industry has a strong youth component. Nationally, there are more 4-H youth horse projects than any other animal projects. In addition, horseless horse programs have been developed and are offered through the agricultural extension service to urban children who have an interest in horses but cannot afford to own one. Youth involved with horses almost always results in the rest of the family being directly involved. Horse related activities are usually a family affair and serve to bring the family together. Horses offer our youth family togetherness, options and opportunities, such things are difficult to assess economically. A state survey would aid in recruiting youth participation and presenting career opportunities.

Based on national statistics and what other states recently have found, I believe the horse industry contributes significantly to the economy of Kansas. However, few people are aware of this and no one has the numbers to prove it. A state horse industry economic

impact survey would allow Kansas to better serve the industry which in turn would reap great benefits for the Kansas economy.

Equine Survey Cost Estimates

| | <u>Cost</u> |
|----------------------------------|-------------|
| A. Sampling Frame Development | |
| 1. List Building | \$7,000 |
| 2. Add New Area Segments | 5,000 |
| B. Training Costs | 3,000 |
| C. Data Collection | |
| 1. Probability | |
| a. Area Frame | |
| i. Enumerate new segments | 7,500 |
| ii. Screen old segments | 5,000 |
| iii. Survey non-overlap (sample) | (500) |
| Mail | 200 |
| Telephone | 2,000 |
| Personal | 1,000 |
| b. List Frame (sample) | (4,500) |
| Mail | 1,200 |
| Telephone | 14,000 |
| Personal | 20,000 |
| 2. Non-Probability (sample) | (15,000) |
| a. Mail | 4,500 |
| b. Telephone follow-up | 15,000 |
| D. Processing | 4,000 |
| E. Publication | |
| 1. Handouts (number) 4-page | (5,000) |
| a. Postage | 1,500 |
| b. Printing | 1,000 |
| 2. Bulletin 24-page | |
| (1,000) | |
| a. Printing and Binding | 1,000 |
| b. Covers | 3,000 |
| c. Postage | 200 |
| Total | 96,100 |