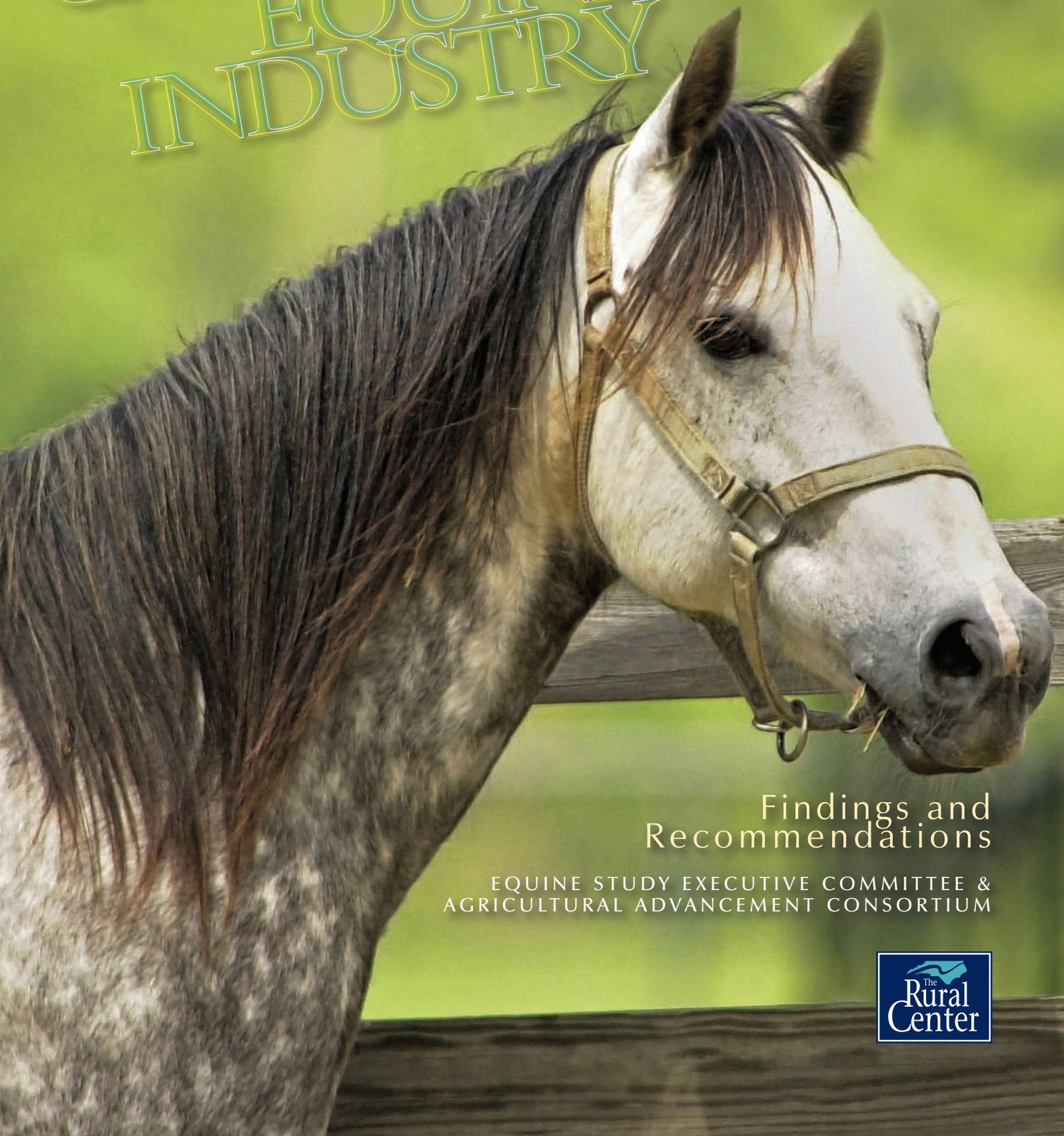



NORTH CAROLINA'S EQUINE INDUSTRY



Findings and Recommendations

EQUINE STUDY EXECUTIVE COMMITTEE &
AGRICULTURAL ADVANCEMENT CONSORTIUM





EQUINE STUDY EXECUTIVE COMMITTEE

- **Faylene Whitaker**
Chair, Agricultural Advancement Consortium
- **Tom Hendrickson**
Past President, North Carolina Thoroughbred Association
- **Bob Sanford**
Past President, North Carolina Horse Council
- **Warwick Arden**
Dean, College of Veterinary Medicine, North Carolina State University
- **Larry Wooten**
President, North Carolina Farm Bureau
- **Billy Carter**
Chair, N.C. Tobacco Trust Fund Commission
- **Billy Ray Hall**
President, N.C. Rural Economic Development Center

NORTH CAROLINA'S EQUINE INDUSTRY

Findings and Recommendations

PROJECT ADMINISTRATION

- Billy Guillet, Director, Agricultural Advancement Consortium

SURVEY, ANALYSIS AND POLICY DEVELOPMENT

- Center for Survey Research, East Carolina University
- Institute for the Economy and Future, Western Carolina University
- Department of Animal Sciences, North Carolina State University
 - Sanford Holshouser Business Development Group

May 2009

FAST FACTS

EQUINE: members of the family *Equidae*, including horses, ponies, donkeys, mules and burros

- Total annual economic impact: **\$1.9 billion**
- Federal, state and local taxes paid: **\$196 million**
- Equine-owning households or operations: **53,095**
- Acreage in equine operations: **2.1 million**
- Average number equine per operation: **5.8**
- Total number of equine: **306,210**
- Total number of jobs: **19,183**
- Expenditures on goods and services: **\$1.4 billion**
- Expenditures within home county: **72%**
- Expenditures within state: **90%**

LEADING RECOMMENDATIONS

1. Create an Equine Industry Commission.
2. Conduct a feasibility and site selection study for a mega horse park.
3. Invest in existing facilities.
4. Consider the reinstitution of parimutuel wagering.
5. Allocate more funding for equine health research.
6. Bolster marketing efforts.
7. Preserve land and open space.
8. Revise tax laws and regulations to ensure that horse farms may be taxed as agricultural property.

INTRODUCTION

The equine industry has deep roots in North Carolina. The first horses arrived in the state during the 1500s, where they were used, as they are today, for work, pleasure and companionship.



Whether saddled for individual riders or hitched to a wagon, horses were long a primary mode of transportation. On farms, both horses and mules were indispensable as late as the 1950s. The town of Benson has celebrated that history every September for the past 50 years with its Mule Days festival.

Horse racing was the state's most popular spectator sport until the Civil War. The Wilmington Jockey Club was established in 1774, and the renowned Quarter Horse Janus was kept in North Carolina during the 1770s. Even more famous was the prodigious speedster Sir Archie, who lived at Mowfield Plantation near

Jackson in the early 19th century. Hailed as the "Foundation Sire of the American Thoroughbred," his descendants include some of the most celebrated names in racing history, among them Man O'War, Seabiscuit, Secretariat, Seattle Slew, Affirmed, Cigar and Barbaro.

The Civil War largely ended the plantation system upon which

North Carolina horse racing had been built, but the sport continued to be popular at regional, state and county fairs. New traditions developed, too. The Blowing Rock Charity Horse Show, begun in 1923, is recognized as the oldest continuous outdoor horse show in America. In the 1950s steeplechases became popular in places such as Southern Pines and Tryon, which remain equestrian centers.

Today, North Carolina's equine population encompasses 306,000 horses, ponies, mules, donkeys and burros. Despite the state's increasing urbanization, their numbers represent a 40 percent increase since 1983

and a jump of nearly 70 percent from 1915, when the state was still largely rural. Equally important, these equine are at the center of a much larger industry that ranges from stable operators, trainers and veterinarians to feed suppliers, fencing and construction companies, trailer manufacturers, and saddle and tack shops.

These industry segments, however, exist largely independent of one another. Furthermore, equine enthusiasts tend to segregate by favored breed or type of activity, such as trail riding, showing, jumping or racing. This has made it difficult to assess the full scope of the industry and to determine whether proposed investments to grow the industry would likely bring a reasonable return to the state's economy.

To address these questions, the N.C. General Assembly in 2007 ordered a study of the equine industry. The study's purpose was threefold: to document the precise size and scope of the industry, to determine its economic impact and to recommend measures for increasing the industry's contributions to the economy. This report summarizes the study's findings.

THE EQUINE INDUSTRY

The equine industry is broad and varied. Its reach ranges from tourism and manufacturing to recreation, residential development, medicine, education, entertainment and agriculture. And it touches every corner of the state.

Equine and their owners

A key component of the study was a statewide survey, which elicited nearly 2,000 responses. The results were verified through a door-to-door audit in sample geographic areas.

Based on these results, North Carolina supports more than 306,000 head of equine, valued at nearly \$1.9 billion. Light horse breeds make up the largest single group of North Carolina's equine inventory (73 percent) with warmbloods second. The average animal was valued at \$7,266. American Saddlebreds had the highest average value at \$28,927. ("Inventory" charts, below)

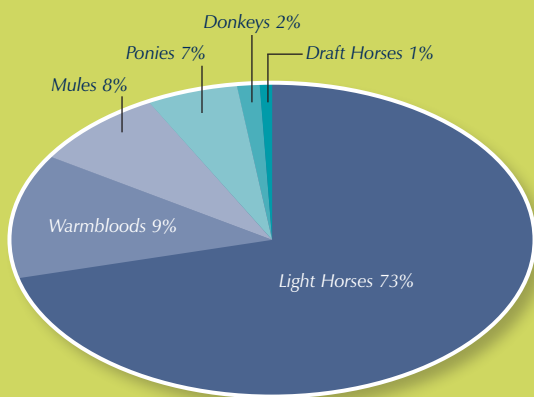
Forty percent of the state's equine are kept for recreation and trail riding; 17 percent are show animals; and 10 percent are used primarily for breeding. Only 7 percent are used for work and 3 percent for racing. The remainder include retired and companion animals.

The equine are housed at 53,095 operations, which include farms and residences in all 100 counties. With few exceptions, the equine inventory tends to be highest in urban and surrounding suburban counties. Union, Guilford, Iredell, Cumberland and Mecklenberg are the five leading counties. (Appendix, p. 17)

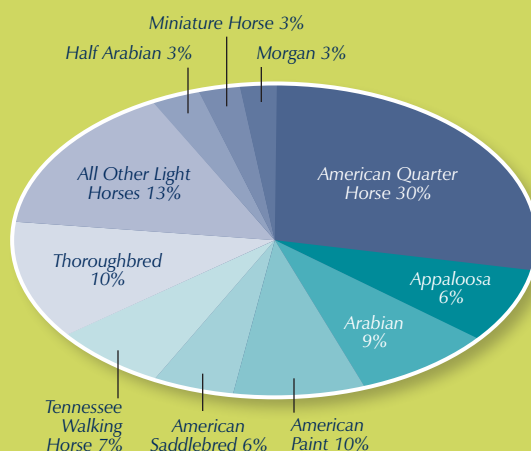
The average equine operation has 5.8 equine and 40 acres of land. It devotes about 16 of those acres to pasture and about five acres to the production of hay or grains, with the rest taken up by house, barns, sheds and other facilities. The average capital investment, represented by the replacement value of all equine assets, is \$431,000. Of this total, land is by far the most valuable holding. Statewide, equine operations account for more than 2.1 million acres of land. ("Acreage" chart, facing page)

Equine ownership tends to be a family affair. Four out of five owners reported their operations as being devoted to a private residence with

INVENTORY, ALL EQUINE BREEDS



INVENTORY, LIGHT HORSE BREEDS



Source: NCSU Animal Science Department

LAND USE ON EQUINE OPERATIONS



Source: NCSU Animal Science Department

equine for personal use. Many continue a tradition started a generation or more before. Families who responded to the survey have owned equine more than 40 years with the current generation involved for 27 years.

Owning equine is expensive, but it is not a rich person's hobby. Forty-three percent of owners had household income below \$85,000; 21 percent had household incomes below \$55,000.

Some equine owners profit from their passion. Most do not. In 2007, the average gross receipts for equine owners came to \$23,903, with the stallion fees and racing purses being the largest sources of income. Their total gross expenses, however, were higher, averaging \$25,896 per household, with breeding fees, boarding, laying-up and leasing equine the major costs.

Altogether, in each of the past two years, North Carolina equine owners spent more than \$1.2 billion on various supplies and services, most of it within their local communities. About 90 percent of this spending supports businesses in the state, and 72 percent takes place within the horse owners' home counties. Through multiplier effects, the owners' activities supported nearly \$1.7 billion of economic activity and created more than 16,000 jobs. And this is only part of the total industry impact.

Equine events and participants

Horse shows, races and similar events attract visitors to venues large and small. In 2008, these visitors spent more than \$84 million. The

largest expenditures were on horse supplies, lodging, entry fees, feed and bedding, and transportation. Another \$34 million was generated through secondary effects. Direct and indirect expenditures generated nearly 1,700 jobs.

A survey of 602 visitors to equine-related events in North Carolina found 22 states represented. Although some came from as far away as New Hampshire and Oregon, nearly three-quarters were from North Carolina. About half said they travel between 101 and 500 miles one way to attend an event, and about half lodge locally in hotels or motels. Another 16 percent stay at campgrounds or RV parks. The total average spending by an adult visitor was \$317.61.

CONTINUED

MOST IMPORTANT TO LOCATION OF SHOW MANAGER BUSINESS/ORGANIZATION

Attribute	Most Important %	Important %	Undecided %	Not as Important %	Least Important %
Marketplace	28.6	33.3	19.0	9.5	9.5
Regulatory environment.....	5.0	15.0	30.0	20.0	30.0
Facilities.....	84.6	7.7	3.8	0.0	3.8
Access to equine recreational areas.....	4.8	19.0	19.0	19.0	38.1
Equine training programs	0.0	27.8	27.8	16.7	27.8
Other	62.5	12.5	12.5	0.0	12.5

Source: 2008 Equine Show Managers Survey

Horse shows appear to be habit-forming. Three-quarters of visitors attend five or more shows a year. They said they learn about shows through the calendars of organizations, breed association advertisements, the Internet and word-of-mouth. Nearly all either own horses or once did. (*“Attendance” chart, facing page*)

The show managers are a key component of these events. A survey of 27 equine show managers found that most stage only a few shows a year, and they average \$177,000 a year in gross receipts from equine-related activities. Most are North Carolina residents, with others coming in from Colorado, Florida, South Carolina and Virginia. In selecting the location for a show management business, they said the availability of equine facilities was the top priority. Five of the 11 out-of-state respondents said they would consider relocating to North Carolina. (*“Most Important to Location” chart, above*)

Trail rides also attract visitors, though generally from a shorter distance. Of 61 trail riders surveyed, about 38 percent said they travel less than 30



miles from their homes; another 36 percent ride within 31 to 60 miles of their residences. The average trail ride group spends \$323. Most learn about trail rides by word of mouth. (*“How Often Ride” chart, facing page*)

Suppliers and related businesses

A total of 782 equine-related businesses were identified across the state. Approximately 100, with assets averaging \$1.4 million, responded to a business survey included in the equine study. These companies make

trailers, horse blankets, saddles, animal health products, fencing, accessories and much more. Models of community-based businesses, most have been in business for more than 10 years and have fewer than 50 employees. (*“Industry” chart, facing page*)

They include manufacturers such as Harris Leather and Saddle Works in Surry County, which sells saddles and accessories; Prima Tech, which manufactures equine health products at its Kenansville facility; Houseware of Ireland, that makes horse blankets

CONTINUED ON PAGE 7

ATTENDANCE AT HORSE SHOWS AND EVENTS

Frequency	%
• This is my first time	2.6
• 1-4 times a year	21.6
• 5-9 times a year	35.8
• 10-14 times a year	21.9
• 15-19 times a year	7.6
• 20 or more times a year	10.5

Source: 2008 Equine Visitors Survey

HOW OFTEN DO YOU ATTEND A TRAIL RIDE EVENT?

Frequency	%
• 1-4 times a year	57.4
• 5-9 times a year	19.7
• 10-14 times a year	8.2
• 15-19 times a year	3.3
• 20 or more times a year	11.5

Source: 2008 Equine Trail Riders Survey

INDUSTRY THAT BEST REPRESENTS THE EQUINE-RELATED BUSINESS

Type business*	% of responses
• Horse barn sales/construction	2.0
• Fence sales/installation	4.1
• Horse boarding	20.4
• Horse training	18.4
• Horse breeding	18.4
• Sales: Equestrian clothing/footwear	19.4
• Sales: tack/supplies	34.7
• Sales: Real estate	4.1
• Truck sales/service	3.1
• Horse trailer sales/service	8.2
• Horse event management	6.1
• Horse feed sales	18.4
• Farrier	2.0
• Carriage	1.0
• Equine pharmaceuticals	11.2
• Manufacturing of equine products	4.1
• Veterinary services	12.2
• Equine transportation	3.1
• Other	16.3

Source: 2008 Equine Business Survey

* More than one response possible per business.

North Carolina Equine Industry Study

In 2007, the N.C. General Assembly funded a statewide study of North Carolina's horse industry to assess its economic impact and identify opportunities for growth. It directed the Agricultural Advancement Consortium, housed within the Rural Center, to administer the study with oversight provided by the Equine Study Executive Committee. The committee's seven members include ties to the horse industry, agriculture and rural development. More than 100 other individuals and organizations participated as part of an advisory group.

The study was designed to be all-inclusive, taking in all breeds, the three large horing sectors (showing, racing and recreation) and all associated activities. It had three major components:

- Surveys of horse owners, farms, training facilities, veterinary practices, trailer and building suppliers, feed suppliers, and other horse-related operations and businesses to document the numbers and value of equine assets in North Carolina and the number of people involved in all types of equine activities.
- An analysis of the economic impact of the equine industry, in total and by industry segment.
- Plan of action for maximizing the industry's contributions to North Carolina's economy.

To carry out the study, the consortium enlisted the help of university, government and private consultants. The major surveys and economic analysis were conducted by East Carolina University, through its Center for Survey Research; Western Carolina University, through its Institute for the Economy and Future; and North Carolina State University, through the Department of Animal Science. The Sanford Holshouser Business Development Group conducted additional interviews with representatives of equine facilities, educational programs, businesses, horse owners, economic development organizations and state agencies to gather ideas on how to retain and grow the equine industry. It also surveyed the efforts of the leading states competing with North Carolina, including Kentucky, Florida, Maryland and New Jersey.

ECONOMIC IMPACT OF THE NORTH CAROLINA EQUINE INDUSTRY

Output Impact

	<i>Direct Impact</i>	<i>Indirect Impact</i>	<i>Induced Impact</i>	<i>Total Impact</i>
• Owner spending	\$1,234,598,001	\$157,232,938	\$263,302,002	\$1,655,132,941
• Visitor spending	\$84,444,807	\$13,189,237	\$21,033,883	\$118,667,927
• Business spending	\$73,599,753	\$10,975,922	\$17,762,137	\$102,337,812
• Facilities	\$3,829,914	\$523,118	\$451,398	\$4,804,430
• Programs	\$8,413,786	\$1,503,214	\$1,266,057	\$11,183,057
TOTAL	\$1,404,886,261	\$183,424,429	\$303,815,477	\$1,892,126,167

Employment Impact

	<i>Direct Impact</i>	<i>Indirect Impact</i>	<i>Induced Impact</i>	<i>Total Impact</i>
• Owner spending	12,662.3	1,127.7	2,389.2	16,179.2
• Visitor spending	1,380.1	101.8	190.9	1,672.8
• Business spending	989.3	84.0	161.2	1,234.5
• Facilities	21.1	3.9	4.1	29.1
• Programs	45.8	10.4	11.5	67.7
TOTAL	15,098.6	1,327.8	2,756.9	19,183.3

Source: 2008 Equine Study Economic Analysis

FISCAL IMPACT OF THE NORTH CAROLINA EQUINE INDUSTRY

Type of Tax

Tax Impact

• Federal government	\$120,094,327
Corporate profits tax	\$11,362,166
Indirect business taxes	\$8,930,884
Personal taxes, fees and fines	\$40,458,684
Other federal taxes	\$59,342,593
• State/Local government	\$75,941,314
Corporate profits tax	\$1,687,245
Dividends	\$2,635,991
Indirect business taxes: Property taxes	\$18,748,718
Indirect business taxes: Sales taxes	\$27,278,192
Indirect business taxes: Other taxes	\$5,626,333
Personal taxes, fees and fines	\$19,048,275
Other state/local taxes	\$916,560
TOTAL	\$196,035,641

Source: 2008 Equine Study Economic Analysis

PARTIAL LISTING OF FACILITIES/ORGANIZATIONS SUPPORTING THE INDUSTRY

Facilities and Events

- Hunt Horse Complex, Raleigh
- Martin Eastern Agricultural Center, Williamston
- Western North Carolina Agricultural Center, Fletcher
- The Carolina Horse Park at Five Points, Hoke County
- Foothills Equestrian Nature Center, Tryon
- Pinehurst Harness Track, Pinehurst
- Blowing Rock Equestrian Preserve, Blowing Rock
- Charlotte Jumper Classic, Charlotte

Educational Institutions

- N.C. State University, Raleigh
 - College of Veterinary Medicine
 - Veterinary Teaching Hospital
 - Veterinary Equine Research Center (Southern Pines)
 - Department of Animal Science
- Martin Community College, Williamston
- St. Andrews Presbyterian College, Laurinburg
- N.C. A&T State University, Greensboro



and accessories in Kinston; Gore Trailers, which is headquartered in Whiteville and sells horse trailers throughout the Southeast and Ohio; and General Timber of Sanford, which manufactures wooden rail fencing for livestock enclosures and building poles for barns and sheds.

In addition, equine bred, broken and trained in North Carolina are sold across the country. These businesses are led by people such as Tommy Walsh of Southern Pines, who was recognized as North Carolina Breeder of the Year in 2007. Walsh's family has been in the business for generations;

his grandfather and brother are in the National Museum of Racing's Trainers Hall of Fame.

The state is also home to equine health care providers, therapeutic riding programs and, increasingly, equestrian residential developments such as Black Horse Run in the Raleigh area, The Traces near Tryon and McLendon Hills near Pinehurst.

All together, equine businesses account for nearly \$74 million in economic activity and 900 jobs statewide. Adding in indirect and induced impact, they contribute \$102 million to the state economy and account for more than 1,200 jobs.

TOTAL ECONOMIC AND FISCAL IMPACT

Broad investments in land, equipment, facilities, products and bloodstock made by the state's equine owners, trainers, breeders and enthusiasts have a multiplier effect that touches many sectors of the economy.

The result is a total economic impact of \$1.9 billion, with 19,183 jobs directly and indirectly tied to the industry. These benefits are highly localized. About 72 percent of all spending occurs within an equine operation's home county. (*"Economic Impact" chart, facing page*)

The bulk of the money comes from equine owners, who spend \$1.23 billion on various supplies and services in the state. Their spending generates 16,179 jobs in North Carolina. Other contributors include visitors, businesses, facilities and programs.

The public also benefits through federal, state and local taxes and fees associated with the equine industry. The industry accounts for close to \$200 million in taxes, fees and fines each year, including \$76 million paid to state and local governments. (*"Fiscal Impact" chart, facing page*)

SUPPORTING THE INDUSTRY

A host of facilities and organizations play supporting roles for North Carolina's equine industry. Arenas and tracks provide outlets for equine owners and attract visitors with disposable income. Educational institutions train the veterinarians, equine managers and owners; conduct research; and provide health care. 4-H, Cooperative Extension and equine associations also make important contributions.

Equine facilities

North Carolina's previous equine industry study, conducted in 1979, found the state woefully lacking in show facilities. State and local investments since then have resulted in four primary equestrian facilities.

The Gov. James B. Hunt Jr. Horse Complex. Completed in 1983, this 81,000-square-foot facility in Raleigh is operated by the N.C. Department of Agriculture. It is in use 49 weeks out of the year, averaging one show for each of those weeks. Approximately 40 percent of visitors travel from outside North Carolina to participate in these shows, supporting area hotels, restaurants and other businesses. The annual operating budget of \$900,000 is funded through fees from shows and the State Fair. The General Assembly does not appropriate funds for ongoing operating costs.

The Sen. Bob Martin Eastern Agricultural Center. Located in Williamston, the 168-acre site was opened in 1998 as a part of the N.C. Department of Agriculture. In 2008, 50 events were scheduled for the facility, including 43 equestrian events as well as truck pulls, rodeos, concerts and a trade show. The center is booked 120



days a year. The ongoing operating budget is \$1.2 million, which is drawn from state appropriations and event revenue. Martin County's economic development office partnered with equine, tourism and other groups to build a multipurpose barn that expands the center's capacity for hosting events.

The Western North Carolina Agricultural Center. Set at the North Carolina Mountain State Fairgrounds in Fletcher, this 65,000-square-foot facility operates year round, hosting horse shows, rodeos, horse sales and riding-shooting club events as well as trade shows, 4-H activities

and numerous other nonequestrian events. Part of the N.C. Department of Agriculture, it receives about \$500,000 a year for operating expenses. Other funding comes from local event revenues.

The Carolina Horse Park at Five Points. Founded in 1998, this 280-acre facility in Hoke County is the only equestrian facility in the mid-Atlantic region suitable for championship-level competitions across disciplines such as driving events, hunter/jumper shows, polocrosse and dressage. Its signature event, the Stoneybrook Steeplechase, attracts about 10,000 fans from around the country. The

park also hosts a variety of dog shows and dog racing, track and field meets, and recreational walking. The park is used primarily on weekends and hosts an average of three events per month. Initial funding for land purchase and facility development came from private fundraising, grants and loans.

North Carolina's major equestrian assets also include:

Foothills Equestrian Nature Center.

Located in Tryon, this 394-acre facility has operated as a nonprofit organization since 1984. In 2007, about 65,000 people participated in events there. It also serves about 8,000 schoolchildren from five counties and two states and provides therapeutic riding programs for children and adults.

Pinehurst Harness Track. Established in 1915, the 111-acre site was purchased by the Village of Pinehurst in 1992 and is the only municipally owned equine facility in the state. It is listed on the National Register of Historic Places. Its primary purpose is winter training from October 1 through May 1 for Standardbred horses used in harness racing. Various horse shows, events, dog shows and polo matches are held at other times.

Blowing Rock Equestrian Preserve. The preserve is home of the Blowing Rock Charity Horse Show. The show, begun 85 years ago, is recognized as the oldest continuous outdoor horse show in America. A 1999 study concluded that the three-week event

brought in more than \$6.7 million in revenue and attracted 1,267 people to the area. The average visitor stay was close to eight days. The facility also boards horses year round in 450 permanent stalls and 19 barns.

Charlotte Jumper Classic. This three-day Grand Prix competition features 10 classes of competition where some of the best riders in the world compete for \$700,000 in prize money.

Educational institutions

North Carolina is home to institutions for equine research and education such as North Carolina State University, North Carolina A&T State University, St. Andrews Presbyterian College and Martin Community College.

Equine education and training also are advanced by scores of local programs operated throughout the state, including 4-H youth and adult programs, continuing education programs run by the Regional Equine Information Network System, as well as courses and clinics cosponsored by the North Carolina Horse Council and other organizations. Youth participation in equestrian activities is strong. The 4-H program cited 20,000 projects in 2006, ranking the state second nationally.

North Carolina State University.

The university's College of Veterinary Medicine opened in 1983 and is the only college of veterinary medicine in the state. It has received consistently

high ratings and was recently ranked fifth in the nation by *U.S. News & World Report*. The four-year program has 14 full-time faculty focused on equine health. The Class of 2010 has 80 students, 19 of whom are enrolled in the equine focus area. Graduates earn an average of \$55,000 a year within two years of graduation; veterinarians who have a partnership or sole ownership of a practice for 10 to 14 years earn an average of \$163,000 per year.

The school's Veterinary Teaching Hospital is the only full-service veterinary care hospital in North Carolina, South Carolina and northern Georgia. It also serves as a hospital for the James B. Hunt Jr. Horse Complex. The hospital's equine clinical program has experienced tremendous growth, as the number of patient visits rose to 3,139 in 2008, an increase of more than 54 percent over 2004. A 70-acre outreach facility, the Equine Research Center in Southern Pines, runs an equine reproduction clinic and a full service lab.

In NCSU's College of Agriculture and Life Sciences, the Animal Science Department is home to approximately 600 undergraduate and graduate level students. About 70 percent of students choose equine as their first or second area of focus, and about 85 percent of incoming students indicate plans to go to veterinary school and focus on equine. The department also operates an equine nutrition research unit.

CONTINUED

The equine extension horse husbandry program, also operated by the Animal Science Department, provides youth and adult education through county extension agents, the Regional Equine Information Network System, 4-H and equine commodity groups. From 2003 through 2006, the program awarded 1,744 continuing education credits to 1,200 participants in its short course series.

Martin Community College.

Located in Williamston, Martin is the only community college in North Carolina that offers an equine program. Designed for 30 students, the equine technology program had 37 students in 2007. It now has 26, reflecting a general decrease in enrollment at the college.

St. Andrews Presbyterian College.

This private school in Laurinburg has a nationally recognized equestrian riding program. Its students have earned six intercollegiate national championships among many other awards. The school offers majors in equine business management, therapeutic horsemanship and equine science, and a minor in equine studies. A pre-veterinary program also is available. Currently, 200 students are enrolled in the equestrian program.

North Carolina A&T State University.

N.C. A&T in Greensboro started its equine program in 2006 with a judging team that has enjoyed success in recent competitions. In 2007 it added a riding team. Last year, it began offering a



certificate in equine management, which can be attached to any other degree. Seventeen students are enrolled in the certificate program.

State and local promotion

North Carolina's primary support for the equine industry is represented in state-owned facilities and educational institutions. The N.C. Travel and Tourism Division focuses on promoting broad areas of the state (e.g., mountains and coast), rather than specific industry sectors. As a result, the state has not produced any specific marketing brochures or marketing campaigns promoting equine-related tourism. The official visitor web portal (www.visitnc.com) does list 12 equestrian venues, but they can be difficult to find and some important venues are not included.

The experiences of the wine and motorsports industries offer useful examples of what can be achieved

when a well-organized promotional effort begins within a specific industry. The Wine and Grape Council, for example, is supported by virtually all the wineries and grape growers in the state. Its efforts are funded by a tax on wine that generates about \$500,000 per year. The council also lobbied the General Assembly and received another \$500,000 in appropriations for promotional efforts.

In some areas of the state, local officials recognize equine as important and integral to their economic development programs. The role of the Martin County economic development office in expanding the Bob Martin facility is one example.

In Polk County, 70 percent of the economic development program focuses on recruiting and retaining equine industries. The AdvantageWest Economic Development Group has supported these efforts. Already Polk is home to the Foothills Equestrian

Nature Center, two equestrian-focused residential developments and at least three equestrian organizations.

Rockingham County also is focusing on equine-related growth. It has advocated development of an equestrian facility similar to the state's other major centers. A feasibility study projects \$15 million annually in economic benefits from 70,000 participants and 300,000 visits. The county has secured 152 acres and a commitment of \$2.5 million from Golden LEAF and the General Assembly toward the \$10 million construction costs. The county also is home to a 600-acre privately owned equestrian facility in Stokesdale.

Organizations

North Carolina claims horse associations for a wide range of breeds and classes – including the North Carolina Quarter Horse Association, the North Carolina Thoroughbred Association, the North Carolina Arabian Horse Association and the Southeastern Reining Horse Association — as well as the North Carolina Horse Council.

Formed in 1972, the council represents and furthers the common interests of the equine community in all 100 counties. To achieve this, it works with the N.C. Department of Agriculture, county extension agents

and institutions of higher education throughout the state. It also makes educational, research and community grants each year.

The council has a full-time executive director and two part-time administrative assistants. Its annual operating budget of \$260,000 is funded by an assessment of 5 cents on each 50-pound bag of feed, membership fees and cooperative marketing revenues.

In addition, a new group, the N.C. Equine Advocacy Forum, has been created to advance the industry through communication and collective action.

PROSPECTS FOR GROWTH

To carry out its final charge – developing recommendations for growth – the equine study followed two avenues of research. It examined the experiences of nearby states with significant equine industries, and it sought the opinions of those most intimately involved with the industry.

Best practices in competing states

Nearby states are both a blessing and curse for North Carolina's equine industry. On the plus side, Kentucky, Virginia, Florida, Maryland and New Jersey offer strong models for success. On the other hand, the support those states offer puts North Carolina's industry at a competitive disadvantage.

Kentucky: Although in a much smaller state than North Carolina, Kentucky's equine industry generates more economic activity – about \$3.5 billion a year and 51,900 full-time equivalent jobs. It has achieved this success through thoughtful planning and sustained support.

The Kentucky Horse Park is one of the most beautiful equine competition parks in the country and will add a new indoor arena this year.

The industry also profits from racing, which is overseen by the Kentucky Horse Racing Commission, an independent state agency. Last July, Kentucky's Gov. Steven L. Beshear signed an executive order creating the Governor's Task Force on the Future of Horse Racing to ensure its growth and success.

Virginia: Although the state has fewer equine than North Carolina, its industry receives more state

CONTINUED

support. Established in 1994 as a result of legislation and a statewide referendum, the Virginia Horse Industry Board has awarded \$800,000 in grants to promote the state's horse industry. The industry gets further support from a 1 percent take on live and simulcast parimutuel wagering conducted in Virginia. The state's take on the \$200 million in wagering helps support the Virginia Breeders Fund. The fund pays bonuses for Thoroughbreds sired or bred in Virginia that win designated races in the state.

Maryland: An estimated 65,600 Marylanders are involved in the state's \$2.6 billion equine industry. Horse racing is a major source of this activity. The Maryland Racing Commission oversees several incentive funds, which are supported by parimutuel wagering.

The state also has completed a feasibility study for a mega horse park. It found that a horse park would create a positive ripple effect throughout surrounding farms and businesses. Local farms, for example, could increase sales of straw, hay and other products and services. Total spending by visitors to the Maryland Horse Park were projected at \$122.5 million. This level of spending would generate \$9.3 million in state and local taxes, exceeding debt service on 30-year bonds issued to cover \$114 million in construction costs. The park is expected to break even on the operational side.

Florida: More than 440,000 people are involved in the state's \$5.1 billion equine industry. To build on this success, Florida Gov. Charlie Crist announced a \$1 million grant in October 2008 to support a market study, site planning and basic infrastructure for expanding the 500-acre Florida Horse Park.

New Jersey: Four operating racetracks generate approximately \$877 million in parimutuel wagering each year. Funds from this activity help support a breeders incentive program that rewards New Jersey-bred horses that finish first through third in any races held in the state.

Identified challenges and needs

Throughout the study, equine owners, educators, facility managers, manufacturers and others involved in the equine industry were asked to identify challenges to their future

growth and success. While many listed specific needs (see below), they also addressed a broader range of issues. Opinions coalesced around three major themes:

- Establishment of an Equine Industry Commission to further growth. Participants noted that unlike other leading states, North Carolina does not have a central institution to assess, monitor and advocate for it. They also noted that North Carolina's wine and motorsport industries have been able to work effectively with public and private agencies through their omnibus groups.
- Construction of a mega horse park. Despite its rich array of facilities, North Carolina is not home to one large recognized equestrian park. Most of North Carolina's equine competitors have or are planning to build such a facility. Creation of a facility with 2,000 or more stalls,





similar to the Kentucky Horse Park and Virginia Horse Center, could help attract national level shows.

- Consideration of parimutuel wagering that would be a strong source of funding for the industry. An Equine Industry Commission could establish a separate task force to study the feasibility of reinstituting Thoroughbred and Quarter Horse racing in the state.

Participants also suggested:

- Greater recognition for the equine industry through closer ties to the North Carolina Division of Travel and Tourism, modeled on the efforts of North Carolina's wine and motorsport industries.
- Efforts to address the high costs of fuel, drought-related problems with the quality of hay and pastureland, and loss of farms and open spaces available for trails.

- Changes in state and federal laws as well as private land ordinances to support more equestrian trails.

- Changes in tax laws to allow equine owners and equine businesses to enjoy tax breaks similar to those offered other farmers.

Equine owners

Equine owners cited greater education among owners and enthusiasts as a pressing need. They also cited the lack of an established, trained, equine-educated workforce as a reason to increase funding to N.C. State's College of Veterinary Medicine and other education and training programs. Most significantly, they report that they face several competitive disadvantages related to current tax policies. For example:

- North Carolina taxes most retail agricultural products, but South Carolina does not.

- North Carolina treats the equine industry as a hobby, not a business. As a result, there are no tax breaks or incentives such as those found in Kentucky or other prominent horse states. Rock House Farms near Hickory, for example, is one of North Carolina's larger breeding operations. It competes with breeders in states with significant incentive programs – up to \$1 million in Florida and \$7 million in Pennsylvania.

Educational institutions

N.C. State University. To handle the steady rise in caseloads and an expected increase in the number of students focusing on equine studies, the College of Veterinary Medicine has identified several near- and long-term needs for its facility, which is now 25 years old:

- New student and veterinary housing, new clinical space and a conference room at the Equine Research Center in Southern Pines. Completed blueprints and architectural design estimate the cost at \$450,000.
- A 25,000-square-foot Equine Outpatient Pavilion adjacent to the existing equine hospital in Raleigh to accommodate the growing orthopedic caseload. The college says this facility is needed within the next three years. Blueprints have been prepared. The projected cost of this project is \$5 million.

CONTINUED

- A new equine hospital. A state-of-the-art hospital to replace the original, undersized facility would allow optimal education, service and treatment of equine patients. Plans call for 100,000 square feet at a cost of \$60 million.
- Increased state funding for research. The new federal Farm Bill limits the allocation of certain resources to the study of just three diseases. State funding would help make up for lost resources.

The university's Animal Science Department says limited resources hamper the school's Equine Nutrition Research Unit. The school would like to add a 24-stall nutrition facility. Along with an associated assistant manager/technician, this would allow it to double or triple the information generated annually for a one-time construction cost of \$300,000 and an annual \$40,000 plus benefits for additional staff.

The department also has detailed plans to expand its extension horse husbandry program. These include:

- Funding to replace administrative assistant positions.
- Renewal of state appropriations to allow more time for teaching and management, additional funding for maintenance and development of adequate facilities.

- Creation of specialized equine agent positions.
- Development of endowments for the 4-H horse program and animal science horse program.

Martin Community College.

School officials say they need upgrades to their barn, new fencing, additional classroom and barn space, equipment, a truck for transportation and general maintenance estimated to cost \$300,000.

St. Andrews Presbyterian College.

Officials say they need an office and classroom complex.

North Carolina A&T State University.

The university reports that to continue growing the program, it will need a 30-stall barn, indoor and outdoor arenas, breeding facilities and more classroom space. The cost is projected to be \$3 million to \$5 million. An alternative to a new facility would be to purchase and retrofit an existing facility.

Equine facilities

Facility managers agree that financial assistance would help them maintain, improve and expand their operations, enabling them to attract more events to the state. Such projects include:



- Additional barns and stalls for the Hunt Complex in Raleigh. The additions, at a cost of \$3.5 million, would allow the facility to accommodate 20 more shows per year.
- Completion of the Bob Martin Center in Williamston. The current center represents two phases of a three-phase master plan. The third phase would add more show areas, such as a covered arena, and more stalls. Maintenance is also required.
- The Foothills Equestrian Nature Center has developed plans for a 10,000-square-foot expansion that is expected to cost \$1.2 million.
- The Pinehurst Harness Track needs two permanent all-weather rings to accommodate additional horse shows.
- The new master plan for the Blowing Rock Charity Horse Show includes land acquisition to facilitate expansion.

RECOMMENDATIONS

Based on its review of the study findings and industry analysis, the Equine Study Executive Committee endorsed eight major recommendations.

1. Create an Equine Industry Commission.

Most states reviewed during this study have such a body with wide powers to manage and support the industry, uniting the various groups in their work to nurture and expand the industry. The freestanding commission should be composed of equestrian leaders: business people, equine owners, trainers, breeders, and event and show professionals. The commission should undertake a facilities needs assessment and report its findings to the Government Operations Committee of the General Assembly.

2. Conduct a feasibility and site selection study for a mega horse park.

At least nine states have or are considering building major horse parks. They are prime, usually self-

sustaining, economic engines that have a positive effect on surrounding farms and businesses.

3. Invest in existing facilities.

The Hunt Horse Complex, for example, has identified a \$3.5 million expansion project for an additional covered arena and associated barns. Consideration also could be given to moving the complex to an appropriate site to accommodate future growth and expansion needs and opportunities. Facility needs at the Bob Martin Center include a covered arena and more stalls. The Carolina Horse Park has identified 10 current and future facilities needs. As one horse expert put it, “North Carolina could be the dominant horse state on the East Coast with proper investment in facilities.”

they increase the demand for equine supplies, events, shows and services. If the state approves horse racing and parimutuel wagering, it should include both Thoroughbred and Quarter Horse racing.

5. Allocate more funding for equine health research.

As the bio-tech industry has shown, companies that produce products for an industry will cluster around centers of research and development. For the equine industry, this can be accomplished by addressing several pressing needs: funds to help retain top faculty and support research at N.C. State University’s College of Veterinary Medicine; infrastructure improvements on the veterinary school campus and at the Equine Research Center in Southern Pines; and upgrades for facilities at NCSU’s Animal Sciences Department, especially the addition of a 24-stall nutrition facility.

4. Consider the reinstitution of parimutuel wagering.

The majority of industry leaders said that parimutuel betting would slow or reverse the decline of horse farms. In other states, such wagering supports breeders incentives that have strong ripple effects. While encouraging more horses to be bred locally,

6. Bolster marketing efforts.

Currently, North Carolina does not have specific marketing products for the equine industry. This can be addressed through various efforts, such as: state funding for marketing materials, which could include a brochure, a magazine similar to *Horse Talk* in Virginia and creation of an equine-oriented specialty license



© N.C. State College of Veterinary Medicine

CONTINUED

plate; development of a dedicated revenue stream to support marketing efforts, perhaps by raising the fee per bag of feed the Horse Council now receives; and funds for signage similar to highway signs for vineyards and wineries.

7. Preserve land and open space.

The General Assembly should appropriate funds to build equestrian trails in state parks; develop a program for and funding of open space preservation for horse farms and facilities; and develop a tax credit incentive program for private landowners to open their land for trail riders. Financial support also is needed for more riding trails, including funds to complete construction of the portion of the Overland Victory Trail that goes through North Carolina.

8. Revise tax laws and regulations to ensure that horse farms may be taxed as agricultural property.

The General Assembly should clarify the Enhanced Farm Land Preservation Program, which often creates confusion among county agents. It also should revise tax laws to clarify that all portions of a horse farm qualify to be taxed as agricultural property, whether it is a breeding, training or pleasure riding facility.

In addition to the major recommendations, the executive committee endorsed these additional measures:

- Develop a specialized equine license plate, with a portion of the revenues going to the N.C. Horse Council to support the equine industry.
- Increase the fee (now 5 cents per bag) on horse feed to support the equine industry. The current fee supports the N.C. Horse Council.
- Create an incentive program for the purchase of locally grown hay and feed.
- Establish a grant program to fund one or two equine-related regional economic development projects. Results would be shared with other regions.
- Obtain additional funds for equine programs at N.C. State University. State appropriations should be renewed to replace administration positions in the extension horse husbandry program, freeing faculty for teaching and management, and increased to maintain and develop adequate facilities. In addition, endowments should be created for the 4-H horse program and animal science horse program.
- Review the equine evacuation plan for hurricanes and other natural disasters to determine if it covers all issues adequately.

- Investigate ways to make insurance protection affordable for therapeutic riding centers.
- Explore the eligibility of services offered by therapeutic riding programs for coverage by Medicare, Medicaid and other insurance plans.
- Recruit headquarters facilities for equine associations and sanctioning bodies.
- Establish and fund an equine specialist (separate from the existing livestock specialist) in the N.C. Department of Agriculture.
- Amend the law limiting liability exposure for equine activities to remove the word “exclusively,” which limits the protection of the statute to operations that are exclusively equine related.
- Engage the services of the N.C. Department of Commerce International Trade Division to promote saddles, blankets and other equine products of N.C. manufacturers.
- Increase funding and staffing for the farmland preservation program of the N.C. Department of Agriculture.
- Develop a plan to deal with feral equine released into state parks and public lands.

APPENDIX

County Inventory

STATE TOTAL....306,210 1,861,079,000

Source: NCSU Animal Science Department

AGRICULTURAL ADVANCEMENT CONSORTIUM

MISSION STATEMENT

To develop a shared vision for farming in North Carolina and to coordinate prudent actions that will improve its long-term viability.

MEMBERS

- *Chair: Faylene Whitaker, Owner/Operator, Whitaker Farms*
- *Vice Chair: Larry Wooten, President, North Carolina Farm Bureau*
- *Secretary: Billy Ray Hall, President, Rural Center*
- *John Adams, Representative, Eastern Foods*
- *Charles Albertson, Senator, N.C. General Assembly*
- *Linda Shaw, Executive Director, Rural Advancement Foundation International-USA*
- *Dale Bone, Owner/Operator, Dale Bone Farms*
- *Blake Brown, Hugh C. Kiger Professor, N.C. State University, College of Agriculture and Life Sciences*
- *Linda A. Carlisle, Secretary, N.C. Department of Cultural Resources*
- *Billy Carter, Chair, Tobacco Trust Fund Commission*
- *John Cooper, State Director, U.S. Department of Agriculture, Rural Development*
- *J. Keith Crisco, State Director, N.C. Department of Commerce*
- *Lawrence Davenport, Owner/Operator, Davenport Farms; Board Member, Golden LEAF*
- *Dee Freeman, Secretary, N.C. Department of Environment and Natural Resources*
- *Jimmy Gentry, President, N.C. State Grange*
- *Dewey Hill, Chair, N.C. House of Representatives Agriculture Committee*
- *Ronald Jackson, President, Clinton Trucking and Tractor Co.*
- *O.C. Jenkins Jr., Owner/Operator, Jenkins Farms*
- *Richard Jones, Wachovia Bank*
- *Donald R. McDowell, Interim Dean, N.C. A&T State University, College of Agriculture and Environmental Sciences*
- *Erica Peterson, Executive Vice President, N.C. Agribusiness Council*
- *Cecil Settle, Executive Director, N.C. Foundation for Soil and Water Conservation Districts*
- *Alton Thompson, Interim Provost and Vice Chancellor for Academic Affairs, N.C. A&T State University*
- *Steve Troxler, Commissioner of Agriculture, N.C. Department of Agriculture*
- *Johnny Wynne, Dean, N.C. State University, College of Agriculture & Life Sciences*

THE RURAL CENTER

MISSION STATEMENT

The N.C. Rural Economic Development Center is a private, nonprofit organization whose mission is to develop sound economic strategies that improve the quality of life in rural North Carolina, with a special focus on individuals with low to moderate incomes and communities with limited resources. The center operates a multifaceted program that includes conducting research into rural issues; testing promising rural development strategies; advocating for policy and program innovations; and building the productive capacity of rural leaders, entrepreneurs and community organizations.

BOARD OF DIRECTORS, 2008-09

- | | | | | |
|--|-------------------------|------------------------|---------------------|----------------------------|
| • Thomas W. Lambeth
<i>Chair</i> | • Alex Alexander | • Ilana Dubester | • Alice M. Keeney | • Joseph Stanley |
| • Valeria Lee
<i>1st Vice Chair</i> | • Ted Alexander | • S. Lewis Ebert | • Wayne McDevitt | • Katherine Thomas |
| • Bill Gibson
<i>2nd Vice Chair</i> | • Andy Anderson | • Patricia Ferguson | • Patricia Mitchell | • Charles R. Tolley |
| • Mikki Sager
<i>Secretary</i> | • Rex L. Baker | • Loyd Godley | • Keir Morton | • Steve Troxler |
| • Curtis Wynn
<i>Treasurer</i> | • Charles P. Brown | • Grant Godwin | • Allan Oocumma | • Bill Veeder |
| | • Anita R. Brown-Graham | • Scott T. Hamilton | • Robert B. Partin | • Jennifer Tolle Whiteside |
| | • Janice Brumit | • Andrea Harris | • Anne Ponder | • Charles L. Wilson III |
| | • James S. Bryan | • CeCe Hipps | • Scott Ralls | • Frank Alfred Wilson |
| | • Kent Chavis | • Lenna Hobson | • Alan Rice | • Ruth Dial Woods |
| | • Brian Crutchfield | • Lenora Jarvis-Mackey | • Cleveland Simpson | • Larry Wooten |
| | • Robin G. Cummings | • Robert B. Jordan III | • Charles Smith | • Billy Ray Hall |

COMMUNICATIONS TEAM

Garnet Bass, Editor • J. Peder Zane, Writer • Cynthia Spencer, Production Manager • Linda Noble, Designer • Elaine Matthews, Senior Vice President
N.C. State College of Veterinary Medicine photos by Wendy Savage, Philip Ruckart and Abby Lipsky.

Additional copies may be ordered by contacting cspencer@ncruralcenter.org or by calling 919-250-4314.

THE RURAL CENTER

NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

4021 Carya Drive • Raleigh, North Carolina 27610

Telephone 919.250.4314 • Fax 919.250.4325 • www.ncruralcenter.org

