

**THE ECONOMIC IMPACT OF  
THE IOWA RACE HORSE INDUSTRY  
ON THE IOWA ECONOMY**

**by**

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**for**

**Iowa Horsemen's Benevolent and Protective Association (IHBPA)**

**Iowa Thoroughbred Breeders and Owners Association (ITBOA)**

**Iowa Quarter Horse Racing Association (IQHRA)**

**Iowa Harness Horse Association (IHHA)**

**December 2008**

## **EXECUTIVE SUMMARY**

### **THE ECONOMIC IMPACT OF THE IOWA RACE HORSE INDUSTRY ON THE IOWA ECONOMY**

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The Iowa race horse industry is an important industry in the state's economy. A coalition of Iowa race horse industry groups including the Iowa Horsemen's Benevolent and Protective Association (IHBPA), the Iowa Thoroughbred Breeders and Owners Association (ITBOA), the Iowa Quarter Horse Racing Association (IQHRA) and the Iowa Harness Horse Association (IHHA) commissioned Thalheimer Research Associates, Inc. (TRA, Inc.), a firm specializing in racing and gaming economic research to conduct an economic impact study which would objectively measure the annual number of jobs and spending contributed by all sectors of the Iowa race horse industry to the Iowa economy in 2007.

The economic impact computed in this study is limited to the economic impact of the parimutuel race horse industry and does not include the gaming side of Prairie Meadows Racetrack and Casino. The study was designed to measure spending and employment at the racetrack and State and county fairs and on Iowa horse farms regardless of where the owner resides.

There are three Iowa Race Horse Industry sectors:

- Racetrack
- Horsemen (owners and trainers)
- Breeders

There are three Iowa Race Horse Industry breeds:

- Thoroughbred
- Quarter Horse
- Harness

Surveys of owners, trainers and breeders by breed were conducted for the purpose of estimating the economic impact of these sectors. Information on spending and employment at Prairie Meadows Racetrack and Casino was provided by that operation.

Direct expenditures by the racetrack, Prairie Meadows, are made for labor and other goods and services. Direct expenditures by horsemen and breeders include the following categories:

- Owner and Trainer expenditures:
  - labor
  - feed and bedding

- trainer commissions
- jockey fees
- veterinarian care and medicine
- farrier
- equine vanning/transport
- board (layups/turnouts)
- travel
- Breeder expenditures:
  - labor
  - stud fees
  - veterinarian care and medicine
  - feed and bedding
  - auto-truck expense
  - board (layups/turnouts)
  - depreciation
  - nominations/registrations

Direct expenditures by the race horse industry in the Iowa economy are re-spent in successive rounds by those receiving this initial round of income. These expenditures are made for other goods and services including: food, entertainment, wholesale and retail products, and the like. This additional spending is referred to as the indirect impact of the race horse industry. The sum of direct and indirect expenditures equals total expenditures.

### ***The Importance of Purses to the Iowa Race Horse Industry***

Purses are the life blood of the race horse industry as follows:

- Purses fund live racing at the racetrack on which customers both from both in-state and out-of-state locations can wager, providing revenue to the racetrack
- Purses directly fund racehorse owner-trainer operations.
- Purses fund live racing at the racetrack or racino which has been found in statistical analyses of racinos in Iowa and West Virginia to increase racetrack gaming revenues.
- Expected purses have been shown in published statistical analysis to directly affect yearling values and future foal production.

Purses from gaming revenues at Prairie Meadows:

- are intended to “nurture” the race horse industry
- were \$1.6 million in 1994, peaked in 2002 and were \$18.3 million in 2007
- adjusted for inflation, were 17% below their peak 2002 level in 2003, 24% below that level in 2004 and 2005, and 15% below their peak 2006 and 2007.
- have fallen 15% coinciding with the 16 % decline in total Iowa foals.

In addition to purses paid to all three breeds at Prairie Meadows, Prairie Meadows contributes to purses at county fair meets in Iowa for Harness racing there. These contributions have bolstered harness purses greatly which has contributed to an increase in Iowa Harness Horse foals while at the same time Thoroughbred and Quarter horse foals have declined as purses paid at Prairie Meadows have declined.

## ***Economic Impact of the Iowa Race Horse Industry***

*The Iowa Race Horse Industry generated a total (direct plus indirect) economic impact of \$123 million in expenditures and 2,180 full-time-equivalent (fte) jobs in the State in 2007.*

Total spending by sector in 2007 was as follows:

- \$29.4 million           racetrack
- \$38.2 million        horsemen (owners-trainers)
- \$55.4 million        breeders

The Industry was shown to be very labor intensive. Payments to labor for all three race horse industry sectors in 2007 totaled \$13 million.

Purses of \$18.3 million in 2007 generated direct spending of \$42 million in the owner-trainer and breeder sectors of the race horse industry.

Total employment by sector in 2007 was as follows:

- 150 fte jobs            racetrack
- 839 fte jobs           horsemen (owners-trainers)
- 1,191 fte jobs         breeders

Following are selected observations about the three industry sectors:

- Racetrack
  - Three separate race meets are conducted at Prairie Meadows: the Thoroughbred meet, the Mixed (Thoroughbred and Quarter Horse) meet and the Harness Horse meet.
  - Simulcast racing on both in-state and out-of-state racetracks is conducted year-round.
  - Total race days increased from 62 in 1995 and 1996 to a peak of 118 in 2000 and 2002. Race days declined to a low of 95 in 2006, increasing to 104 in 2007.
  - Harness horses also race at Iowa fairs. In 2007 there were 30 days of racing at nine fairs: Bedford, Bloomfield, Central City, Des Moines (State Fair), Eldon, Humboldt, Monticello, Oskaloosa, Sioux Center, and What Cheer.
  - A 2008 economic-statistical report on wagering at Prairie Meadows estimated that slot machine revenue in 2006 increased \$7 million as a result of 4.4 months of live racing at Prairie Meadows and \$18 million as a result of import simulcast horse races. Revenue from parimutuel wagering generated another \$4 million.
- Owners-Trainers
  - The economic impact increases with the number of days and horses per day.
  - *The reduction in racing days from their 2000-2002 peak has directly resulted in a decrease in the economic impact of the race horse industry on the Iowa economy.*
- Breeders
  - The total number of conceived foals in Iowa increased dramatically from 1994, the year prior to the introduction of slot machines at Prairie Meadows, peaked in 2000-2001 and declined 16% by 2007 as purses, adjusted for inflation, have also decreased.
  - *The decline in the number of foals, related to the decline in purses, has resulted in a decrease in the economic impact of the race horse industry on the Iowa economy.*

### ***Other Observations***

- A major distinction between a racino and other gaming and entertainment industries is its contribution to the agricultural sector of a state's economy. Purses which affect bloodstock prices and supply of foals, generate not only agriculturally-related employment and expenditures but also result in the maintenance of green space as commercial race horse breeding farm operations.
- Over half of responding owners and breeders reported losses for 2007
- Even with payments of \$18.3 million in purses, revenues from purses did not cover total direct owner-trainer expenditures of \$21.2 million in 2007.

### ***Future of the Iowa Race Horse Industry***

The future direction of the Iowa race horse industry is dependent on the interaction of many different factors depending on defined goals and objectives. For example:

- An increase in race days and/or horses-in-training per day results in:
  - increased parimutuel revenue both on-track and from simulcasts of live races to other state and national betting locations.
  - increased slot machine revenue from the relationship of live racing to slot machine wagering.
  - increased spending and employment by the race horse industry
  - increased cost to the racetrack
- Growth in purses from gaming revenue results in:
  - increased parimutuel wagering
  - increased slot machine wagering through the support of live racing and race days.
  - increased demand and supply of race horse breeding stock
  - increased spending and employment by the race horse industry
  - uncertainty as to the future of live racing and associated purses in Iowa will likely result in a decline in the race horse industry.

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## **OVERVIEW**

The Iowa race horse industry is an important industry in the state's economy. A coalition of Iowa race horse industry groups including the Iowa Horsemen's Benevolent and Protective Association (IHBPA), the Iowa Thoroughbred Breeders and Owners Association (ITBOA), the Iowa Quarter Horse Racing Association (IQHRA) and the Iowa Harness Horse Association (IHHA) commissioned Thalheimer Research Associates, Inc. (TRA, Inc.), a firm specializing in racing and gaming economic research, to conduct an economic impact study of the Iowa race horse industry.

### **Economic Impact Definition and Relationships**

The economic impact of an industry, in this case that of the Iowa race horse industry, is defined for this study as the annual number of jobs and spending contributed by all sectors of the Iowa race horse industry to the state's economy in 2007. The economic impact computed in this study is limited to the impact of the parimutuel race horse industry including harness racing at the Iowa State and county fairs and does not include the gaming side of the Prairie Meadows Racetrack and Casino racino operation.

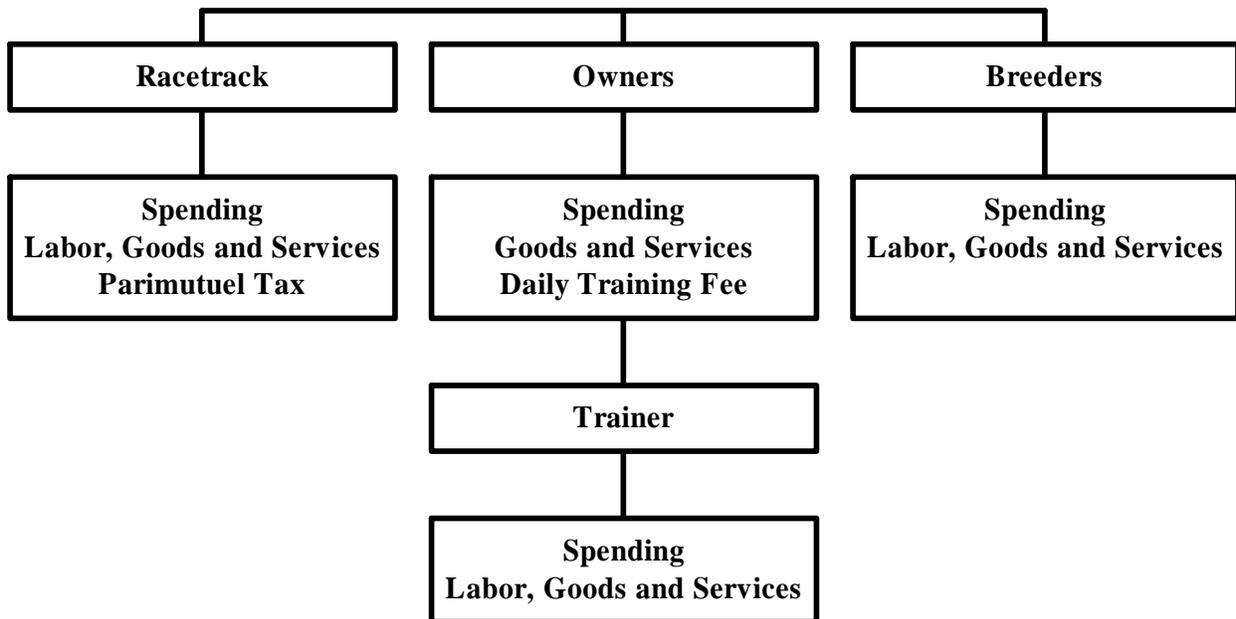
Prairie Meadows receives revenues as a percent of wagering by its customers on parimutuel horse racing and gaming (slot machines and table games). Purses paid from slot machine and table game wagering provide revenue directly to the racetrack from wagering on live horse racing and through the effect of live horse racing on gaming revenues. Purses provide

revenues to race horse industry owners and trainers and indirectly to race horse breeders for their operations. Revenues received by each of the three major sectors of the race horse industry,

- Racetrack
- Horsemen (Owners and Trainers)
- Breeders,

are used, in part, to fund the cost of their operations in the state, including spending for labor and goods and services. A schematic of spending by each of the sectors is given below.

### Expenditures Made By Race Horse Industry



Note from the diagram that spending for labor (i.e. wages and salaries) is not a part of the owner expenditure box. This is because the owner generally hires a trainer for his or her horses and pays a daily fee for this service. A trainer generally trains horses for more than one owner. In order to maintain the horses in training at the racetrack, a trainer uses the daily fee payments from the owner to hire employees and purchase needed feed, bedding and supplies for the horses. Other expenses such as for veterinarian, equine transport and farrier services are billed directly to the owner by the trainer and are in addition to the daily training fee expense paid by the owner.

While statistics on spending and employment by racetracks may be obtained from filings with state racing commissions, the racetrack, or if publicly traded, from SEC filings, there are no national or state published statistics on spending and employment by Thoroughbred, Quarter Horse and Harness horsemen or breeders. Separate survey information for owners, trainers and breeders is required to obtain the spending and employment information from which to compute the economic impact of the race horse industry. This report contains results of such surveys of horsemen and breeders who contribute spending and employment impacts to the Iowa economy.

In this analysis, the economic impact of Prairie Meadows Racetrack and Casino operation on the Iowa economy in terms of annual spending and employment is focused on the parimutuel horse racing side of the racino operation. Not included in the study is the economic impact of the gaming side of the operation. Care has been taken to avoid “double counting” in computing the annual economic impact. For example, purses are reported as an expense of the racetrack in their financial statements but may also be viewed as revenues to horsemen who use them to fund expenditures for their race horse operations. To include purses from gaming revenues as an expenditure for the racetrack and to also include spending by race horse operations funded by those purses would involve “double counting” and overstate the economic impact of the race horse industry. For this reason, in this study purses are not included as an expenditure in the economic impact of the racetrack but rather as funding for resultant expenditures by racehorse owners and trainers. Another example of potential “double counting” the annual economic impact would be investment by race horse owners in their racing stock. In this case, the investment outlay by the owner to purchase a yearling for racing represents revenue to the breeder who has incurred all the expenses of raising the foal to a yearling. Breeder expenses

include those associated with the mare, including depreciation, stud fee, and foal maintenance until it is sold as a yearling to a race horse owner. To include the expenditures of breeders and also the investment by the owner would involve “double counting” and so the equine investment by the race horse owner is not included as a separate expenditure for purposes of the economic impact analysis. Similarly the investment in a race horse in training by one owner who purchases is from another is not included in the economic impact since the costs involved in maintaining the race horse have already been counted in the prior owner’s annual expenditures.

Care has also been taken in this study to identify and localize the economic impact of the race horse industry to the State of Iowa. For example, owners and trainers of race horses are highly mobile in terms of where they race their horses. In order to localize the impact of race horse owners and trainers on the Iowa economy, this study concentrates on the spending and employment on maintaining horses in-training while they are stabled at Prairie Meadows and the Iowa State and county fairs. Similarly breeders of horses foaled in Iowa may reside in-state or out-of-state but all must board their horses on an Iowa farm for all or part of a year. To localize the breeder impact to the state of Iowa, race horse farms located in the state were identified from a comprehensive list of breeders and horse farm owners and surveyed as to the expenditures and employment required to maintain their horses in Iowa.

### **Brief History of Iowa Race Horse Industry**

A new Iowa industry, the parimutuel race horse industry, was created in 1989 with the opening of Prairie Meadows racetrack in Altoona, Iowa. A brief review of important events affecting Prairie Meadows can be found on the Iowa Racing and Gaming Commission’s web site. On March 1, 1989, Prairie Meadows opened as a newly constructed parimutuel horse racetrack operated by the Racing Association of Central Iowa (RACI). Wagering on simulcast races from horse and greyhound racetracks was introduced at Prairie Meadows in 1990. In November, 1991, the racetrack filed for Chapter 11 bankruptcy. The year 1991 also saw the introduction of riverboat gaming in Iowa, the first of two states, along with Illinois, to have such gaming in the United States. In 1992, Prairie Meadows ceased live horse racing and offered its patrons only simulcast horse and greyhound racing. Prairie Meadows came out of bankruptcy in

May, 1993. Live horse racing resumed in 1993.<sup>1</sup> Legislation enacted in March of 1994, provided for, among other gaming related issues, slot machines at racetracks, subject to local referendum. The law also provided that local voters would vote on permitting slot machines at racetracks (and excursion gambling boats) in 2002 and at subsequent eight-year intervals. Slot machine gaming was first offered to Prairie Meadows customers on April 1, 1995. Table games were first offered to Prairie Meadows customers on December 13, 2004.<sup>2</sup>

### **Wagering – Trends and Statistical Findings**

Revenue from customers who wagered on slot machine and table games at Prairie Meadows was \$189 million in 2007.<sup>3</sup> Wagering at Prairie Meadows on live horse racing and simulcast horse and greyhound races imported from out-of-state racetracks totaled \$21 million in 2007.<sup>4</sup> Wagering on live horse races simulcast from Prairie Meadows to other in-state and out-of-state locations (export handle) grew from \$1.4 million in 1995 to \$47 million in 2007. The ability to sell simulcast of live horse racing at Prairie Meadows began in 1995 and can be attributed, in part, to the increase in the quality of racing due to purse money provided by gaming revenues generated by the racino. Revenue from live and simulcast parimutuel wagering was \$5 million in 2007.<sup>5</sup> Parimutuel wagering is not permitted on harness racing at the Iowa fairs.

A detailed analysis of parimutuel wagering and gaming revenues at Prairie Meadows is given in the recent report, “An Economic-Statistical Analysis of Racing and Slot Machine Wagering at Prairie Meadows Racetrack and Casino” (Thalheimer Research Associates, 2008). Among the findings of that study were that slot machines and table games at Prairie Meadows together accounted for a 33% reduction in on-track live and import simulcast parimutuel horse

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<sup>1</sup> Iowa Racing and Gaming Commission, 1993 Annual Report.

<sup>2</sup> See Iowa Racing and Gaming Commission web site: “Chronology of the Iowa Racing and Gaming Commission”, <http://www.iowa.gov/irgc/Chronology.htm>. See Iowa Racing and Gaming Commission, 2004 Annual Report, for table games date.

<sup>3</sup> Prairie Meadows Racetrack and Casino, Inc., Financial Statements for the Years ending December 31, 2007 and 2006.

<sup>4</sup> Source: Iowa Racing and Gaming Commission, 2007 Annual Report.

<sup>5</sup> Prairie Meadows Racetrack and Casino, Inc., Financial Statements for the Years ending December 31, 2007 and 2006.

race wagering. On the other hand, slot machine handle (revenue) was estimated to have increased 12.9% as a result of live Thoroughbred and Mixed meet racing in 2006. It was also estimated to have increased 13.1% as a result of the increase in year-round simulcast horse over 1995. Slot machine revenue in 2006 was estimated to have increased \$7 million as a result of 4.4 months of live racing at Prairie Meadows and \$18 million as a result of year-round import simulcast horse racing at the racetrack. The study did not include the effect of racing on table game revenues. An additional \$4 million was contributed by live and simulcast horse race wagering. Total slot machine revenue in 2006 was estimated to have increased \$29 million as a result of horse racing at Prairie Meadows. Purses paid to horsemen that year totaled \$17.8 million. Additionally, horse racing was found to have affected slot machine handle when quality races were offered, in this case when such races were conducted during the Festival of Racing.

### **Purses – Importance to Race Horse Industry**

Purses are the lifeblood of the race horse industry providing revenues directly to horsemen which enables them to enter their horses in races offered at the racetrack. Racetrack customers wager on these races providing revenue to the racetrack. Similarly, customers at wagering locations in other in-state and out-of-state locations wager on simulcasts of the live race product to their respective venues providing additional revenue to the racetrack conducting the live races. In addition to the racetrack and owners and trainers of race horses who compete at the racetrack, there is a third sector of the race horse industry, race horse breeders. While purses provide revenues directly to horsemen (owners and trainers) through winnings of their horses, purses also indirectly provide revenues to breeders. It has been shown through statistical analysis that as purses increase the expected price of yearlings increases leading to an increase in the supply of foals, yearlings and associated bloodstock (mares and stallions) (Neiberger and Thalheimer, 1997). Since purses are of major importance to all three sectors of the race horse industry, i.e. racetrack, horsemen (owners and trainers), and breeders, following is a discussion of purses with special emphasis on the important contribution of purses from racino gaming revenues.

The intent of the Iowa legislature, when it permitted gaming at racetracks, was to “nurture” the horse racing industry in the state. As summarized in recent reports (Thalheimer Research Associates, 2006, 2008), this is clearly stated in the administrative rules for the Iowa Racing and Gaming Commission (Iowa Code chapters 99D and 99F). For example, in Chapter 1, Organization and Operation of the Commission, under 491-1.6(99D, 99F), the following is set forth:

**1.6(3).** A licensee seeking an increase in the number of gaming machines or gaming tables must obtain prior approval from the commission. In the request for approval from the commission, a licensee shall demonstrate to the commission’s satisfaction that the additional gaming equipment:

*i. If for a racetrack enclosure, will benefit the horse or greyhound industries in Iowa (emphasis added).*

Also, in Chapter 1, 491-1.7 (99D, 99F), under the criteria which the commission is to consider to issue a license to conduct racing or gaming, the following criteria for racetrack operations (which have both racing and gaming) is given:

**1.7(12)** Nurture the racing industry. The commission will consider whether the proposed racetrack operation would serve to nurture, promote, develop, and improve the racing industry in Iowa and provide high quality racing in Iowa.

Currently purses at Prairie Meadows are paid entirely out of gaming revenues. They are the key component in “nurturing” the race horse industry. Prior to 2006, purses were set by contract between horsemen with horses at Prairie Meadows and Prairie Meadows’ management. Legislation was passed in 2004, effective in 2006, which set the minimum purse for horse racing at 11% of net gaming receipts of \$200 million or less and at 6% for net receipts over \$200 million. Net receipts are defined as annual adjusted gross gaming revenue less an annual amount of money pledged by the facility owner to fund a project approved to receive Vision Iowa funds.<sup>6</sup> The new statutory purse allocation from gaming receipts became effective January 1,

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<sup>6</sup> Source: Iowa Racing and Gaming Commission, 2004 Annual Report.

2006 and is to run through January 1, 2021. Table 1 shows total purses from 1994, the year prior to slot machine gaming at the racetrack, through 2007.

**Table 1: Prairie Meadows Purses-All Breeds, 1994-2007**

Year	Purse (all sources)
1994	\$1,603,180
1995	\$2,566,488
1996	\$3,939,549
1997	\$11,041,708
1998	\$12,068,417
1999	\$13,931,810
2000	\$16,351,262
2001	\$17,780,348
2002	\$18,800,311
2003	\$15,985,006
2004	\$14,984,749
2005	\$15,512,751
2006	*\$17,804,033
2007	*\$18,338,161

\*Minimum purse set by statute (2004) at 11% of net gaming receipts (less Vision Iowa funds) of \$200m or less and 6% over \$200m (effective Jan 1, 2006 - Jan 1, 2021).  
Source: Iowa Racing and Gaming Commission Annual Reports

Purses paid to horsemen at the racetrack from all sources, including breeder awards<sup>7</sup>, totaled \$18.3 million in 2007.<sup>8</sup> Purses, including breeder awards, allocated by breed were \$14.9 million for Thoroughbred racing, \$2.7 million for Quarter Horse racing, and \$0.8 million for Harness Racing.<sup>9</sup> Purses at Prairie Meadows have grown from \$1.6 million in 1994, the year before slot machines were introduced, peaking at \$18.8 million in 2002, falling well below their peak from 2003 through 2005 before increasing noticeably in 2006 to \$18.3 million in 2007. The increases in 2006 and 2007 can be attributed to the statutory requirement of a payout from gaming revenues passed in 2004, effective January 1, 2006 through January 1, 2021. Adjusted for inflation, the change in purses tells a different story. Inflation-adjusted purses peaked in 2002 and were 17% below their 2002 level in 2003, 24% below their 2002 level in 2004 and 2005, and remained 15% below their 2002 peak level in 2006 and 2007.<sup>10</sup>

<sup>7</sup> Breeder awards were \$279 thousand in 2007. Iowa Racing and Gaming Commission.

<sup>8</sup> Iowa Racing and Gaming Commission, 2007 Annual Report.

<sup>9</sup> Iowa Racing and Gaming Commission.

<sup>10</sup> Purses are adjusted for inflation using the consumer price index-all urban consumers with base year period 1982-84 (CPI-U, 1982-84), U.S. Department of Labor, Bureau of Labor Statistics. Inflation adjusted purses were \$10.4 million in 2002 decreasing 15% to \$8.8 million 2006 and 2007 all stated in 1982-84 dollars.

In addition to purses paid for Thoroughbred, Quarter Horse and Harness horse racing at Prairie Meadows, Harness horses also compete for purses at Iowa county fairs. Prairie Meadows supported county fair Harness racing beginning in 1992 with a payment of \$50,000. There was no Harness racing at Prairie Meadows from 1992 through 1998. Table 2 gives Harness purses for racing at Prairie Meadows and the Iowa State and county fairs from 1998 through 2007.<sup>11</sup>

**Table 2: Harness Horse Purses – Prairie Meadows and Iowa Fairs, 1998-2008**

Year	Prairie Meadows	County Fairs	Total
1998	\$0	\$600,000	\$600,000
1999	\$180,000	\$620,000	\$800,000
2000	\$600,000	\$750,000	\$1,350,000
2001	\$600,000	\$750,000	\$1,350,000
2002	\$600,000	\$750,000	\$1,350,000
2003	\$510,000	\$1,190,000	\$1,700,000
2004	\$510,000	\$1,260,000	\$1,770,000
2005	\$510,000	\$1,320,000	\$1,830,000
2006	\$630,000	\$1,300,000	\$1,930,000
2007	\$800,000	\$1,000,000	\$1,800,000

Source: Iowa Harness Horse Association

In 1998, county fair purses were \$600,000. In 1999, the first year of Harness racing at Prairie Meadows, purses paid at the racetrack were \$180,000 with an additional \$620,000 paid to the county fairs. Over this period there was a marked increase in purses paid by Prairie Meadows to the State and county fairs beginning in 2003. Total harness purses (racetrack and fairs) continually increased from \$0.6 million the year before harness racing was first conducted at Prairie Meadows to \$1.9 million in 2006 before decreasing to \$1.8 million in 2007. Adjusted for inflation, county fair harness purses peaked in 2006, declining 9% in 2007.<sup>12</sup>

To see how the quality of racing at Prairie Meadows compares with other racetracks around the country, Appendix 1, Tables 1, 2, 3 give average daily purses for all major Thoroughbred, Quarter Horse, and Harness Horse racetracks in North America respectively, in 2007. In addition, Appendix 1, Table 4, gives purses for Harness racing at the Iowa fairs. In 2007, average daily Thoroughbred purses of \$173,251 paid at Prairie Meadows ranked 34th in

<sup>11</sup> Iowa Harness Horse Association.

<sup>12</sup> Purses are adjusted for inflation using the consumer price index-all urban consumers with base year period 1982-84 (CPI-U, 1982-84), U.S. Department of Labor, Bureau of Labor Statistics.

North America (Appendix 1, Table 1)<sup>13</sup>. Quarter Horse purses per race which averaged \$16,515 in 2007 ranked 7th in the United States (Appendix 1, Table 2)<sup>14</sup>. The Quarter Horse rankings are measured on a per-race basis since many of the meets at which Quarter Horses compete are “mixed” meets where other breeds, such as Thoroughbreds, also compete on a race day. Average Harness purses of \$33,322 per day ranked 51st in North America in 2007 (Appendix 1, Table 3).<sup>15</sup> Prairie Meadows paid for purses and other expenses from an account separate from the purse account to support non-parimutuel fair racing at nine county fairs and the state fair in 2007. The amount paid in 2007 was \$1 million. Average daily harness purses of \$28,812 were paid at the Iowa fairs in 2007 (Appendix 1, Table 4).<sup>16</sup> This would rank them 54th in the nation as a group.

A discussion of the methodology and results of an economic impact of the Iowa race horse industry now follows.

### **SURVEY PROCEDURE**

Published government statistics on spending and employment of owners, trainers and breeders of race horses do not exist. For this reason, separate surveys of Thoroughbred, Quarter Horse, and Harness Horses owners, trainers and breeders with horses in Iowa were conducted. Appendix 2 gives the procedure undertaken for the three separate surveys of owners, trainers and breeders with horses in Iowa in 2007. Table 3 gives a summary of survey response rates.

**Table 3: Summary of Owner, Trainer and Breeder Response Rates**

	<b>Total Surveyed</b>	<b>Responses</b>	<b>Percent</b>
Thoroughbred Owners	845	167	20%
Thoroughbred Trainers	86	47	55%
Thoroughbred Breeders	453	132	29%
Quarter Horse Owners	269	92	34%
Quarter Horse Trainers	37	16	43%
Quarter Horse Breeders	77	38	49%
Harness Horse Owners/Trainers/Breeders*	316	73	23%

\*One all-inclusive survey form was used for owners/trainers/breeders many of whom were in more than one industry sector.

<sup>13</sup> Conley, Ryan, "State of the Union", *The Blood Horse*, February 16, 2008, 972-975.

<sup>14</sup> Data Source: American Quarter Horse Association.

<sup>15</sup> Data Source: U.S. Trotting Association.

<sup>16</sup> Data Source: U.S. Trotting Association.

The rest of this report details the annual economic impact of the three Iowa race horse industry sectors, racetrack, owners and trainers, and breeders.

## **RACETRACK SECTOR**

Horse racing at Prairie Meadows is the key to the race horse industry in Iowa. Racing there creates employment and spending by the racetrack and race horse owners and trainers who race and train their horses there in order to fund their racing operations from purse money paid for horses that win or place in races offered during the racing season. As will be shown in a later section of this report, employment and spending by race horse owners and trainers increases with the number of horses who compete at the track daily and the number of racing days over which they compete. Similarly, purse money offered at the racetrack indirectly results in revenue to race horse breeders in Iowa through revenue from sale price of horses and production of horses necessary to compete in races at the racetrack.

### **Racing Dates**

In 2007 three different breeds of race horses competed for purses offered at Prairie Meadows. The race horse breeds were Thoroughbred, Quarter Horse, and Harness Horse. These horses competed in three separate race meets over the year. In 2007, the first race meet, the Thoroughbred meet, was conducted for 46 days from April 20 through July 4. The second race meet, the Mixed meet (Thoroughbred and Quarter Horse), was conducted for 40 days from July 10 through September 15. By agreement there were six Thoroughbred and four Quarter Horse races per day during the 2007 Mixed meet with an option for a fifth Quarter Horse race if there were enough horses to fill the race.<sup>17</sup> The third and final race meet, the Harness meet, was conducted for 18 days from September 22 through October 20.

The total number of race days increased from 62 for mixed meet racing only in 1995 and 1996 to a peak of 118 for Thoroughbred meet, Mixed meet and Harness meet racing in 2000 and

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<sup>17</sup> Iowa Racing and Gaming Commission.

2002. The number of race days declined to a low of 95 days of racing in 2006 before increasing to 104 race days in 2007.

Harness horses also compete at the Iowa State and county fairs. In 2007 racing at Iowa fairs started on May 28 and ending on September 18. Over this period there were 30 days of racing at nine county fairs and the Iowa State Fair in Des Moines as follows (days in parentheses): Bedford (1), Bloomfield (1), Central City (1), Des Moines (State Fair) (1), Eldon (2), Humboldt (7), Monticello (1), Oskaloosa (4), Sioux Center (3), and What Cheer (9).

### Number of Horses and Days-In-Training at Prairie Meadows and Iowa Fairs

The following table gives a summary of the number of horses and days they were in training at the Prairie Meadows racetrack and at the Iowa fairs in 2007.

**Table 4: Number of Horses and Days In Training at Prairie Meadows and Fairs 2007**

	Horses-in-training per Day	Days-in-training at racetrack
<b>Thoroughbred Meet Prairie Meadows(1)</b>	<b>1,125</b>	<b>107</b>
Mixed Meet-Thoroughbred(1)	710	73
Mixed Meet-Quarter Horse(1)	433	73
<b>Mixed Meet Prairie Meadows – Total(1)</b>	<b>1,143</b>	<b>73</b>
<b>Harness Meet-Prairie Meadows(1)</b>	<b>350</b>	<b>30</b>
<b>Harness Meets State Fair and County Fairs(2)</b>	<b>72</b>	<b>30</b>
(1) Source: Prairie Meadows Racetrack and Casino – horses stabled at the racetrack 2007		
(2) Source: U.S. Trotting Association (USTA)		

From the table above it can be seen that horses in-training were stabled at Prairie Meadows for 210 days in 2007. This includes the 104 days during which live races were conducted (with horses training in the morning for future races) and days on which horses were training to run when live racing was not being held.<sup>18</sup> The number of days that Harness horses were in training at the Iowa fairs corresponds to the 30 live race days conducted there in 2007. Harness horses, as was the case for Thoroughbred and Quarter Horses to a lesser extent, also were trained at farms in Iowa when not competing at the fairs.

<sup>18</sup> Prairie Meadows opened for training on Tuesday, March 20, 2007 every day thorough September 15. The track was open for Harness racing through the last day of racing on October 20. Source: Prairie Meadows Racetrack and Casino.

## Operating and Capital Expenditures

Racing and gaming wagering by customers at Prairie Meadows provides revenue from which expenditures are made to run its racing operation. Table 5 shows expenditures for parimutuel operations in 2007 as provided by Prairie Meadows Racetrack and Casino.

**Table 5: Prairie Meadows Racetrack and Casino-Parimutuel Expenditures**

Parimutuel – Direct Operating Expenditures(1)	\$6,996,000
Parimutuel – Unallocated Operating Expenditures- Allocated to Parimutuel(2)	\$7,442,000
<b>Total Operating Expenditures</b>	<b>\$14,438,000</b>
<b>Capital Investment (3)</b>	<b>\$1,920,000</b>
<b>Total Direct Expenditures</b>	<b>\$16,358,000</b>
(1) Excludes purse payment of \$18.803 million to Thoroughbred, Quarter Horse, and Harness horsemen who race at Prairie Meadows and Charitable Contributions of \$1 million for purse payments to Iowa fairs for Harness horsemen who race there.	
(2) Allocation of “Unallocated Expenditures” is for 2006 as provided by Prairie Meadows Racetrack and Casino.	
(3) Three year average of 2005-2006 investment in new paddock and related (\$4.3 mill) and 2007 direct investment (\$1.48 mill)	
Source: Prairie Meadows Racetrack and Casino.	

Payroll expense of \$4.1 million is included in Total Operating Expenditures in Table 5. Payroll expense, therefore, is about 27% of direct operating expenditures, excluding purses. Note that for this economic impact study purses are not included as a racetrack expense to avoid double counting with expenditures by the owner-trainer sector of the race horse industry as explained in the Introduction section of this report.

### Direct Employment

Prairie Meadows averaged approximately 100 persons per month on the parimutuel side of its racetrack-slot machine operation in 2007. Wage and salary employment was highest during the live race meets averaging 147 from April through August. An average of 90 employees worked in September and October, and 59 during the simulcast-only months of January-March and November-December.<sup>19</sup>

The 2007 employment figures include:

- management personnel - salaried
- mutuel clerks
- concessions personnel (parimutuel)

<sup>19</sup> Source: Prairie Meadows Racetrack and Casino..

- parimutuel wagering security
- repairs and maintenance
- parimutuel employees determined by law:
  - racing secretary
  - assistant racing secretary
  - placing judges
  - mutuel manager
  - horsemen's bookkeeper
  - others associated with racing

**Summary of Direct Expenditure and Employment Impacts of Racetrack Sector**

The direct economic impact of the parimutuel side of the Prairie Meadows on the Iowa economy in 2007, excluding purses, was:

<b>Direct Expenditures</b>	<b>\$16,358,000</b>
<b>Direct Employment</b>	<b>100</b>

**HORSEMEN (OWNER-TRAINER) SECTOR**

Racehorse owners hire trainers, generally on a contract basis, to train and run their horses at the racetrack. The major outlay for an owner is payment of a daily training fee to a trainer for each day he or she has the owner's horse in training at the racetrack. The daily training fee is set by the trainer such that it covers the trainer's employee payroll, feed and bedding for his or her horses-in-training, tack and supplies and other daily maintenance expenses. Not covered in the daily training fee are expenses, other than daily maintenance expenses, which the trainer bills directly to the owner as well as other expenses which the owner incurs not associated with training. These other expenses may include those for: trainer commissions for winning races,

jockey fees and commissions (driver fees and commissions for harness racing) veterinarian, equine transport, farrier, equine transportation, board expense<sup>20</sup>, travel and "other" expenses.

In most cases the owner does not directly employ labor associated with care and maintenance of his or her horses. As part of the daily training fee, the trainer hires the labor required to maintain horses in training at the racetrack. The employment categories for care and maintenance of a racehorse include assistant trainers, stable foremen, grooms, exercise riders, and hot walkers. Individual trainers generally train horses for a number of owners, which in some instances may also include themselves.

An analysis of expenditures and employment of Thoroughbred, Quarter Horse, and Harness Horse owners and trainers with horses at Prairie Meadows and Harness Horse owners with horses at the Iowa State and county fairs in 2007 now follows.

### **Thoroughbred Owner and Trainers**

A list of owners with at least one horse that started at Prairie Meadows racetrack in 2007 was provided by the Iowa Horsemen's Benevolent and Protective Association (IHBPA). The Thoroughbred race horse owner survey is included in Appendix 3 of this report. A list of trainers with horses-in-training stabled at Prairie Meadows racetrack was provided by track management. The survey form used for Prairie Meadows Thoroughbred trainers is given in Appendix 3.

### **Location of Thoroughbred Owners**

The location of owners and owner-trainers whose horses raced at Prairie Meadows is given in Table 6.

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<sup>20</sup> Board expense applies to periods when race horses are given time off at a farm for recovery from injury (layups) or time to refresh after the racing season (turnouts).

**Table 6: Thoroughbred Horse Owners By State (1% or greater).**

State	Percent	Cumulative
IA	23.1%	23.1%
IL	10.9%	34.0%
OK	8.9%	42.9%
NE	8.8%	51.7%
AR	6.4%	58.1%
MO	6.0%	64.2%
MN	5.6%	69.7%
KS	4.8%	74.5%
KY	4.1%	78.5%
TX	4.1%	82.6%
FL	3.4%	86.0%
AZ	1.4%	87.4%
WI	1.3%	88.6%
CO	1.2%	89.8%
All Other	10.2%	100.0%
Total	100.0%	

About 75% of all owners or owner-trainers whose horses made at least one start at Prairie Meadows in 2007 resided in Iowa, Illinois, Oklahoma, Nebraska, Arkansas, Missouri, Minnesota, or Kansas. Iowa Thoroughbred race horse owners accounted for 23% of the total.

### Percent Owner Expenditure Distribution

The percent distribution of owner expenses by category from the survey is shown in Table 7. There was an average of 6 horses-in-training reported by the responding owners.

**Table 7: Percent Distribution of Thoroughbred Owner Expenditures**

Expenditure Category	Percent*
<b>Daily Trainer Fees (excluding commissions)</b>	45.9%
Veterinarian Care and Medicine	9.8%
Trainer Commissions	7.1%
Jockey Fees (Commissions)	6.6%
Depreciation – Equine	5.0%
Board (Turnouts/Layups)	4.3%
Vanning/Transport	2.7%
Travel Expense	2.4%
Farrier	2.2%
All Other Expenses*	14.0%
<b>Total Expense</b>	<b>100.0%</b>

\*Individual expense categories over 2% of total expenses.

An examination of the distribution of expenditures shows that daily training fees, 45.9% of total expenditures, are by far the largest race horse owner cost. When payments of commission to trainers for winning horses are added to the daily training fee, payments to trainers account for over half, or 53%, of an owner's total expenditures.

**Daily Trainer Fee**

Thoroughbred race horse owners and trainers reported an average daily training fee of \$48 per-day for training an owner’s horses at Prairie Meadows racetrack.

**Daily Owner Fee**

A racehorse owner must not only pay a daily fee to his or her trainer for maintaining horses in training but must also pay additional costs, not included in the daily fee. As shown in Table 7 above, daily trainer fees accounted for 45.9% of total owner expenditures. The remaining 54.1% of total owner expenses such as those for veterinarian services, jockey fees, equine transportation, farrier, and travel are billed directly by the trainer to the owner or may be incurred directly by the owner. Following is the computation of the daily cost to a Thoroughbred racehorse owner to keep a horse in training at Prairie Meadows.

	Daily Trainer Fee	%Owner Cost	Daily Owner Cost Per Horse
Thoroughbred Owner	\$48	45.9%	\$105

The total cost incurred by a Thoroughbred owner for keeping a horse in training is computed to be \$105 per day.

**Percent Trainer and Equivalent Owner Expenditure Distribution**

Table 8 gives the distribution of the major expenditures covered by the daily training fee paid by owner to trainers for horses in their care. Included in this fee are payments by trainers for labor, feed and bedding, tack and supplies and other expenses to maintain the owners’ horses in training at the racetracks where they compete. The second column of Table 8 gives the percent

distribution of trainer expenditures by category relative to total expenditures. The last column converts these expenditures to the corresponding percent of 2007 total owner expenditures, where trainer expenditures account for 45.9% of total owner expenditures.

**Table 8: Percent Distribution of Thoroughbred Trainer Expenditures and Equivalent Owner Expenditures**

<b>Expenditure Category*</b>	<b>Percent of Trainer Expenditures</b>	<b>Equivalent Percent of Owner Expenditures (column 2 x 45.9%)*</b>
Wages and Salaries and Contract Labor	50.1%	23.0%
Feed and Bedding	28.9%	13.3%
Tack and Supplies	5.3%	2.4%
Workers Compensation	4.4%	2.0%
Depreciation – Non Equine	3.8%	1.7%
Interest	2.3%	1.1%
All Other Expenses	5.2%	2.4%
<b>Total Direct Expenses</b>	<b>100.0%</b>	<b>45.9%</b>

\*Column 3 entries computed as each entry in column 2 x 45.9%, the daily training fee percentage of total owner expenditures.

As expected, payments to labor in the form of wages and salaries and contract labor are by far the largest expenditure category by trainers, accounting for 50% of their total expenditures. This is equivalent to 23% of total owner expenditures (45.9% x 50.1%). So, while owners generally do not directly employ labor directly 23% of owner expenditures are made indirectly for labor through payment of the daily training fee to their trainers. The next largest category of spending by trainers is for feed and bedding, 29% of total expenditures, which is equivalent to 13% of owner expenditures (45.9% x 28.9%).

### **Total Owner-Trainer Expenditures**

The total expenditures by racehorse owners to keep a horse in training at Prairie Meadows is based on the number of horses in training per day, the number of days those horses are in training at the racetrack, and the owner's daily fee to keep a horse in training at the racetrack. Using information from Table 4 of this report and daily owner cost to keep a horse in training a computation of total owner expenditures by Thoroughbred race horse owners at Prairie Meadows in 2007 is computed in Table 9.

**Table 9: Total Thoroughbred Racehorse Owner Expenditures – 2007**

	Horses-in-training per Day*	Cost Per Horse	Daily Owner Expenditures	Days-in-training at racetrack*	Total Owner Expenditures
<b>Thoroughbred Meet</b>	1,125	\$105	\$118,125	107	\$12,639,375
<b>Mixed Meet-Thoroughbred</b>	710	\$105	\$74,550	73	\$5,442,150
<b>Total</b>					<b>\$18,081,525</b>

\*Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino

Thoroughbred race horse owners spent \$18.1 million on horses racing at Prairie Meadows in 2007. Table 10 shows the distribution of owner expenditures among major categories. The top rows of the table show the distribution of the 45.9% of trainer fees paid by the owner to the trainer into their appropriate categories. This is followed by the distribution of expenses paid directly by the owner.

**Table 10: Distribution of Thoroughbred Owner-Trainer Expenditures**

Expenditure Category	Percent	Total Expenditures
Owner Daily Fee Payments to Trainer by Trainer Spending Categories:		
Wages and Salaries and Contract Labor	23.0%	\$4,158,751
Feed and Bedding	13.3%	\$2,404,843
Tack and Supplies	2.4%	\$433,957
Workers Compensation	2.0%	\$361,631
Depreciation – Non Equine	1.7%	\$307,386
Interest	1.1%	\$198,897
All Other Expenses	2.4%	\$433,957
<b>Total Daily Owner Fee Payments to Trainer by Trainer Spending Categories</b>	<b>45.9%</b>	<b>\$8,299,420</b>
Other Expenses Paid Direct by Owner:		
Veterinarian Care and Medicine	9.8%	\$1,771,990
Trainer Commissions	7.1%	\$1,283,788
Jockey Fees (Commissions)	6.6%	\$1,193,381
Depreciation – Equine	5.0%	\$904,076
Board (Turnouts/Layups)	4.3%	\$777,506
Vanning/Transport	2.7%	\$488,201
Travel Expense	2.4%	\$433,957
Farrier	2.2%	\$397,794
All Other Expenses*	14.0%	\$2,531,414
<b>Total Non-Training Fee Expenses Paid by Owner</b>	<b>54.1%</b>	<b>\$9,782,105</b>
<b>Total All Owner Expenses</b>	<b>100.0%</b>	<b>\$18,081,525</b>

Out of the \$8.3 million provided by owners to trainers, trainers spent \$4.2 million for labor, the largest category of expenditures for the owner-trainer sector accounting for 23% of total expenditures.

## Other Information from Thoroughbred Owner and Trainer Surveys

Following are additional selected results from the Thoroughbred owner survey:

- 57% of responding owners were proprietors. Another 29% were partners and 14% were corporations.
- 62% of responding owners reported that they had a loss in 2007.
- Owners who raced their horses outside Iowa most frequently shipped their horses to Oaklawn Park (AR), Remington and Will Rogers (OK), Nebraska Circuit (Lincoln, Columbus, Fonner Park), Arlington Park and Hawthorne (IL), Canterbury (MN), and the Woodlands (KS).
- Approximately 35% of respondents reported overnight stays of 8 nights in Altoona or Des Moines with a travel party of 3 people who spent \$367 per day.

### Thoroughbred Trainer Direct Employment

Thoroughbred trainers who responded to our survey had an average of 17 horses in training at Prairie Meadows. The trainer must employ help to maintain these horses while they are in training at the racetrack. Table 11 gives the average employment by stable and by horse-in-training averaged over each responding trainer.

**Table 11: Thoroughbred Trainer Employment Per Horse**

Employee	Average per Stable	Average per Horse*
Trainer	1.000	0.118
Assistant Trainer	0.590	0.048
Stable Foreman	0.262	0.010
Night Watch (security)	0.024	0.001
Groom	3.626	0.188
Exercise Rider	2.205	0.166
Hot Walker	1.685	0.077
Pony Person	0.809	0.077
Other	0.141	0.010
<b>Total*</b>	<b>10.342</b>	<b>0.695</b>

\*Includes 8.691 paid and 1.651 unpaid employees per stable and 0.575 paid and 0.120 unpaid employees per horse.

There was an average 10.3 employees per stable, including the trainer who is generally employed by the owner on a contract basis. On average, there were 0.7 employees per horse in a

typical Prairie Meadows Thoroughbred trainer's stable. Stated another way, a stable of 10 horses required 7 employees to maintain its horses in training.

The direct employment per day of trainers with horses-in-training at Prairie Meadows can be computed as the number of horses at the racetrack multiplied by the number of employees per horse. The daily employment is adjusted to a full-time-equivalent (fte) or year-round basis. Since employees typically work a 260 day year, an adjustment must be made to account for this. The adjustment factor is 365/260 or 1.4 times the number computed on the assumption that each employee works a 365 day year. In other words, it takes 40% more employees to care for the horses daily over the year if each employee works 260 days than it would if each employee works 365 days. Employment by trainers with horses-in-training at Prairie Meadows is given in Table 12 below.

**Table 12: Total Thoroughbred Trainer Employment**

	Horses-in-training Per Day(1)	Employees Per Horse	Employees Per Day	Days(1)	FTE Employment (2)
Thoroughbred Meet	1125	0.695	782	107	322
Mixed Meet-Thoroughbred	710	0.695	493	73	138
Total Employment					<b>460</b>
(1) Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino					
(2) Employees per Day x Days x 365/260					

### **Summary of Direct Expenditure and Employment Impacts of Owner-Trainer Sector**

The direct Thoroughbred owner-trainer impact economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$18,081,525</b>
<b>Direct FTE Employment</b>	<b>460</b>

### **Quarter Horse Owner and Trainers**

A list of owners whose horses had won money at Prairie Meadows racetrack in 2007 was provided by the Prairie Meadows Horsemen's Bookkeeper. A list of Quarter Horse trainers with horses-in-training stabled at Prairie Meadows racetrack was provided by track management. The

survey forms used for Quarter Horse owners and trainers used the same format as those for Thoroughbred owners and trainers and so are not included in the Appendices to this report.

### Location of Quarter Horse Owners

The location of Quarter Horse owners with horses who won money at Prairie Meadows and were surveyed for this study is given in Table 13.

**Table 13: Quarter Horse Owners By State (1% or greater)**

State	Percent	Cumulative
IA	28.3%	28.3%
KS	13.8%	42.0%
OK	12.3%	54.3%
MO	8.9%	63.2%
TX	7.4%	70.6%
IL	5.2%	75.8%
MN	5.2%	81.0%
CO	3.0%	84.0%
CA	1.5%	85.5%
IN	1.5%	87.0%
AR	1.1%	88.1%
GA	1.1%	89.2%
LA	1.1%	90.3%
MI	1.1%	91.4%
ND	1.1%	92.6%
SD	1.1%	93.7%
All Other	6.3%	100.0%
<b>Total</b>	<b>100.0%</b>	

About 75% of all owners whose horses won money at Prairie Meadows in 2007 resided in Iowa, Kansas, Oklahoma, Missouri, Texas, or Illinois. Iowa Quarter Horse race horse owners accounted for 28% of the total.

### Percent Owner Expenditure Distribution

The percent distribution of owner expenses by category from the survey is shown in Table 14. There was an average of 3 horses-in-training reported by the responding owners.

**Table 14: Percent Distribution of Quarter Horse Owner Expenditures**

<b>Expenditure Category</b>	<b>Percent</b>
<b>Daily Trainer Fees (excluding commissions)</b>	41.9%
Veterinarian Care and Medicine	11.2%
Trainer Commissions	10.2%
Jockey Fees (Commissions)	9.4%
Nominations, Registrations, Entry Fees	8.4%
Farrier	3.5%
Travel Expense	2.8%
Vanning/Transport	2.7%
All Other Expenses*	9.9%
<b>Total Expense</b>	<b>100.0%</b>

\*Individual expense categories over 2% of total expenses.

An examination of the distribution of expenditures shows that daily training fees, 41.9% of total expenditures, are by far the largest race horse owner cost. When payments of commission to trainers for winning horses are added to the daily training fee, payments to trainers account for over half, or 52%, of an owner's total expenditures.

**Daily Trainer Fee**

Quarter Horse owners and trainers reported an average daily training fee of \$32 per-day for training an owner’s horses at Prairie Meadows racetrack.

**Daily Owner Fee**

As shown in Table 14 above, daily trainer fees accounted for 41.9% of total owner expenditures. The remaining 58.1% of total owner expenses such as those for veterinarian services, jockey fees, equine transportation, farrier, and travel are billed directly by the trainer to the owner or may be incurred directly by the owner. Following is the computation of the daily cost to a Quarter Horse race horse owner to keep a horse in training at Prairie Meadows.

	<b>Daily Trainer Fee</b>	<b>%Owner Cost</b>	<b>Daily Owner Cost Per Horse</b>
<b>Quarter Horse Owner</b>	\$32	41.9%	<b>\$76</b>

The total cost incurred by a Quarter Horse owner for keeping a horse in training is computed to be \$76 per day.

## Percent Trainer and Equivalent Owner Expenditure Distribution

Table 15 gives the distribution of the major expenditures covered by the daily training fee paid by owner to trainers for horses in their care. Included in this fee are payments by trainers for labor, feed and bedding, tack and supplies and other expenses to maintain the owners' horses in training. The second column of Table 15 gives the percent distribution of trainer expenditures relative to total trainer expenditures. The last column converts these expenditures to the corresponding percent of 2007 total owner expenditures, where trainer expenditures account for 41.9% of total owner expenditures.

**Table 15: Distribution of Quarter Horse Trainer Expenditures and Equivalent Owner Expenditures**

Expenditure Category*	Percent of Trainer Expenditures	Equivalent Percent of Owner Expenditures (column 2 x 41.9%)*
Wages and Salaries and Contract Labor	40.4%	16.9%
Feed and Bedding	29.3%	12.3%
Tack and Supplies	4.1%	1.7%
Depreciation – Non Equine	4.9%	2.1%
Workers Compensation	2.0%	0.8%
Interest	2.0%	0.8%
All Other Expenses*	17.4%	7.3%
<b>Total Direct Expenses</b>	<b>100.0%</b>	<b>41.9%</b>

\*Column 3 entries computed as each entry in column 2 x 41.9%, the daily training fee percentage of total owner expenditures.

As expected, payments to labor in the form of wages and salaries and contract labor are the largest expenditure category by trainers, accounting for 40% of their total expenditures. This is equivalent to 17% of total owner expenditures (41.9% x 40.4%). Thus, while owners generally do not directly employ labor directly 17% of owner expenditures are made indirectly for labor through payment of the daily training fee to their trainers. The next largest category of spending by trainers is for feed and bedding, 29% of total expenditures, which is equivalent to 12% of owner expenditures (41.9% x 29.3%).

### Total Owner-Trainer Expenditures

The total expenditures by racehorse owners to keep a horse in training at Prairie Meadows is based on the number of horses in training per day, the number of days those horses are in training at the racetrack, and the owner's daily fee to keep a horse in training at the racetrack. Using information from Table 4 of this report and daily owner cost to keep a horse in

training a computation of total owner expenditures by Quarter Horse race horse owners at Prairie Meadows in 2007 is computed in Table 16.

**Table 16: Total Quarter Horse Racehorse Owner Expenditures - 2007**

	Horses-in-training per Day*	Cost Per Horse	Daily Owner Expenditures	Days-in-training at racetrack*	Total Owner Expenditures
<b>Mixed Meet-Quarter Horse</b>	433	\$76	\$32,908	73	<b>\$2,402,284</b>
*Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino					

Quarter Horse race horse owners spent \$2.4 million on horses racing at Prairie Meadows in 2007. Table 17 shows the distribution of owner expenditures among major categories. The top rows of the table show the distribution of the 41.9% of trainer fees paid by the owner to the trainer into their appropriate categories. This is followed by the distribution of expenses paid directly by the owner. Out of the \$1.0 million provided by owners to trainers, trainers spent \$406 thousand for labor, the largest category of expenditures for the owner-trainer sector accounting for 17% of total expenditures.

**Table 17: Distribution of Quarter Horse Owner-Trainer Expenditures**

Expenditure Category	Percent	Total Expenditures
<b>Owner Daily Fee Payments to Trainer by Trainer Spending Categories:</b>		
Wages and Salaries and Contract Labor	16.9%	\$405,986
Feed and Bedding	12.3%	\$295,481
Tack and Supplies	1.7%	\$40,839
Depreciation – Non Equine	2.1%	\$50,448
Workers Compensation	0.8%	\$19,218
Interest	0.8%	\$19,218
All Other Expenses	7.3%	\$175,367
<b>Total Daily Owner Fee Payments to Trainer by Trainer Spending Categories</b>	<b>41.9%</b>	<b>\$1,006,557</b>
<b>Other Expenses Paid Direct by Owner:</b>		
Veterinarian Care and Medicine	11.2%	\$269,056
Trainer Commissions	10.2%	\$245,033
Jockey Fees (Commissions)	9.4%	\$225,814
Nominations, Registrations, Entry Fees	8.4%	\$201,792
Farrier	3.5%	\$84,080
Travel Expense	2.8%	\$67,264
Vanning/Transport	2.7%	\$64,862
All Other Expenses	9.9%	\$237,826
<b>Total Non-Training Fee Expenses Paid by Owner</b>	<b>58.1%</b>	<b>\$1,395,727</b>
<b>Total All Owner Expenses</b>	<b>100.0%</b>	<b>\$2,402,284</b>

## Other Information from Quarter Horse Owner and Trainer Surveys

Following are additional selected results from the Quarter Horse owner survey:

- 75% of responding owners were proprietors. Another 17% were partners and 8% were corporations.
- 52% of responding owners reported that they had a loss in 2007.
- Owners who raced their horses outside Iowa most frequently shipped their horses to Oklahoma (Will Rogers Downs, Blue Ribbon Downs, and Fair Meadows) and Texas (Remington, Lone Star, Sam Houston). These states were followed by Minnesota (Canterbury) and Kansas (Woodlands, Eureka). Horses were also shipped to New Mexico (Ruidoso, Zia Park), Louisiana (Delta Downs, Evangeline) and California (Los Alamitos).
- Approximately 79% of respondents reported overnight stays of 14 nights in Altoona or Des Moines with a travel party of 4 people who spent \$266 per day.

### Quarter Horse Trainer Direct Employment

Quarter Horse trainers who responded to our survey had, on average, 18 horses in training at Prairie Meadows. The trainer must employ help to maintain these horses while they are in training at the racetrack. Table 18 gives the average employment by stable and by horse-in-training averaged over each responding trainer.

**Table 18: Quarter Horse Trainer Employment Per Horse**

Employee	Average per Stable	Average per Horse*
Trainer	1.000	0.088
Assistant Trainer	0.693	0.032
Stable Foreman	0.308	0.012
Night Watch (security)	0.693	0.057
Groom	2.616	0.172
Exercise Rider	0.000	0.000
Hot Walker	1.616	0.133
Pony Person	0.923	0.057
Other	0.154	0.008
<b>Total*</b>	<b>8.003</b>	<b>0.559</b>

\*Includes 6.694 paid and 1.309 unpaid employees per stable and 0.434 paid and 0.125 unpaid employees per horse.

There was an average of 8 employees per stable, including the trainer who is generally employed by the owner on a contract basis. On average, there were 0.556 employees per horse in a typical Prairie Meadows Quarter Horse trainer's stable. Stated another way, a stable of 10 horses required 5.6 employees to maintain its horses in training.

The direct employment per day of Quarter Horses trainers with horses-in-training at Prairie Meadows can be computed as the number of horses at the racetrack multiplied by the number of employees per horse. The daily employment is adjusted to a full-time-equivalent (fte) or year-round basis using the same methodology used for Thoroughbred trainers. Employment by trainers with horses in training at Prairie Meadows is given in Table 19 below.

**Table 19: Total Quarter Horse Trainer Employment**

	Horses-in-training Per Day(1)	Employees Per Horse	Employees Per Day	Days(1)	FTE Employment (2)
Mixed Meet-Quarter Horse	433	0.559	242	73	68
(1) Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino					
(2) Employees per Day x Days x 365/260					

### **Summary of Direct Expenditure and Employment Impacts of Owner-Trainer Sector**

The direct Quarter Horse owner-trainer impact economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$2,402,284</b>
<b>Direct FTE Employment</b>	<b>68</b>

## Harness Horse Owner and Trainers

A list of in-state and out-of-state Harness Horse owners and trainers with horses running at Prairie Meadows as well as breeders of Iowa foals, was provided by the United State Trotting Association (USTA). These lists were merged with the list of Harness Horse breeders provided by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau. Surveys were sent to the resulting list of 316 Harness Horse owners, trainers and/or breeders. The Harness Horse survey instrument was a single form used for owners, trainers and breeders since many Harness Horse owners were participants in two or more industry sectors. The requested information was the same as that for the separate Thoroughbred owners, trainers and breeder surveys and so the survey form is not included in this report.

### Location of Harness Horse Owners

The location of Harness Horse owners who were surveyed for this study is given in Table 20. It should be noted that in many cases owners were also trainers and breeders.

Table 20: Harness Horse Owners By State (1% or greater)

State	Percent	Cumulative
IA	72.4%	72.4%
IL	11.8%	84.2%
WI	4.8%	89.0%
MN	2.6%	91.5%
MO	1.8%	93.4%
All Other	6.6%	100.0%
<b>Total</b>	<b>100.0%</b>	

Over 90% of all Harness Horse owners whose horses raced in Iowa resided in Iowa, Illinois, Wisconsin, and Minnesota. Iowa Harness Horse owners accounted for 72% of the total.

### Percent Owner Expenditure Distribution

The distribution of owner expenses by category from the survey is shown in Table 21. There was an average of 4.5 horses-in-training reported by the responding owners.

**Table 21: Percent Distribution of Harness Horse Owner Expenditures**

<b>Expenditure Category</b>	<b>Percent*</b>
Daily Training Fee	43.6%
Auto, Truck	6.7%
Veterinarian Care and Medicine	5.4%
Depreciation	5.1%
Supplies and Equipment	4.4%
Driver Fees	4.0%
Nominations, Registrations, Entry Fees	3.5%
Feed and Bedding	2.8%
Farrier	2.7%
Contract Labor	2.2%
Travel	2.2%
All Other Expenses*	17.4%
<b>Total Expense</b>	<b>100.0%</b>

\*Individual expense categories over 2% of total expenses.

An examination of the distribution of expenditures shows that daily training fees, 43.6% of total expenditures, are by far the largest race horse owner cost.

### **Daily Trainer Fee**

Harness Horse owners and trainers reported an average daily training fee of \$25 per day for training an owner’s horses at Prairie Meadows racetrack and the Iowa State and county fairs.

### **Daily Owner Fee**

As shown in Table 21 above, daily trainer fees accounted for 43.6% of total owner expenditures. The remaining 56.4% of total owner expenses such as those for veterinarian services, jockey fees, equine transportation, farrier, and travel are billed directly by the trainer to the owner or may be incurred directly by the owner. Following is the computation of the daily cost to a Harness Horse race horse owner to keep a horse in training at Prairie Meadows or the Iowa State and county fairs.

	<b>Daily Trainer Fee</b>	<b>%Owner Cost</b>	<b>Daily Owner Cost Per Horse</b>
<b>Harness Horse Owner</b>	\$25	43.6%	<b>\$57</b>

The total cost incurred by a Harness Horse owner for keeping a horse in training is computed to be \$57 per day.

### Percent Trainer and Equivalent Owner Expenditure Distribution

Table 22 gives the distribution of the major expenditures covered by the daily training fee paid by owner to trainers for horses in their care. Included in this fee are payments by trainers for labor, feed and bedding, tack and supplies and other expenses to maintain the owners' horses in training. The second column of Table 22 gives the percent distribution of trainer expenditures relative to total expenditures. The last column converts these expenditures to the corresponding percent of 2007 total owner expenditures, where trainer expenditures account for 43.6% of total owner expenditures.

**Table 22: Percent Distribution of Harness Horse Trainer Expenditures and Equivalent Owner Expenditures**

Expenditure Category*	Percent of Trainer Expenditures	Equivalent Percent of Owner Expenditures (column 2 x 43.6%)*
Wages and Salaries, Contract Labor	35.9%	15.7%
Auto-Truck	14.3%	6.2%
Feed and Bedding	8.0%	3.5%
Depreciation	6.2%	2.7%
Veterinarian Care and Medicine	4.8%	2.1%
Tack and Supplies	4.4%	1.9%
All Other Expenses*	26.3%	11.5%
<b>Total Direct Expenses</b>	<b>100.0%</b>	<b>43.6%</b>

\*Column 3 entries computed as each entry in column 2 x 43.6%, the daily training fee percentage of total owner expenditures.

As expected, payments to labor in the form of wages and salaries and contract labor are the largest expenditure category by trainers, accounting for 36% of their total expenditures. This is equivalent to 16% of total owner expenditures (43.6% x 35.9%). So, while owners generally do not directly employ labor directly 16% of owner expenditures are made indirectly for labor through payment of the daily training fee to their trainers.

### Total Owner-Trainer Expenditures

The total expenditures by racehorse owners to keep a horse in training at Prairie Meadows is based on the number of horses in training per day, the number of days those horses are in training at the racetrack, and the owner's daily fee to keep a horse in training at the

racetrack. Using information from Table 4 of this report and daily owner cost to keep a horse in training a computation of total owner expenditures by Harness Horse owners at Prairie Meadows in 2007 is given in Table 23.

**Table 23: Total Harness Horse Racehorse Owner Expenditures - 2007**

	Horses-in-training per Day*	Cost Per Horse	Daily Owner Expenditures	Days-in-training at racetrack*	Total Owner Expenditures
Harness Meet-Prairie	350	\$57	\$19,950	30	\$598,500
Harness Meets-Fairs	72	\$57	\$4,104	30	\$123,120
<b>Harness Meets-Total</b>					<b>\$721,620</b>

\*Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino

Harness Horse owners spent \$722 thousand on horses racing at Prairie Meadows in 2007. Table 24 shows the distribution of owner expenditures among major categories. The top rows of the table show the distribution of the 43.6% of trainer fees paid by the owner to the trainer in their appropriate categories. This is followed by the distribution of expenses paid directly by the owner.

**Table 24: Distribution of Harness Horse Owner-Trainer Expenditures**

Expenditure Category	Percent	Total Expenditures
Owner Daily Fee Payments to Trainer by Trainer Spending Categories:		
Wages and Salaries and Contract Labor	15.7%	\$113,294
Auto-Truck	6.2%	\$44,740
Feed and Bedding	3.5%	\$25,257
Depreciation	2.7%	\$19,484
Veterinarian Care and Medicine	2.1%	\$15,154
Tack and Supplies	1.9%	\$13,711
All Other Expenses	11.5%	\$82,986
<b>Total Daily Owner Fee Payments to Trainer by Trainer Spending Categories</b>	<b>43.6%</b>	<b>\$314,626</b>
Other Expenses Paid Direct by Owner:		
Auto, Truck	6.7%	\$48,348
Veterinarian Care and Medicine	5.4%	\$38,967
Depreciation	5.1%	\$36,803
Supplies and Equipment	4.4%	\$31,751
Driver Fees	4.0%	\$28,865
Nominations, Registrations, Entry Fees	3.5%	\$25,257
Feed and Bedding	2.8%	\$20,205
Farrier	2.7%	\$19,484
Contract Labor	2.2%	\$15,876
Travel	2.2%	\$15,876
All Other Expenses	17.4%	\$125,562
<b>Total Non-Training Fee Expenses Paid by Owner</b>	<b>56.4%</b>	<b>\$406,994</b>
<b>Total All Owner Expenses</b>	<b>100.0%</b>	<b>\$721,620</b>

Out of the \$315 thousand provided by owners to trainers, trainers spent \$113 thousand for labor.

### Other Information from Harness Horse Owner and Trainer Surveys

Following are additional selected results from the Harness Horse owner survey:

- 70% of responding owners were proprietors. Another 20% were partners and 10% were corporations.
- 60% of responding owners reported that they had a loss in 2007.
- Most harness horse owners ran their horses at Prairie Meadows and the Iowa fairs.<sup>21</sup>
- Approximately 73% of respondents reported overnight stays of 15 nights in Altoona or Des Moines and the Iowa Fairs with a travel party of 2 people who spent \$225 per day.

### Harness Horse Trainer Direct Employment

Harness Horse trainers who responded to our survey had, on average, 8 horses in training at Prairie Meadows or the Iowa fairs. The trainer must employ help to maintain these horses while they are in training at the racetrack. Table 25 gives the average employment by stable and by horse-in-training averaged over each responding trainer.

**Table 25: Harness Horse Trainer Employment Per Horse**

Employee	Average per Stable	Average per Horse*
Trainer	1.000	0.135
Assistant Trainer	1.000	0.115
Stable Foreman	0.357	0.040
Night Watch (security)	0.072	0.003
Groom	2.143	0.257
Exercise Driver	0.500	0.044
Hot Walker	0.000	0.000
Other	0.143	0.048
<b>Total*</b>	<b>5.215</b>	<b>0.642</b>

\*Includes 2.429 paid and 2.786 unpaid employees per stable and 0.288 paid and 0.354 unpaid employees per horse.

<sup>21</sup> Iowa Harness Horse Association.

There was an average of 5 employees per stable, including the trainer. On average, there were 0.642 employees per horse in a typical Prairie Meadows Harness Horse trainer's stable. Stated another way, a stable of 10 horses required 6.4 employees to maintain its horses in training.

The direct employment per day of Harness Horses trainers with horses-in-training at Prairie Meadows can be computed as the number of horses at the racetrack multiplied by the number of employees per horse. The daily employment is adjusted to a full-time-equivalent (fte) or year-round basis using the same methodology used for Thoroughbred trainers. Employment by trainers with horses in training at Prairie Meadows is given in Table 26 below.

**Table 26: Total Harness Horse Trainer Employment**

	Horses-in-training Per Day(1)	Employees Per Horse	Employees Per Day	Days(1)	FTE Employment (2)
Harness Meet-Prairie	350	0.642	225	30	26
Harness Meets-Fairs	72	0.642	46	30	5
<b>Harness Meets-Total</b>					<b>31</b>
(1) Source: Horses and Days In-Training: Prairie Meadows Racetrack and Casino and USTA (fairs)					
(2)Employees per Day x Days x 365/260					

### **Summary of Direct Expenditure and Employment Impacts of Owner-Trainer Sector**

The direct Harness Horse owner-trainer impact economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$721,620</b>
<b>Direct FTE Employment</b>	<b>31</b>

It should be noted that relative to Thoroughbreds and Quarter Horses, many more Harness horses in Iowa when they are not racing at Prairie Meadows or at the Iowa fairs are trained on those farms which have training facilities. The expenditure and employment impacts above do not reflect training on the farm which is captured as part of the breeder sector impact which follows.

## BREEDER SECTOR

Racehorse breeders derive their revenues largely from purses. Results of a published economic-statistical analysis of the supply (foal crop) and demand (yearling sale price) of Thoroughbred bloodstock show that as expected future purses increase, so does the expected revenue from selling yearlings which, in turn, increases foal production (Neibergs and Thalheimer, 1997) . The converse is also true, that is, as purses decrease, the expected revenue from yearling sales also decreases as does the resulting production of bloodstock.

An analysis of expenditures and employment of Thoroughbred, Quarter Horse, and Harness Horse breeders of race horses in Iowa now follows.

### Iowa Race Horse Bloodstock Trends 1990-2007

Table 27 gives the trend in conceived foals from 1990 to 2007. Examination of the last column in Table 27 shows that the breeding industry in Iowa increased dramatically from 1994 to its peak in 2000-2001. The total number of foals had fallen 16% from its peak in 2000 through 2007 coinciding roughly with the 16% decline in inflation-adjusted purses from 2002 to 2007.

**Table 27: Iowa Race Horse Conceived Foals 1990-2007**

Year	Conceived Foals			Total Foals
	Quarter Horse Foals	Harness (Standardbred) Foals	Thoroughbred Foals	
1990	100	91	260	451
1991	143	93	231	467
1992	115	51	205	371
1993	106	39	191	336
1994	83	36	182	301
1995	115	25	243	383
1996	206	36	340	582
1997	207	57	605	869
1998	220	85	677	982
1999	212	92	583	887
2000	255	145	637	1037
2001	265	155	612	1032
2002	248	168	552	968
2003	201	193	516	910
2004	180	206	448	834
2005	171	259	437	867
2006	173	293	431	897
2007	156	321	395	872

Source: Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau.

The change in foals by breed shows dramatic differences from the overall change. Thoroughbred breeding declined 38% from 2000 through 2007 while Quarter horse breeding declined 39% over that same period. Counter to this downward trend in the race horse breeding industry, Harness Horse breeding increased 121% from 2000 through 2007. While the decline in aggregate purses, adjusted for inflation, can account, at least in part, for the decline in aggregate breeding and for Thoroughbred and Quarter Horse operations, the increase in Harness Horse breeding is counter to that trend. This can be attributed, at least in part, to the increase in purses due to the combination of those paid to Prairie Meadows and the increase in payments by Prairie Meadows to the State and county fairs.

In 2007 there were 133 inspected stallions in Iowa. There were 1,357 inspected mares that produced 872 foals.<sup>22</sup> Assuming that 90% of foals survive to become yearlings, there would be 785 yearlings on horse farms in 2007 for a total race horse farm breeding stock population of approximately 3,147 horses for all three breeds. This total does not include horses in training at horse farms and racetracks.

### **Thoroughbred Breeders**

A list of breeders of Iowa foals was provided by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau. This list was combined with the membership list of the Iowa Thoroughbred Owners and Breeders Association (ITBOA). Duplicates were eliminated and the resulting list of 453 breeders was surveyed. Of the 132 respondents, 50 indicated that they owned a horse farm in Iowa. The remainder were breeders who did not own a farm but boarded their horses on one. A count of Thoroughbred horse farms in Iowa was not available. These horse farms were the subject of the breeder sector analysis. Respondents who did not own horse farms but who boarded their horses on Iowa horse farms provided additional information for the analysis. The Thoroughbred Breeder survey form is included in Appendix 3 of this report.

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<sup>22</sup> Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau

The farms surveyed averaged 172 acres with 44 acres or 26% of total acreage devoted to Thoroughbred race horse breeding operations. Only farms with 5 or more acres were included in the analysis.

## Direct Expenditures

A count of Iowa Thoroughbred horse farms is not available. For this reason, total direct expenditures for Iowa farms cannot be computed as average expenditures per farm multiplied by the number of farms. Instead, total direct expenditures are computed as average expenditures per foal from the survey sample multiplied by the reported total number of Iowa foals. For each foal there are generally corresponding yearlings, year-round and seasonal mares, stallions, layups (horses on the farm generally to recover from racing injuries), turnouts (horses on the farm for time-off from racing), and horses-in-training at the farm. Table 28 gives the average configuration for horses on an Iowa Thoroughbred farms from survey responses used in the analysis.

**Table 28: Horses on a Thoroughbred Farm at Some Time During the Year**

Foals	4.55
Yearlings	3.28
Mares-Year-Round	5.93
Mares-Seasonal	3.90
Stallions	0.28
Layups	0.54
Turnouts	2.46
Horses-In-Training on Farm	0.14

Based on survey results, total Thoroughbred breeding farm expenditures per foal for all horses maintained on a farm were \$29,739 in 2007. Referring to Table 27, there were 395 conceived Thoroughbred foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau that year. Iowa Thoroughbred horse farms spent an estimated \$11,746,905 in operating expenses in addition to new investment of \$1,334,705<sup>23</sup> for total direct spending of \$13,081,610 in 2007.

<sup>23</sup> Based on average investment per foal of \$3,379 from survey results.

## Distribution of Breeding Farm Expenditures

In addition to the approximately \$1.3 million new investment in structures and improvements, Iowa Thoroughbred race horse breeding farms spent \$11.7 million on a variety of goods and services as shown in Table 29. As can be seen, wages and salaries are by far the largest categories of expenditures of Thoroughbred breeders, accounting for 26% of all expenditures.

**Table 29: Distribution of Thoroughbred Breeding Farm Expenditures (Excluding New Investment)**

<b>Expenditure Category*</b>	<b>Percent*</b>	<b>Total Spending</b>
Wage and Salaries, Contract Labor and Professional Services	25.5%	\$2,995,461
Stud Fees	9.4%	\$1,104,209
Veterinarian Care and Medicine	9.0%	\$1,057,221
Feed and Bedding	8.6%	\$1,010,234
Depreciation	7.9%	\$928,005
Board	6.4%	\$751,802
Auto-Truck Expense	4.3%	\$505,117
Property Tax	2.9%	\$340,660
Insurance	2.6%	\$305,420
Repairs and Maintenance	2.5%	\$293,673
Supplies and Equipment	2.4%	\$281,926
Farrier	2.1%	\$246,685
Utilities	1.9%	\$223,191
Nominations, Registrations	1.7%	\$199,697
Vanning/Transport	1.4%	\$164,457
Sale Prep	1.2%	\$140,963
Sale Commissions	1.1%	\$129,216
Interest	1.1%	\$129,216
All Other Expenses	8.0%	\$939,752
<b>Total</b>	<b>100.0%</b>	<b>\$11,746,905</b>

\*Individual expense categories 2% or more of total expenses.

Average daily fees charged to breeders by horse farms for boarding horse are given in Table 30.

**Table 30: Average Daily Fees – Iowa Thoroughbred Horse Farms**

<b>Horse On Farm</b>	<b>Daily Fee</b>
Mare-Year-Round	\$14
Mare-Seasonal	\$15
Weanling	\$14
Yearling	\$14
Horses-In-Training on Farm	\$29
Layups/Turnouts	\$15

## Direct Employment

Breeders hire employees to work on their horse farms giving care to the horses boarded there. Employees may be hired on a full-time year-round, part-time year-round or seasonal basis. Table 31 gives the distribution of employees per foal, adjusted to a full-time equivalent (fte), or year-round, basis as obtained from the survey.<sup>24</sup>

**Table 31: Full-Time Equivalent (FTE) Employees per Thoroughbred Horse Farm**

Employee Category	Employees/Foal	Months	Percent of Year	FTE Employees per Foal
Full-time paid	0.091	12	100%	0.091
Part-time year-round paid*	0.173	6	50%	0.086
Seasonal paid**	0.078	4	33%	0.026
Full-time non-paid	0.151	12	100%	0.151
Part-time year-round non-paid*	0.352	6	50%	0.176
Seasonal non-paid**	0.015	4	33%	0.005
<b>Total FTE Employment per Foal</b>	<b>0.860</b>			<b>0.535</b>
*12 months at half-time				
**4 months at full-time				

On a per-foal basis, there were 0.860 full-time, seasonal and part-time paid and unpaid workers per foal employed by Thoroughbred horse farm owners in 2007. Adjusting the seasonal and part-time workers to a full-time-equivalent (fte) basis, There was an estimated 0.535 fte workers per foal on Thoroughbred horse farms. Referring to Table 27, there were 395 conceived Thoroughbred foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau in 2007. Using this information, Iowa Thoroughbred horse farms employed an estimated 339 employees at some time over the year. Adjusted to a full-time-equivalent basis, Iowa Thoroughbred horse farms employed 211 workers in 2007.

## Other Information from Thoroughbred Breeder Survey

Following are other selected results from the breeder survey:

- Over half of the horse farms, 71%, were proprietorships, another 26% were partnerships and 3% were corporations.

<sup>24</sup> As an example of a full-time equivalent employee computation, consider a seasonal worker who works 3 months of the year. This worker would be considered a 0.25 (3/12) full-time equivalent to a worker who works 12 months a year and is considered as 1 full-time-equivalent worker.

- 82% of responding breeders/farms reported that they had a loss in 2007
- There were few horses-in-training on Thoroughbred horse farms.

**Summary of Direct Expenditure and Employment Impacts of Thoroughbred Breeder Sector**

The direct Thoroughbred breeder economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$13,081,610</b>
<b>Direct FTE Employment</b>	<b>211</b>

**Quarter Horse Breeders**

A list of breeders of Iowa foals was provided by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau and this list of 77 breeders was surveyed. Of the 38 respondents, 25 indicated they owned a horse farm in Iowa. The remainder were breeders who did not own a farm but boarded their horses on an Iowa farm. A count of Quarter Horse farms in Iowa was not available. These horse farms were the subject of the breeder sector analysis. Respondents who did not own horse farms but who boarded their horses on Iowa horse farms provided additional information for the analysis. The Quarter Horse Breeder survey form asked for the same information as the Thoroughbred Breeder survey form in Appendix 3 of this report and so is not included.

The farms surveyed averaged 139 acres with 35 acres or 25% of total acreage devoted to Quarter Horse race horse breeding operations. Only farms with 5 or more acres were included in the analysis.

**Direct Expenditures**

While a count of Iowa Quarter Horse farms is not available, the number of Quarter Horse foals is reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau. For this reason, total direct expenditures for Iowa farms cannot be computed as

average expenditures per farm multiplied by the number of farms. Instead, total direct expenditures are computed as average expenditures per foal from the survey sample multiplied by the total number of Iowa foals. Table 32 gives the average configuration for horses on Iowa Quarter Horse farms from survey responses used in the analysis.

**Table 32: Horses on a Quarter Horse Farm at Some Time During the Year**

Foals	4.7
Yearlings	3.9
Mares-Year-Round	6.8
Mares-Seasonal	2.7
Stallions	0.6
Layups	0.9
Turnouts	1.2
Horses-In-Training on Farm	2.3

Based on survey results, total Quarter Horse breeding farm expenditures per foal for all horses maintained on a farm were \$15,689 in 2007. Referring to Table 27, there were 156 conceived Quarter Horse foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau that year. Using these numbers, Iowa Quarter Horse farms spent an estimated \$2,447,484 in operating expenses in addition to new investment of \$222,768<sup>25</sup> for total direct spending of \$2,670,252 in 2007.

### **Distribution of Breeding Farm Expenditures**

In addition to the approximately \$0.2 million in new investment in structures and improvements, Iowa Quarter Horse breeding farms spent \$2.5 million on a variety of goods and services as shown in Table 33.

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<sup>25</sup> Based on average investment per foal of \$1,428 from survey results.

**Table 33: Distribution of Quarter Horse Breeding Farm Expenditures (Excluding New Investment)**

<b>Expenditure Category*</b>	<b>Percent*</b>	<b>Total Spending</b>
Wages and Salaries, Contract Labor and Professional Services	4.9%	\$119,927
Stud Fees	23.6%	\$577,606
Feed and Bedding	16.4%	\$401,387
Auto-Truck Expense	10.5%	\$256,986
Veterinarian Care and Medicine	8.8%	\$215,379
Depreciation	5.3%	\$129,717
Nominations, Registrations	4.9%	\$119,927
Utilities	3.1%	\$75,872
Supplies and Equipment	3.0%	\$73,425
Vanning/Transport	2.8%	\$68,530
Insurance	2.8%	\$68,530
Property Tax	2.7%	\$66,082
Repairs and Maintenance	1.9%	\$46,502
Farrier	1.9%	\$46,502
Board	1.4%	\$34,265
Sale Commission	1.2%	\$29,370
Interest	1.2%	\$29,370
All Other Expenses	3.7%	\$90,557
<b>Total</b>	<b>100%</b>	<b>\$2,447,484</b>

\*Individual expense categories 1% or more of total expenses.

Unlike Thoroughbred breeders, wages and salaries were not the major expense for Quarter Horse breeding farms accounting for only 4% of total expenditures. Stud fees at 24% of total expenditures were by far the major expenditure category.

Average daily fees charged to breeders by horse farms for boarding horse are given in Table 34.

**Table 34: Average Daily Fees – Iowa Harness Horse Farms**

<b>Horse On Farm</b>	<b>Daily Fee</b>
Mare-Year-Round	\$7
Mare-Seasonal	\$7
Weanling	\$5
Yearling	\$6
Horses-In-Training on Farm	\$20
Layups/Turnouts	\$4

## **Direct Employment**

Breeders hire employees to work on their horse farms giving care to the horses boarded there. Employees may be hired on a full-time year-round, part-time year-round or seasonal basis.

Table 35 gives the distribution of employees per foal, adjusted to a full-time equivalent (fte), or year-round, basis as obtained from the survey.

**Table 35: Full-Time Equivalent (FTE) Employees per Quarter Horse Farm**

Employee Category	Employees/Foal	Months	Percent of Year	FTE Employees per Foal
Full-time paid	0.012	12	100%	0.012
Part-time year-round paid*	0.048	12	50%	0.024
Seasonal paid**	0.019	4	33%	0.006
Full-time non-paid	0.436	12	100%	0.436
Part-time year-round non-paid*	0.231	12	50%	0.116
Seasonal non-paid**	0.029	4	25%	0.007
<b>Total FTE Employment per Foal</b>	<b>0.775</b>			<b>0.601</b>
*12 months at half-time				
**4 months at full-time				

On a per-foal basis, there were 0.775 full-time, seasonal and part-time paid and unpaid workers per foal employed by Quarter Horse farm owners in 2007. Adjusting the seasonal and part-time workers to a full-time-equivalent (fte) basis, there were an estimated 0.601 fte workers per foal on Quarter Horse farms. Referring to Table 27, there were 156 conceived Quarter Horse foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau in 2007. Using this information, Iowa Quarter Horse farms employed an estimated 121 employees at some time over the year. Adjusted to a full-time-equivalent basis, Iowa Quarter Horse farms employed 94 workers in 2007.

### **Other Information from Quarter Horse Survey**

Following are other selected results from the breeder survey:

- Over half of the horse farms, 76%, were proprietorships, another 16% were partnerships and 8% were corporations.
- 68% of responding breeders/farms reported that they had a loss in 2007
- There were slightly more than 2 horses-in-training on Quarter Horse farms.

## Summary Direct Expenditure and Employment Impacts of Quarter Horse Breeder Sector

The direct Quarter Horse breeder economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$2,670,252</b>
<b>Direct FTE Employment</b>	<b>94</b>

### Harness Horse Breeders

A list of in-state and out-of-state Harness Horse owners, trainers and breeders was provided by the United State Trotting Association (USTA). These lists were merged with the list of Harness Horse (Standardbred) breeders provided by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau. Surveys were sent to the resulting list of 316 Harness Horse owners, trainers and/or breeders. Of the 73 respondents, 29 indicated that they had a horse farm in Iowa. The Harness Horse survey instrument was a single form used for owners, trainers and breeders since many Harness Horse owners were participants in two or more industry sectors. The requested information was the same as that for the separate Thoroughbred owners, trainers and breeder surveys in Appendix 3 of this report and so the survey form is not included in this report.

The farms surveyed averaged 103 acres with 36 acres or 35% of total acreage devoted to Harness Horse operations. Only farms with 5 or more acres were included in the analysis.

### Direct Expenditures

While a count of Iowa Harness Horse farms is not available, the number of Harness Horse foals is reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau. For this reason, total direct expenditures for Iowa farms cannot be computed as average expenditures per farm multiplied by the number of farms. Instead, total direct expenditures are computed as average expenditures per foal from the survey sample

multiplied by the total number of Iowa foals. Table 36 gives the average configuration for horses on Iowa Harness Horse farms from survey responses used in the analysis.

**Table 36: Horses on a Harness Horse Farms at Some Time During the Year**

Foals	4.2
Yearlings	3.8
Mares-Year-Round	6.9
Mares-Seasonal	0.6
Stallions	0.7
Layups/Turnouts	1.1
Horses-In-Training on Farm	4.8

Based on survey results, total Harness Horse breeding farm expenditures per foal for all horses maintained on a farm were \$18,943 in 2007. Referring to Table 27, there were 321 conceived Harness Horse foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau that year. Using these numbers, Iowa Harness Horse farms spent an estimated \$6,080,703 in operating expenses in addition to new investment of \$337,050<sup>26</sup> for total direct spending of \$6,417,753 in 2007.

### **Distribution of Breeding Farm Expenditures**

In addition to the approximately \$0.3 million new investment in structures and improvements, Iowa Harness Horse breeding farms spent \$1.9 million on a variety of goods and services as shown in Table 37.

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<sup>26</sup> Based on average investment per foal of \$1,050 from survey results.

**Table 37: Distribution of Harness Horse Breeding Farm Expenditures (Excluding New Investment)**

<b>Expenditure Category*</b>	<b>Percent*</b>	<b>Total Spending</b>
Wages and Salaries and Contract Labor	23.6%	\$1,435,046
Depreciation	9.5%	\$577,667
Feed and Bedding	9.0%	\$547,263
Auto-Truck Expense	8.4%	\$510,779
Veterinarian Care and Medicine	8.1%	\$492,537
Supplies and Equipment	5.1%	\$310,116
Rent or Lease	4.7%	\$285,793
Nominations, Registrations	4.0%	\$243,228
Insurance	3.4%	\$206,744
Repairs and Maintenance	3.3%	\$200,663
Fertilizer, Lime, Seed, etc.	2.8%	\$170,260
Property Tax	2.7%	\$164,179
Trainer Fee	2.0%	\$121,614
Farrier	1.7%	\$103,372
Stud Fees	1.7%	\$103,372
Interest	1.7%	\$103,372
Utilities	1.7%	\$103,372
Travel	1.3%	\$79,049
All Other Expenses	5.3%	\$322,277
<b>Total</b>	<b>100.0%</b>	<b>\$6,080,703</b>

\*Individual expense categories 1% or more of total expenses.

Like Thoroughbred breeding operations, wages and salaries are a major expense for Harness Horse breeding farms accounting for 24% of total expenditures.

Average daily fees charged to breeders by horse farms for boarding horse are given in Table 38.

**Table 38: Average Daily Fees – Iowa Harness Horse Farms**

<b>Horse On Farm</b>	<b>Daily Fee</b>
Mare-Year-Round	\$10
Mare-Seasonal	\$10
Weanling	\$6
Yearling	\$7
Horses-In-Training on Farm	\$19
Layups/Turnouts	\$14

## **Direct Employment**

Breeders hire employees to work on their horse farms giving care to the horses boarded there. Employees may be hired on a full-time year-round, part-time year-round or seasonal basis.

Table 39 gives the distribution of employees per foal, adjusted to a full-time equivalent (fte), or year-round, basis as obtained from the survey.

**Table 39: Full-Time Equivalent (FTE) Employees per Harness Horse Farm**

Employee Category	Employees/Foal	Months	Percent of Year	FTE Employees per Foal
Full-time paid	0.042	12	100%	0.042
Part-time year-round paid*	0.109	6	50%	0.055
Seasonal paid**	0.041	4	33%	0.014
Full-time non-paid	0.228	12	100%	0.228
Part-time year-round non-paid*	0.269	6	50%	0.134
Seasonal non-paid**	0.014	4	33%	0.005
<b>Total FTE Employment per Foal</b>	<b>0.703</b>			<b>0.478</b>
*12 months at half-time				
**4 months at full-time				

On a per-foal basis, there were 0.703 full-time, seasonal and part-time paid and unpaid workers per foal employed by Harness Horse farm owners in 2007. Adjusting the seasonal and part-time workers to a full-time-equivalent (fte) basis, there were an estimated 0.478 fte workers per foal on Harness Horse farms. Referring to Table 27, there were 321 conceived Harness Horse foals reported by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau in 2007. Using this information, Iowa Harness Horse farms employed an estimated 226 employees at some time over the year. Adjusted to a full-time-equivalent basis, Iowa Harness Horse farms employed 153 workers in 2007.

### **Other Information from Harness Horse Survey**

Following are other selected results from the breeder survey:

- Over half of the horse farms, 70%, were proprietorships, another 19% were partnerships and 11% were corporations.
- 59% of responding breeders/farms reported that they had a loss in 2007
- There were almost 5 horses-in-training on Harness Horse farms.

## Summary of Direct Expenditure and Employment Impacts of Harness Horse Breeder Sector

The direct Harness Horse breeder economic impact on the Iowa economy in 2007 was:

<b>Direct Expenditures</b>	<b>\$6,417,753</b>
<b>Direct FTE Employment</b>	<b>153</b>

### DIRECT ECONOMIC IMPACT - ALL SECTORS

This study was designed to provide estimates of the economic impact of race horse owners, trainers and breeders on the Iowa economy. The estimated spending and employment impacts by race horse owners and trainers were restricted to their race horse operation expenses while their horses were in training at the racetrack in Iowa. Similarly, the estimated spending and employment impacts were restricted to the spending of Iowa race horse farm owners on horses on their farms, both their own and boarders from within and outside Iowa. A summary of the direct expenditure economic impact of the Iowa race horse industry in 2007 is given in Table 40.

**Table 40: Direct Expenditure Impact - All Sectors 2007**

Sector/Breed	Racetrack	Thoroughbred	Quarter Horse	Harness Horse	Total – by Sector
<b>Racetrack – Parimutuel Only</b>	\$16,358,000				<b>\$16,358,000</b>
<b>Horsemen (Owners/Trainers)</b>		\$18,081,525	\$2,402,284	\$721,620	<b>\$21,205,429</b>
<b>Breeders</b>		\$13,081,610	\$2,670,252	\$6,417,753	<b>\$22,169,615</b>
<b>Total – by Breed</b>	<b>\$16,358,000</b>	<b>\$31,163,135</b>	<b>\$5,072,536</b>	<b>\$7,139,373</b>	<b>\$59,733,044</b>

A summary of direct full-time-equivalent employment created by the Iowa race horse industry in 2007 is given in Table 41.

**Table 41: Direct FTE Employment Impact - All Sectors 2007**

Sector/Breed	Racetrack	Thoroughbred	Quarter Horse	Harness Horse	Total - Sector
<b>Racetrack – Parimutuel Only</b>	100	-	-	-	<b>100</b>
<b>Horsemen (Owners/Trainers)</b>	-	460	68	31	<b>559</b>
<b>Breeders</b>	-	211	94	153	<b>458</b>
<b>Total – Breed</b>	<b>100</b>	<b>671</b>	<b>162</b>	<b>184</b>	<b>1,117</b>

In 2007, the Iowa race horse industry contributed \$60 million in direct spending to the Iowa state and local economies and 1,117 fte jobs.

## TOTAL ECONOMIC IMPACT - ALL SECTORS

In addition to the direct economic impact of the race horse industry in terms of employment and expenditures, there is an additional indirect impact or "ripple" effect created by the direct introduction of employment and expenditures into the Iowa economy by the race horse industry. Total direct spending by the racetrack, horsemen and breeders for goods and services from Iowa businesses creates additional employment and income for those businesses. These businesses, in turn re-spend a portion of the direct income from the race horse industry to businesses in other industries and to government. A portion of the direct income is also diverted to savings and investment. The spending process continues for successive rounds resulting in purchases of local economy goods and services. The spending and resulting purchases occur at a decreasing rate with each successive round until spending stops when the money withheld for savings in the last round leaves no more to be spent on subsequent rounds. At the end of the process, the initial injection of employment and spending into the Iowa economy, through the indirect or "ripple" effect, results in total employment and spending greater than the initial injection by the race horse industry. Total spending created by the direct employment and spending in Iowa is, therefore, some multiple of the initial direct injection.

A statistical input-output table for Iowa was used to determine the total (direct plus indirect) effect of an initial injection of employment and spending into the Iowa economy.<sup>27</sup> An input-output table is a matrix of sectors in the economy showing purchases and sales of each sector of the economy from every other sector as well as sales to final demand for the good or service. Using these tables it is possible to obtain total expenditures for all industries for each \$1 injection of expenditures from a particular industry into a state's economy. The ratio of total expenditures to direct expenditures results in a multiplier. If a multiplier is available from an input-output table, it can be applied to direct expenditures to determine total (direct plus indirect) expenditures created by the direct spending of that sector.<sup>28</sup> For example, if an industry generates direct expenditures of \$25 million and the multiplier for that industry is 2.0, then \$50

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<sup>27</sup> U.S. Department of Commerce, Regional Product Division of the Bureau of Economic Analysis, RIMS II Input-Output Model for 2006.

<sup>28</sup> The same procedure can be followed for determination of employment multipliers.

(2 x \$25) million in total expenditures are created by the industry- \$25 million in direct expenditures and an additional \$25 million in indirect expenditures resulting.

Expenditure and employment multipliers for Iowa were available from an input-output table maintained by the U.S. Department Of Commerce.<sup>29</sup> The expenditure and employment multipliers for the animal production-excluding cattle sector were used to represent the breeding sector of the race horse industry while an entertainment sector multiplier was used for the racetrack and associated owner-trainer sectors.<sup>30</sup> Using these multipliers, the direct, indirect and total expenditure and employment impacts of the Iowa race horse industry are given in Tables 42 and 43 which follow.

**Table 42: Total Direct and Indirect Expenditure Impact - All Sectors, 2007**

Race Horse Industry Sector	Direct	Indirect	Total
Racetrack – Parimutuel Only	\$16,358,000	\$13,086,400	<b>\$29,444,400</b>
Horsemen (Owners/Trainers)	\$21,205,429	\$16,964,343	<b>\$38,169,772</b>
Breeders	\$22,169,615	\$33,254,423	<b>\$55,424,038</b>
<b>Total</b>	<b>\$59,733,044</b>	<b>\$63,305,166</b>	<b>\$123,038,210</b>

**Table 43: Total Direct and Indirect FTE Employment Impact - All Sectors, 2007**

Race Horse Industry Sector	Direct	Indirect	Total
Racetrack – Parimutuel Only	100	50	<b>150</b>
Horsemen (Owners/Trainers)	559	280	<b>839</b>
Breeders	458	733	<b>1,191</b>
<b>Total</b>	<b>1,117</b>	<b>1,063</b>	<b>2,180</b>

The total expenditure impact created by the Iowa race horse industry in 2007 was \$123 million. The total employment impact created by the Iowa race horse industry was 2,180 full-time-equivalent jobs.

The economic impact estimated in this study is less than that of a previous study of the economic impact of the horse industry in 1999, prepared in 2001 (Otto, 2001). Among the reasons for differences in the 2001 study and this study are: (1) the 2001 study includes other

<sup>29</sup> U.S. Department of Commerce, Regional Product Division of the Bureau of Economic Analysis, RIMS II Input-Output Model for 2006.

<sup>30</sup> Using the RIMSII Model, the expenditure multiplier is 1.8 for the racetrack and horsemen sectors and 2.5 for the breeder sector. The corresponding employment multipliers are 1.5 for the racetrack and horsemen sectors and 2.6 for the breeder sector.

breeds and non-racing equine activities, (2) the number of racing days has declined since 1999, (3) the number of race horse foals has declined since 1999.

The total expenditure impact of the racetrack and race horse owners, trainers, and breeders by breed is given in Table 44:

**Table 44: Total Direct and Indirect Expenditure Impacts – By Racetrack and Breed, 2007**

<b>Racetrack and Race Horse Industry Breeds</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
<b>Racetrack</b>	\$16,358,000	\$13,086,400	<b>\$29,444,400</b>
<b>Thoroughbred – Owner, Trainers, Breeders</b>	\$31,163,135	\$34,087,635	<b>\$65,250,770</b>
<b>Quarter Horse – Owner, Trainers, Breeders</b>	\$5,072,536	\$5,927,205	<b>\$10,999,741</b>
<b>Harness Horse – Owner, Trainers, Breeders</b>	\$7,139,373	\$10,203,925.5	<b>\$17,343,299</b>
<b>Total</b>	<b>\$59,733,044</b>	<b>\$63,305,166</b>	<b>\$123,038,210</b>

## **SUMMARY AND CONCLUSIONS**

This study was undertaken to measure the annual economic impact of the Iowa race horse industry. The economic impact is defined as the annual number of jobs and spending contributed by all sectors of the Iowa race horse industry to the state’s economy in 2007. The economic impact computed in this study is limited to the impact of the parimutuel race horse industry including harness racing at the Iowa State and county fairs and does not include the gaming side of the Prairie Meadows Racetrack and Casino racino operation. The economic impact estimated in this study has been designed to measure spending and employment at the racetrack or on Iowa horse farms regardless of where the owner resides.

There are three race horse industry sectors:

- Racetrack
- Horsemen (Owners and Trainers)
- Breeders

There are three breeds of race horse included in the Iowa race horse industry:

- Thoroughbred
- Quarter Horse
- Harness

Separate surveys of Prairie Meadows, Horsemen and Breeders by breed were conducted to provide information for the economic impact study.

Purses are the lifeblood of the race horse industry in Iowa affecting all racetrack industry sectors and they:

- provide revenue directly to horsemen for their racing operations.
- provide revenue to breeders through their effect on yearling prices and foal production.
- fund live racing at the racetrack on which customers both in-state and out-of-state can wager providing revenue to the racetrack
- fund live racing which has been found in statistical analyses of racinos in Iowa and West Virginia to increase racetrack gaming revenues

Purses from gaming revenues at Prairie Meadows:

- are intended to “nurture” the race horse industry
- were \$1.6 million in 1994, peaked in 2002 and were \$18.3 million in 2007
- adjusted for inflation, were 17% below their peak 2002 level in 2003, 24% below that level in 2004 and 2005, and 15% below their peak 2006 and 2007.

In addition to purses paid to all three breeds who race at Prairie Meadows, Prairie Meadows contributes to purses at county fair meets in Iowa for Harness racing there. The county fair contributions by Prairie Meadows have bolstered harness purses greatly, especially from 2003 forward.

The quality of racing at a racetrack can be judged, in part, by the purses paid there relative to purses paid at other out-of-state racetracks with which the horses compete for purse money. National purse rankings by breed in 2007 were as follows:

- Thoroughbred: 34th among racetracks in North America
- Quarter Horse: 7th among racetracks in the United States
- Harness-Prairie Meadows: 51st among racetracks in North America
- Harness-Iowa Fairs: 54th among racetracks in North America

## **Racetrack Sector**

Three different breeds of race horse, Thoroughbred, Quarter Horse, and Harness Horse, compete for purses offered at Prairie Meadows. These horses competed in three separate race meets over the year, the Thoroughbred race meet, followed by the Mixed (Thoroughbred and Quarter Horse) race meet, ending with the Harness Horse race meet. In 2007, the Thoroughbred race meet, was conducted for 46 days, the mixed meet race meet, was conducted for 40 days, and the Harness race meet, was conducted for 18 days.

Total race days increased from 62 in 1995 and 1996 to a peak of 118 in 2000 and 2002. Race days declined to a low of 95 days in 2006 increasing to 104 days in 2007.

Harness horses also compete at the Iowa State Fair and county fairs. In 2007 there were 30 days of racing at nine Iowa fairs: Bedford, Bloomfield, Central City, Des Moines (State Fair), Eldon, Humboldt, Monticello, Oskaloosa, Sioux Center, and What Cheer.

## **Owner-Trainer Sector**

Employment of persons associated with care and maintenance of horses in training is the largest expenditure included in the daily training fee paid by the owner to the trainer. These jobs include:

- assistant trainer
- stable foreman
- grooms
- hot walkers
- exercise riders

Other major expenditures included in the daily training fee paid by the owner to the trainer are feed and bedding and tack and supplies. The owner must also pay directly for other expenses incurred in his or her racing operation not included in the daily training fee. These expenses include:

- trainer commissions
- jockey fees
- veterinarian care and medicine
- farrier
- equine vanning/transport
- board (layups/turnouts)
- travel

The direct owner-trainer expenditure and employment impacts are determined by the number of horses-in-training per day, the number of days those horses are in training at the racetrack, and the spending or employment per horse. In 2007, for each day in training at the Prairie Meadow, owners and trainers spent the following:

- Thoroughbred race meet: \$118,000 per day
- Mixed (Thoroughbred/Quarter Horse) race meet: \$109,000 per day
- Harness Horse race meet: \$20,000 per day

These are direct expenditure impacts and do not include the additional (indirect) spending by other Iowa businesses created by this initial injection of funds into the Iowa economy.

In 2007, for each day in training at the Prairie Meadow, race horse owners and trainers created the following:

- Thoroughbred race meet: 782 jobs per day
- Mixed (Thoroughbred/Quarter Horse) race meet: 736 jobs per day
- Harness Horse race meet: 225 jobs per day

These are direct employment impacts and do not include the resultant additional (indirect) employment by other business Iowa created by the race horse industry jobs.

The cost per day for a race horse owner to keep a horse in training consists of payment of a daily training fee to his or her trainer, and “other” costs paid directly by the owner such as for trainer commissions, jockey fees, veterinarian and equine transport. Following are daily training fees, the percent of those fees to total owner costs and the corresponding daily owner fee by breed.

	Daily Trainer Fee	%Owner Cost	Daily Owner Cost Per Horse
<b>Thoroughbred Owner</b>	\$48	45.9%	<b>\$105</b>
<b>Quarter Horse Owner</b>	\$32	41.9%	<b>\$76</b>
<b>Harness Horse Owner</b>	\$25	43.6%	<b>\$57</b>

### Breeder Sector

Purses play an important role in the breeder sector. It has been shown through published statistical analysis that expected purses directly affect yearling prices which, in turn, affect the future supply of foals. As the supply of foals, and associated bloodstock (mares, stallions, ..) increases with increase in purses, the need for green space to maintain these horses also increases.

In 2007, not counting horses of racing age, there were about 3,100 stallions, broodmares, foals and yearlings on Iowa race horse breeding farms. Following are the average number of horses on an Iowa race horse farm, by breed, at some time over the year based on survey results.

Category	Thoroughbred	Quarter Horse	Harness
<b>Stallions</b>	0.3	0.6	0.9
<b>Mares-Year-round</b>	6.2	6.4	9.2
<b>Mares-Seasonal</b>	4.1	2.4	0.6
<b>Foals</b>	5.0	4.3	6.3
<b>Yearlings</b>	3.6	3.7	5.3
<b>Horses-In-Training</b>	0.4	2.4	6.2
<b>Layup/Turnout</b>	3.1	1.7	1.1
<b>Total at Some Point In Year</b>	<b>22.8</b>	<b>21.4</b>	<b>29.6</b>

Of note is the large number of horses in training at Harness Horse farms and the smaller number of horses-in-training at Thoroughbred and Quarter Horse farms where training on track is more prevalent.

An important indicator of the change in the race horse breeding industry in Iowa is the number of conceived foals per year. As the number of foals increases or decreases, the number of associated bloodstock including broodmares, stallions and yearlings, also increases or decreases. The following table shows the change in number of conceived Iowa foals in 1994, the year before slot machine funded purses at Prairie Meadows and the ten years from 1998 through 2007.

Year	Quarter Horse Foals	Harness (Standardbred) Foals	Thoroughbred Foals	Total Foals
1994	83	36	182	301
1998	220	85	677	982
1999	212	92	583	887
2000	255	145	637	1037
2001	265	155	612	1032
2002	248	168	552	968
2003	201	193	516	910
2004	180	206	448	834
2005	171	259	437	867
2006	173	293	431	897
2007	156	321	395	872

The total number of conceived foals increased dramatically from 1994, the year before slot machine gaming was introduced at Prairie Meadows, peaking in 2000-2001 before declining 16% by 2007. This decline coincides with the 15% decline in inflation-adjusted purses from their peak in 2002 through 2007.

On an individual breed basis, Thoroughbred foals declined 38% from 2000 through 2007 while Quarter horse foals declined 39% over that same period. At the same time, there was a 121% increase in the number of Harness Horse foals over the period.

While the decline in inflation-adjusted purses can account in part for the decline in breeding of Thoroughbred and Quarter Horse operations, the increase in the number of conceived Harness Horse foals 1998 is counter to this trend. This increase can be explained in part by the increase in purses paid to Harness Horsemen at Prairie Meadows and the Iowa State and county fairs over the years.

Published statistical analysis has shown that *expected* purses are the driving force for yearling prices which, in-turn, result in changes in the supply of foals. In addition to the observed

decline in inflation-adjusted purses, there has been a degree of uncertainty with respect to future racing dates and purses paid at Prairie Meadows, even with mandated minimum statutory purse payouts from gaming receipts from January 1, 2006 through January 1, 2021. For examples of press articles on this subject see for example: Johnson, D. (2008) and Lieber, T. (2008).<sup>31</sup>

Major expenditures by Iowa race horse farms include:

- labor
- stud fees
- veterinarian care and medicine
- feed and bedding
- auto-truck expense
- board (layups/turnouts)
- depreciation
- nominations/registrations

Based on survey results, total horse farm expenditures per foal for all horses maintained on an Iowa horse farm in 2007 were:

- \$29,739      Thoroughbred
- \$18,943      Harness Horse
- \$15,689      Quarter Horse

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<sup>31</sup> Johnson, Dan (2008), Des MoinesRegister.com, “Prairie Meadows: Iowa-bred horses down, but quality up”, August, 22, and Lieber, Todd (2008), “Beyond the Racino Era”, Thoroughbred Times, December 6.

## Summary of Iowa Race Horse Industry Economic Impact

In addition to the direct economic impact of the race horse industry in terms of employment and expenditures, there is an additional indirect impact or "ripple" effect created by the direct introduction of employment and expenditures into the Iowa economy by the race horse industry. Total direct spending by the racetrack, horsemen and breeders for goods and services from Iowa businesses creates additional employment and income for those businesses. These businesses, in turn re-spend a portion of the direct income from the race horse industry to businesses in other industries and to government. Total spending created by the direct employment and spending in Iowa is, therefore, some multiple of the initial direct injection. Following are tables giving a summary of estimated direct, indirect and total spending and employment of the Iowa race horse industry in 2007.

Total Direct and Indirect Expenditure Impact - All Sectors, 2007

Race Horse Industry Sector	Direct	Indirect	Total
Racetrack – Parimutuel Only	\$16,358,000	\$13,086,400	<b>\$29,444,400</b>
Horsemen (Owners/Trainers)	\$21,205,429	\$16,964,343	<b>\$38,169,772</b>
Breeders	\$22,169,615	\$33,254,423	<b>\$55,424,038</b>
<b>Total</b>	<b>\$59,733,044</b>	<b>\$63,305,166</b>	<b>\$123,038,210</b>

Total Direct and Indirect FTE Employment Impact - All Sectors, 2007

Race Horse Industry Sector	Direct	Indirect	Total
Racetrack – Parimutuel Only	100	50	<b>150</b>
Horsemen (Owners/Trainers)	559	280	<b>839</b>
Breeders	458	733	<b>1,191</b>
<b>Total</b>	<b>1,117</b>	<b>1,063</b>	<b>2,180</b>

In 2007, the Iowa race horse industry had an economic impact of \$123 million in spending and 2,180 fte employees on the Iowa economy. This is an annual impact and does not include appraised value of Prairie Meadows, race horses or race horse farms. Since 2007 racing dates and breeding stock were below their maximum in earlier years, the 2007 economic impact of horsemen and breeders would be less than that computed for those earlier years.

## Other Considerations and Observations

- A major distinction between a racino and other gaming and entertainment industries is its contribution to the agricultural sector of a region's economy. Purses paid directly to owners and trainers of horses, and indirectly to breeders through the effect of purses on bloodstock prices and supply of foals, generate not only agriculturally-related employment and expenditures but also result in the maintenance of green space as commercial race horse breeding farm operations.
- Based on a 2008 economic-statistical report on wagering at Prairie Meadows, slot machine revenue in 2006 was estimated to have increased \$7 million as a result of 4.4 months of live racing at Prairie Meadows and \$18 million as a result of import simulcasting. Revenue from parimutuel wagering contributed another \$4 million.
- Purses of \$18.3 million in 2007 generated direct spending of \$42 million.
- Payments to labor are the largest category of expenditures for the owner-trainer and breeder sectors. Payments to labor for all three race horse industry sectors in 2007 were,
  - racetrack sector: \$4.1 million
  - owner-trainer sector: \$4.7 million
  - breeder sector: \$4.5 million
  - total – all sectors \$13.3 million
- Over half of responding owners and breeders reported losses for 2007
- Even with payments of \$18.3 million in purses, revenues from purses did not cover direct owner-trainer expenditures of \$21.2 million in 2007.
- The race horse owner-trainer economic impact is currently less than it was in earlier years due to the decline in race days.

- The race horse breeder economic impact is currently less than it was in earlier years due, in part, to the decline in purses and resulting race horse production.
- The future direction of the Iowa race horse industry is dependent on the interaction of many different factors depending on defined goals and objectives. For example,
  - an increase in race days and/or horses-in-training per day results in:
    - increased parimutuel revenue both on-track and from simulcasts of live races to other state and national betting locations.
    - increased slot machine revenue from the relationship of live racing to slot machine wagering.
    - increased spending and employment by the race horse industry.
    - increased cost to the racetrack.
  - growth in purses from gaming revenue results in:
    - increased parimutuel wagering.
    - increased slot machine wagering through the support of live racing and race days.
    - increased demand and supply of race horse breeding stock.
    - increased spending and employment by the race horse industry.
  - uncertainty as to the future of live racing and associated purses in Iowa will likely result in a decline in the race horse industry.

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**APPENDIX 1**

**Thoroughbred, Quarter Horse, and Harness Horses Purses by State and Province**

**Table 1: Purses for North American Thoroughbred Racetracks Ranked by Average Daily Purse – 2007**

Average Daily Purse Rank	Track	State	Race Days	Total Purse	Average Daily Purse	
1	Saratoga	NY	37	\$27,952,797	\$755,481	
2	Keeneland	KY	32	\$20,657,760	\$645,555	
3	Belmont	NY	92	\$50,373,128	\$547,534	
4	Del Mar	CA	43	\$23,182,719	\$539,133	
5	Woodbine	ON-CAN	169	\$85,595,458	\$506,482	*
6	Churchill Downs	KY	73	\$35,486,176	\$486,112	
7	Santa Anita Park	CA	85	\$39,350,325	\$462,945	
8	Hollywood Park	CA	95	\$41,885,690	\$440,902	
9	Presque Isle Downs	PA	25	\$10,756,500	\$430,260	*
10	Oak Tree at Santa Anita	CA	31	\$13,315,554	\$429,534	
11	Monmouth Park	NJ	79	\$32,445,221	\$410,699	***
12	Fair Grounds	LA	84	\$32,122,356	\$382,409	
13	Aqueduct	NY	118	\$44,007,510	\$372,945	
14	Gulfstream Park	FL	88	\$29,493,200	\$335,150	
15	Pimlico	MD	31	\$9,648,967	\$311,257	
16	Meadowlands	NJ	41	\$12,002,135	\$292,735	***
17	Oaklawn Park	AR	52	\$14,991,236	\$288,293	*
18	Fairplex Fair	CA	16	\$4,501,408	\$281,338	
19	Arlington Park	IL	94	\$26,064,320	\$277,280	
20	Delaware Park	DE	135	\$35,105,265	\$260,039	*
21	Delta Downs	LA	93	\$22,355,433	\$240,381	*
22	Calder Race Course	FL	172	\$40,887,152	\$237,716	
23	Philadelphia Park	PA	203	\$47,961,998	\$236,266	*
24	Colonial Downs	VA	41	\$9,093,513	\$221,793	
25	Kentucky Downs	KY	6	\$1,311,000	\$218,500	
26	Laurel Park	MD	148	\$31,953,644	\$215,903	
27	Louisiana Downs	LA	91	\$19,333,405	\$212,455	*
28	Hawthorne	IL	118	\$23,080,328	\$195,596	
29	Lone Star Park	TX	67	\$13,054,079	\$194,837	
30	Evangeline Downs	LA	89	\$17,323,494	\$194,646	*
31	Remington Park	OK	69	\$12,799,431	\$185,499	*
32	Charles Town	WV	229	\$41,598,995	\$181,655	*
33	Sunland Park	NM	79	\$13,868,845	\$175,555	*
<b>34</b>	<b>Prairie Meadows</b>	<b>IA</b>	<b>86</b>	<b>\$14,899,586</b>	<b>\$173,251</b>	<b>*</b>
35	Golden Gate Fields	CA	98	\$16,787,596	\$171,302	
36	Pleasanton Fair	CA	11	\$1,843,413	\$167,583	
37	Tampa Bay Downs	FL	94	\$15,259,960	\$162,340	
38	Bay Meadows	CA	100	\$15,619,600	\$156,196	
39	Atlantic City	NJ	4	\$614,340	\$153,585	
40	Zia Park	NM	48	\$7,147,584	\$148,908	*
41	Turfway Park	KY	112	\$16,118,368	\$143,914	
42	Mountaineer Park	WV	223	\$31,564,758	\$141,546	*
43	Ellis Park	KY	46	\$6,434,480	\$139,880	
44	Hastings Park	BC-CAN	68	\$9,271,868	\$136,351	*
45	Northlands Park	AB-CAN	61	\$8,310,030	\$136,230	*

Table 1 continued on next page

**Table 1 (continued): Purses for North American Thoroughbred Racetracks Ranked by Average Daily Purse – 2007**

Average Daily Purse Rank	Track	State	Race Days	Total Purse	Average Daily Purse	
46	Santa Rosa Fair	CA	18	\$2,409,498	\$133,861	
47	Hoosier Park	IN	61	\$8,019,548	\$131,468	
48	Bay Meadows Fair	CA	11	\$1,440,043	\$130,913	
49	Canterbury Park	MN	68	\$8,521,012	\$125,309	**
50	Finger Lakes	NY	158	\$19,257,356	\$121,882	*
51	Retama Park	TX	32	\$3,878,496	\$121,203	****
52	Timonium	MD	7	\$827,610	\$118,230	
53	San Houston	TX	69	\$8,071,275	\$116,975	
54	Suffolk Downs	MA	101	\$11,568,035	\$114,535	
55	Stockton Fair	CA	9	\$1,015,731	\$112,859	
56	Horsemen's Park	NE	4	\$447,336	\$111,834	
57	Emerald Downs	WA	91	\$10,124,023	\$111,253	
58	Stampede Park	AB-CAN	50	\$5,462,000	\$109,240	*
59	Solano Fair	CA	5	\$526,840	\$105,368	
60	Fort Erie	ON-CAN	84	\$8,771,196	\$104,419	*
61	Indiana Downs	IN	48	\$4,647,888	\$96,831	
62	Great Lakes Downs	MI	99	\$9,016,425	\$91,075	
63	Albuquerque	NM	43	\$3,911,538	\$90,966	*
64	Turf Paradise	AZ	153	\$13,704,363	\$89,571	
65	Penn National	PA	177	\$14,590,641	\$82,433	
66	Horsemen's/Atokad	NE	3	\$237,063	\$79,021	
67	Assiniboia Downs	MB-CAN	69	\$5,281,536	\$76,544	*
68	SunRay Park	NM	44	\$3,221,856	\$73,224	*
69	Fresno Fair	CA	11	\$761,255	\$69,205	
70	Thistledown	OH	136	\$9,205,568	\$67,688	
71	River Downs	OH	105	\$6,638,730	\$63,226	
72	Fonner Park	NE	36	\$2,245,860	\$62,385	
73	Lincoln State Fair	NE	37	\$2,248,786	\$60,778	
74	Fairmount Park	IL	89	\$4,851,123	\$54,507	
75	Arapahoe Park	CO	35	\$1,888,250	\$53,950	
76	Fair Meadows	OK	31	\$1,584,596	\$51,116	
77	Ruidoso Downs	NM	56	\$2,779,056	\$49,626	*
78	Beulah Park	OH	119	\$5,878,005	\$49,395	
79	Portland Meadows	OR	76	\$3,109,616	\$40,916	
80	The Woodlands	KS	24	\$976,560	\$40,690	
81	Yavapai Downs	AZ	56	\$2,048,480	\$36,580	
82	Ferndale Fair	CA	10	\$272,010	\$27,201	
83	Les Bois Park	ID	45	\$1,108,980	\$24,644	
84	North Dakota Horse Park	ND	20	\$365,520	\$18,276	
85	Blue Ribbon Downs	OK	64	\$841,024	\$13,141	*
86	Wyoming Downs	WY	11	\$41,514	\$3,774	

\* racino-slots  
\*\*racino-card room  
\*\*\*purse supplement from casinos  
\*\*\*\*thoroughbred meet only  
Note: Canadian track purses in U.S. dollars.  
Source: Conley, Ryan, "State of the Union", The Blood Horse, February 16, 2008, 972-975.

**Table 2: Purses for U.S. Quarter Horse Racetracks Ranked by Purse Per Race – 2007**

Purse Per Race Rank	Track	State	Race Days	Races	Total Quarter Horse Purses	Added Money	Purse Per Race	
1	Sunland Park	NM	79	370	\$10,041,665	\$8,742,785	\$27,140	*
2	Zia Park	NM	48	226	\$6,091,847	\$5,180,087	\$26,955	*
3	Ruidoso Downs	NM	60	360	\$8,171,768	\$3,515,344	\$22,699	*
4	Delta Downs	LA	52	529	\$9,315,755	\$8,297,425	\$17,610	*
5	Los Alamitos	CA	202	1,393	\$23,931,420	\$16,505,132	\$17,180	
6	New Mexico State Fair	NM	17	78	\$1,289,688	\$1,121,143	\$16,534	*
<b>7</b>	<b>Prairie Meadows</b>	<b>IA</b>	<b>42</b>	<b>188</b>	<b>\$3,104,831</b>	<b>\$2,708,592</b>	<b>\$16,515</b>	*
8	Remington Park	OK	49	421	\$6,923,398	\$5,519,415	\$16,445	*
9	Louisiana Downs	LA	41	409	\$6,706,307	\$5,929,520	\$16,397	*
10	The Downs at Albuquerque	NM	27	124	\$1,954,763	\$1,864,223	\$15,764	*
11	Evangeline Downs	LA	40	410	\$6,385,222	\$5,655,425	\$15,574	*
12	Sunray Park	NM	44	171	\$2,579,867	\$2,396,083	\$15,087	*
13	Fair Meadows at Tulsa	OK	33	173	\$2,272,472	\$1,906,542	\$13,136	**
14	Lone Star @ Grand Prairie	TX	32	305	\$3,838,673	\$2,115,000	\$12,586	
15	Will Rogers Downs	OK	39	88	\$1,072,339	\$1,054,839	\$12,186	*
16	Manor Downs	TX	18	160	\$1,881,991	\$1,235,150	\$11,762	
17	Hoosier Park	IN	14	43	\$494,516	\$461,500	\$11,500	**
18	Arapahoe Park	ID	24	72	\$770,245	\$515,100	\$10,698	
19	Canterbury Park	MN	45	85	\$904,830	\$803,982	\$10,645	*
20	Blue Ribbon Downs	OK	69	473	\$4,825,640	\$4,045,636	\$10,202	*
21	Sam Houston Park	TX	35	348	\$3,344,321	\$2,387,119	\$9,610	
22	Turf Paradise	AZ	41	76	\$717,938	\$470,980	\$9,447	
23	The Woodlands	KS	25	72	\$567,267	\$439,624	\$7,879	
24	Indiana Downs	IN	15	43	\$303,750	\$292,700	\$7,064	**
25	Retama Park	TX	21	205	\$1,417,770	\$1,032,400	\$6,916	
26	Les Bois Park	ID	41	103	\$689,394	\$486,565	\$6,693	
27	Elko County Fair	NV	7	30	\$199,177	\$126,198	\$6,639	
28	Gillespie County Fair	TX	8	68	\$437,250	\$281,700	\$6,430	
29	Yavapai Downs	AZ	54	157	\$902,454	\$679,688	\$5,748	
30	North Dakota Horse Park	ND	20	64	\$342,743	\$272,700	\$5,355	
31	Mt Pleasant Meadows	MI	35	182	\$927,694	\$824,347	\$5,097	
32	Portland Meadows	OR	49	108	\$533,925	\$449,865	\$4,944	
33	Eureka Downs	KS	11	48	\$229,897	\$202,080	\$4,790	
34	Laurel Brown Racetrack	UT	5	32	\$146,641	\$73,480	\$4,583	
35	Wyoming Downs	WY	15	117	\$499,853	\$332,430	\$4,272	
36	Rillito Park	AZ	8	34	\$119,644	\$102,949	\$3,519	
37	Dixie Downs	UT	4	32	\$111,875	\$79,900	\$3,496	
38	Yellowstone Downs	MT	10	45	\$137,855	\$120,450	\$3,063	
39	Sandy Downs	ID	9	52	\$145,533	\$103,385	\$2,799	
40	Pocatello Downs	ID	8	46	\$76,434	\$47,650	\$1,662	

\*Racino  
Racetracks with 30 or more quarter horse races (includes racetracks with mixed meet racing).  
Source: American Quarter Horse Association

**Table 3: Purses for North American Harness Horse Racetracks Ranked by Average Daily Purse – 2007**

Average Daily Purse Rank	Track	State/ Province	Race Cards	Races	Total Purses	Purse Per Race	Average Daily Purse	
1	Mohawk Raceway	ON-CAN	105	1,215	\$41,275,402	\$33,972	\$393,099	*
2	The Red Mile	KY	37	461	\$11,974,825	\$25,976	\$323,644	
3	The Meadowlands	NJ	163	1,642	\$51,826,806	\$31,563	\$317,956	**
4	Woodbine Raceway	ON-CAN	148	1,576	\$34,417,770	\$21,839	\$232,553	*
5	Harrahs Chester	PA	95	1,200	\$21,808,705	\$18,174	\$229,565	*
6	Dover Downs	DE	136	2,026	\$28,085,255	\$13,862	\$206,509	*
7	Harrington Raceway	DE	115	1,581	\$16,937,695	\$10,713	\$147,284	*
8	Yonkers Raceway	NY	312	3,157	\$43,535,582	\$13,790	\$139,537	*
9	Mohegan Sun Pocono	PA	133	1,649	\$17,509,869	\$10,618	\$131,653	*
10	Georgian Downs	CAN-ON	93	1,052	\$10,775,547	\$10,243	\$115,866	*
11	Tioga Downs	NY	63	646	\$7,232,174	\$11,195	\$114,796	*
12	Hippodrome Montreal	CAN-PQ	148	1,580	\$15,759,729	\$9,975	\$106,485	*
13	Balmoral Park	IL	180	2,137	\$18,150,992	\$8,494	\$100,839	
14	Northlands Park Raceway	CAN-AB	105	1,107	\$10,434,423	\$9,426	\$99,375	*
15	Western Fair Raceway	CAN-ON	130	1,526	\$12,789,086	\$8,381	\$98,378	*
16	Woodstock Raceway	CAN-ON	27	324	\$2,639,139	\$8,145	\$97,746	*
17	Hawthorne Race Course	IL	39	447	\$3,795,827	\$8,492	\$97,329	
18	Rideau Carleton	CAN-ON	154	2,171	\$14,859,464	\$6,845	\$96,490	*
19	Hoosier Park	IN	75	856	\$6,929,954	\$8,096	\$92,399	**
20	The Meadows	PA	216	2,599	\$19,643,947	\$7,558	\$90,944	*
21	Freehold Raceway	NJ	190	2,330	\$17,018,312	\$7,304	\$89,570	**
22	Clinton Raceway	CAN-ON	20	241	\$1,763,307	\$7,317	\$88,165	*
23	Grand Rivers Raceway	CAN-ON	65	707	\$5,586,282	\$7,901	\$85,943	*
24	Saratoga Harness	NY	169	2,044	\$14,478,520	\$7,083	\$85,672	*
25	Hiawatha Horse Park	CAN-ON	52	574	\$4,398,394	\$7,663	\$84,585	*
26	Indiana Downs	IN	96	999	\$7,980,034	\$7,988	\$83,125	**
27	Monticello Raceway	NY	220	2,657	\$17,501,235	\$6,587	\$79,551	*
28	Hanover Raceway	CAN-ON	31	348	\$2,452,328	\$7,047	\$79,107	*
29	Maywood Park	IL	88	1,102	\$6,736,897	\$6,113	\$76,556	
30	Kawartha Downs	CAN-ON	105	1,106	\$8,022,649	\$7,254	\$76,406	*
31	Sudbury Downs	CAN-ON	64	704	\$4,744,888	\$6,740	\$74,139	*
32	Flamboro Downs	CAN-ON	223	2,389	\$15,986,185	\$6,692	\$71,687	*
33	Dresden Raceway	CAN-ON	25	302	\$1,775,172	\$5,878	\$71,007	*
34	Hazel Park Raceway	MI	113	1,220	\$7,744,343	\$6,348	\$68,534	**
35	Windsor Raceway	CAN-ON	110	1,209	\$7,362,135	\$6,089	\$66,929	*
36	Vernon Downs	NY	83	848	\$5,503,209	\$6,490	\$66,304	*
37	Pompano Park	FL	202	1,946	\$12,890,434	\$6,624	\$63,814	*
38	Colonial Downs	VA	33	343	\$2,066,709	\$6,025	\$62,628	
39	Buffalo Raceway	NY	89	1,027	\$5,535,675	\$5,390	\$62,199	*
40	Batavia Downs	NY	63	672	\$3,904,192	\$5,810	\$61,971	*
41	Fraser Downs	CAN-BC	108	1,123	\$6,494,977	\$5,784	\$60,139	*
42	Rpsecroft Raceway	MD	102	1,220	\$5,941,361	\$4,870	\$58,249	
43	Rockingham Park	NH	58	580	\$2,955,593	\$5,096	\$50,959	
44	Northfield Park	OH	218	2,945	\$10,950,143	\$3,718	\$50,230	
45	Cal-Expo	CA	199	2,343	\$9,704,630	\$4,142	\$48,767	

Table 3 continued on next page

**Table 3 (continued): Purses for North American Harness Horse Racetracks Ranked by Average Daily Purse – 2007**

Average Daily Purse Rank	Track	State/ Province	Race Cards	Races	Total Purses	Purse Per Race	Average Daily Purse	
46	Northville Downs	MI	98	1,177	\$4,689,577	\$3,984	\$47,853	**
47	Scioto Downs	OH	80	783	\$3,501,247	\$4,472	\$43,766	
48	Grand Prairie	CAN-AB	41	372	\$1,714,437	\$4,609	\$41,816	*
49	Hippodrome Aylmer	CAN-PQ	43	459	\$1,608,615	\$3,505	\$37,410	*
50	Plain Ridge Race Course	MA	94	951	\$3,276,661	\$3,445	\$34,858	
<b>51</b>	<b>Prairie Meadows</b>	<b>IA</b>	<b>18</b>	<b>179</b>	<b>\$599,800</b>	<b>\$3,351</b>	<b>\$33,322</b>	<b>*</b>
52	Scarborough Downs	ME	126	1,237	\$4,138,717	\$3,346	\$32,847	**
53	Hippodrome Trois Rivieres	CAN-PQ	70	739	\$2,177,045	\$2,946	\$31,101	*
54	Lebanon Raceway	OH	81	920	\$2,302,005	\$2,502	\$28,420	
55	Summerside	CAN-PE	29	360	\$788,087	\$2,189	\$27,175	
56	Bangor Raceway	ME	56	530	\$1,504,420	\$2,839	\$26,865	*, **
57	Jackson Raceway	MI	39	426	\$1,045,465	\$2,454	\$26,807	**
58	Ocean Downs	MD	40	409	\$1,070,932	\$2,618	\$26,773	
59	Charlottetown Driving Park	CAN-PE	79	960	\$1,908,447	\$1,988	\$24,158	*
60	Raceway Park	OH	100	1,059	\$2,343,192	\$2,213	\$23,432	
61	Sports Creek Raceway	MI	69	795	\$1,514,606	\$1,905	\$21,951	**
62	Fredericton	CAN-NB	15	143	\$307,341	\$2,149	\$20,489	
63	Truro	CAN-NS	48	585	\$913,702	\$1,562	\$19,035	
64	Thunder Ridge Racing	KY	29	209	\$405,599	\$1,941	\$13,986	
65	Exhibition Park	CAN-NB	50	499	\$609,315	\$1,221	\$12,186	
66	Inverness Raceway	CAN-NS	30	270	\$351,594	\$1,302	\$11,720	
67	Players Bluegrass Downs	KY	22	165	\$255,045	\$1,546	\$11,593	
68	St John's Racing Centre	CAN-NF	31	257	\$91,778	\$357	\$2,961	

Pari-mutuel racetracks with 15 or more performances (cards)  
 \* racino  
 \*\*purse supplement  
 Note: Canadian track purses in U.S. dollars.  
 Source: U.S. Trotting Association (USTA).

**Table 4: Purses for Harness Racing at Iowa Fairs – 2007**

<b>Track</b>	<b>Days</b>	<b>Races</b>	<b>Purses paid</b>	<b>Average Purse Per Race</b>	<b>Average Daily Purse</b>
BEDFORD	1	16	\$49,342	\$3,084	\$49,342
BLOOMFIELD	1	6	\$3,990	\$665	\$3,990
CENTRAL CITY	1	11	\$12,721	\$1,156	\$12,721
DES MOINES (state Fair)	1	14	\$44,900	\$3,207	\$44,900
ELDON	2	20	\$23,970	\$1,199	\$11,985
HUMBOLDT	7	83	\$219,957	\$2,650	\$31,422
MONTICELLO	1	12	\$39,984	\$3,332	\$39,984
OSKALOOSA	4	51	\$107,480	\$2,107	\$26,870
SIOUX CENTER	3	32	\$60,160	\$1,880	\$20,053
WHAT CHEER	9	107	\$301,844	\$2,821	\$33,538
<b>TOTAL IA FAIRS</b>	<b>30</b>	<b>352</b>	<b>\$864,348</b>	<b>\$2,456</b>	<b>\$28,812</b>
Note: Funds from Prairie Meadows to support fair racing totaled \$1 million in 2007. Data Source: U.S. Trotting Association.					

## **APPENDIX 2**

### **Survey Sampling Procedure - Owners, Trainers, Breeders**

The owner, trainer and breeder surveys were all anonymous. No information was asked that would allow the survey respondent to be identified.

#### **Owner Survey Procedure**

According to a list maintained and provided by the Iowa Horsemen's Benevolent and Protective Association, after elimination of duplicates, there were 845 Thoroughbred owners with at least one horse that started at Prairie Meadows racetrack in 2007. A list of Quarter Horse owners whose horses won money at Prairie Meadows in 2007 was provided by the Horsemen's Bookkeeper at Prairie Meadows. This list was combined with the Iowa Quarter Horse Racing Association membership list resulting in 269 potential Quarter Horse owners to be surveyed. It was not possible to separate Harness Horse owners, trainers and breeders since, according to U.S. Trotting Association (USTA) Iowa member information many Harness Horse participants were involved in two or more of these functions. For this reason the lists of in-state and out-of-state USTA harness horse members were combined with resulting with a harness horse breeder list provided by the Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau resulted in a total of 316 Iowa owner, trainer and/or breeder race horse industry participants to be surveyed.

A survey instrument developed by Thalheimer Research Associates, Inc., using labels provided by Thalheimer Research Associates, Inc. was mailed out by the Iowa HBPA, the Iowa Quarter Horse Association and the Iowa Harness Horse Association, using their envelopes, a letter from the President of the respective breed organizations and a stamped return envelope addressed to Thalheimer Research Associates, Inc. in Lexington, Kentucky. The harness horse survey, as mentioned, was a single form, not only for owners but also for trainers and breeders. After the initial mail-out, in order to increase the response rate, a follow-up postcard was mailed by Thalheimer Research Associates, Inc. to all individuals in the list thanking them if they had filled out a survey and returned it and asking that they fill out a survey and return it if they had not already done so. The post card was mailed to all individuals on the list since the responses

were anonymous and it was not know who had returned a survey and who had not. Finally, to further increase response rate, a second copy of the survey was mailed to all individuals on the first mailing list. In the instructions, the recipient was cautioned not to return the second survey if the survey from the first mailing had already been completed and returned. A copy of the Thoroughbred owner survey is given in Appendix 3.

### **Trainer Survey Procedure**

To obtain trainer employment and expenditures at Prairie Meadows, Thoroughbred trainers with horses stabled there for the Thoroughbred meet and Quarter Horse trainers with horses stabled there for the mixed meet identified by barn lists provided by Prairie Meadows. There were 86 Thoroughbred trainers stabled at Prairie Meadows during the Thoroughbred race meet and 37 trainers stabled there during the Quarter Horse race meet. Surveys developed by Thalheimer Research Associates, Inc. were hand delivered to Thoroughbred trainers by Iowa HBPA personnel and Iowa Quarter Horse Racing Association personnel along with a letter from the President of the respective breed organizations along with a stamped return envelope, or to an anonymous box at the track, for delivery to Thalheimer Research Associates, Inc. in Lexington, Kentucky for analysis. Harness horse trainers were surveyed by mail using the multi-purpose owner-trainer-breeder form mentioned in the prior section. A copy of the Thoroughbred trainer survey is given in Appendix 3.

### **Breeder/Horse Farm Survey Procedure**

The Iowa Department of Agriculture and Land Stewardship, Horse and Dog Breeding Bureau provided lists of Thoroughbred, Quarter Horse and Harness Horse breeders in Iowa. The lists contained two types of breeder with mares in Iowa, those who had horse farms and those who were breeders whose horses were boarded on an Iowa horse farm. From the information provided, it was not possible to separate breeders whose horses were boarded at Iowa horse farms, and Iowa horse farm owners. Surveys were sent to all those on the list. The surveys were designed to screen for these two types of bloodstock entities. For Thoroughbred breeders, the Department of Agriculture list was combined with the Iowa Thoroughbred Breeders and Owners Association which resulted in a list of 453 potential breeders to be surveyed after elimination of

duplicates. The same procedure was followed for Quarter Horse breeders where the Department of Agriculture list and the Iowa Quarter Horse Racing Association membership list were combined resulting in a list of 77 potential breeders to be surveyed after elimination of duplicates. Harness horse trainers were surveyed by mail using the multi-purpose owner-trainer-breeder form mentioned in the prior sections.

The economic impact was computed using information from Iowa horse farm owner respondents in order to localize the economic impact to the state. Thoroughbred and Quarter Horse breeders' surveys were mailed out by the respective breed associations, using labels provided by Thalheimer Research Associates, Inc. The procedure followed was the same as that for the owner surveys including a letter from the President of the Iowa Thoroughbred Breeders and Owners Association and the President of the Iowa Quarter Horse Racing Association and a stamped, self addressed envelope to Thalheimer Research Associates, Inc. As with the owner surveys a follow-up post card, and subsequently a second copy of the survey were mailed out to increase the response rate. A copy of the Thoroughbred breeder survey is given in Appendix 3.

**APPENDIX 3**

**Thoroughbred Owner, Trainer and Breeder Survey Forms**

The Iowa Horseman's Benevolent and Protective Association (IHBPA) has commissioned Thalheimer Research Associates of Lexington, Kentucky to conduct an analysis documenting the thoroughbred race horse industry's contribution to the Iowa economy. You have been selected from the list of owners with horses that have started at Prairie Meadows in the recent past. *There is no identifying respondent information on this survey so your answers will be anonymous and will be held in strictest confidence. Please fill out this questionnaire and return it as soon as possible to Thalheimer Research Associates in the stamped self-addressed return envelope.*

1. Were you actively involved as a thoroughbred race horse owner with horses at Prairie Meadows in 2007 or 2008? An active owner has at least one horse in training: 2007: Yes , No ; 2008: Yes , No
2. Where is your place of residence? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_

*If you checked No to Question 1 above, please stop here and return this survey in the stamped self-addressed return envelope, otherwise please continue with the survey.*

*Please answer the following questions for the most recent year checked in Question 1 above that your horses were in training at Prairie Meadows*

3. Approximately what percent of your work time annually do you devote to your breeding operation? \_\_\_\_\_ months
4. Are you also active as a trainer or breeder? An active trainer has at least one horse in training and an active breeder is the owner of at least one broodmare: Trainer , Breeder
5. What percent of your racing operation revenues are from activities as (total should be 100%):  
 a) an owner? \_\_\_\_\_%, b) a trainer? \_\_\_\_\_%, c) a breeder? \_\_\_\_\_%
6. What is the form of your racing stable business? Proprietorship , Partnership , Corporation
7. Did your racing stable operate at a profit in 2007? Yes , No
8. Please limit your responses to the following questions to your activities as an owner of a racing stable of one or more horses. Separate surveys of breeding and training activities are also being conducted.
9. How many horses do you typically have in training at Prairie Meadows? \_\_\_\_\_
10. If you had horses stabled for race meets outside Iowa, please list the tracks where they were stabled (exclude shippers for individual races).  
 a) \_\_\_\_\_, b) \_\_\_\_\_, c) \_\_\_\_\_, d) \_\_\_\_\_, e) \_\_\_\_\_
11. What was the daily training fee you paid your trainer at Prairie Meadows in 2007 and 2008?  
 \$ \_\_\_\_\_ per horse per day in 2007      \$ \_\_\_\_\_ per horse per day in 2008
12. If you as a horse owner at Prairie Meadows stayed overnight for one or more nights with a travel party, including yourself, in a city near the racetrack and spent money locally outside the racetrack, please answer the following:

Iowa location (city) where your travel party spent time	
Number of nights spent at Iowa location	
Number of people (one or more) in your travel party	
Typical spending <i>per day</i> away from track for entire party at Iowa location	\$

PLEASE TURN OVER TO PAGE 2

*Using year-end records of expenditures for your racing stable operation in 2007, please fill out the requested information below. We realize that the following list of accounts will not be the same for all owners. Please fill in all that you can identify and the total at the bottom. The remainder should go in the category "All Other Expenses".*

13. Please list the expenses, by account, for your racing stable operation in 2007:

Wages and Salaries	a) \$	Pony To Post	n) \$
Trainer Fees (excluding commissions)	b) \$	Stable Bonuses	o) \$
Trainer Commissions	c) \$	Stall Rental	p) \$
Jockey Fees/Commissions	d) \$	Tack and Supplies	q) \$
Board (turnouts/layups)	e) \$	Vanning/Transport	r) \$
Depreciation-Horse	f) \$	Vet Care and Medicine	s) \$
Depreciation-Other	g) \$	Sales Tax-Claims	t) \$
Farrier	h) \$	Sales Tax-Horse Sales	u) \$
Insurance-Equine	i) \$	Sales Tax-Other	v) \$
Insurance-Other	j) \$	Other State and Local Taxes	w) \$
Interest	k) \$	Travel-Related Expenses	x) \$
License Fees	l) \$	All Other Expenses	y)
Nominations/Registrations/ Entry Fees	m) \$	<b>Total Expenses</b>	z) \$

14. How many horses are associated with the expense statement above? race horses: \_\_\_\_\_, bloodstock: \_\_\_\_\_

15. Approximately what percent of the Total Expenses above were for your owner operation in Iowa? \_\_\_\_\_ %

16. What new investment in equipment & structures was made in 2007 for your Iowa equine operation? \_\_\_\_\_ ?

**Thank you for completing this survey and providing essential information to be used in computing the economic impact of the Iowa thoroughbred race horse industry.**

The Iowa Horsemen's Benevolent and Protective Association (IHBPA) has commissioned Thalheimer Research Associates, Inc. of Lexington, Kentucky to conduct an analysis documenting the Iowa race horse industry's contribution to the Iowa economy. You have been selected from a list of licensed trainers with horses stabled at Prairie Meadows racetrack. Your responses are anonymous. There is no number on either the survey or the return envelope to identify the respondent to the survey. Please fill out this questionnaire, insert it in the enclosed blank envelope, and return it to the IHBPA office where it will be forwarded on to Thalheimer Research Associates in Lexington, Kentucky for analysis.

1. Where is your permanent residence? City \_\_\_\_\_, County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_
2. Are you also active as an owner or breeder? An active owner has at least one horse in training and an active breeder is the owner of at least one broodmare. Owner , Breeder , Owner and Breeder
3. Approximately what percent of your training operation revenues in 2007 were from activities as:
  - a) an owner? \_\_\_\_\_%,
  - b) a trainer? \_\_\_\_\_%,
  - c) a breeder? \_\_\_\_\_%
4. What is your standard daily training fee at Prairie Meadows per horse? \$ \_\_\_\_\_ 2007, \$ \_\_\_\_\_ 2008
5. Typically, how many months a year is a horse in your care sent to a farm for layup or turnout and what is the daily cost? \_\_\_\_\_ months for layup/turnout, at \$ \_\_\_\_\_ per horse per day.
6. What is your best estimate of the total annual cost (training fees and all other costs including those billed direct to the owner) for an owner to keep a horse in training at Prairie Meadows? \$ \_\_\_\_\_ per year
7. How many horses-in-training do you have in your stable at Prairie Meadows for the current meet? \_\_\_\_\_
8. How many horses-in-training did you have in your stable at Prairie Meadows for the 2007 meet? \_\_\_\_\_
9. Please list other locations where you train your horses, if applicable: Track 1 \_\_\_\_\_  
 Track 2 \_\_\_\_\_ Track 3 \_\_\_\_\_ Track 4 \_\_\_\_\_
10. On a typical day at Prairie Meadows racetrack, how many of the following **paid** workers do you employ?

Employment Category	Number Employed	Employment Category	Number Employed
Assistant Trainer		Night Watchman (security)	
Stable Foreman		Exercise Rider (contract)	
Hot Walker (contract)		Exercise Rider (freelance-by ride)	
Hot Walker (freelance by horse)		Pony Person	
Groom		Other	

11. How many **unpaid** workers do you employ (for example, a family member)?  
 Please choose only one category below that best describes the major function of each unpaid employee.

Employment Category	Number Employed
Assistant Trainer	
Hot Walker	
Exercise Rider	
Groom	
Other	

PLEASE CONTINUE ON NEXT PAGE

12. What is your typical pay rate for the following employee categories in your Prairie Meadows stable?

Employment Category	Pay Rate	Employment Category	Pay Rate
Assistant Trainer	\$ _____/month	Exercise Rider (freelance-by ride)	\$ _____/ride
Stable Foreman	\$ _____/month	Groom	\$ _____/month
Hot Walker (contract)	\$ _____/month	Night Watchman/Security	\$ _____/month
Hot Walker (freelance - per horse)	\$ _____/horse	Pony Person	\$ _____/horse
Exercise Rider (contract)	\$ _____/month		

13. Do you use a mechanical hot walker in your operation? Yes , No

14. On a typical day, how many horses in your care are exercised by rider? \_\_\_\_\_

15. In a typical week, how many horses in your care are ponied on the track? \_\_\_\_\_

*Using year-end records of expenditures and/or your tax return for your training operation in 2007, please fill out the requested information below. Please fill in each of the identified categories, except those billed direct to the owner, and the total at the bottom. The remainder should go in the category "All Other Expenses".*

16. Please list the annual expenses, by account, for your training operation in 2007. These are expenses paid out of your daily training fee. Do not include expenses billed direct to the owner such as vet, farrier, equine transport, ...

Wages and Salaries	a) \$	Interest	g) \$
Contract Labor	b) \$	Feed and Bedding	h) \$
Workers' Compensation	c) \$	Tack and Supplies	i) \$
Unemployment Insurance	d) \$	All Other Expenses*	k) \$
Depreciation-Equipment/Structures	e) \$	<b>Total Training Expenses</b> (Excluding Expenses Billed Direct To Owner)	l) \$
Depreciation-Real Estate	f) \$	*List major categories of "All Other Expenses" above:	

17. What was the value of **new** investments in equipment (assets with more than one year life) and structures which you made in 2007 for your training operation? equipment: \$ \_\_\_\_\_, structures: \$ \_\_\_\_\_

18. In 2007, if your horses were stabled for part of the year in other locations what is your estimate of the percent of Total Training Expenses above allocated to racing at Prairie Meadows \_\_\_\_\_%

*Thank you for completing this survey and providing essential information to be used in computing the economic impact of the Iowa race horse industry.*

The Iowa Thoroughbred Breeder's and Owner's Association (ITBOA) is a participant in a study documenting the Iowa race horse industry's contribution to the State economy. Thalheimer Research Associates of Lexington, Kentucky has been commissioned to conduct the analysis. You have been selected to participate as part of a representative sample of Iowa thoroughbred breeders. Separate surveys are being sent to Iowa thoroughbred race horse owners and trainers. If, in addition to being a breeder, you are also an owner or trainer, you may also be receiving one of these surveys requesting information specific to your operation as an owner or trainer. There is no identifying respondent information on any of the surveys so your answers will be anonymous and will be held in strictest confidence. Please fill out this breeder survey and return it in the stamped self-addressed return envelope.

1. Where was your place of residence? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_
2. Did you own at least one resident broodmare in Iowa in, 2007? Yes , No ; 2008?: Yes , No
3. Did you own, lease or manage a horse farm in Iowa in 2007? Yes , No
4. Were you active as an owner or trainer in 2007? Owner , Trainer

- If no to both 2 and 3, please stop here and return this survey in the enclosed stamped self-addressed envelope.
- If no to 3, please skip to question 13 and respond as a non-horse farm owner, lessee or manager. If yes to 3, please continue.

5. Where is your farm located? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_
6. What is your farm's total acreage? \_\_\_\_\_ acres
7. Approximately how many acres are used for your horse farm operation? \_\_\_\_\_ acres.
8. a) How many thoroughbred broodmares were on your farm during the 2007 breeding season? \_\_\_\_\_ mares  
 b) How many quarter horse broodmares were on your farm during the 2007 breeding season? \_\_\_\_\_ mares  
 c) How many of these mares, did you own by yourself or with others? \_\_\_\_\_ mares.

Answer the following if you were a horse farm owner in 2007. If you were a farm manager, please fill out for the farm owner if appropriate.

9. Approximately what percent of your farm revenues in 2007 came from:

Boarding Horses	%	Standing Stallions	%	Sale of Older Horses	%
Weanling/Yearling Sales	%	Breaking/Training	%	Sale of Non-Equine Livestock	%
Sales Prep	%	Racing Horses	%	Sale of Cash Crops	%
Agent Fees	%	Layups/Turnouts	%	Other	%

The following questions pertain to an inventory of your breeding stock.

13. a. How many of the following horses, exclusive of those shipped in to be bred and boarded for less than a month or for sale prep, were on your farm in 2007

Type Horse	Number	Average Months	Type Horse	Number	Average Months
Stallions at Stud			Foals/Weanlings		
Year-round Broodmares			Yearlings		
Seasonal Broodmares					

- b. How many foals above were registered as Iowa-breds? \_\_\_\_\_

15. How many of the following were typically on your farm in 2007 and what was their average length of stay?

Horses For:	Number	Average Number of Months
Sale-Prep		
Breaking		
Training		
Layups		
Turnouts		

The following questions pertain to the cost to an owner of keeping bloodstock.

11. What typical daily fee did an owner of a horse boarded at your farm pay for the following in 2007?

Broodmare-Year-Round	\$	Sale-Prep	\$
Broodmare-Seasonal	\$	Stallion at Stud	\$
Foal At Mare's Side	\$	Breaking/Training	\$
Weanling	\$	Layups/Turnouts	\$
Yearling	\$		

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The following questions pertain to employment on your horse farm.

12. How many paid and non-paid employees did you typically have in your horse farm operation in 2007?

Employee Category	Number Of Paid Employees		Number Of Non-Paid Employees (for example: yourself and/or family members)	
	Number	Average Months	Number	Average Months
Full Time Year-Round				
Part Time Year-Round				
Seasonal				

Continue from question 12 above or from question 3 if you did not own, lease or manage an Iowa horse farm in 2007.

13. Did your race horse breeding business show a profit in 2007? Yes , No

14. What is the form of your breeding operation? Proprietorship , Partnership , Corporation

15. What price did you received for horses you sold at both public auction and privately in 2007

	Number Sold At Auction	Average (\$)	Number Sold Privately	Average (\$)
Weanlings				
Yearlings				
Broodmares				
2-year-olds in training				

16. What was the stud fee paid for mares bred in 2007?

Average: \$	Low: \$	High: \$
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17. What were total expenses (including depreciation) for your horse breeding operation in 2007? \$ \_\_\_\_\_

18. **What were your expenditures by category in 2007? Please fill out the information below using your year-end 2007 accounting records. We realize that providing this information will take additional effort but it is vital to presenting an accurate picture of the contribution of the breeding industry to the Iowa economy. If you were a breeder who did not own or lease a farm, certain expense categories may not apply to you (ex. gross wages and salaries), just fill out those which apply. Similarly, a farm owner may not incur board bill expenses unless horses are boarded off-farm for breeding.**

Gross Wages and Salaries Including Benefits	\$	Sale Commissions	\$
Contract Labor	\$	Sale Prep	\$
Professional Services	\$	Supplies and Equipment	\$
Car and Truck Expense	\$	Stud Fees	\$
Board	\$	Utilities	\$
Depreciation-Equine	\$	Vanning/Transport	\$
Depreciation-Other	\$	Vet Fees and Medicine	\$
Farrier	\$	State Unemployment Ins.	\$
Feed and Bedding	\$	Workers Compensation Ins.	\$
Fertilizer, Lime, Seed, etc.	\$	Sales-Use Tax-Stud Fees	\$
Insurance-Equine	\$	Sales-Use Tax-Breeding Stock	\$
Insurance-Other	\$	Property Tax-Breeding Stock	\$
Interest	\$	Property Tax-Other	\$
Nomination/Registration Fees	\$	Other State and Local Taxes	\$
Rent or lease (land, equipment)	\$	All Other Expenses	\$
Repairs and Maintenance	\$	Total Expenses	\$
Agent Commissions	\$		

19. How many horses do the expenses above apply to? foals \_\_\_\_\_ yearlings \_\_\_\_\_ mares \_\_\_\_\_ stallions \_\_\_\_\_

20. Do the expenses given above apply mostly to (check one): your horses , or your horses and outside boarders ?

21. Approximately what percent of Total Expenses given above were incurred in Iowa? \_\_\_\_\_%

22. What was the value of new investment in 2007 for your breeding operation in Iowa (see below)?

	Amount of New Investment in 2007
New Structures and Improvements (includes fence)	\$

Thank you for completing this survey and providing essential information to be used in computing the economic impact of the Iowa thoroughbred race horse industry.

## **APPENDIX 4: Biography**

### **Dr. Richard Thalheimer, Thalheimer Research Associates (TRA, Inc.)**

**107 West Short St.  
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Richard Thalheimer has been involved in many areas of business and economic research for over 30 years and has a variety of both academic and trade journal publications. Dr. Thalheimer has an undergraduate degree in Metallurgy, a Masters degree in Business Administration, and a Masters and Ph.D. in economics. Before starting his business and academic career, he worked in the Kentucky Revenue Cabinet for eight years and was Executive Director of the Office of Revenue Estimating and Economic Analysis. He is president of Thalheimer Research Associates, Inc. (TRA, Inc.) an economic research and consulting firm in Lexington, Kentucky, founded in 1983. Along with his consulting firm position, Dr. Thalheimer was a Professor in the Department of Equine Business at the University of Louisville from 1989 through 2006. Courses taught there included equine marketing, equine financial management, current equine issues and the economics of racing and other forms of gaming, including lottery and casino gaming. Dr. Thalheimer has consulted with, and generated economic research reports for, many entities in the racing and gaming industries, other industries, and local, state and national governments. His areas of specialization are primarily the economics of the race horse industry, the casino gaming industry and the racino (casino gaming and racing at a single facility) gaming industry. He has provided expert testimony before various racing and gaming commissions and in court cases across the country. Internationally, Thalheimer Research Associates has conducted economic analyses of the parimutuel wagering industries in South Africa, Singapore and Norway. Dr. Thalheimer was an invited speaker at the AEP/EAP Conference (European Association of Parimutuel Totalisator Managers) in Copenhagen, Denmark in 1999 and in Stockholm, Sweden in 2001. Most recently, in 2006, he was a subcontractor (with William Eadington, University of Nevada-Reno) with the Swiss Institute of Comparative Law for the economic part of a report on the effect of barriers to gaming in the EU.

Dr. Thalheimer has presented results of his research in the equine and gaming industries at many conferences both in the U.S. and at international locations. Results of his research have been widely published in racing and gaming industry publications such as the Thoroughbred Times, The Blood Horse, International Gaming and Wagering Business and Global Gaming Business. His works have also been published in academic journals such as Applied Economics, Contemporary Economic Policy, Economic Inquiry, Journal of Economics and Business, Journal of Regional Science and Urban Economics, Journal of Forecasting, Management Science, the Southern Economic Journal, and the Journal of Agricultural and Applied Economics.