

# THE ECONOMIC IMPORTANCE OF IOWA'S EQUINE INDUSTRY

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Iowa equine farms are **viable agricultural businesses**, regardless of the cost of land. To understand the economic value of the equine industry, one must consider the many activities that include equines, the many breeds of equine that reside in this state, and the thousands of equine enthusiasts. These enthusiasts represent every walk of life. They live in urban and rural areas and fill their homes, offices and vehicles with symbols of their interest in the equine. If you think about the breeding farms, land, equipment, facilities and products necessary to produce and use the equine, you will understand how equines and people involved represent an influential industry. Finding a rival in complexity would be a challenge.

Together, the breeding, raising, showing, racing, training, riding and care of thousands of equines each year strokes a vast industry that, when pulled together in all its diverse aspects, has a huge impact on Iowa's economy.

## The Equine Industry's Estimated Contribution to the Iowa Economy

The total contribution of the equine industry to the Iowa economy was estimated using the economic impact software program IMPLAN (Impact Analysis for Planning). The input-output (I-O) model is essentially a generalized accounting system of a regional economy that tracks the purchases and sales of commodities between industries, businesses, and final consumers. In practice, the IMPLAN model is used in every state and hundreds of communities across the nation to catalog economic activity and predict the effect of alternative policies and various economic changes. The basic analysis for this report looks at the overall importance and contribution of the equine industry to the Iowa economy based on the current situation in the Iowa equine industry. The results of the I-O analysis are presented in Table 1 with estimates of the direct and secondary economic effects presented for ten general sectors in the Iowa economy. The key indicators of economic activity reported include total industry output, total income, and employment. Secondary effects are the spin-off or ripple effects of the equine industry. For example, equine related businesses purchase a variety of inputs and services; and the companies that produce these goods and services also need labor. Accordingly, the secondary effects also capture the impact of local spending by employees of both the equine-related businesses as well as supporting industries. While much of the impact is concentrated in the agricultural sectors, the personal income linkages in the economy results in major economic effects also being distributed in the services and trade sectors. The direct and secondary output effect of the equine industry is \$862.5 million.

Employment is based on a per job unit consid-

erent with the definitions used by the US Commerce Department. The employment levels are likely to be nearly full-time equivalents for the manufacturing and production oriented jobs. Based on the IMPLAN model, this translates into 10,130 jobs. The distribution of employment impacts is similar to the pattern for the other indicators in that effects are present in all parts of the economy.

## At a Glance: THE IOWA EQUINE INDUSTRY: THE BILLION - DOLLAR FACTS

*The Equine Industry is Agriculture*

**FACT:** The Iowa equine industry annually produces goods & services valued at \$862.5 million.

**FACT:** The Iowa equine industry's annual contribution to the G.D.P. (Gross Domestic Product) is \$474.8 million

**FACT:** There are 35,800 equine farms & 47,000 equine owners in Iowa. 145,000 Iowans are involved in the industry as owners, service providers, employees and volunteers. Even more participate as spectators.

**FACT:** There are 199,220 equines in Iowa, ranking Iowa 17th in the nation.

**FACT:** The total value of all equine-related assets in Iowa is \$8.3 billion.

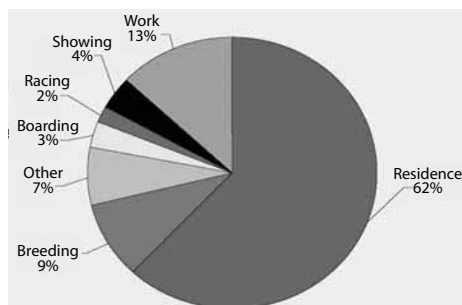
**FACT:** Iowa equines are valued at \$1.03 billion.

**FACT:** The Iowa equine industry directly provides 10,000 jobs.

**FACT:** Iowa equine owners hold over 2.1 million Iowa acres, which equals 5.87% of Iowa land.

**FACT:** Horse people own \$5.6 billion worth of Iowa land, fencing and facilities.

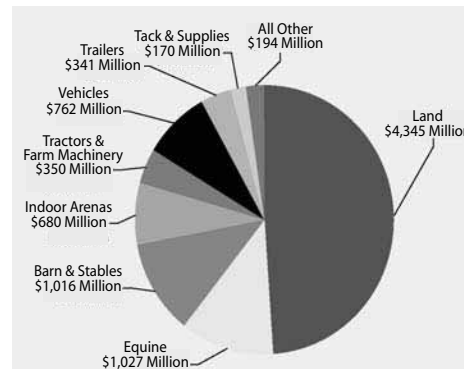
**FACT:** Composition of Iowa equine operations is 62% personal or recreational, 13% working, 9% breeding, 7% other, 4% showing or competition, 3% boarding, and 2% racing (see Figure 1, below)



**Figure 1. Composition of Iowa Equine Facilities**

This graph illustrates the types of Iowa equine operations. The majority of equine operations, over 62%, were reported to be involved with personal, recreational, or pleasure riding and/or driving.

Additionally, although Iowa boasts 50 breeds of horses, the majority of horses owned are quarter horses (42%), with Paints coming in second at 16%.



**Figure 2. Equine-Related Assets**

The total value of all equine-related assets in Iowa is \$8.3 billion. Land by far is the largest asset, valued at \$4.3 billion (nearly 48% of the total). Equine accounted for 12%, totaling nearly \$1.0 billion.

**FACT:** The state of Iowa receives more than \$12.5 million each year from equine pari-mutuel wagering & fees.

**FACT:** Over 69% of Iowa equine owners trail ride on public land.

**FACT:** More than 50% of the direct expenditures bolstering the Iowa economy come from "hobby" horses ridden for enjoyment.

**FACT:** Horses in Iowa consume 1.4 billion pounds of hay & 436 million pounds of grain each year.

**FACT:** Iowa equine owners spend \$503 million caring for equines, generating jobs & revenue in the agriculture & agriculture service sector businesses. These dollars are spent on equipment purchases, feed & bedding, veterinarian & farrier services, boarding, training & breeding fees, tack, grooming supplies, insurance, travel & lodging, capital improvements, advertising & other miscellaneous equine-related expenses.

**FACT:** Ten percent of Iowa equine owners have owned their equine less than 5 years, while 40% have owned equines 30 or more years.

**FACT:** 33% of equine owners will compete in some type of event during the year & 50% will attend an equine show, clinic and/or workshop.

## At a Glance: THE NATIONAL EQUINE INDUSTRY

**FACT:** Equines in the U.S. are valued at \$10.3 billion, over 70% of which are involved in recreation or showing.

**FACT:** Those involved with equines rank as the fourth largest source of personal consumption for recreation in the United States. This includes those involved in the industry as horse owners, service providers, employees & volunteers. Tens of millions more participate as spectators.

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**FACT:** The industry has a \$112.1 billion impact on the U.S. economy when the multiplier effect of spending by industry suppliers & employees is taken into account.

**FACT:** The equine industry pays \$1.9 billion in taxes to all levels of government.

- American Horse Council, 2005 -

### **Vision for the Iowa Equine Industry**

The horse industry in Iowa is not without its challenges. A vision for the future should address the following issues.

- Education of legislators and the general public on the equine industry.
- Education of youth about horses.
- Improving the quality and breeding of Iowa horses and ponies.
- Improving equestrian skills, training and standards.
- Increasing participation in equestrianism and the social contribution of the equine industry.
- Increasing the economic performance of equine businesses.
- Development of a regional sales/show multi-purpose arena with sufficient stabling. Until there are adequate facilities, people will continue to leave for other states to sell and to show their horses, and breeders will continue to struggle to build their businesses.
- Evaluation of land use and zoning for equine.
- Improving the health and wellness of equine.
- Development of a state-wide trail system.

The equine industry in Iowa has a very real impact on the economy. The more than 35,000 operations house 199,220 horses, generate 10,130 jobs, and generate more than \$862million in economic impact in the state. These overall impacts make the equine industry comparable to the Iowa poultry industry, or about half the size of the Iowa dairy industry. The equine industry is a thriving part of the Iowa economic landscape, and has tremendous potential to grow.

One of the largest industries in the United States revolves around horses, and has a daily impact on the lives of millions of American citizens. The industry contributes to human health and well being, sporting prowess, education, and community development. It is diverse, involving agriculture, business, sport, gaming, entertainment and recreation.

Activities forming the core part of the industry range from professional to leisure. In between lay many semi-professional riders, and participants whose interest is split between earning a living and pure leisure activity. The activities geared toward professionals include commercial breeding, affiliated sports, training, law enforcement, ranching and racing. The leisure-orientated activities include the riding lessons, trail riding, and tourist attractions. The other part of the industry is made up of providers of goods and services to the industry. Examples include feed supply, veterinary services, tack, workforce training, and insurance.

The United States horse industry is a \$39.2 billion business associated with 9.2 million horses (AHC, 2005). The horse industry's contribution to the U.S. gross domestic product (GDP) is \$102 billion,

and it generates over 1.4 million jobs across the country. In Iowa there are 199,220 horses, which ranks Iowa 17th in the nation. This industry makes an important contribution to the economy, and to the social fabric of many communities. It is particularly important in rural areas such as Iowa - over 70% of horse owners live in communities of 50,000 or less, yet still the number of horses has increased 28% in ten years.

Current trends, especially the growth in the leisure economy, suggest the potential for real growth in the industry. The industry is diverse, with communication between the various parts not always very effective. The principle requirement for growth over the next ten years is to develop the necessary infrastructure to build and implement a successful strategy that is actively promoted by the entire horse industry. A successful and well-run industry will also be able to lobby more effectively for any changes needed to consolidate and enhance performance in the future.

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