

**The Economic and Fiscal Impact of Events
at
the Kentucky Horse Park
Fiscal Year 2007**



by

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Executive Summary

Located in the heart of Kentucky's Bluegrass region, the Kentucky Horse Park covers over 1,200 acres. The KHP host distinctive equine-related tourist attractions, competition facilities, a 260-site resort-style campground, and offices of more than 30 national and regional equine organizations and associations, as well as open farmland for pastures for the more than 100 horses who call the KHP home.

Among the tourist attractions, the KHP is home to two unique equine museums. The International Museum of the Horse is the largest of its kind in the world and provides visitors with a panoramic view of the entire history of the horse and its relationship with people. The museum's Special Exhibitions Galleries have hosted some of the world's most important collections of equine art and artifacts. The other unique attraction is the American Saddlebred Museum, which focuses on Kentucky's first native breed, from its role in American history to its modern uses.

The Kentucky Horse Park's equestrian facilities for dressage, show jumping, cross country, and steeple-chase are among the very best in the country. Combined with having over 1,100 stables available, the park's accessibility from interstate highways, and Lexington's large number of moderately priced hotel rooms and strategically placed upper tier hotels, the KHP hosts some of the best and largest horse shows in the country each year.

The KHP's tourist attractions and events have a significant economic impact on the Bluegrass economy and Kentucky as a whole, and contribute millions of new tax dollars annually to state and local governments.

During 2007, researchers at the University of Louisville tracked activity at all major KHP events which occurred between July 1, 2006, and June 30, 2007. Interviews were supplemented by license plate surveys and accounting data to construct a database on

events, visitors, and their expenditures throughout the year. In this document, we report our estimates of the impact of fiscal year 2007 events.

Major Findings

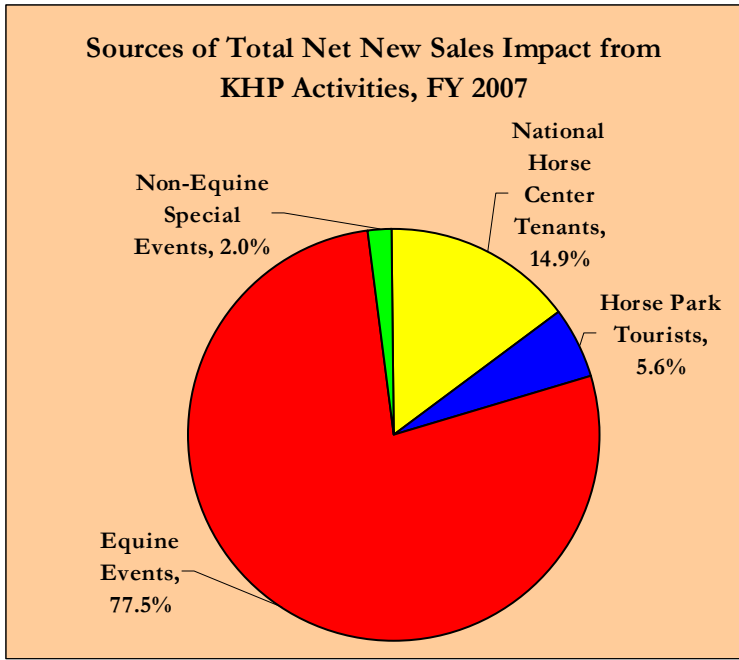
- ☑ The total number of attendees at all Kentucky Horse Park facilities in fiscal year 2007 was about 935,000. This is an increase of about four percent over the attendance levels of the 2005 and 2006 fiscal years. After adjusting for some double counting (for example, when a person attends several days of a multiple day event or spends more than one night in the campground) we estimate that approximately 473,000 unique individuals visited the KHP in fiscal year 2007.
- ☑ We estimate that of the total unique attendees, 220,000 lived outside of Kentucky and stayed overnight in an area hotel, motel, or campground. Nonresident attendance is perhaps the most important single factor in measuring the economic impact of these events.
- ☑ Equine event attendance was estimated to be just over a half million during the fiscal year, a significant increase (about 15-20 percent) over previous highs. Of that, about 94,000 unique attendees were from out-of-state (66 percent of all unique equine event attendees). Equine special event attendance is a particularly important economic barometer since these shows tend to attract many nonresident exhibitors and visitors, who stay several nights in local hotels, eat at local restaurants, and purchase support services from local vendors.

- ☑ Of the \$6.7 million in operating revenues for the Kentucky Horse Park in fiscal year 2007, approximately 66 percent, \$4.4 million, we estimate to be attributable to out-of-state tourist visitors and special event attendees.
- ☑ Nonresident attendees and exhibitors at equine and other special events accounted for over 168,000 room-nights at area hotels, motels and campgrounds during the fiscal year. Equine events were responsible for producing a bit over 161,000 of those room-nights.
- ☑ We estimate that nonresident attendees spent \$43 million on lodging, food, shopping, entertainment, auto, and other personal items in the Kentucky economy during fiscal year 2007. Equine event attendees spent an additional \$4 million locally on feed, bedding and other products for the care of their horses. Finally, we estimate that another \$3.7 million was spent locally by the organizers of three of the more prestigious and national equine events.
- ☑ The total direct spending by nonresidents, including lodging, food, shopping, entertainment, auto, horse, business, and KHP expenses, is estimated to be about \$55.2 million.
- ☑ The total dollar impact of fiscal year 2007 events, accounting for multiplier effects, is estimated to be around \$93 million.
- ☑ These new dollars generated by Kentucky Horse Park facilities and events supported approximately 1,370 jobs in Kentucky, with a payroll of approximately \$28 million.
- ☑ Most of these impacts are the result of equine related events. Roughly 91 percent of the total net new sales impact generated by the Kentucky Horse Park facilities and events was due

Kentucky Horse Park	
Summary of Economic and Fiscal Impacts for Fiscal Year 2007	
Attendance	
Total facility usage	934,648
Paid & unpaid tourist attendance & campground usage	248,163
Equine event attendance	505,514
Other special event usage	180,971
Out-of-state unique attendees	220,555
Paid & unpaid tourist attendance & campground usage	120,893
Equine event attendance	93,992
Other special event usage	5,671
Kentucky Horse Park Revenues	
Operating revenues, FY2007 total	\$6,676,027
Attributed to out-of-state spending	\$4,414,017
Special Event (Equine & Non-Equine) Attendee Expenditures	
Room-nights	168,485
Lodging expenses	\$13,847,690
Meal expenses	\$22,847,000
Personal shopping, entertainment, auto, other expenses	\$6,286,437
Horse maintenance expenses	\$4,165,312
Horse Show Organizer Expenses (National & Most Prestigious Shows)	\$3,689,110
Total Nonresident Attendee Spending	\$50,835,550
Total Economic Activity Generated by Nonresidents	
Total out-of-state expenditures	\$55,249,567
Total net new sales impact	\$93,126,061
Jobs supported by net new sales	1,372
Net new payroll generated	\$28,054,621
Tax Revenues Generated by KHP Attractions & Events	
Total Kentucky State Taxes	\$5,603,849
Total Local Taxes, Fayette County	\$1,377,319
Taxes calculated are state sales and income taxes and Fayette County hotel and occupational taxes. Additional tax revenues and other collections are likely, but not as easy to measure.	

to equine events. Horse Park tourists account for much of the remainder (6.6 percent), with non-equine special events accounting for only 2.4 percent of the total impact.

- ☑ This impact generated about \$5.6 million in state sales and income taxes and nearly \$1.4 million in local occupational and room taxes. About 98 percent of these tax dollars are believed to be generated by nonresident attendees and exhibitors. That is, they represent new tax dollars, not simply a collection from Kentucky residents.
- ☑ The National Horse Center has also become of significant source of economic activity. Sixteen organizations now call the KHP home after moving from out of state. They have a



Introduction

This report summarizes the results of a year long effort to measure the economic and fiscal impact of Kentucky Horse Park activities. The study includes all of the events held at the KHP from July 2006 through June 2007. A description of the methods and sources of data is included in this report.

This study seeks to document the services provided by the Kentucky Horse Park facilities and organization to Kentucky residents and businesses. The study also documents the important impact that these events have on the state economy and on the state and local tax base. These are two types of economic impacts. In the former the Kentucky Horse Park provides a service, usually on a fee basis, to Kentucky residents

collective payroll of about \$7.6 million, which generates roughly \$16.3 million in new sales impact, which can support 350 jobs with a payroll of \$8.5 million.

- ☑ While the KHP receives an appropriations subsidy of roughly \$2 million each year from state government to cover operating expenses, we found that the events hosted there have a significant economic impact on the Kentucky economy, and contribute more than triple the amount of the subsidy in new tax dollars annually to state and local governments.

Beyond the new dollars that Kentucky Horse Park events generate for Kentucky and the Bluegrass area, the facilities at the park provide unique venues for events attended primarily by Kentucky residents. Beyond the horse shows, examples include the cross country races, soccer tournaments, and the annual Southern Lights Holiday Festival.

The additions and improvements to KHP facilities in store for the Alltech FEI World Equestrian Games 2010 will no doubt increase the attractiveness of the Kentucky Horse Park as a venue for prestigious horse shows and further increase the economic and fiscal impact of the KHP on the state economy.

needing equine facilities, or exhibit, meeting, wholesale and retail trade, and entertainment space. In that sense, the KHP provides services much like those provided by private horse farms, halls, showrooms, banquet facilities, and entertainment establishments. The fact that no private firm is likely to invest in facilities of the size, scope, and quality as required for important events like the Rolex Kentucky Three Day Event means that a public entity must make the investment if they are to be held each year.

The latter type of economic effect is traditionally associated with industry - the economic activity induced by sales to nonresidents. Events such as the Rolex Kentucky Three Day Event, Egyptian Event, U.S. Pony Club National Festival, and Silverama Horse Show & Regional Championship attract thousands of horse, riders, owners, and other equestrian enthusiasts from around the country. These nonresidents are attracted to a Kentucky facility and spend dollars in the local economy that would have been spent in another state had the KHP facilities not been here. These new dollars hit our economy first at hotels, restaurants, gift shops, and the establishments of vendors supplying business services for these special events. They recirculate many times through the local economy, creating more new business, income, jobs, and tax revenues. It is this latter type of effect which corresponds to the strict technical sense of the term “economic impact,” and it is what we focus on in this study. During 2007, researchers at the University of Louisville tracked activity at all major Kentucky Horse Park events. Interviews

were supplemented by license plate surveys and accounting data to construct a database on events, visitors, and their expenditures throughout the year.

In this study we find that the Kentucky Horse Park has been a worthwhile investment by state government. While the KHP receives an appropriations subsidy of roughly \$2 million each year from state government to cover operating expenses, we found that the events hosted there have a significant economic impact on the Kentucky economy, and contribute more than triple the amount of the subsidy in new tax dollars annually to state and local governments. The KHP is host to some of the biggest horse shows in the United States, lured by the expansive and high quality facilities, easy access to interstate highways, and Lexington's growing inventory of moderately priced hotel rooms and strategically placed upper tier hotels.

The remainder of this report discusses in detail our impact estimates. We first describe the general methodology and sources of data. Next, we provide and explain a number of tables showing estimates of attendance, expenditures by event category, economic impact, and tax revenues.

General Methodology and Sources of Data

Determining the impact of Kentucky Horse Park events is a complicated task. The KHP played host to over 200 events in fiscal year 2007, including nearly 170 equine shows, competitions, and exhibitions. Each of these events has a different character in terms of its economic impact on the surrounding community. Some serve only local residents and little money changes hands. Some almost exclusively serve nonresidents and thousands of dollars change hands daily. Some events have very few trade show exhibitors, if any at all, while others attract dozens of companies with a few hundred employees working exhibits. Some attract nonresidents who stay in the finest hotels and spend hundreds of dollars daily on food, entertainment, and shopping. Other events attract attendees on more modest budgets.

Unfortunately, little research nationally or locally appears to have been done to develop spending profiles for attendees and exhibitors at different types of events. What research has been done tends to paint all events with a very broad brush. We have attempted

to deal with these difficulties through a variety of methods. In most cases we have tried to estimate our data in more than one way as a check on the accuracy of our primary methods. This study relied a great deal on surveys of and interviews with event organizers, exhibitors, and attendees, but we also relied on our expertise garnered through conducting similar research over the past decade. The following sections briefly describe how we gathered our data.

Event Organizer Information

Equestrian Events, Inc., organizer of the Rolex Kentucky Three Day Event, graciously gave us access to much of the information they had on attendance, ticket sales, trade show participation, and event expenses. They also provided us with a copy of a study of the 2004 Rolex event done by Smith Market Research of Lexington, Kentucky. In that study over 400 out-of-town attendees were interviewed concerning their spending patterns while they were in Lexington. All this information provided by Equestrian Events proved invaluable, especially because the Rolex Three Day Event has the largest economic impact of any single event held at the KHP.

Event organizers often spend thousands of dollars in the local area on such things as flowers, decorations, catering, transportation and equipment rental, security, contract labor, and advertising. We compared the expense data for the Rolex event with some fairly detailed estimates of local spending by organizers of several different types of events compiled during three year-long studies for the Kentucky Fair Board. Together, this data allowed us to construct output, earnings, and employment multipliers for local event organizer business expenses as a weighted average of 31 industry categories.

Exhibitor and Attendee Interviews

We personally visited several equine events during the year and at each interviewed a sample of horse owners and riders and trade show vendors. We asked them about the number of people they brought to the event, the number of hotel rooms they were using, how many nights they were staying, where they were staying, how much they were spending on food, entertainment, shopping, and transportation, and any other local expenses they may have incurred in the

operation of their exhibit. This helped in deriving the attendee and exhibitor profiles for different types of events.

Attendee Surveys

We supplemented these interviews with information gathered over the past ten years in intercept surveys of attendees at five major events (conducted by researchers from the University of Louisville and Horizon Research), and interviews of attendees and vendors at several events at the Kentucky Exposition Center in 2001 and 2005. In each case, the surveyors and interviewer asked out-of-town attendees about how many people were traveling in their party, how many days they were spending in the Louisville metro area, how many nights they would be spending in local lodging, and how much they anticipated spending on lodging, meals, entertainment, shopping, transportation, and other expenses while in town. This helped build confidence in the reasonableness and generalizability of the KHP derived spending estimates.

License Plate Surveys

When there is no official registration or the event is open to the general public, as is the case with the KHP's permanent attractions and activities and some of the special events, there is no hard data concerning attendee residence. Since the primary economic impact of the KHP depends upon the number of participants who come from outside the state, it was important that we obtain reasonably accurate estimates of the percentage of visitors who do not live in Kentucky. In order to attain more accurate information on attendee residence we conducted a series of license plate surveys at KHP parking lots several times during the year. These surveys were conducted in the Visitor Center parking lot, various parking areas near the horse stables, and the large grass field near the campground that is utilized during large public events.

The Kentucky Horse Park also shared with us the results of two surveys conducted by their staff during 2004 and 2005. One was a license plate survey conducted at the main entrance by workers collecting parking fees and the other involved Visitor Center staff asking people buying admission tickets for their state of residence.

Special Event Participator and Results Lists

We were able to locate, primarily through internet sources, lists of participants and/or results for the vast majority of the equine and canine special events held at the Kentucky Horse Park during the fiscal year. In addition, we compared this information to lists and results from the previous fiscal year in many cases to check for consistency. Through these efforts we were able to estimate with some confidence the percentages of attendees who came from outside of Kentucky for each of the special events.

Administrative, Accounting, and Secondary Data Sources

Kentucky Horse Park Data. Accounting data from the Kentucky Horse Park were used to calculate the portions of KHP revenues that could be attributed to the expenditures of residents and nonresidents at the KHP facilities. This included data on attendance, Visitor Information Center ticket sales, horses and stall usage, stall, arena, and facility rental receipts, parking, concessions, gift shop, campground, and other revenues.

Per Diem Expenses. Meal per diem rates reported by the federal government's Per Diem Travel & Transportation Allowance Committee (PDTATAC, a joint committee of the departments of State and Defense and the General Services Administration) for Fayette County were used along with the attendee and visitor interviews and data from the 2004 Rolex event study to estimate food expenditures per person for all exhibitors and attendees at KHP events. The PDTATAC per diem rates provide a good base from which to judge the results of our other information. Based upon past studies, we believe that this is the most accurate single rate available for general convention and business travel, especially for cost conscious travelers. We adjust the per diem rate based upon such factors as the type of event, whether it primarily attracts families, and the likelihood that people would be bringing some of their own food with them or buying groceries instead of eating in restaurants.

Hotel/Motel Room Rates. The Greater Lexington Convention and Visitors Bureau provided us with monthly reports by Smith Travel Research derived from their monthly surveys of Fayette County hotels and motels. Those results were used to estimate actual lodging expenses by attendees and exhibitors per event.

Generally, the rate used was the average for the north-east Lexington loop middle and upper tier market segments.

Sales, Earnings, and Employment Multipliers. Multipliers from the IMPLAN® economic impact modeling system developed by the Minnesota IMPLAN Group, Inc. were used to measure linkages between out-of-town attendance and new local jobs and payroll. The model has detailed information for over 500 industries. It predicts how much each industry must buy from every other industry to produce its good or service, and how much of that is purchased within the state economy. It measures the number of jobs required to produce a dollar of output in each industry, as well as earnings per job. The model is updated periodically, with the current multipliers based on 2004 data. We use different multipliers for each of our seven expenditure categories because each industry has unique linkages to the rest of the economy. These are summarized in the following table.

Tax Revenues Generated by Nonresidents and Residents

The tax flows were estimated by multiplying effective tax rates times the relevant expenditure categories. A discussion of the effective tax rate calculations and applications follows.

Sales Tax on Lodging, Meals, and Shopping. As these are direct spending categories, the nominal Kentucky sales tax rate was multiplied by the respective expenditure categories. The current tax rate is 6 percent on meals and shopping and effectively 7.48 percent on lodging.

Sales Tax on Expenditures at KHP. The nominal sales tax was used here, also. However, it was only applied to some of the receipt categories. Parking, Fees, and Space Rental receipts are exempt from the state sales tax.

Sales Tax Induced by New Payroll. New payroll generated by sales to nonresidents generates sales tax revenue as the earnings are spent and respent in the Kentucky economy. We used historical ratios of sales tax revenues to Lexington metro area payroll to estimate the effective sales tax rate. The effective tax rate is less than the nominal rate for several reasons. Among the most important are (1) some of the payroll is spent to purchase goods and services outside the state; and (2) much of the payroll is spent on items like groceries and rent that are not subject to sales taxes.

State Individual Income Tax Induced by New Payroll. New payroll generated by sales to nonresidents creates income tax revenue as the earnings are spent and respent in the Kentucky economy. We used historical ratios of income tax revenue to Lexington metro area payroll to estimate the effective income tax rate for each of the study years.

Lexington-Fayette County Hotel Tax. As this is a direct spending category, we simply multiply the nominal room tax rate by estimated lodging expenditures. The current tax rate is 6 percent.

City/County Occupational Taxes. Lexington-Fayette Urban County Government levies a tax on all payroll earned in the county. The rate is 2.25% levied by the metro government on all workers, plus an additional 0.5% levied only on county worker/residents to support the Fayette County Public School System. We used effective tax rates based on historical ratios to estimate the new local government tax flows generated by Kentucky Horse Park events.

Final Demand Multipliers				
Expenditure Category	Output	Employment	Earnings	Industry
Lodging	1.5397	22.2720	0.4545	Hotels and motels- including casino hotels
Meals	1.7288	28.7383	0.4748	Food services and drinking places
Shopping/Entertainment/Auto/Other	1.6000	23.4072	0.4723	Weighted average
Horse Maintenance	1.7428	38.4716	0.7817	Agriculture and forestry support activities
Event Organizer Business Expenses	1.6822	24.4753	0.5196	Weighted average
Kentucky Horse Park Expenditures	1.9899	26.8931	0.6278	Museums- historical sites- zoos- and parks
National Horse Center Tenants	2.1446	49.5131	1.1183	Civic, social, professional and similar orgs.

Source: IMPLAN® economic impact modeling system developed by the Minnesota IMPLAN Group, Inc., using The Employment multiplier is expressed in terms of a \$1 million change in final demand. The multipliers for the Shopping/Entertainment/Auto/Other category are weighted averages of five industries encompassing most of this sort of spending. The multipliers for the Event Organizer Business Expenses category are weighted averages of 31 industries based upon detailed lists of local expenditures.

Discussion of Results

The economic impact of Kentucky Horse Park events is an important component of the Lexington metropolitan area and Kentucky economies. The following table summarizes all of the results of this study. We will discuss them by topic.

Attendance

We estimate that total Kentucky Horse Park attendance for fiscal year 2007 events was just about 935,000 people. This represents about a four percent increase over total facility usage for the previous two fiscal years. Over half of that total, slightly more than one-half million people, were experiencing one of the many equine events at the KHP. About twenty percent were attending a non-equine special event. Of those, over half were enjoying the annual Southern Lights Holiday Festival. Much of the remainder of that category involved dog shows and cross country meets. Finally, there were approximately 135,000 tourist attendees (84 percent of whom paid admission) and 113,000 campground users.

The figures described above are essentially turnstile counts, which include quite a bit of double counting as people go in and out or attend multiple days of a single event such as an equestrian exhibition. After adjusting for such double counting, we arrived at estimates of the number of individual people who attended Kentucky Horse Park events. Tourist attendance counts individual ticket holders, so there is no adjustment needed. We assumed an average stay of three nights for campers. Each equine and non-equine special event was adjusted individually. Since most of the non-equine special event attendance is for single day events, 87 percent of gross attendance in that category is unique individuals. Equine events often run four or more days with riders and owners showing horses throughout. This is reflected in the adjust-

ment down to around 142,000 unique equine event attendees. Altogether, we estimate that approximately 473,000 people visited the KHP during the 2007 fiscal year. The largest single event, in terms of attendance, is the Rolex Kentucky Three Day Event, which actually held over four days each April.

Nonresident attendance is perhaps the most important single factor in measuring the economic impact of these events. For the purposes of this study we define nonresident to be an attendee who is not a resident of Kentucky and who spends at least one night in an area hotel, motel or campground. We estimate that over 220,000 such nonresidents attended Kentucky Horse Park events during fiscal year 2007. Based upon several license plate surveys and the KHP staff's own visitor origin surveys from 2004 and 2005, we estimate that 70 percent of the tourists and campground users were from out-of-state. The percentage of nonresidents attending equine events varied widely depending upon the nature, level, and prestige of the event, but on average just about two-thirds of equine event attendees were from other states. Only about 4 percent of non-equine special event attendees are from out-of-state, primarily attending various dog shows and the annual Festival of the Bluegrass.

Lodging Expenditures

We do not include any lodging, meal, or other spending by out-of-state tourist visitors to the Kentucky Horse Park in our analysis of the economic

Kentucky Horse Park			
Fiscal Year 2007 Estimated Attendance Summary			
	Gross Attendance	Unique Attendees	Out-of-State Unique Attendees
Total facility usage	934,648	473,389	220,555
Paid tourist attendance	116,267	116,267	81,387
Unpaid park visitors	18,708	18,708	13,096
Campground usage	113,188	37,729	26,411
Equine event attendance	505,514	142,170	93,992
Other special event usage	180,971	158,514	5,671
Percentage of total facility usage			
Paid tourist attendance	12.4%	24.6%	36.9%
Unpaid park visitors	2.0%	4.0%	5.9%
Campground usage	12.1%	8.0%	12.0%
Equine event attendance	54.1%	30.0%	42.6%
Other special event usage	19.4%	33.5%	2.6%

activity generated by nonresidents because we assume that those tourists would have been traveling within Kentucky even without the KHP's presence, and so would have spent those dollars anyway, regardless of their attendance at the KHP. In other words, we are assuming that the Kentucky Horse Park was not the primary reason they were in the state. For those people for whom the KHP is the primary draw, they are nearly all also attending an equine event simultaneously, and so are picked up in those calculations. For campground usage, our calculations implicitly assume that a large portion of it is related to equine and other special events. We do, however, take into account the economic activity generated by the contribution of tourist attendees to the operating revenues of the KHP.

Based on our interviews and prior research with various types of events, we assumed that there were between two and three nonresident attendees per hotel/motel room, depending on the type of event and time of year. For example, equine events which tend to draw many young competitors traveling with their families will have more people per room on average than prestigious events attracting the equestrian world's elite or events held during the school year. But even for the most family oriented events we know that exhibitors and workers associated with horse farms tend to stay just one or two per room. This is consistent with industry averages as reported by the Louisville Convention and Visitors Bureau. We also adjusted the expenditure totals to reflect campground usage, which is much cheaper than staying in either a hotel or motel.

We estimate that just over 161,000 room-nights were rented to equine event attendees during the 2007 fiscal year, leading to \$13 million in room sales for local hotels and motels. For non-equine special events, we estimate the number of room-nights to be a bit over 7,000, with approximately \$570,000 in sales. The implied average room rate is \$88.12.

Kentucky Horse Park	
Summary of Economic and Fiscal Impacts for FY 2007 (part 1)	
Attendance	
Total facility usage	934,648
Paid tourist attendance	116,267
Unpaid park visitors	18,708
Campground usage	113,188
Equine event attendance	505,514
Other special event usage	180,971
Out-of-state unique attendees	220,555
Paid tourist attendance	81,387
Unpaid park visitors	13,096
Campground usage	26,411
Equine event attendance	93,992
Other special event usage	5,671
Kentucky Horse Park Revenues	
Operating revenues, FY2007 total	\$6,676,027
Attributed to paid tourists & campground usage	\$4,401,479
Attributed to equine events & National Horse Center	\$2,001,469
Attributed to other special events	\$273,080
Operating revenues attributed to out-of-state spending	\$4,414,017
Equine Event Attendee Expenditures	
Room-nights	161,311
Lodging expenses	\$13,275,290
Meal expenses	\$22,307,835
Personal shopping, entertainment, auto, other expenses	\$6,057,820
Horse maintenance expenses	\$4,165,312
Horse Show Organizer Expenses (National & Most Prestigious Shows)	\$3,689,110
Total Nonresident Attendee Spending	\$49,495,366
Non-Equine Special Event Attendee Expenditures	
Room-nights	7,174
Lodging expenses	\$572,400
Meal expenses	\$539,165
Personal shopping, entertainment, auto, other expenses	\$228,618
Horse maintenance expenses	\$0
Total Nonresident Attendee Spending	\$1,340,184
Impacts continued in following table.	

Multiplier analysis shows that the spending and respending of this \$13.8 million in room sales generated roughly \$21.3 million in total "new" sales dollars for the Kentucky economy. These new sales dollars support about 285 jobs, with a total payroll of around \$6.3 million.

Food Expenditures

It was estimated that nonresident attendees spent about \$22.8 million on meals during their stays in Kentucky, most of this (\$23.3 million) coming from

Kentucky Horse Park	
Summary of Economic and Fiscal Impacts for FY 2007 (part 2)	
Total Economic Activity Generated by Nonresidents	
Lodging	
Out-of-state spending on lodging	\$13,847,690
Total net new sales impact	\$21,321,288
Jobs supported by net new sales	\$286
Net new payroll generated	\$6,293,775
Meals	
Out-of-state spending on meals	\$22,847,000
Total net new sales impact	\$39,497,894
Jobs supported by net new sales	\$608
Net new payroll generated	\$10,847,756
Shopping, Entertainment, Auto, Other	
Out-of-state spending on shopping, entertainment, auto, other	\$6,286,437
Total net new sales impact	\$10,058,300
Jobs supported by net new sales	\$136
Net new payroll generated	\$2,969,084
Horse Maintenance	
Out-of-state horse maintenance expenses	\$4,165,312
Total net new sales impact	\$7,259,305
Jobs supported by net new sales	\$148
Net new payroll generated	\$3,256,024
National & Most Prestigious Horse Show Organizer Expenses	
Horse Show Organizer Expenses (National & Most Prestigious Shows)	\$3,689,110
Total net new sales impact	\$6,205,822
Jobs supported by net new sales	\$84
Net new payroll generated	\$1,916,862
Kentucky Horse Park Revenues	
Out-of-state expenditures at Horse Park	\$4,414,017
Total net new sales impact	\$8,783,453
Jobs supported by net new sales	\$110
Net new payroll generated	\$2,771,120
Total	
Total out-of-state expenditures	\$55,249,567
Total net new sales impact	\$93,126,061
Jobs supported by net new sales	\$1,372
Net new payroll generated	\$28,054,621

Impacts continued in following table.

equine event attendees. The implied food per diem for equine event attendees was \$48.54, while it was \$28.30 for those at non-equine special events.

When we apply the appropriate multipliers to this \$22.8 million in food expenditures, it results in a net new sales impact of \$39.5 million to the Kentucky state economy, which supported approximately 600 jobs having a total payroll of about \$10.8 million.

Other Expenditures by Nonresident Attendees and Exhibitors

Per diem rates for personal shopping, entertainment, auto, and other expenses were derived from survey information received from event organizers and interviews with exhibitors and attendees, supplemented

with common sense. In general, interviewees at equine events reported that they did not spend very much money in the surrounding community during their stays at the Kentucky Horse Park. Most of the money they spent was related to the care and riding of their horses. In addition, much of their time was spent at the KHP, so their were limited opportunities for shopping. In addition, since many of the parties are families, the entertainment options are limited and generally are less expensive per person. While the average attendee is someone with a good standard of living, they can also satisfy most of their consumer and entertainment needs satisfactorily at home. Finally, because they are spending quite a bit on the horses they tend to be more budget conscious than we might expect otherwise. We used per diem rates between \$12 and \$22 per person, depending on the type of event.

We estimate that nonresident attendees spent about \$6.3 million on other personal expenditures in fiscal year 2007. Most of that, about \$6.1 million, was due to equine events. The implied rate per day was \$13.13.

The multiplier analysis shows that the spending and respending of this \$6.3 million of personal expenditures generated roughly \$10 million in "new" sales dollars for the Kentucky economy. These new sales dollars support about 135 jobs, with a total payroll of nearly \$3 million.

Estimates for event organizer expenses were derived from fairly detailed information provided by Equestrian Events, Inc. for the Rolex Kentucky Three Day Event and survey information received from and telephone interviews with organizers of various types of events hosted by the Kentucky State Fair Board over the last ten years. We only included the Rolex event, Egyptian Event, and U.S. Pony Club National Festival in our calculations because we felt that the other events were less prestigious annual staples that would still be produced in some form even without the KHP facilities. We estimate event organizer local

expenses to be nearly \$3.7 million for those three events. Multiplier analysis of this spending shows that it generated roughly \$6.2 million in “new” sales dollars for the Kentucky economy. These new sales dollars support about 80 jobs, with a total payroll of \$1.9 million.

Spending to bed, feed, and otherwise care for the horses stabled at the KHP during events was estimated to be approximately \$4.1 million in fiscal year 2007. When we apply the multipliers for this category of spending, we find an overall impact of over \$7.2 million in new sales, which supports almost 105 jobs having a payroll of \$3.3 million.

Kentucky Horse Park Receipts

The Kentucky Horse Park provided accounting information by event on receipts for gift shop sales, admissions, parking, concessions, space and horse stall rentals, campground permits, and other goods and services.

These data provide solid estimates of the volume of on-site economic activity. Total receipts collected by the KHP amounted to \$6.7 million in fiscal year 2007. For our multiplier analysis, we allocated proceeds for each revenue category to residents and nonresidents based on the particular residency mixture of individual KHP visitors responsible for each revenue category. Nonresidents accounted for 66 percent of the receipts of the Kentucky Horse Park in fiscal year 2007, or \$4.4 million. These receipts generated a total of \$8.8 million in net new sales in Kentucky. This sales impact supported 110 jobs with a payroll of nearly \$2.8 million.

Total Spending by Nonresidents

We estimate that total direct spending by nonresident attendees and exhibitors at Kentucky Horse Park events was over \$55 million in fiscal year 2007. This is simply the sum of estimates for lodging, meals, shopping, entertainment, horse, on-site KHP, and other expenditures. See the Summary table for details.

Kentucky Horse Park	
Summary of Economic and Fiscal Impacts for FY 2007 (part 3)	
Tax Revenues Generated by Nonresidents	
Kentucky Sales Tax: Lodging, Meals, Shopping	\$3,033,732
Kentucky Sales Tax: Expenditures at Horse Park	\$184,088
Kentucky Sales Tax Induced by New Payroll	\$1,088,519
Kentucky Income Tax Induced by New Payroll	\$1,175,489
Lexington-Fayette Hotel Tax	\$830,861
Lexington-Fayette Occupational Tax	\$443,263
Fayette County School Board Occupational Tax	\$81,358
Total Kentucky State Taxes	\$5,481,828
Total Local Taxes, Fayette County	\$1,355,483
Tax Revenues Generated From Local Spending	
Resident Expenditures at Kentucky Horse Park	\$2,262,010
Kentucky Sales Tax: Kentucky Horse Park Expenditures	\$88,544
Kentucky Income Tax: Expenditures at Kentucky Horse Park	\$33,478
Lexington-Fayette Occupational Tax	\$18,831
Fayette County School Board Occupational Tax	\$3,005
Total Kentucky State Taxes	\$122,021
Total Local Taxes, Fayette County	\$21,836
All Tax Revenues	
Total Kentucky State Taxes	\$5,603,849
Total Local Taxes, Fayette County	\$1,377,319
Additional tax revenues and other collections are likely, but are not as easy to measure. These include the County-wide net profits tax, the County-wide insurance premiums tax, Kentucky liquor taxes, Kentucky corporate income and license taxes, Kentucky motor vehicle usage and gasoline taxes.	

Our prior multiplier analyses indicate that the total “new” sales dollars generated, both directly and indirectly through the multiplier effect, by all this spending associated with fiscal year 2007 events is a bit over \$93 million. Similarly, we estimate that the KHP events generate sales which support approximately 1,370 jobs and roughly \$28 million in payroll for Kentucky residents.

Tax Revenues Generated by Nonresidents and Residents

Our research suggests that the Kentucky Horse Park events generate significantly more tax dollars for state and local government than the annual appropriation it receives from the state government. We estimate that \$5.5 million in state tax revenues were generated from the spending by nonresident attendees and exhibitors in fiscal year 2007. In addition, we estimate that KHP events generated about \$1.3 million in local tax revenue for Fayette County in fiscal year 2007. Actual tax flows are probably higher than those we have been able to estimate. Though millions more in tax revenues are likely induced by the new economic

activity, there is no readily available way to measure flows such as the state corporate income tax, state gasoline taxes, the state insurance premiums tax, the county net profits tax, additions to property tax assessments and taxes due, and other taxes and fees.

An additional \$144,000 is estimated to have been collected from local residents by the state and local governments. This is surely a conservative estimate. We were not able to ascertain sales tax collections at trade shows and other retail sales events.

The fiscal impact of Kentucky Horse Park events in fiscal year 2007 on state government is approximately \$5.6 million. The fiscal impact of fiscal year 2007 KHP events on local government is about \$1.4 million.

Impact Sources: Horse Park Tourists vs. Equine Events vs. Non-Equine Special Events

Of the \$55 million of non-resident spending at the KHP during fiscal year 2007, \$3 million was due to Horse Park tourists, another \$1.3 million came from people attending non-equine special events and the remaining 92 percent (nearly \$51 million) derived from equine events. Correspondingly, 91 to 92 percent of the sales, jobs, and payroll impacts of non-resident spending at the KHP are attributable to the equine events hosted at the park.

National Horse Center Tenants

The National Horse Center is a collection of more than 30 national, regional and state equine associations, commissions and organizations that have their headquarters at the Kentucky Horse Park. (See the table on the following page for a list of the organizations.) These 33 organizations employ nearly 300

Kentucky Horse Park	
Tourist, Equine Event, & Non-Equine Special Event Impacts	
Horse Park Tourists	
Total out-of-state expenditures	\$3,081,036
Total net new sales impact	\$6,130,953
Jobs supported by net new sales	77
Net new payroll generated	\$1,934,274
Equine Events	
Total out-of-state expenditures	\$50,818,578
Total net new sales impact	\$84,796,446
Jobs supported by net new sales	1,264
Net new payroll generated	\$25,490,086
Non-Equine Special Events	
Total out-of-state expenditures	\$1,349,953
Total net new sales impact	\$2,198,663
Jobs supported by net new sales	31
Net new payroll generated	\$630,261

people and we estimate that their combined payrolls total more than \$12 million. Sixteen of the NHC tenants moved their headquarters to the KHP from outside of Kentucky and, most likely, would not be in Kentucky if not for the existence of the NHC. Those 16 organizations employ 190 people and we estimate they have a payroll of \$7.6 million. Applying the appropriate multipliers we find that National Horse Center tenants provided a \$16.3 million boost to the state's economy, enough to support about 350 jobs with a payroll of approximately \$8.5 million.

Caveats

The reader should be aware of the nature of the estimates included in this report. By and large, the primary data used are not accounting data but rough estimates provided by participants. We have attempted to control the quality by checking responses against other related information and common sense. The economic information (tax rates, multipliers, etc.) is also based upon estimates which are subject to various errors.

The numbers should be interpreted as best estimates of true unknown figures. Statistical confidence intervals are not possible since formal sampling methods were not used. An educated guess is that the final impact numbers are within 10% to 20% of the true unknown value.

Kentucky Horse Park	
National Horse Center Tenant Economic Impacts	
National Horse Center Tenants	
Payrolls of Tenants Who Moved from Outside Kentucky	\$7,605,640
Total net new sales impact	\$16,311,056
Jobs supported by net new sales	349
Net new payroll generated	\$8,505,387

National Horse Center Tenants

National Horse Center Office	Full-time	Part-time	Payroll	Year Moved to KHP	Prior Location	Year Founded
American Academy of Equine Art, Inc.	1	0		1992	Middleburg, VA	1980
American Association of Equine Practitioners	18	1	\$1,000,000	1992	Lexington, KY	1954
American Farriers Association	2	0	\$56,640		Albuquerque, NM	1971
American Hackney Horse Society	2	0				1891
American Hanoverian Society	3	1	\$154,000	1994	Woodinville, WA	1978
American Saddlebred Horse Association	13	2		1985	Louisville, KY	1891
American Saddlebred Museum	4	6	\$189,000			1978
The Carriage Association of America	2	1	\$100,000	2005	Salem, NJ	1960
Central Kentucky Riding for Hope	3	1		1981	KHP	1981
Certified Horsemanship Association	3	1	\$140,000	2007	Tyler, TX	1967
Communicating for Agriculture Exchange Program	2	0				1983
Equestrian Events, Inc.	2	2			Lexington, KY	1975
Equestrian Land Conservation Resource	3	0		2006	Galena, IL	1997
Friesian Horse Association of North America	3	0			Visalia, CA	1983
High Hope Steeplechase	1	0	\$15,000		Lexington, KY	1967
Irish Draught Horse Society of North America	1	0		2007		1993
Kentucky Equine Education Project	5	0	\$300,000		Lexington, KY	2006
Kentucky Horse Council, Inc.	1	0.7	\$60,000		Lexington, KY	
Kentucky Horse Racing Authority	10	12-field		2004	Lexington, KY	2004
KY Thoroughbred Assoc./KY Thoroughbred Owners & Breeders	3	1			Lexington, KY	1983/1961
Maker's Mark Secretariat Center	4	1		2004	Lexington, KY	2004
National Horsemen's Benevolent & Protective Association	2	1	\$160,000			
National Walking Horse Association	1	0		2006	Indianapolis, IN	1998
North American Racing Academy (KCTCS)	2	0		2006	Lexington, KY	2006
The Pyramid Society	4	1	\$192,493	1988	Lexington, KY	1969
Race for Education	2	3	\$122,000	2005	Lexington, KY	2002
United Professional Horsemen's Association	1	0	\$48,500	1988	Lexington, KY	1968
United States Dressage Federation	39	0	\$1,555,000	2006	Lincoln, NE	1973
United States Equestrian Federation	91	3		1999	New York, NY	1917
United States Hunter Jumper Association	5	0		2004	Lexington, KY	2004
United States Polo Association	8	0		1986	New York, NY	1890
United States Pony Clubs, Inc.	18	3				1954
World Games 2010 Foundation, Inc.	8	1	\$861,000	2007	None	2007
Estimated Totals, 33 Organizations	267	29.7	\$12,353,633			
Estimated Totals, 16 Organizations from Outside Kentucky	181	10	\$7,605,640			

Organizations in bold type have (or are assumed to have) moved from outside of Kentucky to the Horse Park.