

NORTH CAROLINA GENERAL ASSEMBLY



JOINT STUDY COMMITTEE ON ON THE EQUINE INDUSTRY

Co-chairs:
Senator David Weinstein
Representative Nelson Cole

INTERIM REPORT

APRIL, 2006

The Joint Study Committee On the Equine Industry, respectfully submits the following interim report.

Senator David Weinstein
Co-Chair

Representative Nelson Cole
Co-Chair

COMMITTEE PROCEEDINGS

The Joint Study Committee on the Equine Industry met three times from March 7, 2006, until April 18, 2006. The Committee heard presentations from a number of experts in the equine industry including:

- Mr. Glen Petty, from the North Carolina Horse Council, presented the results of the 2005 economic impact study done by the American Horse Council Foundation which showed that the total impact of the equine industry in the United States is approximately \$101.5 billion. This impact can be broken down into \$32 billion from recreation, \$28.8 billion from showing, \$26.1 billion from racing, and \$14.7 billion from other activities. The study also showed the North Carolina ranked 8th among the states in the number of horses. North Carolina, however, has not taken a census of its equine population since 1996 and it has never conducted an economic impact study of the industry.
- Mr. Gene Parker, Parker Farms, Orrum, NC, made a presentation on quarter horse breeding and showing. Mr. Parker is a national Director for the American Quarter Horse Association. He described a number of large shows that have been held in the State and the great potential that exists.
- Mr. Howard Isley, Assistant Commissioner, NC Department of Agriculture, reported on the three State horse facilities. Mr. Isley also told the Committee that the last study of the State's equine population was done in 1996 and even then they did not get a complete count. Mr. Isley stated that the Department recommended that a census be taken of the number of horses by county. He estimated that the cost of such a study would be approximately \$273,000.00. He also suggested that NC State University could use the information to perform an economic impact study at a cost of approximately \$30,000.
- Ms. Peggy McElven, Director of St. Andrews Presbyterian College Equine Program discussed the school's program and facilities. In 1995, St. Andrews established the nation's first four year degree program in Equine Business Management. The school also has a therapeutic equine center that opened in 2001. Ms. McElven noted that the program has grown continuously and that they have seen directly the tremendous opportunity and economic impact of the equine industry.
- Mr. Roger Secrist from the NC Horse Park Association talked about the development and success of the Stoneybrook Steeplechase. Mr. Secrist noted that statistics show that most horse parks struggle at

first but that they can become engines for economic development in the whole surrounding area.

Senator Weinstein appointed a sub-committee to develop recommendations for the Committee to consider. The sub-committee, chaired by Tom Hendrickson, met four times. The sub-committee considered the need for an assessment of the economic impact of the equine industry similar to the study that was done by the University of North Carolina at Charlotte and the Sanford Holshouser Business Development Group for the motorsports industry. Ernie Pearson, Managing Partner with the Sanford Holshouser Business Development Group spoke to the sub-committee about the process for conducting such a study and the estimated cost.

The sub-committee further discussed the studies and activities ongoing in a number of east coast states. Virginia, Maryland, Florida, Pennsylvania, Kentucky and a number of other states have recently conducted economic impact studies and used the information gained to develop tools for improving the equine industry in their states.

The sub-committee recommended that the General Assembly fund a study to be conducted by the Agricultural Advancement Consortium to provide a thorough assessment of the current status of the equine industry in the State and to develop a comprehensive plan to maximize the economic opportunities of the industry. The sub-committee further suggested that several other actions be consider in order to improve the short-term and the long-term viability of the industry. A copy of the sub-committee report is attached as Appendix A.

The full committee met to review the recommendations of the sub-committee. The committee voted to adopt the sub-committee recommendations.

FINDINGS AND RECOMMENDATIONS

FINDINGS 1:

The Committee finds that North Carolina is very well suited to hosting equine operations and events. The Committee also finds that studies in other nearby states have shown an economic impact of \$1 billion or more from the equine industry in each of those states. Other states are moving rapidly to capitalize on this potential source of revenue. Virginia has recently upgraded the Virginia Horse Center in Lexington. A 2004 economic impact study showed that the total economic impact from that facility alone was in excess of \$52 million dollars. The facility draws competitors and spectators from all over the country, including North Carolina. Maryland has begun developing a state horse park similar in nature to Kentucky's world class facility. Florida has recently opened their horse park in Ocala.

While, North Carolina appears well situated to develop the equine industry, there has been no recent survey of the equine population or analysis of its impact on the North Carolina economy. The Committee finds that without a proper assessment, development of this industry will be haphazard and the State will not be able to fully capitalize upon a growing source of jobs and revenue. A thorough study of the industry base is needed to make proper plans and recommendations for its future growth.

RECOMMENDATION 1:

The Joint Study Committee on the Equine Industry recommends that the 2006 General Assembly appropriate funds to the Agricultural Advancement Consortium to study the economic impact of the equine industry in North Carolina and develop strategies to maximize the economic impact in the State.

PROPOSED LEGISLATION

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO THE AGRICULTURAL
ADVANCEMENT CONSORTIUM TO STUDY THE ECONOMIC IMPACT
OF THE EQUINE INDUSTRY IN NORTH CAROLINA AND DEVELOP
STRATEGIES TO MAXIMIZE THE ECONOMIC IMPACT OF THIS
INDUSTRY IN THE STATE.

Whereas, the 2005 economic impact study of the horse industry in the United States done by the American Horse Council showed a total impact of \$101.5 billion: \$32 billion from recreation, \$28.8 billion from showing, \$26.1 billion from racing, and \$14.7 billion from other activities; and

Whereas, that study ranked North Carolina 8th among the states in the number of horses in the State; and

Whereas, the last survey of the equine industry in North Carolina was undertaken by the North Carolina Department of Agriculture and Consumer Services in 1996; and

Whereas, no comprehensive study has ever been done to determine the economic impact of the equine industry in the State; and

Whereas, Virginia, Maryland, Pennsylvania, Delaware, Kentucky, and other states have recently conducted economic impact studies and have found that the equine industry contributes substantially to each state's economy. For example, Maryland determined the total economic impact of the equine industry to be \$1.5 billion dollars per year, and Virginia estimated a \$1 billion dollar impact with the Virginia Horse Center in Lexington alone generating in excess of \$53 million; and

Whereas, a number of states also have established equine industry boards and are actively recruiting equine operations and activities; including the development of major horse parks in Maryland and Florida; and

Whereas, North Carolina is well situated as to climate, geography, and transportation routes for equine operations and activities and has an opportunity to increase its share of the equine industry dollar; and

Whereas, North Carolina was the home of Janus, the foundation sire of the American Quarter Horse; and

Whereas, Sir Archie, considered one of the foundation sires of the American Thoroughbred, lived in North Carolina during the early 1800s; and

Whereas, expansion of the equine industry would provide jobs, alternatives to tobacco production, aid in the preservation of farmland and open space, and contribute to the general welfare of the State; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated to the Rural Economic Development Center the sum of five hundred thousand dollars (\$500,000.00) to be allocated to the Agricultural Advancement Consortium for the purpose of

assessing the numbers, composition, and value of the equine industry in North Carolina, analyzing the direct and indirect impact of the industry on the State's economy and the development of a comprehensive plan to maximize the economic opportunities presented by the industry.

SECTION 2. The assessment of the equine industry shall provide data on both a statewide and county basis. The assessment shall include the following:

- (1) A census of equines in the State, including numbers, breeds, and disciplines.
- (2) The value of equines in the State.
- (3) The number of equine owners.
- (4) The number of equine operations.
- (5) The size of equine operations.
- (6) The total acreage devoted to equine operations.
- (7) The value of equine-related assets.
- (8) The number of equines and owners participating in various activities within the State.
- (9) An analysis of the economic impact of the existing exhibition facilities including the Hunt Horse Complex, the Senator Bob Martin Horse Complex, the WNC Agricultural Center, and the Carolina Horse Park.
- (10) An analysis of the programs, contributions, and industry support provided by the North Carolina State University College of Veterinary Medicine and other equine programs, at both private and public education institutions including the College of Agriculture and Life at North Carolina State University, Martin Community College, and St. Andrews College.
- (11) An analysis of the economic impact of breeding, training, and other horse operations.
- (12) An analysis of the economic impact of services provided to the equine industry including farrier, veterinary, design and planning, farm management and consulting, show management, and other services related to equines and equine operations.
- (13) An analysis of the economic impact, including manufacturing, agricultural production and employment, and wholesale and retail sales, of the purchase of equines, feed and grain, hay, tack and other horse equipment, riding clothes, insurance, vehicles and trailers, farm and pasture inputs, capital improvements such as barns, sheds and fencing, and real estate, including planned equestrian communities.
- (14) An analysis of the economic impact of other recreational uses of equines, including trail riding, camping with horses, therapeutic riding programs, other recreational activities, and equine-related agritourism.

- (15) An analysis of the impact of the equine industry on State and local governments including the generation of tax revenues.

SECTION 3. The Agricultural Advancement Consortium, in developing a plan to maximize the economic impact of the equine industry, shall:

- (1) Evaluate existing equine-related facilities, programs, and services in the State and make recommendations for enhancing those facilities, programs, and services so as to maximize their economic impact on the State.
- (2) Identify opportunities for the growth of the equine industry, including the production of feed crops, improved pasture, and high quality horse hays, attracting industry engaged in the production of horse-related products, equipment, and pharmaceuticals, the addition of exhibition and show facilities, including the development of a world class equestrian park, and other horse-related programs, activities, and facilities, and evaluate the potential economic contribution to the State's economy of each of these potential undertakings.
- (3) Evaluate the need to create an equine industry board tasked with the market development, education, publicity, research, and promotion of the North Carolina equine industry and other such measures it deems appropriate to promote the objectives, findings, and recommendations of the equine industry survey and analysis.
- (4) Evaluate the laws, rules, and policies that impact equine owners and persons engaged in equine activities, including land-use policies, preservation of trails, use of State recreational facilities, and tax credits and make recommendations directed toward making North Carolina more attractive to equine operations and activities.

SECTION 4. The Agricultural Advancement Consortium may contract with other agencies of State government, any of the constituent institutions of The University of North Carolina, and private consultants as it deems necessary and advisable in its conduct of the assessment and plan development. The Agricultural Advancement Consortium shall complete its work within 12 months of the funds becoming available and shall file a report containing the results of the assessment of the equine industry and its plan for maximizing the economic impact of the equine industry with the Chairs of the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House Appropriations Committees.

SECTION 5. This act becomes effective July 1, 2006.

APPENDICES

Appendix A

Subcommittee Report To The Joint Study Committee on the Equine Industry

We know that thousands of people across North Carolina are deeply involved in various aspects of the horse industry involving hundreds of thousands of horses and at least hundreds of millions of dollars annually. We know that mere statistics and economics cannot hold a candle to the flame of the passion, dedication and love felt by many people, from young girls to old men, for their beloved horses. However, public policy requires more than instinct and emotion to spur action.

Our core premise is that the horse industry has a much greater economic impact that most people realize due to the fragmented nature of our various breeds, activities and shows. We believe that the equine industry, if properly recognized, channeled and promoted, could become an even more significant tourism and economic development engine for North Carolina while simultaneously promoting conservation and open space preservation and helping to preserve a rural way of life that many of us in the State hold dear.

Our report will contain recommendations regarding:

- A. ways to assess the economic impact of our industry,
- B. ways to communicate that impact to the public and to governmental leaders and policy makers,
- C. items that would improve the long-term viability of the horse industry in the State, and
- D. items that would improve the near-term viability of the horse industry in the state.

We know that the equine industry is primarily made up from three large sectors: showing and competition, recreation and racing. Each of these areas has specialties within the different breeds, and involves many common activities such as breeding, training, boarding, travel, veterinary care, feed and care, tack, equipment, clothing and spectator involvement. We should continually invest in the resources and expand the resources that drive the activity for these three sectors of the industry.

The primary proposal from the sub-committee focuses on the need to assess the economic impact of the equine industry and ways to communicate that impact. That proposal is contained in the attached proposed legislation as follows:

**A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO THE AGRICULTURAL
ADVANCEMENT CONSORTIUM TO STUDY THE ECONOMIC IMPACT
OF THE EQUINE INDUSTRY IN NORTH CAROLINA AND DEVELOP
.STRATEGIES TO MAXIMIZE THE ECONOMIC IMPACT OF THE
INDUSTRY IN THE STATE.**

Further, to accomplish the communication, long-term and short-term objectives above, the following additional items are recommended:

1. Authorize the NC Department of Commerce to promote Horse Events as both economic development and travel and tourism initiatives.
2. Improve signage for the James B. Hunt Horse Complex from I-40.
3. Improve the web-based marketing and web pages for the horse centers (Williamston, Raleigh & Fletcher) and make them more “marketing focused” and less bureaucratic and internally focused.
4. Add a “Horse” link on the NC Department of Agriculture’s (NCDA) web page.
5. Request the Travel & Tourism Division prepare and distribute a comprehensive equine resources and activities tourism guide.
6. Request that the Travel & Tourism Division prepare and locate a kiosk containing information about NC Horse activities in the NC Welcome Centers.
7. Request the Cooperative Extension Service or other appropriate governmental entity to determine and maintain records regarding the number of acres and land value dedicated to equine operations by county in North Carolina.
8. Request that major public policy discussions, initiatives and appropriations regarding “Open Space Preservation”, “Conservation”, and “Farmland Preservation” involve representatives from the Equine Industry Study Committee.
9. Request that trail riding be recognized in public policy debates regarding land use planning and regulations.
10. Authorize the creation of a NC Horse Industry Board to promote the horse industry as an economic development initiative and to serve as an advisory body to the Governor and the General Assembly.
11. Authorize the Departments of Commerce and Agriculture to jointly develop a public relations campaign around “A Week in North Carolina’s Horse Industry”.

Additional proposals from the sub-committee to accomplish the long-term objectives above include:

1. Authorize NCSU, Ag Research and the Cooperative Extension Service to research and promote the growth and marketing of “horse quality” forages, including hay and pastures.
2. Authorize NCSU to develop a center of excellence with its equine programs, and to develop appropriate curriculum and research programs within the School of Agriculture and Life Sciences and the college of Veterinary Medicine.
3. Promote improved cooperation and coordination between the Equine Programs at the NCSU College of Veterinary Medicine (CVM), the NCSU Extension Horse Husbandry and the NCSU Equine Educational Unit.
4. Authorize the hospital facility upgrades and expansions needed at the NCSU College of Veterinary Medicine to accommodate the growing needs of the equine program, specifically the renovation and building of an Equine Hospital.
5. Authorize NCSU to fully develop its Equine Programs in recognition of its economic impact and opportunity.
6. Authorize NCSU and the NCSU CVM to improve and expand its programs in horse health and husbandry research.
7. Request the NC Department of Commerce establish a position for an economic developer who is an equine specialist.
8. Request that all counties recognize legitimate equine business activities that otherwise would qualify as legitimate farm related activities to qualify for ad valorem taxation as “agricultural use”.

9. Evaluate the feasibility of creating grant money availability, possibly through the Rural Center, for communities trying to utilize the horse industry as a part of their economic development activities.
10. Recognize that the equine industry is an agribusiness by authorizing or encouraging the North Carolina Agricultural Finance Authority to make loans to businesses in the equine industry.
11. Request that the State Property Office and NCSU continue to use the land on Reedy Creek Road between Art Park, Prairie Ridge, Schenck & Umstead for its equine research permanently or at least for the next 25 years.
12. Encourage the Clean Water Management Trust Fund along with the Natural Heritage Trust Fund and Parks & Recreation Trust Fund to purchase lands that can be available for trail networks and other equine related uses to be added to state parks, state game lands, and state forests.

Additional proposals from the sub-committee to accomplish the short-term objectives above include:

1. Request full attention from the NCDA to the needs of the horse industry when filling the vacant Horse Specialist position.
2. Authorize the NCDA to upgrade the facilities at the Hunt Horse Complex.
3. Authorize the NCDA to improve the deferred maintenance at the Hunt Horse Complex.
4. Request the NCDA to undertake measures to deal with the pigeon problem at the Hunt Horse Complex.
5. Request that each state agency and the Universities within the University of North Carolina system detail the activities, facilities, budget and staff, if any, within that agency relative to the horse industry.

Respectfully submitted April 18, 2006.

Subcommittee

Tom Hendrickson, Chair

Glenn Petty

Roger Secrist

Larry Wooten

Mike Yoder

North Carolina General Assembly
Joint Study Committee on the Equine Industry (2005)
UnExpired Positions Only

G.S. 120-19.6(a); Letter of

Pro Tem's Appointments

Sen. David F. Weinstein Co-Chair
 North Carolina Senate
 16 W. Jones Street, Room 2108
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 (919) 733-5651

Sen. Thomas M. Apodaca Member
 North Carolina Senate
 16 W. Jones Street, Room 1127
 Raleigh, NC 27601-2808
 (919) 733-5745

Sen. Harry Brown Member
 North Carolina Senate
 300 N. Salisbury Street, Room 515
 Raleigh, NC 27603-5925
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Sen. Kay R. Hagan Member
 North Carolina Senate
 300 N. Salisbury Street, Room 411
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Dr. John Deegan, President Public Member
 St. Andrews Presbyterian College
 1700 Dogwood Mile
 Laurinburg, NC 28352

Mr. Franklin Freeman Public Member
 Office of the Governor
 State Capitol
 Raleigh, NC 27603

Speaker's Appointments

Rep. E. Nelson Cole Co-Chair
 North Carolina House of Representatives
 16 W. Jones Street, Room 1218
 Raleigh, NC 27601-1096
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Rep. Margaret Highsmith Dickson Member
 North Carolina House of Representatives
 16 W. Jones Street, Room 1219
 Raleigh, NC 27601-1096

Rep. Garland E. Pierce Member
 North Carolina House of Representatives
 16 W. Jones Street, Room 1313
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Rep. Edith Doughtie Warren Member
 North Carolina House of Representatives
 300 N. Salisbury Street, Room 416-A
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Mr. Anthony M. Copeland Public Member
 Department of Commerce
 4301 Mail Service Center
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Mr. Tom Hendrickson Public Member
 NC Thoroughbred Assoc
 PO Box 41228
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Joint Study Committee on the Equine Industry (2005)

UnExpired Positions Only

Hon. Jeanette Hyde 2405 Glenwood Avenue Raleigh, NC 27608	Public Member	Mr. Thomas W. Lambeth, Chairman NC Rural Economic Development Center 4021 Carya Drive Raleigh, NC 27610	Public Member
Dr. Jim Meyer DVM NC Veterinary Medical Assoc 1611 Jones Franklin Road Raleigh, NC 27606	Public Member	Mr. Johns Martin P.O. Box 958 Reidsville, NC 27323-0958	Public Member
Mr. Roger Secrist Carolina Horse Park Foundation PO Box 2468 Southern Pines, NC 28388	Public Member	Mr. Glenn Petty North Carolina Horse Council 262 South Town Circle Rolesville, NC 27571	Public Member
Hon. Steven Troxler Commissioner of Agriculture 1001 Mail Service Center Raleigh, NC 27699-1001	Public Member	Mr. Cullie Tarlton P.O. Box 1269 1786 Main Street Blowing Rock, NC 28605	Public Member
Mr. Larry B. Wooten NC Farm Bureau Federation Inc PO Box 27766 Raleigh, NC 27611	Public Member	Mr. Mike Yoder NC Quarter Horse Association 1512 Money Penny Court Willow Springs, NC 27592	Public Member

Governor's Appointments

Other's Appointments

Staff to Committee

Contact

Tuesday, December 20, 2005

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