

**THE ECONOMIC IMPACT OF THE  
CHARLES TOWN THOROUGHBRED RACE HORSE INDUSTRY  
ON THE CHARLES TOWN ECONOMY**

**November 2006**

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**THE ECONOMIC IMPACT OF THE  
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**EXECUTIVE SUMMARY**

The Charles Town race horse industry is an important industry in the region's economy. The Charles Town Horsemen's Benevolent and Protective Association 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 Charles Town race horse industry to the Charles Town economy in 2005. This study is an update of an earlier study conducted by TRA, Inc. which measured the economic impact of the Charles Town Race Horse Industry in 2000. The economic impact computed in this study, as in the prior study, is limited to the impact of the parimutuel race horse industry and does not include the slot machine gaming side of the PNGI Charles Town Races and Slots operation.

The Charles Town Race Horse Industry encompasses the following three sectors:

- Racetrack
- Horsemen (owners and trainers)
- Breeders

Surveys of owners, trainers and breeders were conducted for the purpose of estimating the economic impact of these sectors. Information on spending and employment at PNGI Charles Town was provided by that operation.

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

- Owner and Trainer expenditures:
  - labor
  - veterinarian services
  - farrier (blacksmith) services
  - equine transport services
  - tack and supplies
  - feed and bedding
- Breeder expenditures:
  - labor
  - veterinarian services
  - stud fees
  - farrier (blacksmith) services
  - equine transport services
  - feed and bedding
  - seed and fertilizer

Direct expenditures by the race horse industry in the Charles Town 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.

***Economic Impact of Charles Town Thoroughbred Race Horse Industry***

*The Charles Town Race Horse Industry generated a total (direct plus indirect) economic impact of \$173 million in expenditures in the local economy in 2005. The Industry generated a total employment impact of 3,658 full-time-equivalent jobs. The Industry was shown to be very labor intensive.*

A comparison of total expenditures in 2000 and 2005 by major industry sector is given below.

<b>Race Horse Industry Sector</b>	<b>Total Expenditures 2000*</b>	<b>Total Expenditures 2005</b>
PNGI Charles Town -Parimutuel Operations Only	\$29,918,802	\$45,974,400
Horsemen (Owners/Trainers)	\$57,544,988	\$71,832,000
Breeders	\$11,751,650	\$55,203,540
<b>Total</b>	<b>\$99,215,440</b>	<b>\$173,009,940</b>
*Thalheimer Research Associates, 2002 study. Note: Total Expenditures include both direct and indirect economic impacts.		

- The impact of the racetrack sector has increased largely due to increased capital expenditures.
- The horsemen sector impact is large because racing and training for horses stabled at PNGI Charles Town racetrack and nearby private barns is year-round resulting in year-round spending in the Charles Town Economy. This sector’s impact has increased from 2000 to 2005 largely due to price increases such as from daily training fees.
- The breeding sector economic impact has increased dramatically from 2000 to 2005 because of the large increase in bloodstock on farms in the Charles Town area created by both the large increase in purses from VLT revenues and lucrative breeders awards provided by the West Virginia Thoroughbred Development Fund.
  - The number of registered Thoroughbred foals in West Virginia increased from 259 in 2000 (20th in the country) to 596 in 2004 (12th in the country).
  - In order to support the increase in the supply of bloodstock, the number of Charles Town area Thoroughbred breeding farms increased from 55 to 140 between 2000 and 2005.

A comparison of total jobs in 2000 and 2005 by major industry sector is given below. Many of these jobs are agricultural in nature.

<b>Race Horse Industry Sector</b>	<b>Total FTE Employment 2000*</b>	<b>Total FTE Employment 2005</b>
PNGI Charles Town -Parimutuel Operations Only	182	295
Horsemen (Owners/Trainers)	2,107	2,131
Breeders	291	1,232
<b>Total</b>	<b>2,581</b>	<b>3,658</b>
*Thalheimer Research Associates, 2002 study. Note: Total Expenditures include both direct and indirect economic impacts.		

The change in employment from 2000 to 2005 mirrors the change in expenditures.

### ***The Importance of Purses to the Charles Town Race Horse Industry***

The following findings with respect to the importance of purses are reported in the study:

- Export simulcast handle was non-existent until 1999 and had grown to \$195.2 million by 2005. The export of live races simulcast from Charles Town to sites around the country was made possible by the increase in the quality of racing funded largely by the statutory purse share of VLT revenue.
- Average daily purses, which are the main source of revenue for owners and trainers, and indirectly for breeders, have been greatly increased since the arrival of video lottery gaming at PNGI Charles Town. Average daily purses which ranked 72<sup>nd</sup> in North America in 1995, prior to the arrival of VLT gaming in 1997, had increased to 30<sup>th</sup> in North America by 2005.
- The increase in purses from VLT revenues has been dramatic with race horse owners covering 83% of the total cost of running their horses at Charles Town in 2005. This is up significantly from 52% in 2000 although still not sufficient to cover owner costs.
- 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 bloodstock prices and breeders awards, generate not only agriculturally-related employment and expenditures but also result in the maintenance of green space as commercial Thoroughbred breeding farm operations.

### ***Considerations for the Future of the Charles Town Race Horse Industry***

While the race horse industry has grown since the introduction of VLT's at PNGI Charles Town in 1997, there are a number of trends which could threaten its future.

The Charles Town racetrack industry's share of VLT revenues has been reduced from its original share while the state's share has increased. Using fiscal year 2000 as a basis for comparison,

- The racetrack's share of gross terminal revenue was 41.7% in fiscal 2006, 10% lower than its 46.4% share in fiscal 2000.
- The horsemen have been affected relatively more than the racetrack. Regular purses for horsemen with horses at PNGI Charles Town were 7.86% of gross terminal revenue in fiscal 2006, 43% lower than their 13.83% share in fiscal 2000.
- Most recently, the amount paid from VLT revenues to regular purses decreased from fiscal year 2005 to fiscal year 2006.
- Resident Thoroughbred owners, breeder owners, and stallion owners also receive funds from the Unredeemed Pari-mutuel Tickets Fund. Payments from this fund decreased from fiscal year 2005 to fiscal year 2006. So far in 2006, payments from this fund have not been made to Charles Town since the awards due have exceeded the amount available for disbursement.
- A decrease in expected future purses has been shown to result in a decrease in yearling sale prices and in the number of registered foals produced. In addition, the profitability of owner-trainer operations will fall if purse and breeder revenues fall.

- As a result of the reduction in the horse industry's share of gross terminal revenue, the state's share increased from about 31% in fiscal 2000 to about 41% in fiscal 2006, a 32% increase.

The impending introduction of racino gaming in Pennsylvania threatens to reduce employment, spending, and profitability of racing and breeding operations in West Virginia. If purses and breeder awards continue to fall because of the decreased share in VLT revenues and increased competition from racinos and casinos in neighboring states, the recent gains made by the Charles Town racing and breeding industry will not be expected to continue and, in fact, may be reversed.

## TABLE OF CONTENTS

INTRODUCTION .....	1
SURVEY PROCEDURE.....	7
RACETRACK SECTOR.....	7
Operating and Capital Expenditures.....	8
Direct Employment.....	9
Summary Of Direct Expenditure and Employment Impacts of Racetrack Sector.....	9
HORSEMEN (OWNER-TRAINER) SECTOR .....	9
Owner Sector .....	9
Direct Expenditures .....	10
Daily Training Fee.....	12
Other Information From Owner Survey .....	12
Trainer Sector.....	12
Direct Expenditures .....	13
Daily Training Fee.....	14
Direct Employment.....	14
Other Information From Trainer Survey .....	15
Owner-Trainer Direct Expenditure Impact.....	15
Distribution of Owner-Trainer Direct Expenditures.....	16
Profitability of Owner Investment.....	17
Owner-Trainer Direct Employment Impact.....	18
Summary Of Direct Expenditure and Employment Impacts of Owner-Trainer Sector.....	18
BREEDER SECTOR.....	18
Direct Expenditures .....	20
Distribution of Breeding Farm Expenditures.....	21
Direct Employment.....	22
Other Information From Breeder Survey.....	23
Summary Direct Expenditure and Employment Impacts of Breeder Sector .....	23
DIRECT ECONOMIC IMPACT - ALL SECTORS .....	23
TOTAL IMPACT - ALL SECTORS.....	24
REFERENCES .....	26
APPENDIX 1: Purses for North American Racetracks Ranked by Average Purse – 2005.....	27
APPENDIX 2: Survey Sampling Procedure - Owners, Trainers, Breeders.....	29
APPENDIX 3: Owner and Trainer Survey Forms.....	31
APPENDIX 4: Breeder Survey Form .....	36

## TABLES

Table 1: Summary of Owner, Trainer and Breeder Response Rates .....	7
Table 2: PNGI Charles Town Racing-Related Expenditures .....	8
Table 3: West Virginia Horse Owners By State (1% or greater).....	10
Table 4: Distribution of Owner Expenditures.....	11
Table 5: Distribution of Trainer Expenditures and Equivalent Percent of Owner Expenditures .	14
Table 6: Trainer Employment Per Horse .....	15
Table 7: Distribution of Owner-Trainer Expenditures.....	17
Table 8 West Virginia Breeders With At Least 1 Resident Mare.....	19
Table 9: Distribution of Breeding Farm Expenditures (Excluding New Investment) .....	21
Table 10: Average Daily Fees – West Virginia Horse Farms .....	22
Table 11: Full-Time Equivalent (FTE) Employees Per Farm .....	22
Table 12: Direct Expenditure Impact - All Sectors .....	23
Table 13: Direct FTE Employment - All Sectors .....	24
Table 14: Total Direct and Indirect Expenditure Impact - All Sectors, 2005.....	25
Table 15: Total Direct and Indirect FTE Employment Impact - All Sectors, 2005.....	25
Table 16: Total Expenditure and FTE Employment Impact - All Sectors, 2000 and 2005.....	26

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Video Lottery gaming was introduced in West Virginia in 1994 and was offered by PNGI Charles Town on September 9, 1997. Existing and new racetrack patrons now have the opportunity to expand their gaming opportunities to include betting not only on parimutuel horse races but also on other gaming alternatives. The racetrack-slot machine facility is commonly referred to as a racino. There were 1,239 VLT's at PNGI Charles Town in fiscal year 2000. The number was increased greatly to average 3,768 in fiscal year 2005, reaching 4,300 at year-end.<sup>1</sup>

Purses are the lifeblood of the race horse industry. Purses provide revenues for the racetrack through wagering by customers at the racetrack and through wagering by customers in other in-state and out-of-state locations on simulcasts of the live race product. In addition to the racetrack, there are two other sectors of the race horse industry, owners and trainers of race horses who run at the racetrack, and breeders of race horses. Purses provide revenues directly to horsemen (owners and trainers) through winnings of their horses. Purses also provide revenues to breeders, although indirectly, since it has been shown that as purses increase the price of yearlings increases which also leads to an increase in the supply

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<sup>1</sup> Source: West Virginia Lottery Commission.

of yearlings and associated bloodstock (mares and stallions) (Neibergs and Thalheimer, 1997). Since purses are of major importance to the race horse industry, following is a discussion of purses with special emphasis on the important contribution of racino VLT revenues to purse revenues.

As a condition for getting VLT's at racetracks in 1994, the enabling legislation included provisions for protecting and promoting the parimutuel horse (greyhound) racing industry. For the two Thoroughbred parimutuel, horse tracks, PNGI Charles Town and Mountaineer Park, the statutes require that a specified percent of revenue (win) from the machines be allocated to regular purses for horsemen with horses at the racetrack. In addition, a relatively small portion of VLT win at PNGI Charles Town and Mountaineer Park is allocated to the Thoroughbred Development Fund.

In fiscal year 2000, regular purse payments of \$11 million from the VLT's were computed by statute as 14% of "net" terminal revenue where net terminal revenue was defined as gross terminal revenue less administrative costs (about 1.2% of gross terminal revenue in that year). In that year, regular purses were 13.83% of "gross" terminal revenue (amount played less amount paid out to winners) of \$79.2 million before any deductions. An additional payment of  $\frac{3}{4}$  of 1% of net terminal revenue, or \$0.6 million was allocated by statute to the Thoroughbred Development Fund.<sup>2</sup>

Effective in fiscal year 2002, the share of VLT revenues going to purses was lowered from 14% to 8% of "recalculated" net terminal revenue after a 2001 "benchmark" VLT revenue level was reached. Not only was the rate reduced from 14% to 8% after the 2001 benchmark was reached but the base to which the statutory rates applied, "recalculated" net terminal revenue, included deductions in addition to the relatively small administrative cost deduction in the original statutes. Because of these changes in the rate and base for computation of purses from VLT revenues, we use gross terminal revenue (before any deductions) to compute an "effective" rate for year-to-year comparisons. In fiscal year 2000, 13.83% of gross terminal revenue, or \$11 million, was allocated to purses. In fiscal year 2005, regular purses had increased to \$35.6 million but represented only 9.25% of gross terminal revenue of \$384.5 million<sup>3</sup>.

In an effort to fund the state workers compensation fund liability, effective in fiscal year 2006, the purse share of VLT revenue during the pre-benchmark part of the year was reduced from 14% to 7% of recalculated net terminal revenue. This lower rate remains in effect for the year until the sum of all four racetracks' contributions to the workers compensation fund totals \$11 million. For each racetrack, if the

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<sup>2</sup> West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

<sup>3</sup> West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

\$11 million total funding level is not reached by the time its pre-benchmark VLT revenue level is reached, the rate is dropped from the post-benchmark level of 8% to 4% until the \$11 million workers compensation liability is funded. Payments from Charles Town purses to workers compensation were \$4.9 million in fiscal year 2006. *Regular purses, which were 13.83% of gross terminal revenue in fiscal year 2000, were only 7.86% of gross terminal revenue in fiscal year 2006. This resulted in a 43% reduction in the effective rate paid to regular purses from gross VLT revenue over the period.*

For the most recent two fiscal years, 2005 and 2006, even though gross terminal win increased \$49.7 million from \$384.5 million to \$430.2 million, an 11.6% increase, purse revenues actually declined \$1.8 million, or 5.3%, due to the reduction in the statutory regular purse rates and payments from purses to fund workers compensation liability.<sup>4</sup>

Payments of VLT revenues to the Thoroughbred breeding industry are made through the Thoroughbred Development Fund. In 2000, the Thoroughbred Development Fund which was 0.75% of net terminal revenue, or 0.74% of gross terminal revenue, received \$0.6 million. This increased to \$2.9 million in fiscal year 2006. In fiscal year 2006, the Fund rate was 0.67% of gross terminal revenue, down from 0.74% in 2000. The Thoroughbred Development Fund at Charles Town increased from \$2.6 million in fiscal year 2005 to \$2.9 million in fiscal year 2006.<sup>5</sup>

Resident Thoroughbred owners, breeder owners, and stallion owners also receive funds from the Unredeemed Pari-mutuel Tickets Fund from unredeemed tickets at the two Thoroughbred racetracks and the two greyhound racetracks. Payments from this fund have risen from \$888,360 in 2000 to \$1,190,316 in 2004, decreasing to \$1,180,531 in 2005.<sup>6</sup> So far in 2006, payments from this fund have not been made to Charles Town since the awards due have exceeded the amount available for disbursement.

The racetrack's share of VLT revenues has been decreased although not as much as for regular purses for horsemen at the racetrack. In fiscal year 2000, the racetrack's statutory share of net terminal revenue was 47%. In that year, the racetrack's share of gross terminal revenue resulted in an effective rate of 46.4%. In fiscal year 2006 the racetrack's share of recalculated net terminal revenue was 47% revenue dropping to 42% after the 2001 benchmark VLT revenue level was reached. This reduction in rate was offset to some extent by the track's share of the 10% surcharge on net terminal revenue that is dedicated

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<sup>4</sup> West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

<sup>5</sup> West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

<sup>6</sup> West Virginia Racing Commission Annual Reports.

to capital improvement. In fiscal year 2006, the racetrack's share of gross terminal income was 41.7% (39.0% from racetrack's share and 2.7% from the racetrack capital reinvestment fund). *The effective rate for the racetrack in 2005 was 10% lower than the effective rate for fiscal year 2000.*<sup>7</sup>

*Comparing the racetrack's share of VLT revenues to the horsemen's share, the latter is subject to an additional reduction for funding of the workers compensation liability. In addition, the horsemen have no partial offset to their share reduction corresponding to the racetrack's offset from the capital improvement fund.*

The state's share (administrative costs and lottery fund) of gross terminal revenue has increased from an effective rate of about 31% of gross terminal revenue, using fiscal year 2000 for comparison, to about 41% of gross terminal revenue in fiscal year 2006.<sup>8</sup> The increase in the state's share is largely funded by the decrease in VLT revenue to purses (including workers compensation payments from purses) and racetracks.

To see how Charles Town compares with other racetracks around the country with respect to quality of races, Appendix 1 gives average daily purse for all major North American Thoroughbred racetracks in 2005. Purses are reported on a calendar year basis and include contributions from both parimutuel wagering (including stakes races) and VLT (slot machine) revenues if the racetrack is a racino. Racinos are denoted by italics. The effect of allocating purse monies from VLT win at Charles Town can be seen in its increase in relative national ranking from 72nd in 1995 to 30th in 2005. Average daily purses at PNGI Charles Town increased from \$27,029 to \$166,355 over that period.<sup>9</sup>

Charles Town Races receives revenues as a percent of wagering by its customers on parimutuel horse racing and on VLT gaming devices. At Charles Town, as at all other parimutuel racetracks, purses provide revenues directly to the owner, trainers and indirectly to the breeders of race horses. Purses are derived as a percent of the amount wagered by: (1) patrons who wager on live and "full card" simulcast races at the racetrack, (2) patrons at out-of-state locations who wager on the simulcasts of PNGI Charles Town to those locations, and (3) betting by PNGI Charles Town customers on VLT or slot machine games located at the racetrack.

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<sup>7</sup> Computed from West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

<sup>8</sup> Computed from West Virginia Lottery Commission, Racetrack Video Lottery Summary spreadsheet.

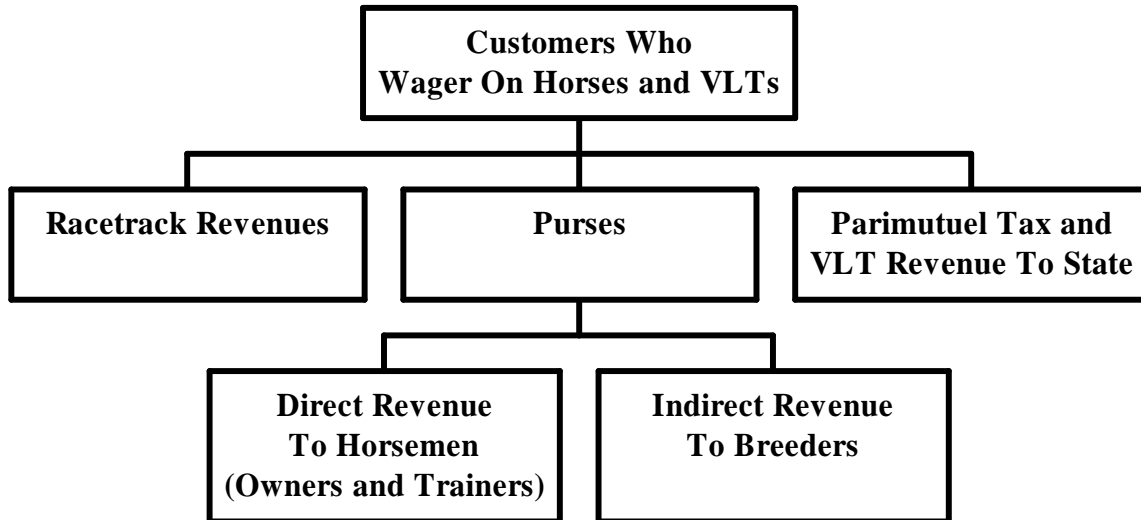
<sup>9</sup> Source: For 1995: Mitchell, Ron, "Narrowing the Gap", *The Blood Horse*, February 10, 1996. For 2005: Evan I. Hammonds, "Flatlining", *The Blood Horse*, February 18, 2006.

All three major sectors of the parimutuel race horse industry,

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

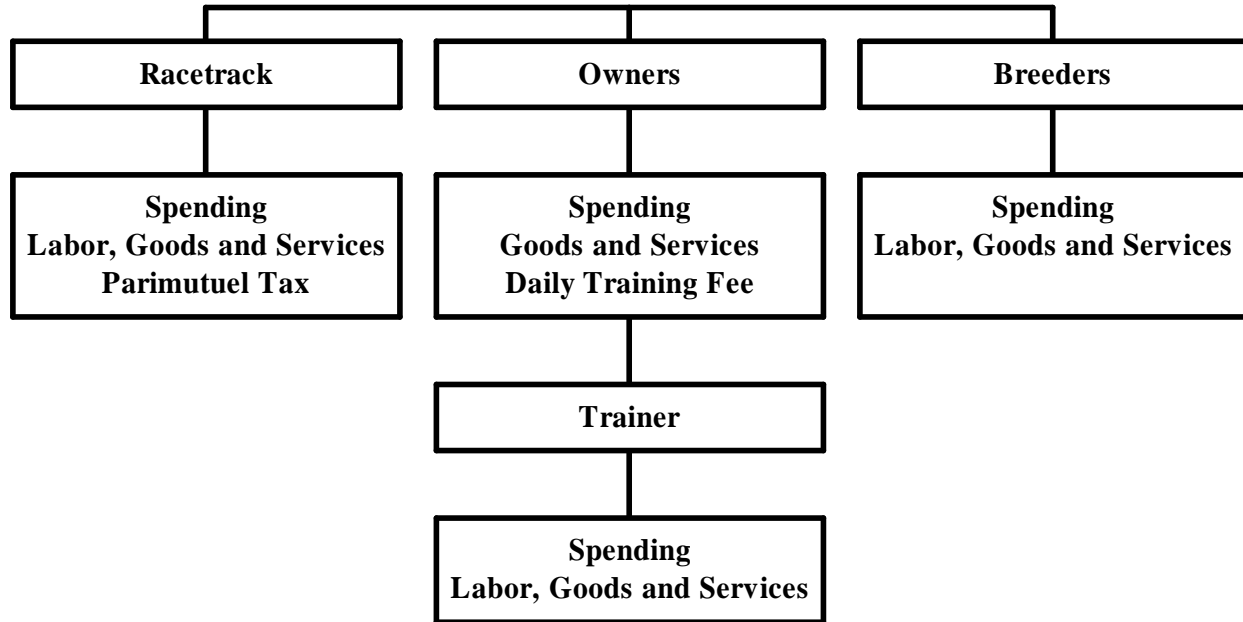
are driven by the racetrack patron who provides money for those sectors through parimutuel wagering and, in this case, through wagering on slot machine games offered at the racetrack. The distribution of revenues can be seen in the following schematic.

### Revenues to Race Horse Industry



Revenues received by each of the three sectors; racetrack, horsemen with horses at the racetrack, and breeders, are then spent on labor, goods and services in the economy in order to cover their cost of doing business. A schematic of spending by each of the sectors follows:

**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 hires a trainer for his 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 state racing commissions or, if publicly traded, from SEC filings, there are no national or state published statistics on spending and employment by Thoroughbred horsemen or breeders. Separate surveys of owners, trainers and breeders are required to obtain the required 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 Charles Town economy.

Owners and trainers of race horses are highly mobile in terms of where they race their horses. In order to localize the impact of identified owners and trainers on the Charles Town economy, this study concentrates on the spending and employment on horses while they are stabled and in-training at or near the Charles Town racetrack. Similarly individual breeders of horses foaled in West Virginia may reside out-of-state. In addition a breeder, in a majority of cases, may not own a farm. These breeders must board their horses at a horse farm where the horses receive care and maintenance until they are of age to be sold to an owner for racing purposes. To localize the breeder impact to the Charles Town area, Thoroughbred horse farms in that area were identified and surveyed as to the expenditures and labor required to maintain breeders' horses.

## SURVEY PROCEDURE

Appendix 2 gives the procedure undertaken for the three separate surveys of owners, trainers and breeders with horses at Charles Town. Table 1 gives a summary of survey response rates.

**Table 1: Summary of Owner, Trainer and Breeder Response Rates**

	Total	Sample	Responses	Percent
Owners	1,900*	1,900*	352	19%
Trainers at Charles Town-2005**	150*	150*	12	8%
Trainers at Charles Town-2000**	156*	156*	37	24%
Breeders (farms)	317*	317*	64	20%
*After elimination of incomplete and duplicate addresses.				
**The low response rate of trainers at Charles Town racetrack in 2005 is possibly due to interruptions from having to moving horses from the nearby Shenandoah facility to the main Charles Town racetrack. To compensate for this low response rate, information from the earlier survey (Thalheimer Research Associates, Inc., 2002) was used to supplement results for this subsector of the race horse owner sector. An explanation of the procedure for using information from both surveys is given in the trainer section of this report.				

The rest of this report details the economic impact of the three Charles Town race horse industry sectors.

## RACETRACK SECTOR

Racing at PNGI Charles Town is year-round as it is at the three other parimutuel racetracks in West Virginia. In 2005, PNGI conducted 243 days of live racing. Total on-track parimutuel handle was \$66.4 million in 2005. This was broken down as follows: \$25.9 million from live racing, \$38.3 million simulcast races from out-of-state racetracks, and \$2.2 million from simulcast races from in-state racetracks). In addition to on-track handle, live racing also generated \$195.2 million in export handle from wagering on simulcasts of Charles Town races at other in-state and out-of-state locations. Prior to

1999, Charles Town did not export simulcasts of its live races. The export of live racing was made possible by the increase in the quality of racing attributed to the increase in purses funded largely by their statutory share of VLT handle. Total handle from all sources was \$261.6 million in 2005.<sup>10</sup> Of that total, 75%, was from wagering on live race signals exported to in-state and out-of-state locations. The exporting of live races to out-of-state locations started on June 5, 1999 and was a direct result of the ability to sell the live races to out-of-state locations because of increased purses and corresponding quality of races at the racetrack. The increase in purses can be traced to the statutory allocation of purse funds from VLT wagering at the racetrack.

In this analysis, the economic impact of the racino operation on the Charles Town economy is focused on the parimutuel horse racing side of the racino operation. *Not included in the study is the economic impact of the VLT side of the operation.* A discussion of the economic impact of the parimutuel side of PNGI Charles Town Races and Slots on the Charles Town economy now follows.

### **Operating and Capital Expenditures**

Wagering by customers at PNGI Charles Town provides revenue from which expenditures are made to run its racing operations. Table 2 shows the distribution of expenditures for 2005 as provided by PNGI track management.<sup>11</sup> Parimutuel taxes paid to the state are included in these expenditures.<sup>12</sup>

**Table 2: PNGI Charles Town Racing-Related Expenditures**

<b>Operating Expenditures</b>	
Programs	\$633,000
Racing	\$2,677,000
Mutuels*	\$13,591,000
Track Maintenance	\$1,191,000
Food and Beverage	\$2,442,000
<b>Total Operating Expenditures</b>	<b>\$20,534,000</b>
<b>Capital Expenditures</b>	<b>\$8,200,000</b>
<b>Total Expenditures</b>	<b>\$28,734,000</b>
*Includes simulcast.	

Payroll expense of \$5.3 million is included in Total Operating Expenditures in Table 2. Payroll expense, therefore, is about 26% of total operating expenditures.

<sup>10</sup> West Virginia Racing Commission.

<sup>11</sup> Source: PNGI Charles Town management.

<sup>12</sup> Source: PNGI Charles Town management.

Total expenditures in the Charles Town economy for the racing side of the racetrack-slot machine operation in 2005 were \$28,734,000. Note that purses are not included as a racetrack expense. This is because purses are revenues to owners and trainers who spend these revenues for training expenses such as employment, feed and bedding, veterinarian, shipping, farrier and the like. These expenses, funded by purse revenues, are reported in the horsemen (owner-trainer) sector of the race horse industry below. To include them in both the racetrack and horsemen sectors would involve double counting and would overestimate the economic impact of the race horse industry on the Charles Town economy.

**Direct Employment**

Charles Town racetrack employed approximately 130 persons on the parimutuel side of its racetrack-video slot machine operation in 2000 growing to 211 persons in 2005. The 2005 employment figure includes mutual clerks, concessions personnel (parimutuel), and other employees including racing, track maintenance, motor pool, horsemen’s bookkeeper and Terrace Dining.<sup>13</sup>

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

The direct economic impact of the parimutuel side of the PNGI Charles Town racino on the Charles Town economy in 2005 was:

<b>Direct Expenditures</b>	<b>\$28,734,000</b>
<b>Direct Employment</b>	<b>211</b>

**HORSEMEN (OWNER-TRAINER) SECTOR**

**Owner Sector**

Racehorse owners hire trainers, generally on a contract basis, to train and run their horses at the racetrack. In some instances, racehorse owners may also be trainers. In this study we have attempted to separate owners from trainers and owner-trainers in order to analyze expenditures by each group.

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<sup>13</sup> Source: PNGI Charles Town management. See Thalheimer Research Associates, Inc., 2002 Charles Town economic impact study report for 2000 figure.

The race horse owner survey is included in Appendix 3 to this report. According to a list maintained and provided by the Charles Town Horsemen’s Benevolent and Protective Association, there were a total of 2,145 owners or owner-trainers with at least one horse that started at PNGI Charles Town racetrack in 2005. After elimination of duplicates and invalid addresses, approximately 1,900 surveys were mailed out. There were 352 responses for an overall response rate of 19%.

An analysis of the location of the owners and owner-trainers is given in Table 3.

**Table 3: West Virginia Horse Owners By State (1% or greater)**

State	Percent	Cumulative
MD	26.8%	26.8%
VA	20.5%	47.3%
WV	17.5%	64.9%
PA	11.3%	76.2%
NY	3.5%	79.7%
NJ	3.2%	82.8%
FL	3.1%	85.9%
KY	2.0%	87.9%
NC	1.9%	89.8%
MA	1.3%	91.0%
SC	1.3%	92.3%
DE	1.2%	93.5%
All Other	6.5%	100.0%
Total	100.0%	

Slightly more than 76% of all owners or owner-trainers whose horses made at least one start at PNGI Charles Town in 2005 resided in Maryland, Virginia, West Virginia, and Pennsylvania. West Virginia owners and owner-trainers accounted for 18% of the total. It was not possible to separate owners from owner-trainers from information provided in the survey list. This was done after the fact through screening questions in the survey form. Owner-trainers were not included in the analysis of owner expenditures since it is not possible to separate the owner-related expenditures from the training operation-related expenditures for respondents who are both owners and trainers.

**Direct Expenditures**

To maintain a race horse, an owner hires a trainer, generally on a contract basis. The trainer is paid a daily training fee for each day he or she has the horse in training at the racetrack. An individual horse does not stay in training at the track 365 days a year. The horse is given time off for recovery from injury or for time to rest and freshen up. These periods of absence from the racetrack for a horse are

called layup (recovery) or turnout (rest and freshening-up) times. Expenses associated with these times away from the track are generally less than expenses when a horse is in training. The daily training fee is set by the trainer such that it covers the trainer's employee costs, feed and bedding for his or her horses-in-training, tack and supplies, and other general maintenance expenses. The trainer bills expenses, other than daily maintenance expenses, directly to the owner. These other expenses include: trainer commissions for winning races, veterinarian expenses, equine transport expenses, farrier expenses, jockey fees, board expenses when a horse is laid-up or turned-out, and "other" expenses.

The distribution of owner expenses from the survey is shown in Table 4. There were an average of 4.7 horses-in-training reported by the responding owners with an associated cost of \$18,573 per horse, including both time on and off the racetrack. Using this average cost figure and applying the percentage distribution of owner expenses from the survey returns, the estimated breakdown of the average owner expenses by category is also given in Table 4.

**Table 4: Distribution of Owner Expenditures**

<b>Expenditure Category</b>	<b>Percent</b>	<b>Average Per Horse</b>
Daily Trainer Fees (excluding commissions)	47.5%	\$8,822
Veterinarian Care and Medicine	8.6%	\$1,597
Jockey Fees (Commissions)	7.1%	\$1,319
Depreciation – Equine	6.3%	\$1,170
Trainer Commissions	5.6%	\$1,040
Board (Turnouts/Layups)	4.6%	\$854
Nominations/Registrations/Entry Fees	3.2%	\$594
Wages and Salaries	2.3%	\$427
Farrier	2.3%	\$427
Vanning/Transport	1.5%	\$279
Stall Rental	1.1%	\$204
Tack and Supplies	1.0%	\$186
All Other Expenses	8.9%	\$1,653
<b>Total Expenses*</b>	<b>100.0%</b>	<b>\$18,573</b>
Note: Average horses per owner = 4.7		
*Average per-horse expense includes "time-off" from training for layups and turnouts.		

An examination of the distribution of expenditures shows that daily training fees, 47.5% 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 Training Fee**

Owners reported an average daily training fee of \$37 per-day for 2005 and \$38 per-day for 2006 which they paid to trainers for training their horses at the PNGI Charles Town racetrack. This is more than 30% greater than the daily training fee of \$28 in 2000-2001 reported in the 2002 Thalheimer Research Associates, Inc. economic impact study of the Charles Town Race Horse Industry.

## **Other Information From Owner Survey**

Following are additional selected results from the owner survey:

- 80% of responding owners were proprietors. Another 16% were partners and 4% were corporations.
- 77% of responding owners reported that they had a loss in 2005.
- Only 3 responding owners who raced their horses at PNGI Charles Town also raced them at Mountaineer Park in 2005.

## **Trainer Sector**

In order to estimate the impact of trainers on the Charles Town economy, those trainers with horses-in-training stabled at the PNGI Charles Town racetrack were identified by track management. Trainers with horses-in-training at surrounding private barns were identified by the Charles Town HBPA. The survey form used for Charles Town trainers is given in Appendix 3. There were 150 trainers with horses-in-training at Charles Town or surrounding private barns. The response rate was very low at 8% with only 12 trainers responding. One possible explanation for this is that during the survey period, the nearby Shenandoah training track and barn area was closed by the owner, PNGI Charles Town. Most of the trainers were moved to existing and newly constructed stabling at the Charles Town main racetrack. This disruption in the trainers' schedule and their preoccupation with obtaining new stables at a new location could have resulted in lack of time to complete the survey forms for this project. Fortunately, reliable information on trainer employment and expenditures was available from the previous economic impact study of the Charles Town Race Horse Industry (Thalheimer Research Associates, Inc., 2002). In that study 37 of 156 trainers responded for a response rate of 24%. While total dollar trainer expenditures would be expected to change in 2005 relative to 2000, it is not expected that either the distribution of expenditures or the number of employees per horse would change significantly over the five year period. For this reason, the results of the earlier study are incorporated into this report. To see if the assumption

of little change in expenditure distribution, we compared the earlier results with the smaller sample results of the current study.

### **Direct Expenditures**

From the owner survey, it was determined that 47.5% of total owner expenditures were for daily fees to their trainers. Since total trainer expenditures are already included in the daily training fee category of owner expenditures, trainer expenditures from the trainer survey are not included again in the owner-trainer sector's economic impact computation to avoid double counting. The expenditure part of the trainer survey was developed primarily to obtain an estimate of the distribution of the daily fees paid by the owner among their various major categories such as wages and salaries, contract labor and feed and bedding.

Table 5 gives the distribution of the major expenditures covered by the daily training fee as reported in the 2002 economic impact study of the Charles Town race horse industry. The trainer expenditures given in this table are made possible by daily training fees paid to trainers by owners of the horses in their care. The 12 respondents to the 2006 survey for expenditures in 2005 indicated that 32% of total trainer expenditures went to wages and salaries and contract labor, almost the same as that reported in the 2000 survey. Since the 2000 survey results were based on a larger sample, we use them for the distribution of expenditures for the remainder of this analysis.

The second column of Table 5 gives the percent distribution of trainer expenditures relative to total trainer expenditures. The last column converts these expenditures to the corresponding percent of 2005 total owner expenditures, where trainer expenditures account for 47.5% of total owner expenditures as shown in the previous section of this report.

**Table 5: Distribution of Trainer Expenditures and Equivalent Percent of Owner Expenditures**

<b>Expenditure Category</b>	<b>Percent of Trainer Expenditures (37 respondents)*</b>	<b>Equivalent Percent of Owner Expenditures (column 2 x 47.5%)**</b>
Wages and Salaries	32.6%	15.5%
Contract Labor	8.6%	4.1%
<b>Total Labor</b>	<b>41.2%</b>	<b>19.6%</b>
Feed and Bedding	24.8%	11.8%
Tack and Supplies	5.5%	2.6%
Depreciation-Equine	4.1%	1.9%
Interest	1.8%	0.9%
Workers Compensation	1.7%	0.8%
All Other Expenses	20.9%	9.9%
<b>Total Direct Expenses</b>	<b>100.0%</b>	<b>47.5%</b>

\*From 2002 economic impact study (Thalheimer Research Associates, Inc.).  
 \*\*Column entries computed as each entry in column 2 x 47.5%, the daily training fee percentage of total owner expenditures.

Payments to labor are by far the largest expenditure category of trainers, accounting for 41% of total trainer expenditures. This is equivalent to 20% of total owner expenditures (47.5% x 41.2%). Thus, while owners do not directly employ labor, 20% of owner expenditures are made indirectly for labor through payment of the daily training fee to their trainers. Feed and bedding for the trainers' horses-in-training also account for a large part, 25%, of trainer expenditures which is equivalent to 12% of owner expenditures (47.5% x 24.8%). As can be seen, this sector of the race horse industry is oriented to the agricultural side of the Charles Town economy.

### **Daily Training Fee**

The 12 responding trainers reported an average daily training fee of \$38 charged to owners for keeping their horses in training at PNGI Charles Town racetrack. This corresponds to that reported in the owner survey which was based on a much larger sample.

### **Direct Employment**

The ratio of employee to horse is one that is not expected to change much at a given location over time. Due to the small sample size of 12 trainers responding about their 2005 employment, information from the more recent survey was combined with corresponding information from the earlier survey to arrive at a per-horse employment figure.

In both years, the trainers who responded to our survey had, on average, 12 horses in training. The trainer must employ help to maintain these horses while they are in training at the racetrack. Table 6

gives the employment breakdown, including the trainer, necessary to keep the horses under the trainer's care in training for both 2000 and 2005 as well as the combined average of both.

**Table 6: Trainer Employment Per Horse**

Employee	Average(2000)	Average Per Horse(2000)*	Average(2005)	Average Per Horse(2005)*	Average (combined)**	Average Per Horse (combined)**
Trainer	1.000	0.083	1.000	0.077	1.000	0.082
Assistant Trainer	0.233	0.019	0.273	0.021	0.244	0.020
Foreman	0.200	0.017	0.455	0.035	0.269	0.021
Night Watch	0.000	0.000	0.091	0.007	0.025	0.002
Hot Walker	0.967	0.081	1.545	0.119	1.123	0.091
Groom	1.533	0.128	1.727	0.133	1.585	0.129
Exercise Rider-Contract	0.200	0.017	0.273	0.021	0.220	0.018
Exercise Rider-Freelance	1.533	0.128	1.636	0.126	1.561	0.127
Pony Person	0.633	0.053	0.727	0.056	0.658	0.054
Other	0.267	0.022	0.000	0.000	0.195	0.016
Unpaid	0.267	0.022	0.364	0.028	0.293	0.024
<b>Total</b>	<b>6.833</b>	<b>0.570</b>	<b>8.091</b>	<b>0.623</b>	<b>7.173</b>	<b>0.584</b>

\*12 horses per trainer in 2000-2001, 13 horses per trainer in 2005-2006.

\*\*Weighted average based on 30 employment question responses for 2001 and 11 for 2006.

On average, there were a total of 0.58 employees per horse in a typical Charles Town Racetrack trainer's barn. Stated another way, a stable of 10 horses requires 5.8 employees to maintain its horses in training.

### Other Information From Trainer Survey

Following are other selected results from the 2006 trainer survey:

- On average, 8 horses were exercised by rider per day.
- Trainers estimated that the average total cost to an owner, daily training fee plus other direct billed owner costs (e.g. veterinarian, equine transport, farrier, ....), is \$17,300. This rough estimate varies only 7% from the average of \$18,600 per horse reported by owners in their more detailed expenditure responses.

### Owner-Trainer Direct Expenditure Impact

In order to compute the direct expenditure impact by owners, and their trainers with horses in training at PNGI Charles Town, it is necessary to determine the daily owner cost of keeping a horse in training as well as the total number of horses in training at the racetrack. Similarly, in order to compute the direct employment impact by owners and their trainers with horses in training at PNGI Charles Town

it is necessary to determine the number of employees required to keep a horse in training and the total number of horses in training at the racetrack.

There are approximately 1,640 year-round horses-in-training stabled at the PNGI Charles Town racetrack and nearby private barns.<sup>14</sup> The daily training fee from the owner and trainer survey results was \$38 per day.

As reported in Table 4 of the Owner section of this report, trainer fees represent 47.5% of total owner costs. *This being the case, the total daily owner cost to keep a horse in training at PNGI Charles Town is \$80 ( $\$38 \div 0.475$ ).* Using the information on number of horses in training, and the owner cost per horse per day, the total spending by owners and trainers at PNGI Charles Town is computed as follows:

Horses-In-Training Per Day Year-Round	1,640
x Days Per Year	365
= Horse-Days	598,600
x Owner Cost Per Horse Per Day	\$80
=Total Owner Expenditures at Charles Town	\$47,888,000

### **Distribution of Owner-Trainer Direct Expenditures**

Table 7 gives the distribution of total owner-trainer spending at PNGI Charles Town by major category. This table is constructed using information on spending distribution in the Owner and Trainer sections of this report. Note that the daily training fee payment to trainers by owners, 47.5% of total owner expenditures (Table 4), is broken down into its major categories using expenditure information from the trainer survey (Table 5).

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<sup>14</sup> There are about 1,320 stalls at Charles Town and approximately 50 ship-ins at the receiving barn per day (source: PNGI Charles Town management). There are about 270 stalls for horses-in-training at private barns near Charles Town racetrack (source: Charles Town HBPA).

**Table 7: Distribution of Owner-Trainer Expenditures**

<b>Expenditure Category</b>	<b>Percent</b>	<b>Total Expenditures</b>
<b>Owner Daily Fee Payments to Trainer (Trainer Spending Categories):</b>		
Wages and Contract Labor	19.6%	\$9,386,048
Feed and Bedding	11.8%	\$5,650,784
Tack and Supplies	2.6%	\$1,245,088
Depreciation-Equine	1.9%	\$909,872
Interest	0.9%	\$430,992
Workers Compensation	0.8%	\$383,104
All Other Expenses	9.9%	\$4,740,912
<b>Total Daily Owner Daily Fee Payments to Trainer</b>	<b>47.5%</b>	<b>\$22,746,800</b>
<b>Other Owner Expenditures:</b>		
Veterinarian Care and Medicine	8.6%	\$4,118,368
Jockey Fees (Commissions)	7.1%	\$3,400,048
Depreciation – Equine	6.3%	\$3,016,944
Trainer Commissions	5.6%	\$2,681,728
Board (Turnouts/Layups)	4.6%	\$2,202,848
Nominations/Registrations/Entry Fees	3.2%	\$1,532,416
Wages and Salaries other than for Training Fees	2.3%	\$1,101,424
Farrier	2.3%	\$1,101,424
Vanning/Transport	1.5%	\$718,320
Stall Rental	1.1%	\$526,768
Tack and Supplies	1.0%	\$478,880
All Other Expenses	8.9%	\$4,262,032
<b>Total Expenses</b>	<b>100.0%</b>	<b>\$47,888,000</b>

Owners with horses-in-training at PNGI Charles Town spent \$22.7 million in daily training fees for trainers of their horses at the racetrack. Out of this money provided by owners, trainers spent \$9.4 million for labor, the largest category of expenditures for the owner-trainer sector accounting for 20% of total expenditures.

Total owner costs have increased from \$38 million in 2000 (Thalheimer Research Associates, Inc., 2002) to \$48 million in 2005, an increase of 26%.

### **Profitability of Owner Investment**

Total purses from both VLT and Parimutuel wagering at Charles Town were \$40.0 million in calendar 2005.<sup>15</sup> Total spending by owners on their horses at the racetrack was \$48 million. *Given this information, owners covered approximately 83% of the cost of running their horses at Charles Town in*

<sup>15</sup> Source: Evan I. Hammonds, “Flatlining”, The Blood Horse, February 18, 2006.

2005. This is a significant improvement over 2000 when owners covered only 52% of their costs (Thalheimer Research Associates, Inc., 2002).

### **Owner-Trainer Direct Employment Impact**

From the trainer survey results, it was determined an average of 0.58 employees were required to keep a horse-in-training at PNGI Charles Town. Stated another way, there are approximately 6 employees per 10 horses-in-training. Multiplying this figure by the number of horses at the racetrack yields the total number of employees at the racetrack assuming that each employee works a 365-day year. 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. Using this information, the computational procedure for obtaining number of full-time-equivalent (FTE) employees of owners and trainers with horses in training at PNGI Charles Town is given below.

Horses-In-Training Per Day Year-Round	1,640
x Employees Per Horse Per Day	0.58
=Employees Assuming 365 Day Work Year	951
x Adjustment for 260 Day Typical Employee Year (365/260)	1.4
= Employees Using Typical 260 Day Work Year	1,332

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

The direct owner-trainer impact economic impact on the Charles Town economy in 2005 was:

<b>Direct Expenditures</b>	<b>\$47,888,000</b>
<b>Direct Employment</b>	<b>1,332</b>

### **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 (Neiberger and Thalheimer, 1997). The converse is also true, that is, as purses decrease, the expected

revenue from yearling sales also decreases. Data used in the analysis were for North American yearling sale prices and number of registered foals over the period 1960 through 1994. The study showed that it would take about 10 to 15 years, following an increase in purses, for the resulting increase in foal crop to be mostly achieved. Part of this phase-in effect is due to biological constraint of conception to foaling.

The Breeder survey form is included in Appendix 4 of this report. For informational purposes, the distribution of those breeders who had at least one resident mare in West Virginia in 2005 is given in Table 8.

**Table 8 West Virginia Breeders With At Least 1 Resident Mare**

State	Total	Percent	Cumulative
WV	172	49.0%	49.0%
VA	92	26.2%	75.2%
MD	44	12.5%	87.8%
SC	8	2.3%	90.0%
NC	7	2.0%	92.0%
PA	6	1.7%	93.7%
All Other	22	6.3%	100.0%
Total	351	100.0%	

After screening for duplicates and incomplete addresses, 317 surveys for breeders with at least one resident mare in the Charles Town area were mailed out. There were 64 responses for an overall response rate of 20%. Of those responding, 31, or 48% indicated that they owned or managed a West Virginia Thoroughbred horse farm in 2005. This produced an estimate of 152 farms in the Charles Town Area. Information provided by the West Virginia Thoroughbred Breeders' Association indicated that there were approximately 140 Thoroughbred horse farms in the area. The fact that the survey data and the Breeders' Association were of the same order of magnitude lends credibility to the survey responses.

The farm owner respondents averaged 43 mares per farm which included mares owned by outside boarders and those owned by the farm. The size of the operation varied from as small as having 1 broodmare to as large as having 328 broodmares. Farm-owned broodmares averaged 13 and varied from 0 to 50. The farms surveyed averaged 83 acres with 57 acres devoted to Thoroughbred race horse breeding operations.

The remaining 52% of respondents who did not own or lease a farm were primarily breeders who boarded their horses on horse farms in West Virginia. A small number of these breeders indicated that they had no mares in 2005 or provided little information on their operation.

### **Direct Expenditures**

The average total Thoroughbred horse farm expenditures are estimated to be \$18,620 on a per-mare basis. This is total expenditures for *all* horses boarded on the farm (i.e. stallions, broodmares, weanling, yearlings, ...) divided by the number of broodmares on the farm. The 2005 per-mare expenditure is 45% greater than the per-mare expenditure of \$12,870 in 2000 as reported in the previous economic impact study (Thalheimer Research Associates, Inc., 2002).

According to the Jockey Club, in 2004, the latest year for which such information is available, there were 596 registered West Virginia foals. This is 130% greater than the 259 registered foals in 2000 and shows the effect of the large increase in purses on the supply of foals. In 2000 West Virginia was ranked 20th in the country with respect to the number of registered foals, increasing to 12th in the country in 2004. Also, according to the Jockey Club, the live foal rate for West Virginia broodmares was 47% for the year 2004.<sup>16</sup> Since for every foal there must be about 2 broodmares ( $1 \div 0.47 = 2.13$ ), the total population of broodmares is estimated to be 1,268. This represents a 145% increase over the 518 broodmares in 2000 (Thalheimer Research Associates, Inc., 2002).

Based on expenditures per mare for 1,268 mares, total expenditures by West Virginia Thoroughbred horse breeders in 2005 is estimated to be \$23,610,160. This is three and a half times greater than the estimated \$6.7 million in breeding farm expenditures for 2000 (Thalheimer Research Associates, Inc., 2002). The increase in spending is due to a combination of the large increase in number of horses boarded on Charles Town vicinity farms and the increase in farm expenditures per horse. Additionally, from the survey, new investment in structure and improvements averaged \$94,230 per farm in 2005. Total investment for the 140 Charles Town area Thoroughbred breeding farms was estimated to be \$13,192,200 compared to \$1,167,543 in 2000 (Thalheimer Research Associates, Inc., 2002). The total of operating plus investment expenditures by the Charles Town area breeding was \$36,802,360 in 2005.

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<sup>16</sup> Leibman, Dan, "2004 Live Foals Reported by Stallion, By the Numbers", *The Blood Horse*, September 25, 2004.

## Distribution of Breeding Farm Expenditures

In addition to the approximately \$13.2 million investment in new structures and improvements, West Virginia Thoroughbred race horse breeding farms spent \$23.6 million on a variety of goods and services as shown in Table 9.

**Table 9: Distribution of Breeding Farm Expenditures (Excluding New Investment)\***

<b>Expenditure Category*</b>	<b>Percent</b>	<b>Total Spending</b>
Wage and Salary, Contract Labor, Professional Services	28.2%	\$6,651,517
Feed and Bedding	15.1%	\$3,555,957
Vet Fees and Medicine	7.0%	\$1,663,490
Board	5.4%	\$1,278,024
Stud Fees	4.6%	\$1,087,776
Supplies and Equipment	4.5%	\$1,073,421
Depreciation – Equine	4.1%	\$962,600
Car and Truck Expense	2.6%	\$602,690
Depreciation – Other	2.4%	\$567,354
Repairs and Maintenance	2.3%	\$535,251
Insurance-Equine	2.2%	\$521,054
Insurance-Other	2.2%	\$516,794
Fertilizer, Lime, Seed, etc.	1.9%	\$457,006
Interest	1.9%	\$449,277
Farrier	1.9%	\$437,682
Nomination/Registration Fees	1.8%	\$423,090
State and Local Taxes	1.6%	\$384,598
Workers Compensation Insurance	1.4%	\$331,673
Utilities	1.3%	\$317,317
All Other Expenses	7.6%	\$1,793,320
<b>Total Expenditures</b>	<b>100.0%</b>	<b>\$23,609,891</b>

\*Greater than 1% of total.

As can be seen, wages and salaries, and feed and bedding, are by far the largest categories of expenditures by Thoroughbred breeders. Together they account for 43% of all expenditures. Charles Town area breeding farms spent \$38.6 million in operating expenses plus new investment in 2005

Average daily fees charged to breeders by horse farms for boarding horse are given in Table 10.

**Table 10: Average Daily Fees – West Virginia Horse Farms**

Horse On Farm	Daily Fee
Broodmare-Year-Round	\$14
Broodmare-Seasonal	\$15
Foal At Mare's Side	\$13
Yearling	\$15
Weanling	\$14
Sale Prep	\$25
Stallion At Stud	\$27
Layup/Turnout	\$15

One measure of the price increase from 2000 to 2005 can be made by comparing the cost to board a year-round broodmare in the two years. In 2000, the estimated cost to board a year-round broodmare was \$14 in 2005 compared to \$12 in 2000 (Thalheimer Research Associates, Inc., 2002).

## 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 11 gives the distribution of employees, adjusted to an FTE, or year-round, basis as obtained from the survey.<sup>17</sup>

**Table 11: Full-Time Equivalent (FTE) Employees Per Farm**

Employee Category	Employees	Months	Percent of Year	FTE Employees
Full-time paid	2.9	12	100%	2.90
Part-time year-round paid*	1.9	6	50%	0.95
Seasonal paid**	3.9	3	25%	0.98
Full-time non-paid	0.5	12	100%	0.50
Part-time year-round non-paid*	0.2	6	50%	0.10
Seasonal non-paid**	0.1	3	25%	0.03
<b>Total FTE Employment</b>	<b>9.5</b>			<b>5.5</b>
*12 months at 1/2 time				
**3 months at full-time				

There were 9.5 full-time, seasonal and part-time workers employed by farm owners in 2005. Adjusting the seasonal and part-time workers to a full-time-equivalent (FTE) basis, there were an estimated 5.5 FTE workers per Thoroughbred horse farm. According to information provided by the West Virginia Thoroughbred Breeders Association, there were an estimated 140 Thoroughbred breeding farms

<sup>17</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.

in the Charles Town area in 2005. Using 9.5 full-time, part-time and seasonal employees per farm from the survey, there were an estimated 1,330 employees at one time or another on Charles Town Thoroughbred breeding farms. Adjusted to the year-round equivalent basis of 5.5 employees per farm, there were an estimated 770 FTE employees at the 140 Charles Town area horse farms in 2005.

### Other Information From Breeder Survey

Following are other selected results from the breeder survey:

- Over half of the horse farms, 62%, were proprietorships, another 21% were partnerships and 17% were corporations.
- 35% of those responding indicated that they were profitable in the year 2005.
- There were an average of 3 horses-in-training on horse farms, varying from 0 to 40.

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

The direct breeder impact economic impact on the Charles Town economy in 2005 is:

<b>Direct Expenditures</b>	<b>\$36,802,360</b>
<b>Direct FTE Employment</b>	<b>770</b>

### DIRECT ECONOMIC IMPACT - ALL SECTORS

A summary of the direct economic impact of the Charles Town race horse industry in 2000 (Thalheimer Research Associates, Inc., 2002) and 2005 is given in Table 12.

**Table 12: Direct Expenditure Impact - All Sectors**

<b>Race Horse Industry Sector</b>	<b>Direct Expenditures 2000</b>	<b>Direct Expenditures 2005</b>
PNGI Charles Town (Parimutuel Operations Only)	\$18,699,251	\$28,734,000
Horsemen (Owners/Trainers)	\$38,363,325	\$47,888,000
Breeders	\$7,834,433	\$36,802,360
<b>Total</b>	<b>\$64,897,009</b>	<b>\$113,424,360</b>

A summary of direct full-time-equivalent employment created by the Charles Town race horse industry in 2000 (Thalheimer Research Associates, Inc., 2002) and 2005 is given in Table 13.

**Table 13: Direct FTE Employment - All Sectors**

<b>Race Horse Industry Sector</b>	<b>FTE Employment 2000</b>	<b>FTE Employment 2005</b>
PNGI Charles Town (Parimutuel Operations Only)	130	211
Horsemen (Owners/Trainers)	1,317	1,332
Breeders	182	770
<b>Total</b>	<b>1,629</b>	<b>2,313</b>

In 2005, the Charles Town race horse industry contributed \$113 million in direct spending to the local economy. The industry provides 2,313 FTE jobs in the local economy.

### **TOTAL 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 Charles Town economy. Total direct spending by the racetrack, horsemen and breeders for goods and services from Charles Town area 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. These 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 Charles Town 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 the Charles Town is, therefore, some multiple of the initial direct injection.

A statistical input-output table of West Virginia was used to determine the total (direct plus indirect) effect of an initial injection of employment and spending into the Charles Town economy.<sup>18</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

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<sup>18</sup> U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis, Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMSII).

expenditures to determine total (direct plus indirect) expenditures created by the direct spending of that sector.<sup>19</sup> For example, if an industry generates direct expenditures of \$25 million and the multiplier for that industry is 2.0, then \$50 (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 West Virginia were available from an input-output table maintained by the U.S. Department Of Commerce.<sup>20</sup> The expenditure and employment multipliers for the agricultural sector were used to represent the horsemen and breeding sectors of the race horse industry while the entertainment multiplier was used for the racetrack sector since no racetrack-specific multipliers were reported.<sup>21</sup> Using these multipliers, the direct, indirect and total expenditure and employment impacts of the Charles Town race horse industry are given in Tables 14 and 15 which follow.

**Table 14: Total Direct and Indirect Expenditure Impact - All Sectors, 2005**

Race Horse Industry Sector	Direct	Indirect	Total
PNGI Charles Town-Parimutuel Operations Only	\$28,734,000	\$17,240,400	\$45,974,400
Horsemen (Owners/Trainers)	\$47,888,000	\$23,944,000	\$71,832,000
Breeders	\$36,802,360	\$18,401,180	\$55,203,540
<b>Total</b>	<b>\$113,424,360</b>	<b>\$59,585,580</b>	<b>\$173,009,940</b>

**Table 15: Total Direct and Indirect FTE Employment Impact - All Sectors, 2005**

Race Horse Industry Sector	Direct	Indirect	Total
PNGI Charles Town-Parimutuel Operations Only	211	84	295
Horsemen (Owners/Trainers)	1,332	799	2,131
Breeders	770	462	1,232
<b>Total</b>	<b>2,313</b>	<b>1,345</b>	<b>3,658</b>

The total expenditure impact created by the Charles Town race horse industry in 2005 was \$173,009,940. The total employment impact created by the Charles Town race horse industry was 3,658 full-time-equivalent jobs.

A comparison of estimated total employment and spending in 2000 (Thalheimer Research Associates, Inc., 2002) and 2005 is given in Table 16.

<sup>19</sup> The same procedure can be followed for determination of employment multipliers.

<sup>20</sup> U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis, Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMSII).

<sup>21</sup> Using the RIMSII Model, the expenditure multiplier is 1.6 for the racetrack sector and 1.5 for the horsemen and breeder sectors. The corresponding employment multipliers are 1.4 for the racetrack sector and 1.6 for the horsemen and breeder sectors.

**Table 16: Total Expenditure and FTE Employment Impact - All Sectors, 2000 and 2005**

<b>Race Horse Industry Sector</b>	<b>Total FTE Employment 2000</b>	<b>Total FTE Employment 2005</b>	<b>Total Expenditures 2000</b>	<b>Total Expenditures 2005</b>
PNGI Charles Town -Parimutuel Operations Only	182	295	\$29,918,802	\$45,974,400
Horsemen (Owners/Trainers)	2,107	2,131	\$57,544,988	\$71,832,000
Breeders	291	1,232	\$11,751,650	\$55,203,540
<b>Total</b>	<b>2,581</b>	<b>3,658</b>	<b>\$99,215,440</b>	<b>\$173,009,940</b>

As a final observation, it is important to note that the recent decline in purses from VLT revenues is especially disturbing in light of potential competition from Pennsylvania racinos when they come on-line, likely in 2007. Competition from these racinos, which may have up to 5,000 slot machines each, will allow the Pennsylvania racetracks to compete for horses at Charles Town by offering relatively large purses funded by slot machines. This could very well affect racing and breeding in and around Charles Town and the horse industry's economic impact on the local economy.

#### **REFERENCES**

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**APPENDIX 1**  
**Purses for North American Racetracks Ranked by Average Purse – 2005**

Rank '05	Track	State	Days	Total Purse*	Avg. Daily Purse
1	Saratoga	NY	36	\$23,246,568	\$645,738
2	Keeneland	KY	33	\$20,663,874	\$626,178
3	Belmont Park(4)	NY	95	\$51,972,695	\$547,081
4	Del Mar	CA	43	\$22,104,752	\$514,064
5	Churchill Downs	KY	73	\$35,216,295	\$482,415
6	Santa Anita Park	CA	85	\$37,021,240	\$435,544
7	Woodbine**	CAN	164	\$70,670,388	\$430,917
8	Oak Tree at Santa Anita	CA	31	\$12,568,516	\$405,436
9	Hollywood Park	CA	91	\$36,389,171	\$399,881
10	Aqueduct	NY	121	\$44,251,636	\$365,716
11	Monmouth Park	NJ	90	\$31,966,380	\$355,182
12	Meadowlands	NJ	27	\$8,344,836	\$309,068
13	Gulfstream Park	FL	86	\$25,549,654	\$297,089
14	Delaware Park	DE	138	\$37,144,770	\$269,165
15	Fairplex (Fair)	CA	16	\$4,304,560	\$269,035
16	Arlington Park	IL	94	\$24,175,578	\$257,187
17	Oaklawn Park	AR	55	\$13,920,225	\$253,095
18	Pimlico	MD	61	\$14,217,209	\$233,069
19	Louisiana Downs	LA	116	\$26,461,920	\$228,120
20	Calder Race Course	FL	175	\$39,544,050	\$225,966
21	Kentucky Downs	KY	5	\$1,125,000	\$225,000
22	Hawthorne	IL	125	\$26,967,750	\$215,742
23	Lone Star Park	TX	67	\$14,327,615	\$213,845
24	Colonial Downs	VA	41	\$8,719,101	\$212,661
25	Laurel Park	MD	134	\$26,052,950	\$194,425
26	Evangeline Downs	LA	100	\$17,929,800	\$179,298
27	Delta Downs	LA	53	\$9,148,648	\$172,616
28	Golden Gate Fields	CA	98	\$16,718,996	\$170,602
29	Sunland Park*	NM	67	\$11,234,895	\$167,685
<b>30</b>	<b>Charles Town</b>	<b>WV</b>	<b>243</b>	<b>\$40,424,265</b>	<b>\$166,355</b>
31	Bay Meadows	CA	109	\$17,601,538	\$161,482
32	Philadelphia Park	PA	210	\$32,380,740	\$154,194
33	Hoosier Park (subsidy)	IN	59	\$8,985,228	\$152,292
<b>34</b>	<b>Mountaineer Park</b>	<b>WV</b>	<b>216</b>	<b>\$32,754,672</b>	<b>\$151,642</b>
35	Tampa Bay Downs	FL	95	\$13,977,540	\$147,132
36	Pleasanton (Fair)	CA	11	\$1,602,755	\$145,705
37	Atlantic City	NJ	4	\$580,800	\$145,200
38	Turfway Park	KY	107	\$15,514,465	\$144,995
39	Santa Rosa (Fair)	CA	12	\$1,729,284	\$144,107
40	Ellis Park	KY	41	\$5,857,424	\$142,864
41	Prairie Meadows	IA	95	\$13,106,675	\$137,965
42	Zia Park	NM	42	\$5,685,834**	\$135,377
43	Canterbury Park	MN	68	\$9,000,616	\$132,362
44	Bay Meadows Fair	CA	12	\$1,554,060	\$129,505
45	Timonium	MD	8	\$1,032,456	\$129,057
46	Horsemen's Park	NE	4	\$510,824	\$127,706
47	Solano (Fair)	CA	11	\$1,361,371	\$123,761
48	Emerald Downs	WA	101	\$10,902,041	\$107,941
49	Finger Lakes	NY	160	\$17,208,000	\$107,550
50	Northlands Park**	CAN	72	\$7,520,904	\$104,457

Continued on Next Page

**APPENDIX 1**  
**Purses for North American Racetracks Ranked by Average Purse – 2005 (continued)**

Rank '05	Track	State	Days	Total Purse*	Avg. Daily Purse
51	Great Lakes Downs	MI	100	\$10,326,400	\$103,264
52	<i>Fort Erie**</i>	CAN	104	\$10,716,888	\$103,047
53	Sam Houston Race Park	TX	82	\$8,376,874	\$102,157
54	Remington Park	OK	66	\$6,618,480	\$100,280
55	Suffolk Downs	MA	117	\$11,709,477	\$100,081
56	Stampede Park**	CAN	45	\$4,192,065	\$93,157
57	Retama Park***	TX	43	\$3,995,732	\$92,924
58	<i>Indiana Downs (subsidy)</i>	IN	48	\$4,302,864	\$89,643
59	Stockton (Fair)	CA	10	\$825,530	\$82,553
60	Penn National	PA	189	\$14,896,602	\$78,818
61	El Commandante	PR	261	\$20,416,203	\$78,223
62	Turf Paradise	AZ	167	\$12,730,410	\$76,230
63	Horsemen's/Atokad	NE	3	\$210,792	\$70,264
64	Fairmont Park	IL	102	\$6,540,138	\$64,119
65	Thistledown	OH	184	\$11,525,208	\$62,637
66	<i>Assiniboia Downs**</i>	CAN	75	\$4,603,050	\$61,374
67	Les Bois Park	ID	3	\$178,299	\$59,433
68	Fonner Park	NE	38	\$2,233,450	\$58,775
69	Fresno (Fair)	CA	11	\$644,952	\$58,632
70	River Downs	OH	119	\$6,784,547	\$57,013
71	Lincoln State Fair	NE	37	\$2,017,018	\$54,514
72	Arapahoe Park	CO	37	\$1,994,818	\$53,914
73	<i>Sunray Park</i>	NM	38	\$1,878,682	\$49,439
74	Beulah Park	OH	130	\$6,212,310	\$47,787
75	Fair Meadows	OK	31	\$1,427,178	\$46,038
76	Hastings Park**	CAN	82	\$3,732,230	\$45,515
77	<i>Ruidoso Downs</i>	NM	56	\$2,546,880	\$45,480
78	<i>Albuquerque*</i>	NM	59	\$2,653,702	\$44,978
79	The Woodlands	KS	26	\$1,116,856	\$42,956
80	Yavapai Downs	AZ	55	\$1,830,510	\$33,282
81	Portland Meadows	OR	71	\$2,157,761	\$30,391
82	Ferndale (Fair)	CA	10	\$241,820	\$24,182
83	Blue Ribbon Downs	OK	53	\$661,917	\$12,489
84	Wyoming Downs	WY	14	\$68,446	\$4,889

Note: Racetracks in italics were racinos in 2005.  
 \*Total purse computed as average daily purse multiplied by number of days.  
 \*\*Thoroughbred meet only.  
 \*\* in U.S. dollars, conversion rate 0.825982  
 \*\*\* Excludes 2005 Breeders Cup  
 Source: Evan I. Hammonds, "Flatlining", The Blood Horse, February 18, 2006.

## **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 Charles Town Horsemen's Benevolent and Protective Association, there were a total of 2,145 owners or owner-trainers with at least one horse that started at PNGI Charles Town racetrack in 2005. After elimination of duplicates and invalid addresses, there were approximately 1,900 race horse owners and/or trainers remaining. From the information provided, it was not possible to separate owners from trainers of horses at Charles Town. The survey was designed to screen for owners versus trainers or owner-trainers.

A survey instrument developed by Thalheimer Research Associates, Inc. was mailed out by the Charles Town HBPA using their envelopes, a letter from the President of the Charles Town HBPA and a stamped return envelope addressed to Thalheimer Research Associates, Inc. in Lexington, Kentucky. 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 mailing of the survey was undertaken and the mailings were again made by the Charles Town HBPA 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.

#### **Trainer Survey Procedure**

To obtain trainer employment and expenditures in the Charles Town area, trainers with horses stabled at Charles Town at private barns near the racetrack were identified by the Charles Town HBPA. Trainers with stalls on the PNGI racetrack were identified by racetrack management. There were 150 trainers stabled at Charles Town racetrack and in the private barns near the racetrack. Surveys developed by Thalheimer Research Associates, Inc. were hand delivered to these trainers by Charles Town HBPA

personnel along with a letter from the President of the Charles Town HBPA along with a stamped return envelope addressed to Thalheimer Research Associates, Inc. in Lexington, Kentucky for analysis.

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

The West Virginia Thoroughbred Breeders Association, however, provided a list of 317 breeders who had at least one resident mare in West Virginia in 2005. The list contained two types of breeder, those who had horse farms in West Virginia and those who were breeders whose horses were boarded on a West Virginia horse farm. From the information provided, it was not possible to separate breeders whose horses were boarded at Charles Town area horse farms, and horse farm owners. Surveys were sent to all those on the list. The survey was designed to screen for these two types of bloodstock entities. The economic impact was computed using information from Charles Town area horse farm respondents in order to localize the economic impact to that area. An initial breeder's survey was mailed out by Thalheimer Research Associates, Inc. with a letter from the President of the West Virginia Thoroughbred Breeders Association using West Virginia Thoroughbred Breeders Association stationary. 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.

**APPENDIX 3**  
**Owner and Trainer Survey Forms**

The Charles Town Horseman's Benevolent and Protective Association (CTHBPA) has commissioned Thalheimer Research Associates of Lexington, Kentucky to conduct an analysis documenting the Charles Town race horse industry's contribution to the economy. You have been selected from the list of owners with horses that have started at Charles Town 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 to Thalheimer Research Associates in the stamped self-addressed return envelope.

1. Were you actively involved as a race horse owner with horses at Charles Town racetrack in 2005? An active owner has at least one horse in training (check one): Yes , No
2. What was your place of residence in 2005? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_
3. In 2005, approximately how much time did you devote to your racing stable operation? \_\_\_\_\_ months.
4. In 2005, were 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 (check one): Trainer , Breeder , Trainer and Breeder
5. What percent of your racing operation revenues in 2005 were from activities as:
  - a) an owner? \_\_\_\_\_%,
  - b) a trainer? \_\_\_\_\_%,
  - c) a breeder? \_\_\_\_\_%
6. What is the form of your racing stable business? Proprietorship , Partnership , Corporation
7. Please indicate if your racing stable operated at a profit or loss in 2005? Profit , Loss
8. If you checked Yes to question 1 above, please continue to fill out this questionnaire. 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. If you checked No to question 1 above, please stop here and return this survey in the stamped self-addressed return envelope.
9. How many horses did you typically have in training in 2005?

	As Sole Owner	As Partner	As Multi-Owner Corporation	Total
Horses-In-Training At Charles Town				
Horses-In-Training At All Locations				

10. What was the daily training fee you paid your trainer at Charles Town in 2005 and 2006?
 

\$ \_\_\_\_\_ per horse per day in 2005                      \$ \_\_\_\_\_ per horse per day in 2006 (if applicable)
11. Did you also have horses in-training at Mountaineer Park? Yes , No
12. If you had horses stabled for race meets outside West Virginia in 2005 please list those states where they were stabled (exclude shippers for individual races).
 

a) \_\_\_\_\_, b) \_\_\_\_\_, c) \_\_\_\_\_, d) \_\_\_\_\_, e) \_\_\_\_\_

PLEASE TURN OVER TO PAGE 2

Using year-end records of expenditures for your racing stable operation in 2005, 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 2005:

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) \$	Workers Compensation Ins.	t) \$
Farrier	h) \$	State Unemployment Ins.	u) \$
Insurance-Equine	i) \$	Sales and Use Tax-Claims	v) \$
Insurance-Other	j) \$	Property Tax-Racing Stock	w) \$
Interest	k) \$	Other State and Local Taxes	x) \$
License Fees	l) \$	All Other Expenses <i>(Total Expenses below less those listed above)</i>	y) \$
Nominations/Registrations/Entry Fees	m) \$	<b>Total Expenses</b>	z) \$

14. How many horses are associated with the expense statement above? \_\_\_\_\_ horses

15. Approximately what percent of the Total Expenses above were for operations in West Virginia?  
\_\_\_\_\_ %

**Thank you for completing this survey and providing essential information to be used in computing the economic impact of the Charles Town horse industry. If you have any questions about the survey please contact:**

**Mr. Randy Funkhouser, President**  
**Charles Town HBPA**  
**Telephone: 304-725-1535**  
**Fax: 304-728-2113**  
 or  
**Dr. Richard Thalheimer**  
**Thalheimer Research Associates**  
**107 West Short St.**  
**Lexington, KY 40507**  
**Telephone: (859) 255-3073**  
**Fax: (859) 254-8103**  
**e-mail: rthal@gte.net**

*The Charles Town Horseman's Benevolent and Protective Association (CTHBPA) has commissioned Thalheimer Research Associates of Lexington, Kentucky to conduct an analysis documenting the Charles Town race horse industry's contribution to the economy. You have been selected from a list of licensed trainers with horses stabled at or near Charles Town 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 and return it in the stamped self-addressed return envelope.*

1. What is your place of residence? 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. Were you stabled at Charles Town racetrack or private barns in 2005? Yes , No
4. What percent of your training operation revenues in 2005 were from activities as:
  - a) an owner? \_\_\_\_\_%,      b) a trainer? \_\_\_\_\_%,      c) a breeder? \_\_\_\_\_%
5. What is your standard daily training fee at Charles Town per horse? \$ \_\_\_\_\_ 2005, \$ \_\_\_\_\_ 2006
6. 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.
7. Aside from training fees (i.e. daily fee), what is your best estimate of the annual expense *billed direct to an owner* for one horse-in-training at Charles Town?

Farrier	a) \$
Veterinarian/Medicine	b) \$
Equine Transport	c) \$
Tack and Barn Supplies	d) \$
All Other	e) \$
<b>Total Annual Expenses Billed Direct To Owner</b>	<b>f) \$</b>

8. What is your best estimate of the annual cost (training fee and all other) for an owner to keep a horse in training at Charles Town? \$ \_\_\_\_\_/year
9. How many horses-in-training do you typically have in your stable at Charles Town? \_\_\_\_\_
10. On a typical day at Charles Town racetrack, how many of the following **paid** workers do you employ?

Employment Category	Number Employed	Employment Category	Number Employed
Assistant Trainer	a)	Exercise Rider (by ride)	f)
Stable Foreman	b)	Groom	g)
Hot Walker (contract)	c)	Night Watchman (security)	h)
Hot Walker (freelance - per horse)	d)	Pony Person	i)
Exercise Rider (contract)	e)	Other _____	j)

11. How many **unpaid** employees do you have? \_\_\_\_\_

**PLEASE CONTINUE ON NEXT PAGE!**

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

Employment Category	Pay Rate	Employment Category	Pay Rate
Assistant Trainer	a) \$ _____/month	Exercise Rider (by ride)	f) \$ _____/ride
Stable Foreman	b) \$ _____/month	Groom	g) \$ _____/month
Hot Walker (contract)	c) \$ _____/month	Night Watchman/Security	h) \$ _____/month
Hot Walker (freelance - per horse)	d) \$ _____/horse	Pony Person	i) \$ _____/horse
Exercise Rider (contract)	e) \$ _____/month	Other _____	j) \$ _____/month

13. Do you use a mechanical hot walker/exercise machine 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 for your training operation in 2005, 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 2005. 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	j) \$
Depreciation-Equipment	e) \$	<b>Total Training Expenses</b> <i>(Excluding Expenses Billed Direct To Owner)</i>	k) \$
Depreciation-Real Estate	f) \$		

17. What was the value of **new** investments in equipment (assets with more than one year life) and structures which you made in 2005 for your training operation? equipment: \$ \_\_\_\_\_, structures: \$ \_\_\_\_\_

18. In 2005, if your horses were stabled for part of the year at locations in addition to Charles Town, what is your estimate of the percent of Total Training Expenses given above allocated to racing at Charles Town \_\_\_\_\_%

*Thank you for completing this survey and providing essential information to be used in computing the economic impact of the Charles Town race horse industry. If you have any questions about the survey please contact:*

**Mr. Randy Funkhouser, President**  
 Charles Town HBPA  
 Telephone: 304-725-1535  
 Fax: 304-728-2113  
 e-mail: cthbpa@yahoo.com

or

**Dr. Richard Thalheimer, President**  
 Thalheimer Research Associates, Inc.  
 107 West Short St.  
 Lexington, KY 40507  
 Telephone: (859) 255-3073  
 Fax: (859) 254-8103  
 e-mail: rthal@gte.net

**APPENDIX 4**  
**Breeder Survey Form**

The Charles Town Horseman's Benevolent and Protective Association (CTHBPA) has commissioned Thalheimer Research Associates of Lexington, Kentucky, to conduct an analysis documenting the Charles Town race horse industry's contribution to the economy. You have been selected as part of a representative sample of West Virginia breeders with at least one resident mare. Separate surveys are being sent to West Virginia 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 in 2005? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_

2. Did you own, lease or manage a West Virginia Thoroughbred horse farm in 2005? Yes , No

*If no, please skip to question 18. If yes, please continue.*

3. If yes, where was your farm located? County \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_

4. What is your farm's total acreage? \_\_\_\_\_ acres

5. Approximately how many acres are used for your horse farm operation? \_\_\_\_\_ acres.

6. a) How many broodmares were on your farm during the 2005 breeding season? \_\_\_\_\_ mares

b) How many of these mares, did you own by yourself or with others? \_\_\_\_\_ mares.

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

8. In 2005, were you also active as a trainer or owner? Trainer , Owner

*Answer the following if you were a horse farm owner in 2005. If you were a farm manager, please fill out as appropriate for the farm owner if appropriate.*

9. Approximately what percent of your farm revenues in 2005 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	%

10. Did your breeding business show a profit in 2005? Yes , No

11. What price did you received for horses you sold at both public auction and privately in 2005?

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

12. What was the stud fee you paid for mares bred in 2005?

Average: \$	High: \$	Low: \$
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*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 2005?

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

b. How many foals above were registered as West Virginia breeds? \_\_\_\_\_

15. How many of the following were typically on your farm in 2005 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.

17. What typical daily fee did an owner of a horse boarded at your farm pay for the following in 2005? (If you had no outside boarders, please enter the typical fee for the market)

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

16. If you had outside boarders in 2005 what annual amount was direct-billed to owners, in addition to board bill, for:

Vet/Medicine	\$
Farrier	\$
Vanning/Transport	\$
Nominations/Registrations	\$
Other	\$
Total	\$

The following questions pertain to employment on your horse farm.

17. How many paid and non-paid employees did you typically have in your horse farm operation in 2005?

Employee Category	Number Of Paid Employees		Number Of Non-Paid Employees	
	Number	Average Months	Number	Average Months
Full Time Year-Round				
Part Time Year-Round				
Seasonal				

18. What were total expenses (including depreciation) for your horse operation in 2005? \$ \_\_\_\_\_

19. What were your expenditures by category in 2005? Please fill out the information below using your year-end 2005 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 Charles Town 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 Incl. 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	\$		

20. How many of the following horses do the expenses above apply to? \_\_\_ broodmares, \_\_\_ stallions
21. Do the expenses given above apply mostly to (check one): your horses , or your horses and outside boarders ?
22. Approximately what percent of Total Expenses given above were made in West Virginia? \_\_\_ %
23. What was the value of new investment in 2005 for your breeding operation in West Virginia (see below)?

	Amount Of New Investment In 2005
Breeding Stock (mares, stallions) Purchased in West Virginia in 2005	\$
New Structures and Improvements (includes fence)	\$

Please Return The Completed Questionnaire In The Enclosed Return Envelope  
 If You Have Misplaced The Envelope, Please Return This Form To:  
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 107 West Short Street  
 Lexington, KY 40507  
 Telephone: 859-255-3073, Fax: 859-254-8104, email: rthal@gte.net