

# **THE VIRGINIA HORSE CENTER'S ECONOMIC IMPACT IN 2004**

**AN UPDATE OF THE 2001 STUDY**

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JANUARY 2005



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## **Foreword**

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The Weldon Cooper Center for Public Service contracted with the Virginia Horse Center in the fall of year 2004 to update its 2001 study of the economic impact of the Virginia Horse Center. The update was conducted by John L. Knapp, Senior Research Economist in the Business and Economics Section, and one of the coauthors of the earlier study. Research specialist Stephen C. Kulp and student research assistant Wendy E. Guerrero provided assistance.

John F.R. Scott, the Virginia Horse Center' Executive Director, and Edie MacCorkle, Business Manager/Executive Assistant, provided detailed information about participant events, Horse Center direct spending, and other events. They also furnished information from their license plate surveys and names and addresses of local motel and hotel properties. Firms in the motel/hotel industry provided valuable information on the share of lodging activity attributable to the Horse Center.

While I want to give full credit to all of the people who provided assistance, I take full responsibility for the final product.

John L. Knapp

Charlottesville  
January 2005





## Major Findings

This work is an update of a more thorough study conducted in 2001.<sup>1</sup> The purpose of that study was to determine the economic impact of the Virginia Horse Center on the Lexington-Rockbridge County area (L-R area) and the state of Virginia. This update uses current information and relationships established from the earlier study to provide data for 2004.

In 2004, total output attributable to the Horse Center was \$53.3 million statewide and \$37.3 million in the L-R area. (For this and other comparison data see **Table 1**.) The statewide figure was up 28.6 percent over 2001 in current dollars. The L-R area figure was up 28.1 percent. Even after adjustment for inflation of 6.6 percent as measured by the Consumer Price Index, output rose 20.6 percent statewide and 20.2 percent locally.

The major driver of total output attributable to the Horse Center is spending by show participants. Such spending was up 28.5 percent statewide and 28.6 percent for the L-R area. The principal measure used to gauge spending by show participants is the number of horse or other animal days, a figure derived by multiplying the number of animals at an event by the number of days of the event. Horse and other animal days totaled 83,962 for the twelve months ending in August 2004. They rose by 20.4 percent from 2001 to 2004.

The other two output drivers are direct spending by the Horse Center and spending by attendees at other events. Horse Center direct spending was up 46.3 percent statewide and 39.3 percent in the L-R area. A major reason for the growth of Horse Center spending was the completion of new facilities that resulted in higher sales. Spending by attendees at other events rose by 1.3 percent statewide and in the L-R area. Other events included activities such as the Southeast Bull Riding Finals, the Royal Lipizzaner Horses, and the Bluegrass Bonanza. When counting the contribution of other events the study did not include expenditures of attendees residing in the L-R area since their dollars would have been spent elsewhere locally had they not attended the events.

Value added is the value of output minus the cost of materials, supplies, containers, fuel, purchased electricity, and contract work. Value added was \$33.3 million statewide and \$22.9 million in the L-R area. Value added rose 28.6 percent statewide and 28.1 percent locally.

Earnings attributable to the Horse Center were \$20.4 million statewide and \$14 million in the L-R area. Earnings rose 28.7 percent statewide and 28 percent locally.

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<sup>1</sup> John L. Knapp and Catherine E. Barchers, *The Virginia Horse Center's Economic Impact* (Charlottesville, Virginia: Weldon Cooper Center for Public Service, 2001) is available on the web at <http://www.virginia.edu/coopercenter/vastat/publications/vahorsecenter.pdf> (12/17/04).

State and local taxes were derived from the output data. They amounted to \$4.5 million statewide and \$3.6 million in the L-R area. They rose 29.4 percent and 27.7 percent, respectively. The breakdown for the 2004 study was as follows:

	<u>State of Virginia</u>	<u>Lexington-Rockbridge</u>
State and local taxes	\$4,474,493	\$3,614,306
State taxes	\$2,503,585	\$2,012,088
Local taxes	\$1,970,908	\$1,602,218

The estimates of state and local taxes were based on the tax structure that existed in 2001. Therefore, they do not incorporate the recent increase in the state sales and use tax and other tax changes adopted by the 2004 General Assembly, and they do not include the recently adopted additional lodgings taxes in Lexington and Rockbridge that are dedicated to debt service for the Virginia Horse Center.

Employment attributable to the Horse Center was 855 statewide and 780 locally, increases from 2001 of 20.8 percent and 20 percent, respectively. Locally, employment related to the center accounts for about 4 percent of total employment.<sup>2</sup> The direct employment of the center is 46 workers (29 full-time and 17 part-time). Most of the center's impact on employment is due to expenditures of participants at shows and other events and the multiplier effects of those outlays.

The Horse Center is important to the Virginia economy because a majority of the participants are from out-of-state. According to a license plate survey, 56.4 percent of the plates were from out-of-state. This represented an increase from the 2001 license plate survey which showed 50.8 percent of the plates were from out-of-state. Also, it is reasonable to assume that many of the Virginia participants would have attended shows in other states had the Virginia opportunity not existed.

The Virginia Horse Center is a major source of business for the local lodgings industry. According to a survey of lodging establishments in Lexington, Buena Vista, and Rockbridge, 28 percent of overall room rentals were directly attributable to Horse Center business. For the large majority of establishments that reported Horse Center activity, the share was 34 percent. In 2001 the overall figure was 26 percent.

Since the purpose of the study was to estimate the current economic impact of the Horse Center, only current expenditures likely to occur consistently over time were counted as direct expenditures. The large capital outlays on buildings and improvements that have been made since the center's inception were not included. Even so, capital outlays create substantial economic activity when they are made. Total capital outlays were \$17.4 million over the twenty-year period from 1994 to 2004.

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<sup>2</sup> The percentage estimate is based on Bureau of Economic Analysis data on total full and part-time employment in the Lexington-Buena Vista-Rockbridge area. In 2002 the total was 18,757. Total employment includes farm and nonfarm proprietors and the military as well as civilian wage and salary workers. Source: BEA Regional Economic Information System, <http://www.bea.gov/bea/regional/reis/> (12/29/04).

**Table 1: Summary of Major Findings, 2004 Horse Center Economic Impact Study and Comparison with 2001 Study**

Item	2004 Study			2001 Study		
	Virginia	Lexington-Rockbridge Area	Other Measures	Virginia	Lexington-Rockbridge Area	Other Measures
Total direct expenditures	\$38,853,227	\$36,566,134		\$30,223,787	\$28,561,351	
Show participants	\$35,012,154	\$33,500,838		\$27,255,437	\$26,056,639	
Virginia Horse Center	\$2,709,704	\$1,933,927		\$1,851,588	\$1,387,950	
Other events attendees	\$1,131,369	\$1,131,369		\$1,116,762	\$1,116,762	
Total output	\$53,267,774	\$37,260,891		\$41,424,966	\$29,091,215	
Value added	\$33,345,267	\$22,915,448		\$25,922,216	\$17,891,993	
Earnings	\$20,401,558	\$14,010,095		\$15,851,204	\$10,946,575	
State and local taxes	\$4,474,493	\$3,614,306		\$3,456,900	\$2,829,608	
State taxes	\$2,503,585	\$2,012,088		\$1,933,185	\$1,567,326	
Local taxes	\$1,970,908	\$1,602,218		\$1,523,715	\$1,262,282	
Employment	855	780		708	650	
Horse and other animal events						
Number			76			73
Horse/other animal days			83,962			69,707
License plate survey, percentage of out-of-state plates			56.4%			50.8%
Motel/hotel survey, percentage of sales attributable to Horse Center						
Number surveyed			18			15
Number of rooms in survey properties			1,333			N/A
Number responding			14			13
Number of rooms in responding properties			1,102			N/A
Percentage of rooms in responding properties			82.7%			N/A
Percentage of sales attributable to Horse Center for respondents			28%			26%

N/A Not available.

## Horse and Other Animal Days

The most important measure of Virginia Horse Center activity is the number of horse or other animal days. This measure is derived by multiplying the number of days the horses or other animal were at the Horse Center for a specific event by the number of horses or other animals involved. For the 12 month period ending August 31, 2004, there were 83,962 horse or other animal days. This represented a 20.4 percent increase over the 69,707 reported in the 2001 study. The specific events and their relative size as measured by number of days and horses or other animals are shown in **Table 2**.

**Table 2: Horse and Other Animal Events for 12 Months Ending August 31, 2004**

Name of Event	Date of Initial Day	Number of:		
		Days	Horses/Other Animals	Horse/Other Animal Days
Eastern Pennsylvania Reining Horses	9/4/2003	5	489	2,445
Virginia Starter Trials	9/6/2003	3	127	381
Virginia 4-H State Horse & Pony Show	9/12/2003	4	593	2,372
Arabian Sport Horse Nationals	9/17/2003	6	635	3,810
Maury River. Hunter Pace	9/21/2003	2	31	62
ASHAV Horse Show	9/24/2003	5	574	2,870
Friesian Horse Judging	9/29/2003	2	40	80
National Walking Horses	10/1/2003	5	259	1,295
Lee-Jackson Appaloosas	10/4/2003	3	232	696
Autumn Arabian Classic	10/10/2003	4	140	560
Therapeutic Riding Association of Virginia	10/11/2003	3	75	225
Central Virginia Paint Horses	10/11/2003	3	132	396
VADA Finals	10/16/2003	5	301	1,505
House Mountain Horse Show	10/24/2003	4	137	548
New World Paso Fino Horse Show	10/24/2003	4	103	412
Walking Horse Sale	10/25/2003	2	87	174
Virginia Horse Trials	10/31/2003	4	377	1,508
SWVHJA Finals	11/7/2003	4	233	932
Autumn Sunday Carriage Drive	11/9/2003	2	20	40
VHSA Championships	11/14/2003	4	324	1,296
Turnbull Harvest Sale	11/22/2003	2	190	380
Mid-Eastern Team Roping	12/6/2003	3	150	450
Eastern National Draft Horse Pull	1/10/2004	2	40	80
Stonewall Country Horse Show I	1/22/2004	5	255	1,275
Eastern Mid-Winter Sale	1/31/2004	3	610	1,830
Stonewall Country Horse Show II	2/5/2004	5	149	745
House Mountain Horse Show I	2/14/2004	3	50	150
Great American Trail Horse Sale	2/20/2004	3	182	546
Virginia Team Penning	2/27/2004	4	160	640
Virginia Intermont Classic	3/4/2004	5	227	1,135
UPHA Saddle Seat Clinic	3/12/2004	3	30	90
House Mountain Horse Show	3/13/2004	3	66	198
Virginia Llama & Alpaca Show	3/13/2004	3	318	954
Spring Breakout Quarter Horse Show	3/18/2004	5	192	960
Maury River Hunter Pace	3/21/2004	2	36	72
Dog Agility Camp	3/22/2004	5	150	750
Spring Arabian Classic	3/26/2004	4	305	1,220
Walking Horse Sale	3/27/2004	2	98	196
Virginia Starter Horse Trials	3/27/2004	3	116	348

**Table 2 (continued)**

Name of Event	Date of Initial Day	Number of:		
		Days	Horses/Other Animals	Horse/Other Animal Days
AQHA East Coast Championship	4/5/2004	8	651	5,208
Mid-Atlantic Walking Horse Classic	4/23/2004	3	154	462
Turnbull Spring Sale	4/24/2004	2	155	310
Lexington Spring Premiere	4/28/2004	6	753	4,518
Lexington Spring Encore	5/5/2004	6	594	3,564
Bonnie Blue National	5/12/2004	5	592	2,960
Virginia International CCI Eventing	5/19/2004	6	260	1,560
Virginia Horse Trials	5/22/2004	3	390	1,170
Parelli Horsemanship Clinic	5/25/2004	3	33	99
Virginia Mule & Donkey Show	5/28/2004	4	126	504
Speed Horse Bonanza	5/28/2004	4	270	1,080
Old Dominion Regional Pony Club	5/30/2004	2	39	78
VHC Trail Ride	6/5/2004	6	25	150
Summer Sunday Carriage Drive	6/6/2004	2	12	24
Virginia Walking Horse Show	6/11/2004	3	139	417
Mason Dixon Paso Fino Show	6/11/2004	4	108	432
Old Dominion Futurity Show	6/13/2004	2	15	30
O'Conner Eventing Clinic	6/14/2004	6	41	246
Shenandoah Arabian Classic I & II	6/17/2004	6	535	3,210
Old Dominion Pony Club Rally	6/24/2004	5	63	315
House Mountain Horse Show	6/29/2004	3	157	471
East Pennsylvania Reining Horse Show	7/2/2004	4	266	1,064
Mid-Summer Sale	7/3/2004	2	210	420
Region 15 Arabian Finals	7/8/2004	5	880	4,400
House Mountain Horse Show	7/13/2004	3	113	339
Dressage at Lexington	7/16/2004	4	454	1,816
USEF/AVA Vaulting Championships	7/20/2004	4	102	408
East Coast Cutting Horse Show	7/23/2004	4	144	576
Virginia Plantation Walking Horse Show	7/23/2004	3	169	507
Old Dominion Futurity Horse Show	7/25/2004	2	21	42
Pony Classic Sale	8/3/2004	2	540	1,080
USEF National Pony Finals	8/4/2004	5	870	4,350
Pony Breeders Sale	8/7/2004	2	270	540
Lexington National	8/11/2004	6	600	3,600
NBHA Colonial Nationals	8/20/2004	4	692	2,768
Eastern Andalusian Horse Show	8/26/2004	2	445	890
Blue Ridge Quarter Horse Association	8/27/2004	4	182	728
Total number of horse and other animal days				<u>83,962</u>

### Horse Center Expenditures

The Virginia Horse Center provided information on its expenditures for a twelve-month period ending in August 2004. The center estimated the portion of each expenditure category that was spent in Virginia and in the L-R area. The results are shown in **Table 3**. Total expenditures were \$2,938,168. Of this amount, an estimated 92 percent was spent in Virginia and 66 percent was spent in the L-R area.

**Table 3: Horse Center Expenditures Reported for the 12 Months Ending August 31, 2004**

Category	Total Expenditure	% Share Spent in:		Allocation	
		Virginia	L-R	Virginia	Lexington-Rockbridge
<b>Employees</b>					
Gross salaries and wages	\$844,376	100	95	\$844,376	\$802,157
Other contracted services	\$530,752	77	46	\$408,679	\$244,146
Employer-paid benefits					
Health	\$72,120	100	0	\$72,120	
Retirement	\$13,202	100	100	\$13,202	\$13,202
<b>Facility</b>					
Building cleaning, janitorial, disinfecting, pest control	\$5,407	100	100	\$5,407	\$5,407
Building maintenance/repair (not air-conditioning)	\$66,768	100	89	\$66,768	\$59,424
<b>Utilities</b>					
Electricity	\$110,622	100	0	\$110,622	
Natural gas	\$15,959	100	0	\$15,959	
Refuse/garbage collection	\$60,296	100	100	\$60,296	\$60,296
Telephone	\$36,357	100	0	\$36,357	
Water and sewer	\$48,482	100	100	\$48,482	\$48,482
<b>General Services</b>					
Accounting/auditing/ bookkeeping services	\$41,547	100	27	\$41,547	\$11,218
Banking	\$5,719	100	100	\$5,719	\$5,719
Equipment rental/leasing (except autos)	\$84,032	100	75	\$84,032	\$63,024
Legal services	\$5,779	100	100	\$5,779	\$5,779
Management/consulting services	\$74,536	100	0	\$74,536	
Security services	\$4,350	100	100	\$4,350	\$4,350
<b>Fundraising &amp; Program (Client) Costs &amp; Services</b>					
Advertising	\$46,678	90	41	\$42,010	\$19,138
Entertainment	\$6,000	93	86	\$5,580	\$5,160
Horse show prizes	\$130,124	70	15	\$91,087	\$9,519
Horse show hospitality	\$64,667	100	100	\$64,667	\$64,667
Photocopying/photography/ graphic art & design	\$3,114	100	0	\$3,114	
Printing costs	\$26,509	100	71	\$26,509	\$18,821

**Table 3 (continued)**

Category	Total Expenditure	% Share Spent in:		Allocation	
		Virginia	L-R	Virginia	Lexington- Rockbridge
<b>Equipment &amp; Supplies</b>					
Books/periodicals/newspapers	\$6,384	66	66	\$4,213	\$4,213
Computer equipment & software	\$6,797	100	0	\$6,797	
Lumber/construction materials, maintenance	\$102,490	100	90	\$102,490	\$92,241
Office supplies	\$42,634	100	50	\$42,634	\$21,317
Other (equipment leases)	\$73,021	100	95	\$73,021	\$69,370
Association fees	\$100,159	40	0	\$40,064	
<b>Vehicle &amp; travel expenses, other than below</b>					
Fuel	\$16,547	100	100	\$16,547	\$16,547
Rental/leasing	\$8,585	100	100	\$8,585	\$8,585
<b>Incidentals</b>					
Building insurance	\$31,929	100	100	\$31,929	\$31,929
Liability insurance	\$8,690	100	0	\$8,690	
Postage	\$6,114	100	100	\$6,114	\$6,114
Meals of persons under contracted services	\$23,144	100	100	\$23,144	\$23,144
Lodging of persons under contracted services	\$152,578	100	100	\$152,578	\$152,578
Administrative expense Travel of contracted persons (car & air)	\$18,500	100	100	\$18,500	\$18,500
Rental of grounds keeping equipment	\$43,200	100	90	\$43,200	\$38,880
<b>Total, excluding items for resale</b>	<b>\$2,938,168</b>	<b>92</b>	<b>66</b>	<b>\$2,709,704</b>	<b>\$1,933,927</b>

### Other Events Expenditures

During the study period, the center hosted nine events in addition to the horse and other animal shows (see **Table 4**). The Horse Center was asked to estimate the origin of attendees at the events in terms of the percentages that were from the L-R area, the rest of Virginia, and out-of-state. Eight of the events attracted visitors from the rest of Virginia and six attracted out-of-state visitors. Midnight Rockbridge was a local event, attracting L-R area residents only. The spending of local resident attendees was not included in the analysis since if they had not attended it was likely they would have spent the same amount for other local purchases. According to a study on the Virginia Tourism Corporation's web site, visitors to Virginia in 2003 spent \$73 per person day.<sup>3</sup> If lodgings are omitted, they spent \$48.40 per person day. For this study it was assumed that attendees from out-of-state spent the full \$73 per person day. Attendees from the rest of Virginia were assumed to not have lodging costs on average, so their outlay was \$48.40 per person day. Based on these assumptions, other events were estimated to have added \$1,131,369 in direct spending.

<sup>3</sup> Virginia Tourism Corporation, 2003 Virginia Visitor Survey, page 6 <http://www.vatc.org/research/Pleasure-RelatedProfile.pdf> (12/28/04).



**Table 4: Other Events at the Virginia Horse Center, 12 Months Ending August 31, 2004**

Event	Beginning Date	Distribution of Attendees			Daily Attendees	Attendee Days	Place of Residence (%)		
		Attendees (%) *	Days	Days			L-R	Rest of Virginia	Out of State
Civil War Memorabilia Auction	10/24/2003	50-50-0	1	200	200	100	100	-	
Jeff Bates Concert	10/25/2003	75-25-0	1	400	400	300	100	-	
Southeast Bull Riding Finals	11/21/2003	16-64-20	2	2,800	5,600	896	3,584	1,120	
Royal Lipizzaners	11/25/2003	16-64-20	2	900	1,800	288	1,152	360	
Midnight Rockbridge	12/31/2003	100-0-0	1	500	500	500	-	-	
Lone Star Rodeo	1/16/2004	16-64-20	2	3,800	7,600	1,215	4,864	1,520	
High School Rodeo	6/5/2004	5-75-20	1	650	650	33	488	130	
Rockbridge Regional Fair	7/27/2004	65-25-10	5	3,000	15,000	9,750	3,750	1,500	
Bluegrass Bonanza (Ricky Skaggs Concert)	7/29/2004	16-64-20	1	2,500	2,500	400	1,600	500	
<b>Total</b>					<u>34,250</u>	<u>13,483</u>	<u>15,638</u>	<u>5,130</u>	

\* Percentage distribution of attendees by place of residence (local/rest of Virginia/out of state)

### License Plate Survey

An important aspect of the Virginia Horse Center is the amount of business it generates from out-of-state participants. One way to measure the relative magnitude of such participation is to conduct a license plate survey of vehicles parked at the center during events. A license plate survey was conducted by Horse Center personnel. It was done once for each show that was surveyed so the results depend on the day and time of the survey. In addition, the license plate survey counted each vehicle individually because it could not take into account how many vehicles were traveling together. Consequently, the license plate data would not necessarily match up with the number of participants from different states and Canada. Another drawback could have been unrepresentative shows, but since twenty-nine were included, this is unlikely.

**Table 5** shows the detailed results of the survey. As one would expect, the largest single proportion of vehicles was from Virginia (44 percent), but the majority of 56 percent were from out-of-state. Although the nearby states of North Carolina, Maryland, and Pennsylvania accounted for many of the non-Virginia participants, some came from as far away as the West Coast.

The 2001 study also featured a license plate survey. It was based on fifteen shows. The 51 percent of out-of-state license plates was lower than the 56 percent shown by the latest survey. Since the number and make-up of shows differed, it is not possible to say definitively that the proportion of out-of-state visitors increased, but that appears to have been the case.



**Table 5: Virginia Horse Center License Plate Survey at 29 Events During the 12 Months Ending August 31, 2004**

License Plates			License Plates		
Origin	Number	Percent of Total	Origin	Number	Percent of Total
Virginia	1,664	43.55	Illinois	13	0.34
North Carolina	425	11.12	Alabama	12	0.31
Maryland	321	8.40	Arkansas	8	0.21
Pennsylvania	270	7.07	California	7	0.18
West Virginia	148	3.87	Mississippi	5	0.13
New Jersey	125	3.27	Canada	5	0.13
Delaware	114	2.98	Maine	4	0.10
New York	111	2.90	Michigan	4	0.10
Georgia	96	2.51	New Mexico	4	0.10
Kentucky	89	2.33	Colorado	3	0.08
South Carolina	88	2.30	Arizona	2	0.05
Tennessee	59	1.54	Oklahoma	2	0.05
Connecticut	45	1.18	Oregon	2	0.05
Florida	39	1.02	Wisconsin	2	0.05
Massachusetts	33	0.86	Kansas	1	0.03
Ohio	29	0.76	Minnesota	1	0.03
Indiana	22	0.58	Nevada	1	0.03
New Hampshire	19	0.50	North Dakota	1	0.03
Rhode Island	16	0.42	Washington	1	0.03
Vermont	16	0.42			
Texas	14	0.37	Total	3,821	100.00

### Motel/Hotel Survey

Eighteen properties in Lexington, Buena Vista, and Rockbridge County were surveyed to determine how much of their business was attributable to the Horse Center. In the 2004 survey, as in the previous survey in 2001, participants were asked to estimate the percentage of annual room rentals attributable to the Horse Center. The fourteen respondents accounted for 83 percent of the 1,333 rooms in Lexington, Buena Vista, and Rockbridge. Twelve reported Horse Center business ranging from 7 percent to 75 percent of their total sales. Two properties that were not located within a few miles of the Horse Center reported that they were too distant to have any Horse Center business.

The weighted average share of Horse Center business was 28 percent for the fourteen respondents and 34 percent for the twelve that reported Horse Center activity. The weighted average was determined by multiplying the reported Horse Center share for each property by its number of rooms, summing the individual properties, and dividing by the total number of rooms. The results of the 2004 survey were quite similar to the outcome of the 2001 survey which showed 26.2 percent of the Lexington area lodging business was attributable to the Horse Center.

Twelve of the fourteen respondents provided detail on the share of business attributable to the Horse Center and four other categories—"through-travelers," "tourism in Lexington," "VMI or W&L," and "other or unknown." Responses for the residual category of "other or unknown" ranged from 0 percent to 45 percent. The weighted average was 13 percent. It is likely that a number of Horse Center patrons were included in the "other or unknown" category.

The fourteen properties that responded to the 2004 survey were Best Western Inn at Hunt Ridge, Budget Inn-Buena Vista, Buena Vista Motel, Comfort Inn-Virginia Horse Center, Country Inn and Suites by Carlson-Lexington, Days Inn Keydet General Motel, Days Inn-Shenandoah Valley (Raphine), Econo Lodge-Lexington, Holiday Inn Express-Lexington, Howard Johnson Inn, Lexington Super 8, Natural Bridge Lodge, Ramada Inn, and Red Oak Inns. This list does not include a new, large, Sleep Inn that is being built on Maury River Road, close to the Horse Center.

Perhaps the most concrete evidence of the importance of the Horse Center to the local lodging business was the willingness of most owners in Lexington and Rockbridge County to endorse in 2004 a two percentage point increase in local lodging taxes with the proceeds dedicated to principal and interest payments.<sup>4</sup>

### Capital Outlays

Since the purpose of the study was to estimate the current economic impact of the Horse Center, only current expenditures likely to occur consistently over time were counted as direct expenditures. The large capital outlays on buildings and improvements that have been made since the center's inception were not included. Even so, capital outlays create substantial economic activity when they are made. **Table 6** details the capital outlays of the Virginia Horse Center since its inception. Total capital outlays were \$17,325,917.

**Table 6: Horse Center Capital Spending, FY 1984-FY 2004**

Fiscal Year	Description of Building or Structure	Amount
1984-1991	Phase 1 construction (4 barns, 1 covered work arena, and 1 outdoor arena with grandstand) plus site preparation	\$4,465,933
1991	Outdoor gift shop	\$6,200
1993	Two four-season barns, indoor coliseum	\$6,694,728
1995	Indoor gift shop	\$15,897
1996	Henson Museum, upgrade restaurant	\$24,833
1998	Appomattox Mezzanine	\$209,397
1999	Work horse museum, upgrade maintenance shop	\$39,001
2000	Paving and fencing	\$78,960
2001	East Complex, Oak Hill Development	\$74,180
2002	East Complex, Oak Hill Development (continued)	\$5,038,516
2003	Oak Hill Development, Gate House, and Maintenance Shop	\$365,523
2004	Oak Hill Development, Carriage Course, and Coliseum Seats	\$312,749
Total		\$17,325,917

<sup>4</sup> Ordinances were adopted in June 2004. See Lexington City's Resolution 2004-4, "A Resolution of the Council of the City of Lexington, Virginia Establishing a Policy to Review Annually the 2% Lodging Tax Devoted to the Debt of the Virginia Horse Center," (June 17, 2004) and Rockbridge County's, "An Ordinance to Amend Rockbridge County Code § 25-176 to Increase the Transient Occupancy Tax from Four to Six Percent and to Apply the Additional Revenue to the Virginia Horse Center," (June 28, 2004).

## **Methodology**

This study was based on a combination of new data and relationships developed in the 2001 study. New data were obtained for horse and animal days, Virginia Horse Center expenditures, and other events. Relationships such as the ratio of output to direct expenditures were derived from the previous study and updated with the Consumer Price Index where appropriate. Because of cost and time considerations, no new surveys were made of participant expenditures. The relationships developed from the 2001 survey were based on an IMPLAN input-output type three model available at that time. The methodology employed for this update provided current estimates that are good indicators of order of magnitude. Of course, a complete new study with a new survey of participant spending and new IMPLAN estimates of output, value added, earnings, and employment would have been preferable.

License plate surveys were conducted by Horse Center personnel at twenty-nine events. A survey was done once for each event in order to avoid double-counting.

Information on motel/hotel patronage attributable to the Horse Center was obtained from a survey mailed to all major properties in the Lexington-Buena Vista-Rockbridge area. The cover letter and the survey form are shown in the appendix.



## **Appendix**

### **Motel/Hotel Survey Cover Letter and Survey Form**



## Cover Letter for Lodging Survey

September 10, 2004

Dear \_\_\_\_\_:

The Weldon Cooper Center for Public Service at the University of Virginia is conducting an update of its Virginia Horse Center economic impact study. This study, which has been contracted for by the Horse Center, will update the information provided in the earlier 2001 study that we conducted.

Enclosed is a one-page questionnaire about Horse Center related business at your establishment. If you need any assistance in regard to Horse Center events please feel free to contact Rose Fisher or Debbie Work who operate the Horse Center's Reliable Reservation Booking Service (1-800-919-9675).

As before, to maintain confidentiality, the final study will report aggregated responses and will not identify responses of individual properties.

Your cooperation is greatly appreciated.

Sincerely,

John L. Knapp  
Senior Economist  
Weldon Cooper Center for Public Service







WELDON COOPER  
CENTER FOR PUBLIC SERVICE

*University of Virginia*



## 2004 LODGINGS SURVEY

**This survey is being conducted as part of a study to measure the Virginia Horse Center's impact on the economy of Virginia. Your cooperation in this effort will be extremely valuable to the Horse Center's future.**

**All information that you provide will be kept strictly confidential.**

Name of respondent:

Name of establishment:

Total number of rooms:

In the course of a twelve-month period, what percentage of room rentals comes from each of the following categories? Please estimate the percentage to the best of your ability.

<u>Reason for Visit</u>	<u>Approximate Percentage of Annual Room Rentals</u>
Through-travelers	_____ %
Tourism in Lexington	_____ %
Virginia Horse Center (Include bookings through the Horse Center's Reliable Reservation Booking Service <i>and</i> independent bookings)	_____ %
VMI or W&L	_____ %
Other or unknown	_____ %
Total	100 %

*Questions? Contact John Knapp at (434) 982-5604 or [knapp@virginia.edu](mailto:knapp@virginia.edu).*

*Please return this form in the stamped envelope or send it via fax to (434) 982-5536.*