

Cover Sheet

Event: 2012 - 2013 National Cutting Horse Association (NCHA)
TRIPLE CROWN of CUTTING

Dates: Futurity: November 25 – December 15, 2012
Super Stakes: March 30 – April 20, 2013
Summer Spectacular: July 13 – August 3, 2013

Location: Fort Worth, Texas

Report Date: December 2014

Post Event Analysis

2012 - 2013 National Cutting Horse Association (NCHA) Triple Crown of Cutting

This post-event analysis is intended to evaluate the short-term tax benefits to the state through review of tax revenue data to determine the level of incremental tax impact to the state of Texas from the event. A primary purpose of this analysis is to determine the reasonableness of the initial incremental tax estimate made by the Comptroller's office prior to the event.

The National Cutting Horse Association (NCHA) Triple Crown of Cutting was added to the Major Event Trust Fund (METF) program by the Texas legislature during the 82nd Legislative session (2011). The Triple Crown of Cutting is comprised of the NCHA Futurity (November-December), NCHA Super Stakes (April), and Summer Spectacular (July-August). These events are approximately 20 days in length.

The dates for the three events making up the 2012 – 2013 NCHA Triple Crown of Cutting (per the City of Fort Worth) were:

Futurity - November 25 – December 15, 2012

Super Stakes - March 30 – April 20, 2013

Summer Spectacular - July 9 – August 6, 2013

This event, while authorized under the METF statute, does not attract a large number of people, particularly when compared with the population of the area in which it was held. Tarrant County has a population of more than 1.8 million people. The impact of a several thousand "additional" people over several days in a population of 1.8 million is difficult to measure. Simply put, smaller events create fewer "ripples in the pond" than large events, and the larger the pond, the more difficult to measure the ripples. Larger events, particularly "premier events" with heavy promotion, corporate sponsorship and spending, and "luxury" spending by visitors will tend to create larger ripples, and are therefore, straightforward and less problematic to validate.

Additionally, while an analysis of tax data may shed some light on tax impact, some factors must be considered when looking at tax collections data during the time of the event. The event market area is host to many national, regional and local events during any given month. These events, while they might not bring in a significant number of out-of-state visitors, might entice many in-state residents to travel and spend their dollars in this area. Additionally, by the event dates, Texas had emerged from the recession and regained many of the jobs that were lost, which boosted consumer confidence and fueled even more endogenous (local) spending, particularly when compared to the lackluster spending during the depths of the recession.

For the 2012-13 NCHA Triple Crown of Cutting, the Comptroller analyzed data provided by the City of Fort Worth as well as independent research and analysis to determine the estimated incremental tax increase to the State of Texas as defined by the METF statute. It was estimated that the total incremental increase should be:

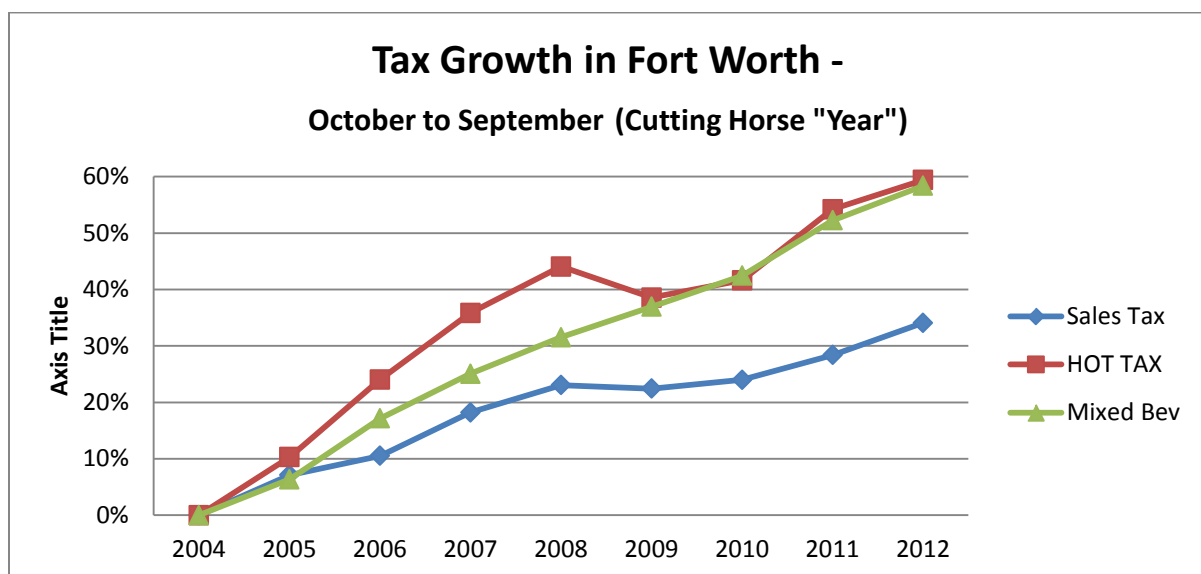
Direct tax gain to the state: \$2,053,327

Indirect tax gain to the state: \$1,727,122

Estimate total tax gain to the state: \$3,780,449

Local contribution: \$604,874

Total value of the METF: \$4,385,323



Source: Texas Comptroller of Public Accounts

The METF statute states, "After the conclusion of an event [the requestor of an METF] must provide information" that the comptroller considers necessary to evaluate the success of the trust fund program. In this case, the third party post-event independent research was prepared by Gerald L. Grotta, PhD of Grotta Marketing Research and submitted by the City of Fort Worth. This study indicated the 2012-13 NCHA Triple Crown of Cutting accounted for:

Event Specific Visitor Days (not residents of this state): 180,693

Total Spending by participants and visitors: \$22,605,565

Estimated Direct tax gain to the state: \$1,453,323

It is important to note that in some cases the Comptroller determines that there is no incremental increase in tax receipts to the state associated with certain expenditures that a consultant calculates as having a direct tax gain.

Summary of the events making up the 2012-13 Triple Crown of Cutting:

2012 Futurity

Tax Type	Initial Estimate	4Q 2012 Actual minus 4Q Average and Standard Deviation (2002-12)	Third-Party Post-Event
Sales and Use	\$902,742	\$1,067,945	\$570,618
HOT	\$149,075	\$255,199	\$142,413
Mixed Beverage	\$60,918	\$601,187	\$25,823
Total	\$1,112,735	\$1,924,331	\$738,854

2013 Super Stakes

Tax Type	Initial Estimate	2Q 2013 Actual minus 2Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$383,898	\$1,718,890	\$275,451
HOT	\$55,282	\$145,943	\$70,389
Mixed Beverage	\$26,592	\$234,291	\$14,411
Total	\$465,772	\$2,099,124	\$360,251

2013 Summer Spectacular

Tax Type	Initial Estimate	3Q 2013 Actual minus 3Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$277,113	\$1,845,856	\$242,255
HOT	\$63,244	\$203,903	\$51,959
Mixed Beverage	\$31,246	\$211,765	\$15,712
Total	\$371,603	\$2,261,524	\$309,926

The following pages break down this estimate and illustrate the 2012-13 NCHA Triple Crown of Cutting's actual impact to the State of Texas by looking at the three separate sub-events. This report will show that considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event's host city experienced positive economic activity due to this event.

Cover Sheet

Event: 2012 National Cutting Horse Association (NCHA) FUTURITY

Date: November 25 – December 15, 2012

Location: Fort Worth, Texas

Report Date: December 2014

Post Event Analysis

2012 National Cutting Horse Association (NCHA) FUTURITY – Fort Worth, Texas

I. Introduction

This post-event analysis is intended to evaluate the short-term tax benefits to the state through review of tax revenue data to determine the level of incremental tax impact to the state of Texas from the event. A primary purpose of this analysis is to determine the reasonableness of the initial incremental tax estimate made by the Comptroller's office prior to the event. The initial estimate is included in Appendix A.

Determining the tax impact of the **2012 National Cutting Horse Association (NCHA) Triple Crown of Cutting - FUTURITY** is affected by the timing of the event, which coincides with the recovery from the economic recession. The agency's analysis shows that the sales and use tax increases in the market area were higher than the statistical model would have predicted, as well as higher than the percentage statewide increases. While some of this increase is certainly due to the event, it also appears that some of the increase was due to other factors, most likely the economic rebound.

Determining the tax impact from an event is dependent upon how many out-of-state participants and visitors attend the event. The tax type that is the largest contributor to the economy is the sales and use tax, but the Hotel Occupancy Tax (HOT) tax most likely is the best indicator of how many out of market and out-of-state visitors an event may have attracted.

An assessment of November and December HOT revenues from 2002 to 2012 shows that the state received \$255,199 above-average tax collections (including adjustments for atypical fluctuations that periodically occur over any given period). A post-event study provided by the event organizer estimated that 5,566 contestants, vendors and out-of-state spectators attended the event. The agency conducted a simple analysis to determine the reasonableness of the reported out-of-state attendee number, using the following assumptions:

1. Each room would cost an average of roughly \$107 per day; and
2. There were 20,574 room nights paid for by out-of-state participants and visitors (the event was a total of 20 days).

This simple analysis yields an amount of approximately \$132,085 in additional taxes to the state ((number of room nights X average room rate) X state HOT rate). While this amount is less than the initial estimate, it is also significantly less than the actual increase of state HOT taxes for the event months.

While it is impossible to attribute increased economic activity to event participants and attendees given the data readily available to the Comptroller's Office, it is reasonable to assume

that they did contribute some amount to the overall increase, and provides credence to the third party estimate of 5,566 contestants, vendors and out-of-state visitors.

Considering the attendance figure from the third-party study and actual observed HOT data, it could be inferred that the event host city experienced positive economic activity due to this event. However, it is unknown:

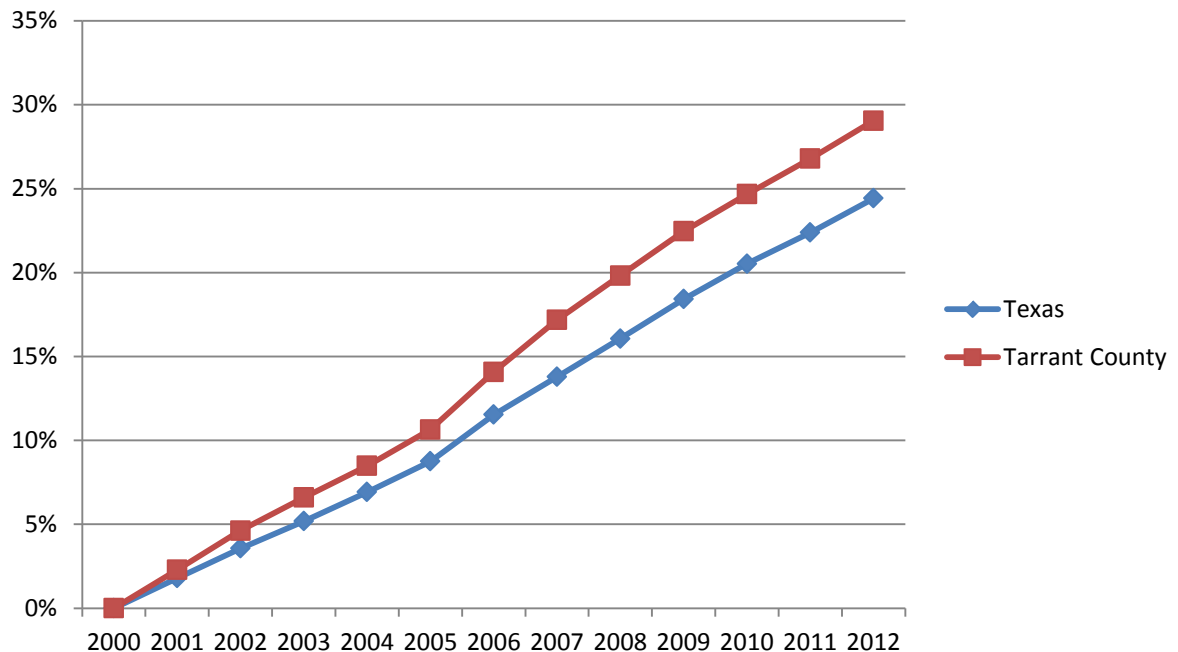
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

While the above example using actual HOT tax receipts provides a reasonable assessment that the event performed in line with expectations, the agency also performed additional analysis' on the various state taxes to further study the tax performance during the event period.

Overview of the Local Economy

While the rest of the United States was falling into a recession, the state of Texas was weathering the economic downturn better than most. Buoyed by the oil and gas industry and avoiding the housing crisis made Texas more economically viable than other states. Due in part to these and other factors, Texas experienced solid population growth over the past decade.

Texas and Tarrant County Indexed Population Growth, 2000 = Base Year

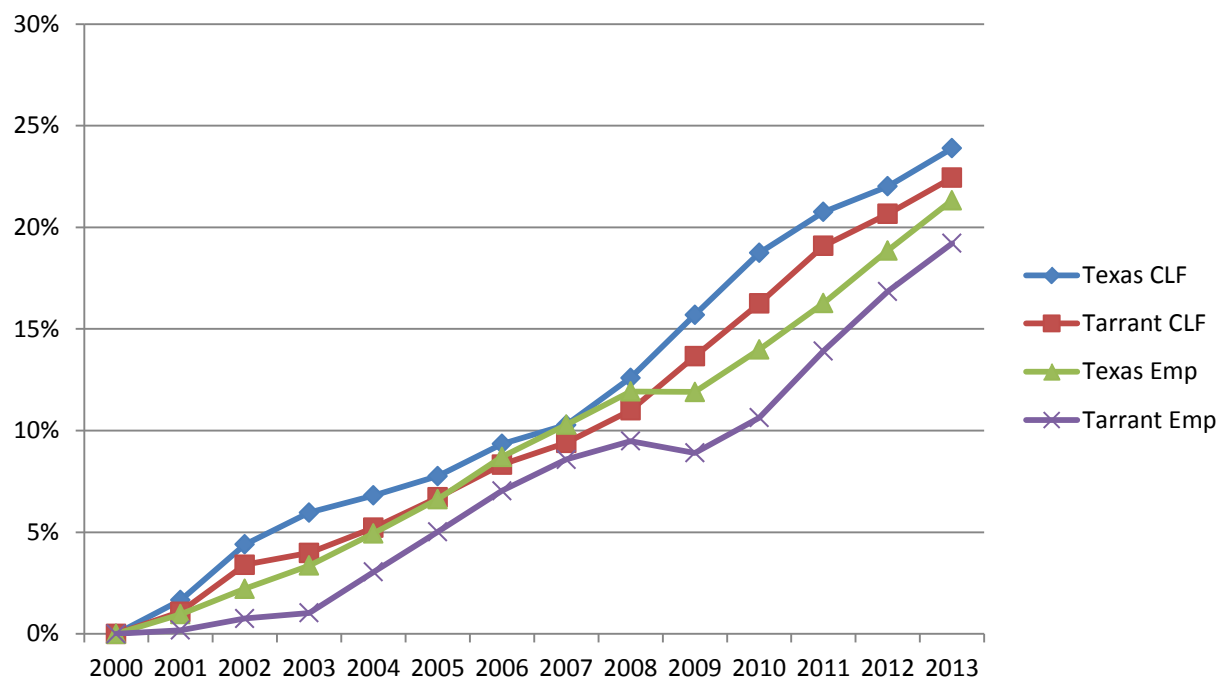


Source: U.S. Census Bureau.

From 2000 to 2012, Texas' population grew at an average of roughly two percent per year. By 2012, the Texas and Tarrant County populations had grown by 24.42 and 29.05 percent, respectively, from their levels in 2000. The graph above illustrates that Texas and Tarrant County populations grew at a steady pace at almost the same rate for the past twelve years. And, as the population grew, more working state residents contributed to the Texas economy.

The growing population created an expanding Civilian Labor Force (CLF) and more employed people in Texas and Tarrant County. According to the Texas Workforce Commission, from 2000 to 2013, the CLF in Texas and Tarrant County had grown by 23.89 and 22.44 percent respectively. While the number of employed persons didn't keep pace with the CLF, from 2000 to 2013, employed persons in Texas and Tarrant County grew by 21.34 and 19.22 percent respectively. The graph below illustrates that the growth rates of Texas and Tarrant County CLF and employed track very close to each other. Only once during this period did the number of employed persons experience slower growth, which occurred between 2008 and 2009. The growing population and CLF provided some additional fuel to the economic engine of Texas.

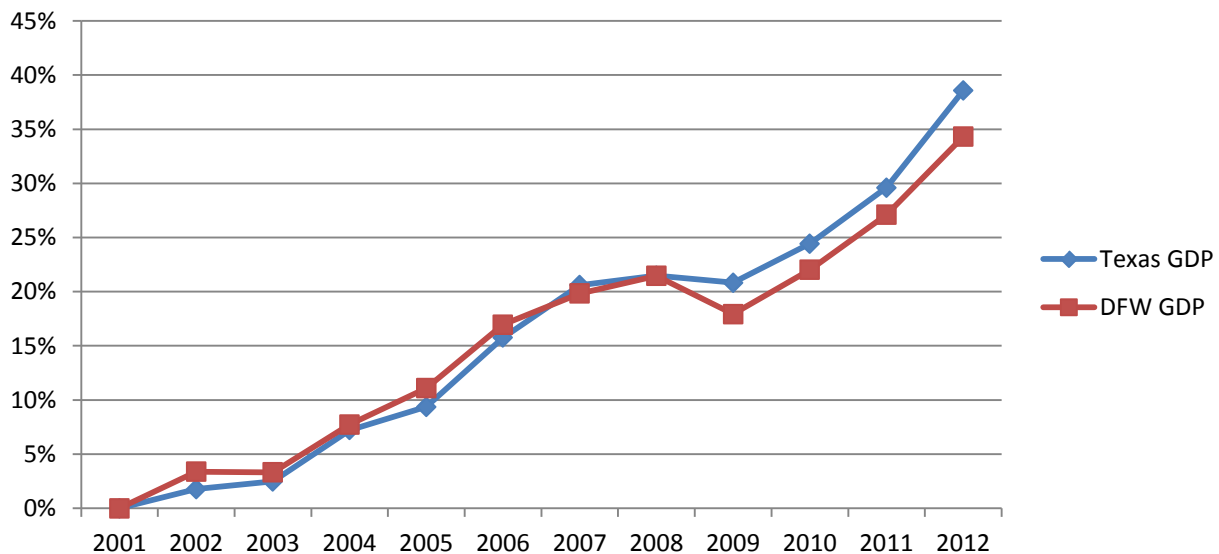
Texas and Tarrant County Civilian Labor Force (CLF) and Employment Growth Index, 2000 = Base Year



Source: U.S. Bureau of Labor Statistics

One measure of output for a state or local government area is Gross State Product (GSP) or Gross Regional Product (GRP). This is a measure of all of the value added by industries within the geographic area and is a counterpart to Gross Domestic Product (GDP)¹. As the population increases and more people go to work for various industries, output grows and so does the corresponding measure of GDP. The graph below illustrates that industry output in Texas and the Dallas-Fort Worth-Arlington (DFW) Metropolitan Statistical Area (MSA) has been on an upward trend for the past decade. While Texas and the DFW MSA experienced a few years of slower growth in output, overall growth in industrial output over this period has been similar to growth in population and CLF.

Texas and DFW Metropolitan Statistical Area Real GDP (2009 Chained Dollars) Growth Index, 2001 = Base Year



Source: U.S Department of Commerce Bureau of Economic Analysis.

When the growth index for population, CLF and GDP are compared for Texas, Tarrant County and the DFW MSA it becomes apparent how closely they track together over time. Growth for these three measures is about 20 percent higher than the base year, which also illustrates how closely these three measures are tied together.

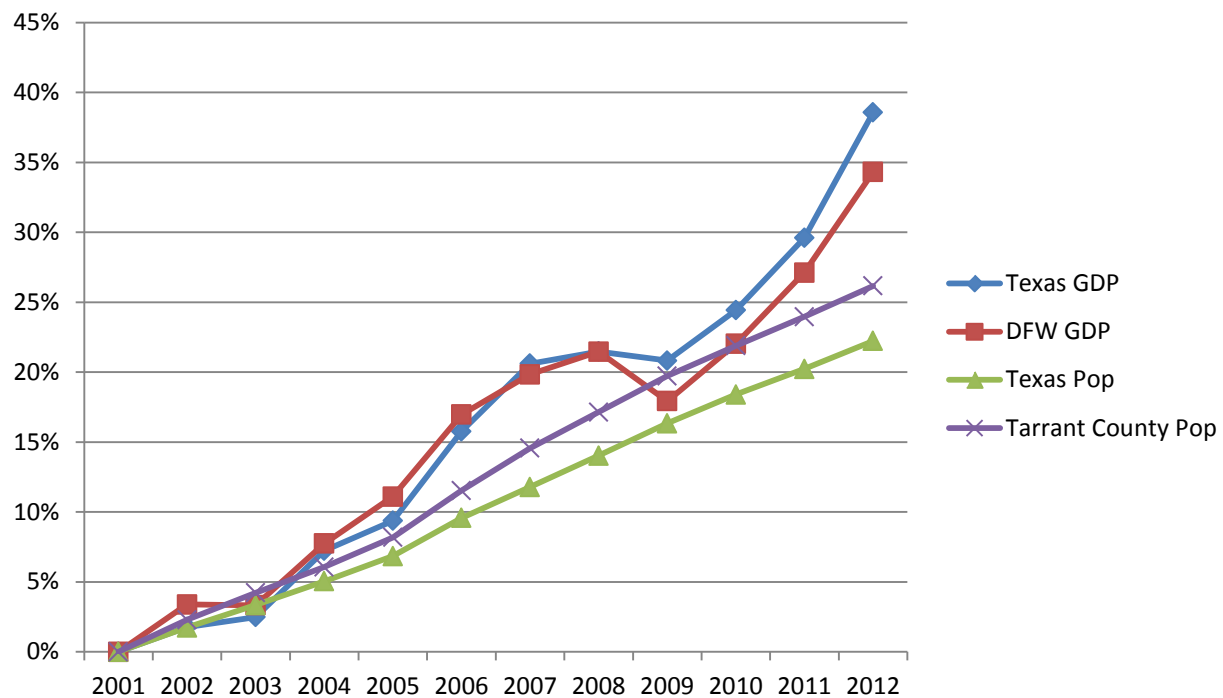
The graph below illustrates the previous point that the Texas, Tarrant County and DFW MSA population and GDP grew at similar rates over the past decade. While population indices show a steady growth over time, GDP indices reflect the changes that occur in a more volatile and dynamic environment like the economy. The diverse economy in Texas is able to weather shocks

¹ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

to one or a few industry sectors and still remain viable. As one industry sheds workers and productivity, another is there to pick up some of those workers and productivity that was lost.

While taxable sales and revenues to the state may appear to rise due to a major event, the fact is that the Texas economy has been growing in terms of output and employment for many years now. Even during the recession the Texas economy was still growing relative to where it was earlier in the same decade, though that growth occurred at a slower rate. So, it is important to remember that the Texas economy has been on an upward trend. And in a state with steady population and civilian labor force growth, it's not hard to realize steady gains in output as well.

Growth Index for Texas, Tarrant County and DFW MSA for Population and Real GDP (Population & Real GDP base year = 2001)



Source: U.S. Census Bureau and the U.S. Department of Commerce Bureau of Economic Analysis.

While Fort Worth and Tarrant County undoubtedly benefitted from hosting a major event, gauging that benefit within the backdrop of a growing economy can be challenging.

II. Methodology

The METF statute requires the Comptroller's office to estimate the incremental increase in taxes for both the state and any municipality (or county) that contributes local matching funds. For the purposes of this analysis, staff attempted to determine if there was a measurable change in **state** taxes due to the event. This presents challenges for two primary reasons: the size and population of the state and the fact that taxes are remitted to the state based on receipts from 30-90 day periods, depending on the tax type. The incremental tax increase in the state due to an event in a large and dynamic tax system may not be readily distinguishable from incremental changes due to other factors.

Also, measuring the actual incremental tax increase produced as a result of a particular event with accuracy requires certain information that is not readily available. The primary determinants that would be required to accurately measure the incremental increase in taxes are:

- the number of out-of-state visitors;
- the length of stay for those visitors; and
- the expenditures per day for those visitors.

The incremental taxes attributable to the out-of-state fans for the event make up the majority of the estimate (approximately 65 to 75 percent of the total estimated incremental taxes).

Since the exact number of out-of-state visitors, length of stay, and expenditures per day is not known with certainty, our analysis relies on overall changes in tax collections to make an informed judgment as to whether the initial estimate was reasonable.

Incremental tax impact to the state, for these purposes, is estimated by gauging exogenous or out-of-state spending. It is assumed that all attendees have limited disposable income for entertainment, and that Texas residents would likely have chosen to spend their entertainment dollars at another Texas venue or event in the absence of the event in question. While it is impossible to track all out-of-state visitors and their spending habits, a noticeable increase in taxable sales points to a positive economic impact due to a major event. This analysis uses two methods for examining tax data.

Method 1 looks at the past 11 years of quarterly (or monthly) tax data to determine average collections for any given quarter (or month). Standard deviations are calculated and if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The more the sales deviate from the average plus the standard deviation or outside the normal distribution, the stronger the indication of the magnitude of the impact.

Method 2 looks at only the quarter (or month) in question for the past 11 years (2002 to 2012). Based on sales subject to tax, average collections and standard deviations are calculated. Like

the method described previously, if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The magnitude of the impact can be gauged by measuring the amount of state taxes collected over the average plus the standard deviation.

The methodology used for this analysis focuses on direct taxes, since indirect and induced impacts are calculated using a dynamic modeling software package, and are dependent on the direct taxes.

The Comptroller's Office also ran statistical tests (Appendix B) on the three tax types that generated the most revenue which could be verified (Sales and Use, Hotel Occupancy, and Mixed Beverage). The test indicated at the 99 percent confidence level, the amount subject to state tax was not normal during the period the event occurred and is statistically different from similar collections from the same time period in previous years. This statistical difference implies that the event was likely responsible for the difference in tax collection levels for the period.

Analysis

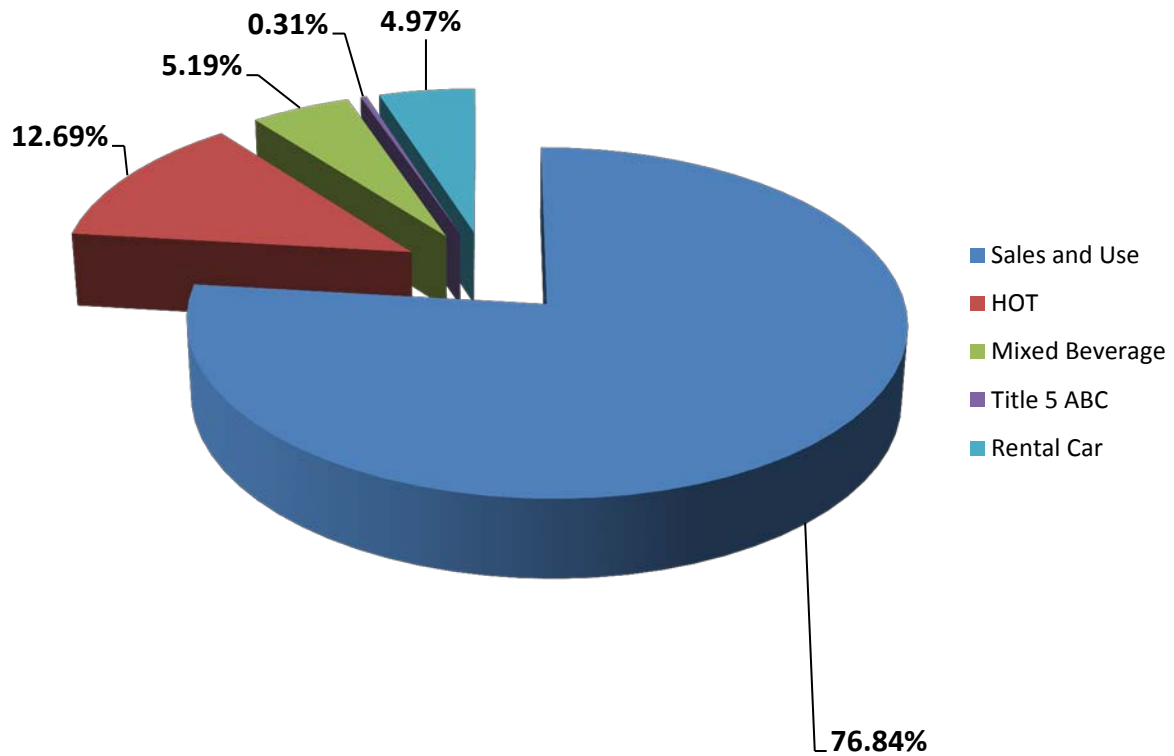
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

1. Sales and Use Tax
2. Hotel Occupancy Tax
3. Rental Car tax
4. Mixed Beverage Tax
5. Title 5, Alcoholic Beverage Code tax

Of these 5 taxes, the estimate of general Sales and Use tax, Hotel Occupancy tax (HOT), and Mixed Beverage tax are the largest verifiable tax types. In the case of the event in question, the direct Sales and Use tax and the HOT attributed to this event made up roughly 77 and 13 percent respectively, while the Mixed Beverage made up approximately 5 percent. Based on figures used for initial estimates, the Rental Car tax made up nearly 5 percent and the Title 5 Alcohol tax made up three tenths of one percent.

Rental car taxes are paid by rental car companies at the state-wide level and are not attributable to specific geographic locations. Title 5 Alcohol taxes make up a small percentage of the overall estimate and due to the small amount, any change due to a specific event is difficult to calculate. Due to these challenges involved and relatively minor amounts of rental car tax and Title 5 alcohol, this analysis uses initial estimates and does not attempt to quantify changes in these two tax types.

II A Analysis—All Tax Types



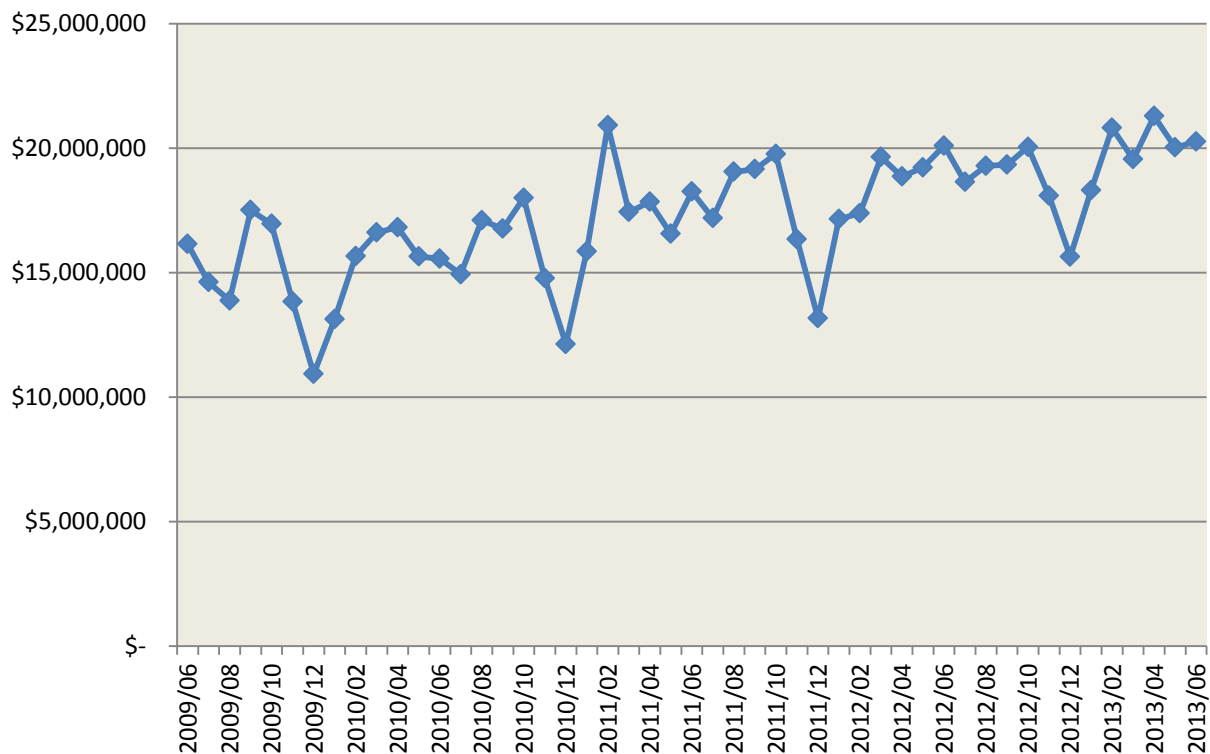
Source: Texas Comptroller of Public Accounts

The above chart illustrates that sales tax makes up the majority of additional estimated revenue to the state from major events. **Taxes collected from sales tax, mixed beverage tax, and hotel occupancy tax make up roughly 95 percent of the funds generated by the event for the 5 specific tax types that are addressed in the statute.**

II B Analysis--Hotel Occupancy Tax:

The charts below depict HOT taxable receipts, mixed beverage tax allocations, and gross sales subject to state tax.

Monthly Hotel Occupancy Taxable Receipts - Fort Worth



Source: Texas Comptroller of Public Accounts

This graph does not represent all monthly HOT receipts, but only those that are taxable. The dollar value that corresponds to any one month represents the HOT taxable receipts that are attributable to that month. This graph includes HOT taxable receipts for the event market area. The event in question took place from November 25 to December 15, 2012.

The average monthly HOT taxable receipts for this area from January 2002 to June 2013 were \$14,163,138 with a standard deviation of \$3,498,946. The peak in the graph represents taxable receipts of \$21,285,921 (April 2013), which is higher than any other month represented in this graph and going back to January 2002. The average taxable receipts plus the standard deviation is \$17,662,084, which is \$796,122 more than the average receipts for the months when the event occurred (November and December 2012).

Considering only November and December HOT receipts for Fort Worth from 2002 to 2012, the average amount subject to state tax was \$23,816,968 with a standard deviation of \$5,661,637.

The average taxable receipts plus the standard deviation is \$29,478,605, which is \$4,253,319 less than receipts during the month when the event occurred. This represents additional tax revenue of \$255,199 during this period.

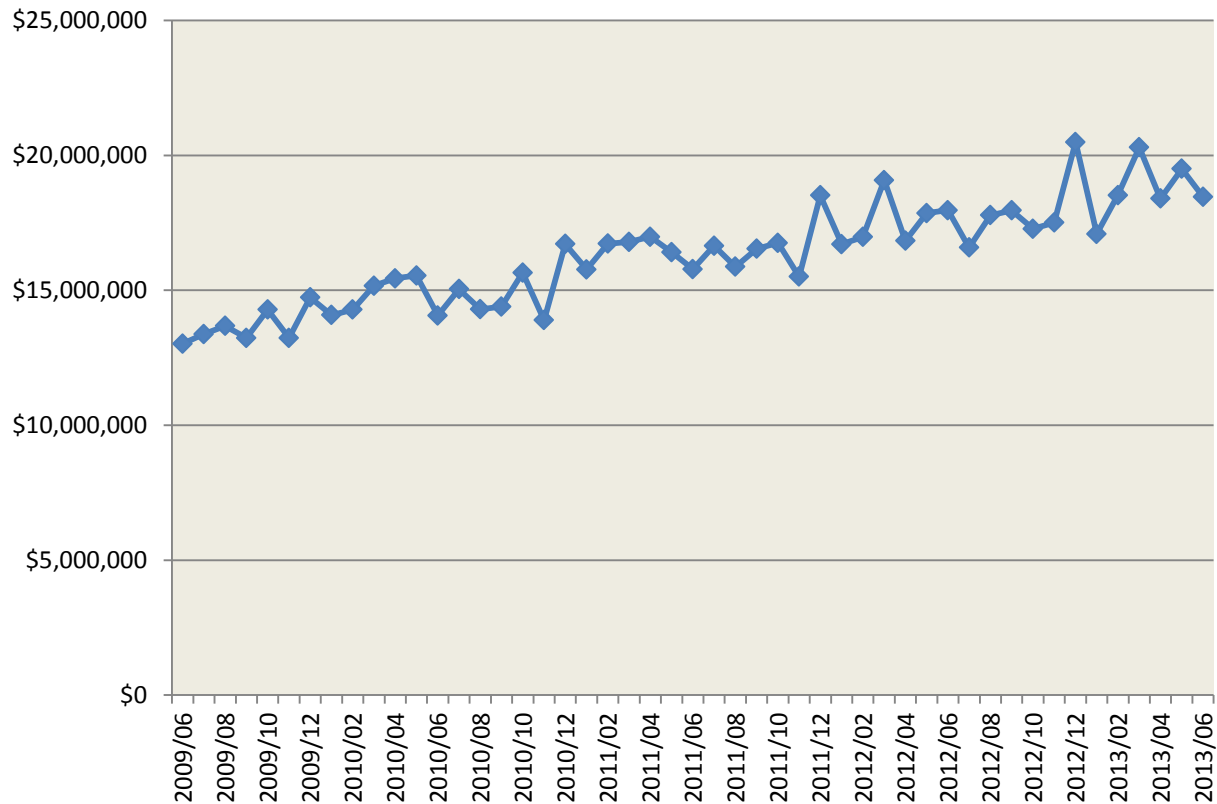
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as much by population and economic growth, and these numbers are mainly driven by visitors from outside of the area. Also, based on numbers provided by the event organizers, a less-sophisticated method of analysis estimated a tax benefit of \$132,085 in additional taxes to the state. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$255,199. The initial pre-event estimate had predicted \$149,075 in additional HOT revenue, while a third-party post-event analysis estimated a direct spending impact to state HOT revenues of \$142,413.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$149,075	\$142,413

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II C Analysis--Mixed Beverage Tax:

Monthly Mixed Beverage Gross Receipts for Fort Worth



Source: Texas Comptroller of Public Accounts

This graph includes only historical mixed beverage taxable receipt amounts by calendar month. The monthly mixed beverage taxable amounts correspond to the month in which they were distributed. This graph includes amounts for Fort Worth.

The average monthly mixed beverage gross receipts for this area, from January 2002 to June 2013, were \$12,886,466 with a standard deviation of \$3,126,120. The peak in the graph represents taxable receipts of \$20,494,918 (December 2012), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is \$16,012,586, which is \$2,990,405 less than the average monthly receipts during the two months when the event occurred (average of \$19,002,992 for November / December 2012).

The second method of analysis considered mixed beverage taxes for only the months when the event took place for Fort Worth from 2002 to 2012. The average receipts subject to tax, which are 14 percent of gross receipts for the two months combined, were \$3,689,776 with a standard deviation of \$870,066. The average taxable receipts plus the standard deviation is \$4,559,842 which is \$760,996 less than receipts during the combined two months when the event occurred

(\$5,320,838). The state gets roughly 79 percent of taxable receipts. This represents additional revenue of \$601,187 during the months of the event.

The second method of analysis of mixed beverage revenues estimated that the state received an additional \$601,187. Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic and population growth leading to an estimate of \$300,594 to the state as a result of increased sales. The initial pre-event estimate had predicted \$60,918 in additional revenue, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$25,823.

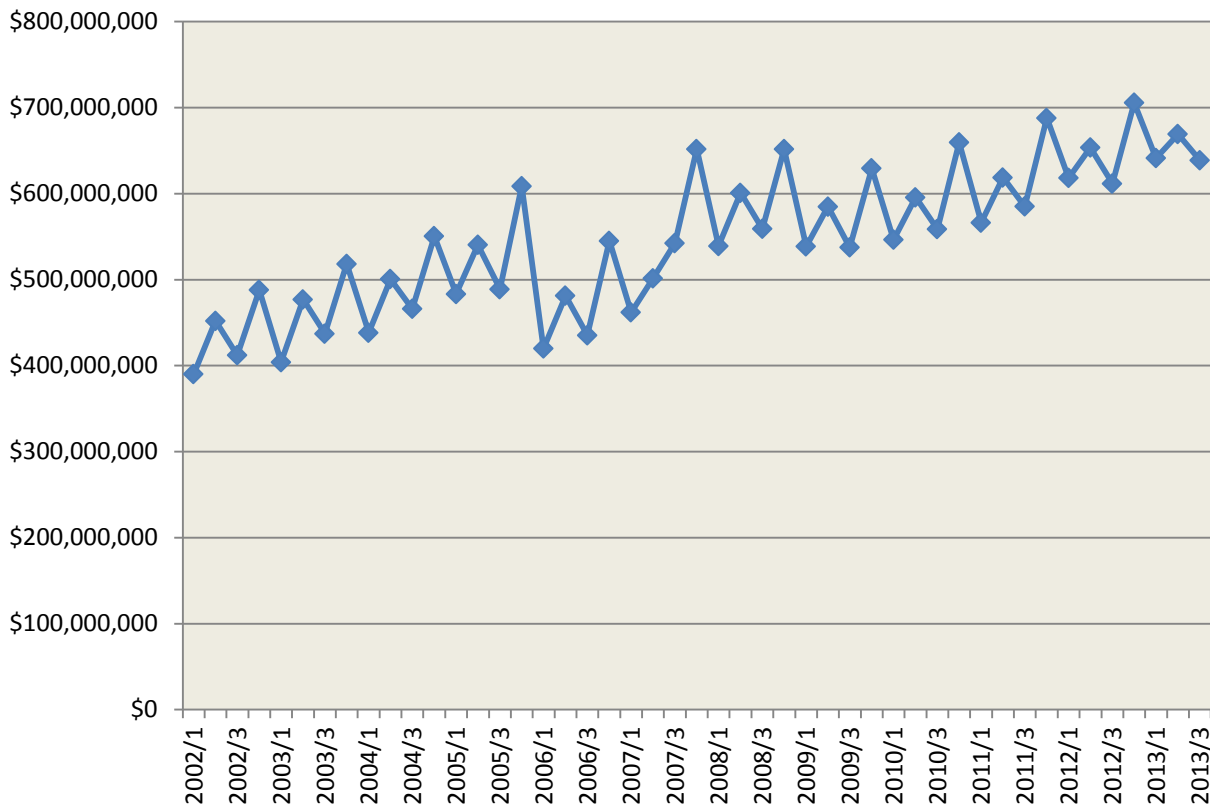
Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$60,918	\$25,823

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II D Analysis--Sales and Use Tax:

The graph below is the sum of taxable sales for those industries most affected by out-of-state visitors for the event market area within a subset of 2- and 3-digit North American Industry Classification System (NAICS) code categories to include: NAICS code 447 (Gasoline Stations); NAICS code 448 (Clothing and Clothing Accessories Stores); NAICS code 4521 (Department Stores); NAICS code 71 (Arts, Entertainment, and Recreation); NAICS code 721 (Accommodation); and NAICS code 722 (Food Service and Drinking Places). The graph includes data only from holders of sales tax permits; businesses that sell only goods that are outside the sales tax base are not covered by these reports. A business that files yearly reports will show up only in a single quarter. The peak in this graph occurs in the fourth quarter of 2012.

Quarterly Gross Sales Subject to State Tax in Fort Worth



Source: Texas Comptroller of Public Accounts

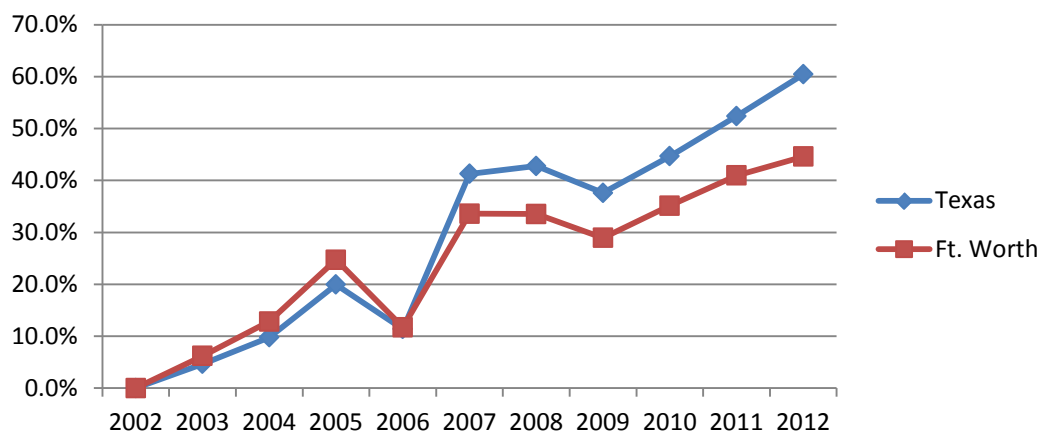
The average amount (reported quarterly) subject to sales tax for this area from 1Q 2002 to 3Q 2013 was \$546,708,707 with a standard deviation of \$83,550,625. The amount subject to sales tax in the quarter during when the event took place (fourth quarter of 2012) was \$705,773,989, which is \$75,514,657 more than the average amount subject to sales tax and the standard deviation.

The second method of analysis of sales tax data that looks at only the fourth quarter of each year illustrates a slightly different picture. Average collections subject to sales taxes for the industries mentioned above for the fourth quarter of each year (from 2002 to 2012) were averaged. Average collections subject to sales taxes for the fourth quarter were \$608,847,406 with a standard deviation of \$72,516,404. The average plus the standard deviation is \$681,363,810. Collections subject to sales taxes for the fourth quarter of 2012 were \$705,773,989, which is \$24,410,179 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$1,525,636 to the state as a result of increased sales.

The second method used to analyze the impact of the event that estimated a drastic jump in state revenues during the fourth quarter of 2012 can partially be explained by an overall growth in taxable sales in the state of Texas. Fort Worth and Tarrant County host many events during a given quarter, and more people from in-state and out-of-state spending their dollars at these events push tax collections up. Coupled with an overall increase in taxable sales, endogenous and exogenous spending can appear to have an even greater impact on state tax revenues.

While there clearly was increased sales tax revenue collected during the same time an event occurred in a given area, the increase is almost certainly not all due to one major occurrence (see section below titled “Texas and Fort Worth Average 4th Quarter Sales Subject to Tax Indexed, 2002 = 0”). The entire event occurred for less than one-third of the quarter and holiday shopping could have also had a positive effect on sales tax collections. This method of analysis estimates that the state of Texas received \$1,525,636 additional sales tax dollars from the event market area during the fourth quarter of 2012.

Texas and Fort Worth Average 4th Quarter Sales Subject to Tax Indexed (2002 = 0)



Source: Texas Comptroller of Public Accounts

The graph above illustrates the fourth quarter taxable sales in Fort Worth and the state as a whole were growing at comparable rates using 2002 as a base year. In fact, from 2003 through 2005, Fort Worth's taxable sales subject to sales and use tax actually grew at a faster rate than Texas'. While growth in taxable sales and corresponding tax revenue might seem uncharacteristically large for Fort Worth, the rest of the state was also experiencing this same growth.

Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic growth and other factors in the region as well as a new sales tax on mixed beverages, leading to an estimate of \$762,818 to the state as a result of increased sales. A pre-event analysis estimated that the state would receive an additional \$902,742 in sales and use tax due to the event, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$570,618.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$902,742	\$570,618

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II E Analysis--Rental Car Tax:

The state of Texas imposes a tax on motor vehicle rentals, but the rate is based on the length of the rental contract. For contracts of 1-30 days, the state rate is 10 percent of gross receipts less discount and separately stated fees for insurance, fuel, and damage assessments.

Unlike the other tax types, rental car tax is not reported to the Comptroller by location address. For example, if a corporate taxpayer has multiple locations in the state, they file one return for all gross rental tax. Taxpayers do not report to the Comptroller's Office based on location and the Comptroller's Office does not permit the taxpayer based on each location. For this reason, an examination of this tax type by location provides no useful data for these analyses.

In order to provide a complete estimate of direct-spending tax revenue from this tax type, the CPA initial estimate number was used for this post-event analysis. A third-party post-event analysis estimated a direct spending impact to state revenues of \$24,235.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$58,405	\$24,235

II F Analysis--Title V Alcoholic Beverage Code Tax:

The state of Texas also imposes a tax on the amount of alcohol that manufacturers sell to retail establishments. The tax rate varies by class on the amount of alcoholic content of beverages by class per gallon. Distilled spirits are taxed at the highest rate at \$2.40 per gallon, while beer that is 4% alcohol by volume and lower is taxed at \$0.193548 per gallon.

While wholesalers are not reporting wholesale alcohol sales by location, they do submit how much volume they sold to retail establishments. Determining how much volume each retail establishment in the event market area purchased for each class of alcohol, then deriving how much tax was paid based on the volume and class would be extensive. Therefore, given how much state revenue is derived from this tax type (about one-third of one-percent of the total of all taxes collected for this analysis) comparative to the other tax types, for the purpose of this analysis, the initial estimate was used. A third-party post-event analysis offered no estimate as to the impact to state revenues from this tax type.

Tax Type	Initial Estimate	Third-Party Post-Event
Title V ABC Tax	\$3,692	NA

III. Conclusion

1. Third-Party Post-Event Analysis

Post event analysis conducted by a third-party vendor estimated economic impact based on direct spending. Based on their analysis, they estimated that the total impact to the state of Texas was **\$763,090** in additional state tax revenues.

2. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$1,174,832**.

Comptroller data suggest that the Fort Worth metro area experienced increased economic activity during the event. The precise state share of this increased economic activity due to out-of-state consumption is unknown given the inability of available data to identify the amount contributed directly from out-of-state visitors. Additionally, it is worth noting that while a large metropolitan area that hosts a large event will almost certainly see a noticeable increase in tax revenues, the additional revenues are not as identifiable with smaller events such as this one. That being said, the amount of additional tax revenue the state received from the major tax types does exceed the initial estimates. **This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$2,160,119 is reasonable based on the tax increases that occurred in the market area during the period in which the event occurred.**

APPENDIX A

The tables below show the various tax types and the additional revenue amount estimates for the Futurity. The first table illustrates the three largest verifiable tax revenue generators and the amount estimated by three different analyses. The last three tables show the analysis of additional revenue to the state from all 5 tax types as estimated by three different methods.

Tax Type	Initial Estimate	4Q 2012 Actual minus 4Q Average and Standard Deviation (2002-12)	Third-Party Post-Event
Sales and Use	\$902,742	\$762,818	\$570,618
HOT	\$149,075	\$255,199	\$142,413
Mixed Beverage	\$60,918	\$300,594	\$25,823
Total	\$1,112,735	\$1,318,611	\$738,854

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$902,742	76.84%
2. Hotel Occupancy Tax	\$149,075	12.69%
3. Rental Car tax	\$58,405	4.97%
4. Mixed Beverage Tax	\$60,918	5.19%
5. Title 5, Alcoholic Beverage Code tax	\$3,692	0.31%
Total	\$1,174,832	100%

Third-Party Post-Event Analysis		
Tax Type	State Share of Tax	Percent of Total
Sales and Use Tax	\$570,618	74.78%
HOT	\$142,413	18.66%
Rental Car	\$24,235	3.18%
Mixed Bev	\$25,823	3.38%
Title 5 Alcohol	NA	0.0%
Total	\$763,089	100%

4Q 2012 Actual minus 4Q Average and Standard Deviation (2002-12)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$762,818	55.25%
2. Hotel Occupancy Tax	\$255,199	18.48%
3. Rental Car tax*	\$58,405	4.23%
4. Mixed Beverage Tax**	\$300,594	21.77%
5. Title 5, Alcoholic Beverage Code tax*	\$3,692	0.27%
Total	\$1,380,708	100%

*Initial estimate used due to how this tax is reported. See
"Analysis" section (II E and II F) for further explanation.

**State share was derived using Gross Collections for November
& December (2002-12); not quarterly

Historical averages and standard deviations were calculated and
subtracted from 2012 actual figures. The tax rate was then
applied to the difference to arrive at the "State Share of Sales
Tax" figure.

APPENDIX B

Given the historical amount subject to state tax, is it statistically feasible that the event caused the observed increase in taxable sales? A single sample test of hypothesis was conducted to answer this question. The steps used in conducting these tests for each tax type are as follows:

Sales and Use Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen², it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.169 or greater than 3.169.
5. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$700$ Million
	Alternative (Ha)	$\mu \neq \$700$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.169$
		$t^* > 3.169$
Estimated t =	t*	4.4331
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the sales and use tax		

² Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

collected for the period is not normally seen given historical data.

Hotel Occupancy Tax (HOT):

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen³, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.169 or greater than 3.169.
5. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$33.7$ Million
	Alternative (Ha)	$\mu \neq \$33.7$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.169$
		$t^* > 3.169$
Estimated t =	t*	5.8082
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the hotel occupancy tax collected for the period is not normally seen given historical data.		

³ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Mixed Beverage Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the state share of gross receipts in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the state share of gross receipts in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁴, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.169 or greater than 3.169.
5. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	u = \$4.2 Million
	Alternative (Ha)	u not = \$4.2 Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	t* < -3.169
		t* > 3.169
Estimated t =	t*	6.2175
Action (result)		Reject Ho
Based on the test, the state share of gross receipts for the period in question is not statistically probable. This means that the state share of gross receipts for the mixed beverage tax for the period is not normally seen given historical data.		

⁴ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Cover Sheet

Event: 2013 National Cutting Horse Association (NCHA) Super Stakes

Date: March 30 – April 20, 2013

Location: Fort Worth, Texas

Report Date: December 2014

Post Event Analysis

2013 National Cutting Horse Association (NCHA) SUPER STAKES – Fort Worth, Texas

I. Introduction

This post-event analysis is intended to evaluate the short-term tax benefits to the state through review of tax revenue data to determine the level of incremental tax impact to the state of Texas from the event. A primary purpose of this analysis is to determine the reasonableness of the initial incremental tax estimate made by the Comptroller's office prior to the event. The initial estimate is included in Appendix A.

Determining the tax impact of the **2013 National Cutting Horse Association (NCHA) Triple Crown of Cutting – SUPER STAKES** is affected by the timing of the event, which coincides with the recovery from the economic recession. The agency's analysis shows that the sales and use tax increases in the market area were higher than the statistical model would have predicted, as well as higher than the percentage statewide increases. While some of this increase is certainly due to the event, it also appears that some of the increase was due to other factors, most likely the economic rebound.

Determining the tax impact from an event is dependent upon how many out-of-state participants and visitors attend the event. The tax type that is the largest contributor to the economy is the sales and use tax, but the Hotel Occupancy Tax (HOT) tax most likely is the best indicator of how many out of market and out-of-state visitors an event may have attracted.

An assessment of April HOT revenues from 2002 to 2013 shows that the state received \$145,943 above-average tax collections (including adjustments for atypical fluctuations that periodically occur over any given period). A post-event study provided by the event organizer estimated that 4,948 contestants, vendors and out-of-state spectators attended the event. The agency conducted a simple analysis to determine the reasonableness of the reported out-of-state attendee number, using the following assumptions:

1. Each room would cost an average of roughly \$110 per day; and
2. There were 9,841 room nights paid for by out-of-state participants and visitors (the event was a total of 20 days).

This simple analysis yields an amount of approximately \$64,951 in additional taxes to the state ((number of room nights X average room rate) X state HOT rate). While this amount is less than the initial estimate, it is also significantly less than the actual increase of state HOT taxes for the event months.

While it is impossible to attribute increased economic activity to event participants and attendees given the data readily available to the Comptroller's Office, it is reasonable to assume

that they did contribute some amount to the overall increase, and provides credence to the third party estimate of 4,948 contestants, vendors and out-of-state visitors.

Considering the attendance figure from the third-party study and actual observed HOT data, it could be inferred that the event host city experienced positive economic activity due to this event. However, it is unknown:

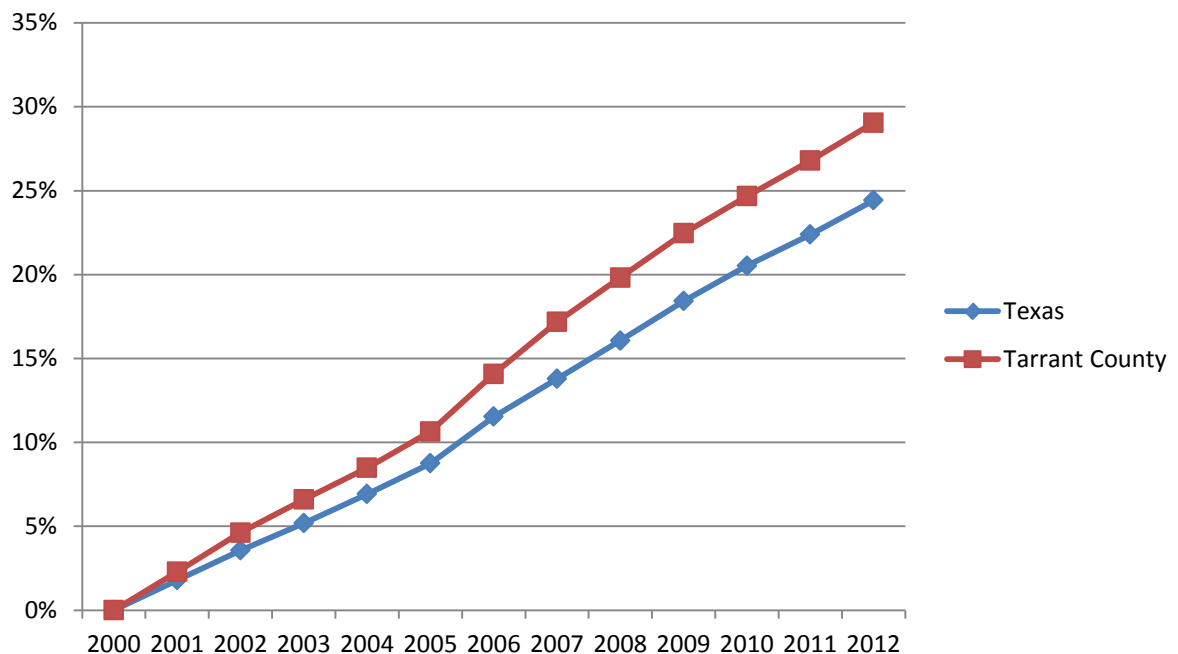
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

While the above example using actual HOT tax receipts provides a reasonable assessment that the event performed in line with expectations, the agency also performed additional analysis' on the various state taxes to further study the tax performance during the event period.

Overview of the Local Economy

While the rest of the United States was falling into a recession, the state of Texas was weathering the economic downturn better than most. Buoyed by the oil and gas industry and avoiding the housing crisis made Texas more economically viable than other states. Due in part to these and other factors, Texas experienced solid population growth over the past decade.

Texas and Tarrant County Indexed Population Growth, 2000 = Base Year

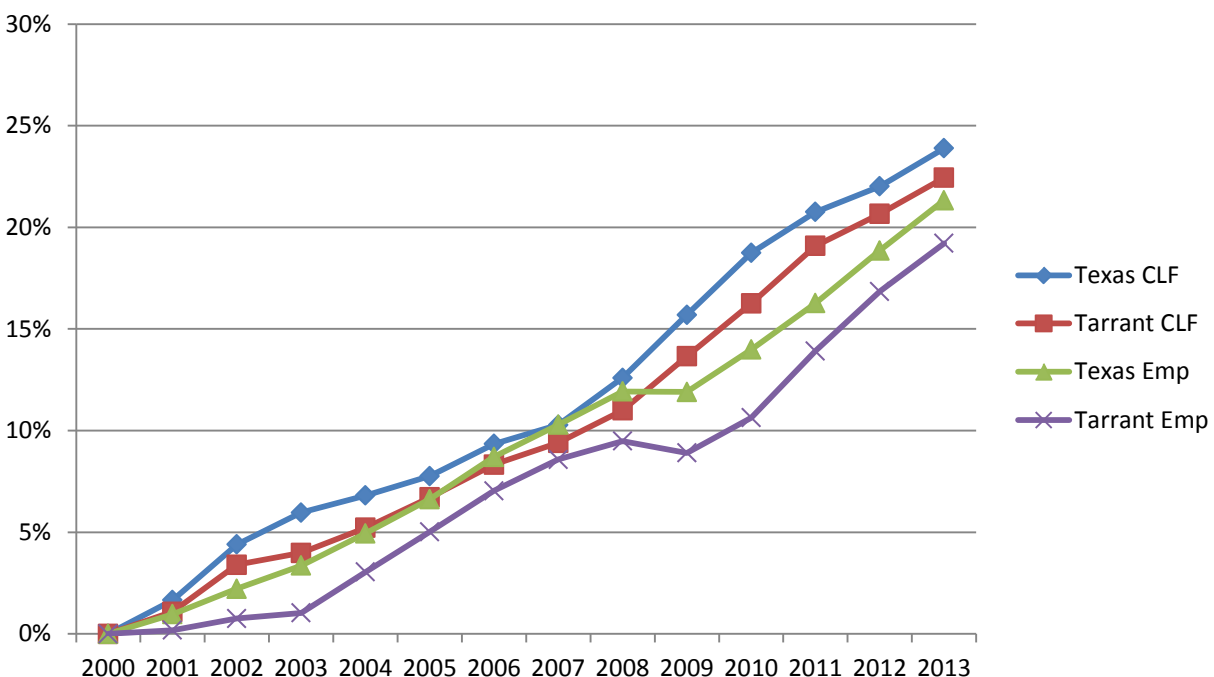


Source: U.S. Census Bureau.

From 2000 to 2012, Texas' population grew at an average of roughly two percent per year. By 2012, the Texas and Tarrant County populations had grown by 24.42 and 29.05 percent, respectively, from their levels in 2000. The graph above illustrates that Texas and Tarrant County populations grew at a steady pace at almost the same rate for the past twelve years. And, as the population grew, more working state residents contributed to the Texas economy.

The growing population created an expanding Civilian Labor Force (CLF) and more employed people in Texas and Tarrant County. According to the Texas Workforce Commission, from 2000 to 2013, the CLF in Texas and Tarrant County had grown by 23.89 and 22.44 percent respectively. While the number of employed persons didn't keep pace with the CLF, from 2000 to 2013, employed persons in Texas and Tarrant County grew by 21.34 and 19.22 percent respectively. The graph below illustrates that the growth rates of Texas and Tarrant County CLF and employed track very close to each other. Only once during this period did the number of employed persons experience slower growth, which occurred between 2008 and 2009. The growing population and CLF provided some additional fuel to the economic engine of Texas.

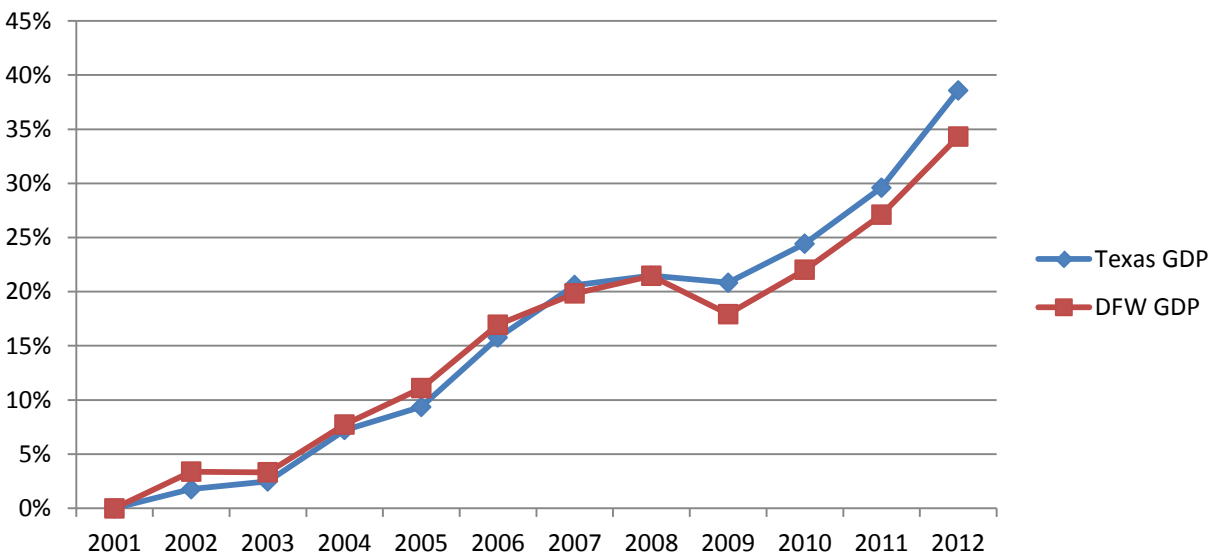
Texas and Tarrant County Civilian Labor Force (CLF) and Employment Growth Index, 2000 = Base Year



Source: U.S. Bureau of Labor Statistics

One measure of output for a state or local government area is Gross State Product (GSP) or Gross Regional Product (GRP). This is a measure of all of the value added by industries within the geographic area and is a counterpart to Gross Domestic Product (GDP)¹. As the population increases and more people go to work for various industries, output grows and so does the corresponding measure of GDP. The graph below illustrates that industry output in Texas and the Dallas-Fort Worth-Arlington (DFW) Metropolitan Statistical Area (MSA) has been on an upward trend for the past decade. While Texas and the DFW MSA experienced a few years of slower growth in output, overall growth in industrial output over this period has been similar to growth in population and CLF.

Texas and DFW Metropolitan Statistical Area Real GDP (2009 Chained Dollars) Growth Index, 2001 = Base Year



Source: U.S Department of Commerce Bureau of Economic Analysis.

When the growth index for population, CLF and GDP are compared for Texas, Tarrant County and the DFW MSA it becomes apparent how closely they track together over time. Growth for these three measures is about 20 percent higher than the base year, which also illustrates how closely these three measures are tied together.

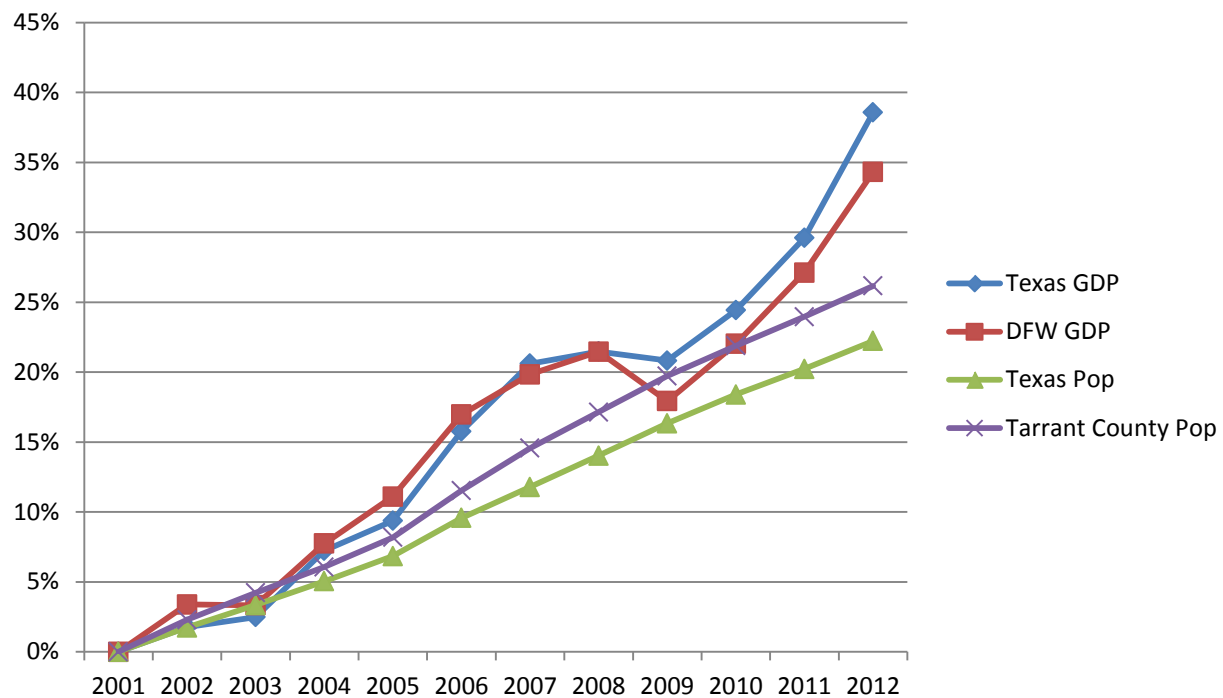
The graph below illustrates the previous point that the Texas, Tarrant County and DFW MSA population and GDP grew at similar rates over the past decade. While population indices show a steady growth over time, GDP indices reflect the changes that occur in a more volatile and dynamic environment like the economy. The diverse economy in Texas is able to weather shocks

¹ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

to one or a few industry sectors and still remain viable. As one industry sheds workers and productivity, another is there to pick up some of those workers and productivity that was lost.

While taxable sales and revenues to the state may appear to rise due to a major event, the fact is that the Texas economy has been growing in terms of output and employment for many years now. Even during the recession the Texas economy was still growing relative to where it was earlier in the same decade, though that growth occurred at a slower rate. So, it is important to remember that the Texas economy has been on an upward trend. And in a state with steady population and civilian labor force growth, it's not hard to realize steady gains in output as well.

Growth Index for Texas, Tarrant County and DFW MSA for Population and Real GDP (Population & Real GDP base year = 2001)



Source: U.S. Census Bureau and the U.S. Department of Commerce Bureau of Economic Analysis.

While Fort Worth and Tarrant County undoubtedly benefitted from hosting a major event, gauging that benefit within the backdrop of a growing economy can be challenging.

II. Methodology

The METF statute requires the Comptroller's office to estimate the incremental increase in taxes for both the state and any municipality (or county) that contributes local matching funds. For the purposes of this analysis, staff attempted to determine if there was a measurable change in **state** taxes due to the event. This presents challenges for two primary reasons: the size and population of the state and the fact that taxes are remitted to the state based on receipts from 30-90 day periods, depending on the tax type. The incremental tax increase in the state due to an event in a large and dynamic tax system may not be readily distinguishable from incremental changes due to other factors.

Also, measuring the actual incremental tax increase produced as a result of a particular event with accuracy requires certain information that is not readily available. The primary determinants that would be required to accurately measure the incremental increase in taxes are:

- the number of out-of-state visitors;
- the length of stay for those visitors; and
- the expenditures per day for those visitors.

The incremental taxes attributable to the out-of-state fans for the event make up the majority of the estimate (approximately 65 to 75 percent of the total estimated incremental taxes).

Since the exact number of out-of-state visitors, length of stay, and expenditures per day is not known with certainty, our analysis relies on overall changes in tax collections to make an informed judgment as to whether the initial estimate was reasonable.

Incremental tax impact to the state, for these purposes, is estimated by gauging exogenous or out-of-state spending. It is assumed that all attendees have limited disposable income for entertainment, and that Texas residents would likely have chosen to spend their entertainment dollars at another Texas venue or event in the absence of the event in question. While it is impossible to track all out-of-state visitors and their spending habits, a noticeable increase in taxable sales points to a positive economic impact due to a major event. This analysis uses two methods for examining tax data.

Method 1 looks at the past 12 years of quarterly (or monthly) tax data to determine average collections for any given quarter (or month). Standard deviations are calculated and if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The more the sales deviate from the average plus the standard deviation or outside the normal distribution, the stronger the indication of the magnitude of the impact.

Method 2 looks at only the quarter (or month) in question for the past 12 years (2002 to 2013). Based on sales subject to tax, average collections and standard deviations are calculated. Like

the method described previously, if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The magnitude of the impact can be gauged by measuring the amount of state taxes collected over the average plus the standard deviation.

The methodology used for this analysis focuses on direct taxes, since indirect and induced impacts are calculated using a dynamic modeling software package, and are dependent on the direct taxes.

The Comptroller's Office also ran statistical tests (Appendix B) on the three tax types that generated the most revenue which could be verified (Sales and Use, Hotel Occupancy, and Mixed Beverage). The test indicated at the 99 percent confidence level, the amount subject to state tax was not normal during the period the event occurred and is statistically different from similar collections from the same time period in previous years. This statistical difference implies that the event was likely responsible for the difference in tax collection levels for the period.

Analysis

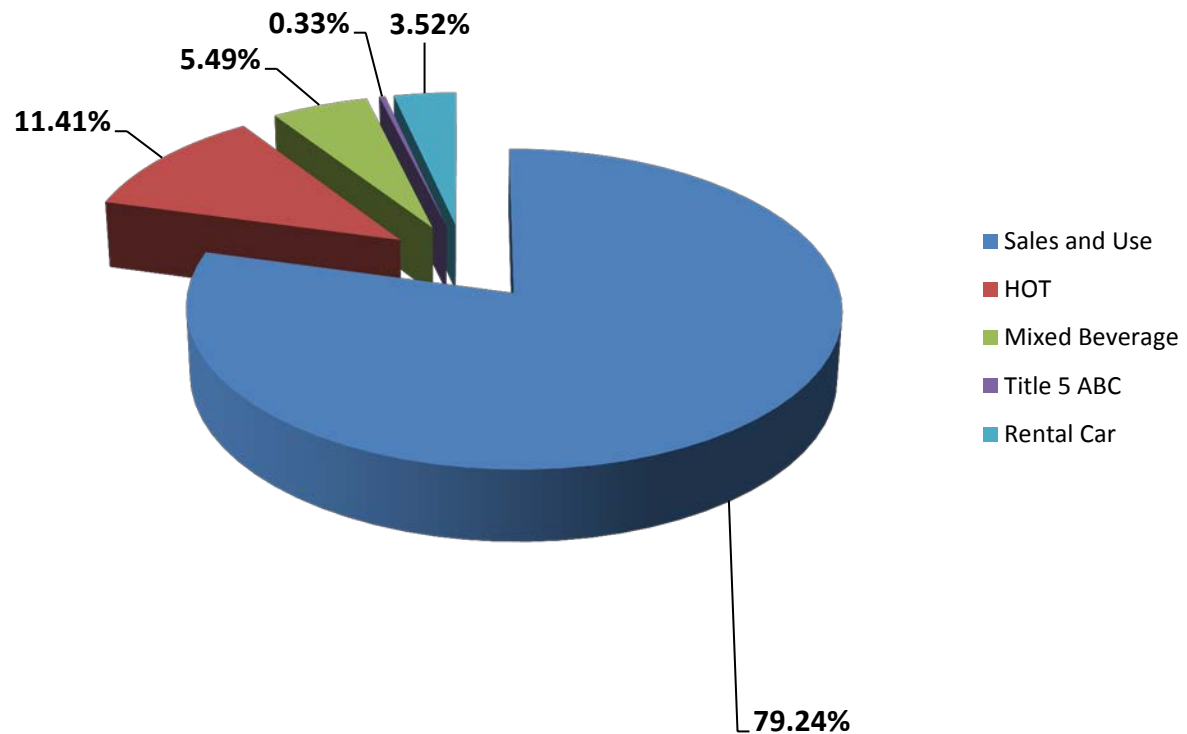
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

1. Sales and Use Tax
2. Hotel Occupancy Tax
3. Rental Car tax
4. Mixed Beverage Tax
5. Title 5, Alcoholic Beverage Code tax

Of these 5 taxes, the estimate of general Sales and Use tax, Hotel Occupancy tax (HOT), and Mixed Beverage tax are the largest verifiable tax types. In the case of the event in question, the Sales and Use tax and the HOT made up roughly 79 and 11 percent respectively, while the Mixed Beverage made up approximately 5.5 percent. Based on figures used for initial estimates, the Rental Car tax made up nearly 4 percent and the Title 5 Alcohol tax made up three tenths of one percent.

Rental car taxes are paid by rental car companies at the state-wide level and are not attributable to specific geographic locations. Title 5 Alcohol taxes make up a small percentage of the overall estimate and due to the small amount, any change due to a specific event is difficult to calculate. Due to these challenges involved and relatively minor amounts of rental car tax and Title 5 alcohol, this analysis uses initial estimates and does not attempt to quantify changes in these two tax types.

II A Analysis—All Tax Types



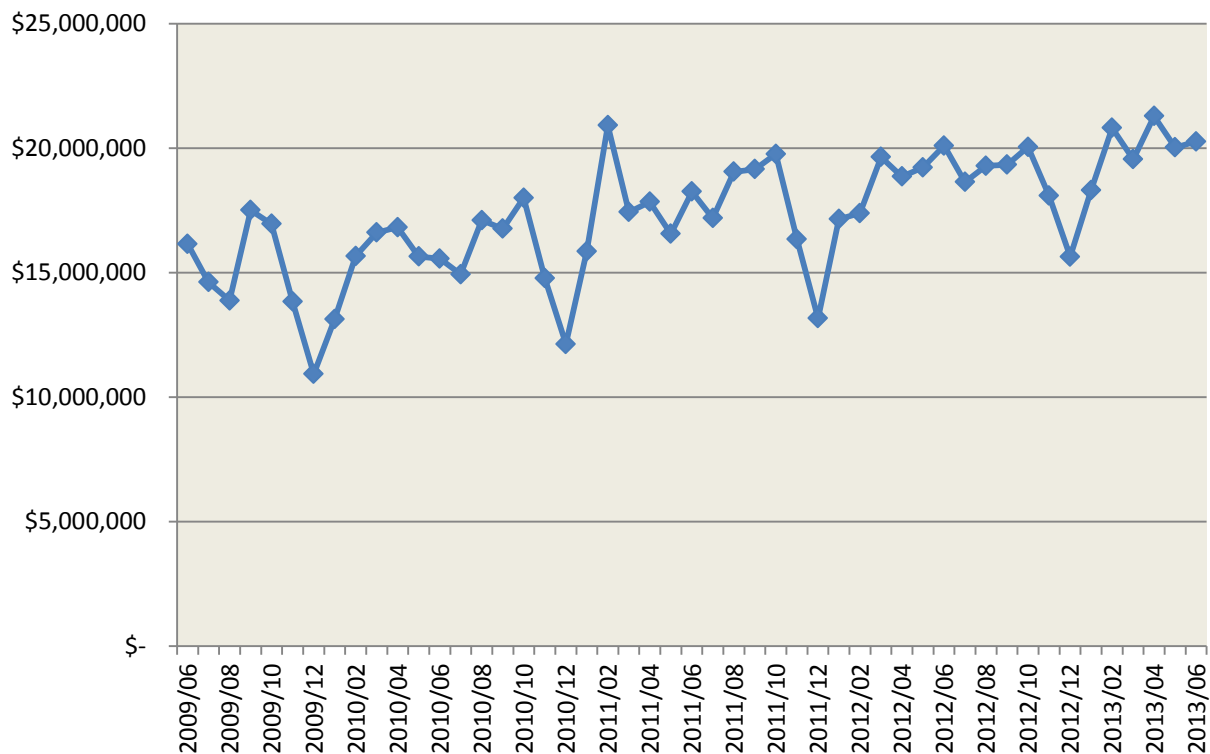
Source: Texas Comptroller of Public Accounts

The above chart illustrates that sales tax makes up the majority of additional estimated revenue to the state from major events. **Taxes collected from sales tax, mixed beverage tax, and hotel occupancy tax make up roughly 96 percent of the funds generated by the event for the 5 specific tax types that are addressed in the statute.**

II B Analysis--Hotel Occupancy Tax:

The charts below depict HOT taxable receipts, mixed beverage tax allocations, and gross sales subject to state tax.

Monthly Hotel Occupancy Taxable Receipts - Fort Worth



Source: Texas Comptroller of Public Accounts

This graph does not represent all monthly HOT receipts, but only those that are taxable. The dollar value that corresponds to any one month represents the HOT taxable receipts that are attributable to that month. This graph includes HOT taxable receipts for the event market area. The event in question took place from March 30 to April 20, 2013.

The average monthly HOT taxable receipts for this area from January 2002 to June 2013 were \$14,163,138 with a standard deviation of \$3,498,946. The peak in the graph represents taxable receipts of \$21,285,921 (April 2013), which is higher than any other month represented in this graph and going back to January 2002. The average taxable receipts plus the standard deviation is \$17,662,084, which is \$3,623,837 less than the taxable receipts for the month when the event occurred (April 2013).

Considering only April HOT receipts for Fort Worth from 2002 to 2013, the average amount subject to state tax was \$15,125,220 with a standard deviation of \$3,728,325. The average

taxable receipts plus the standard deviation is \$18,853,545, which is \$2,432,376 less than receipts during the month when the event occurred. This represents additional tax revenue of \$145,943 during this period.

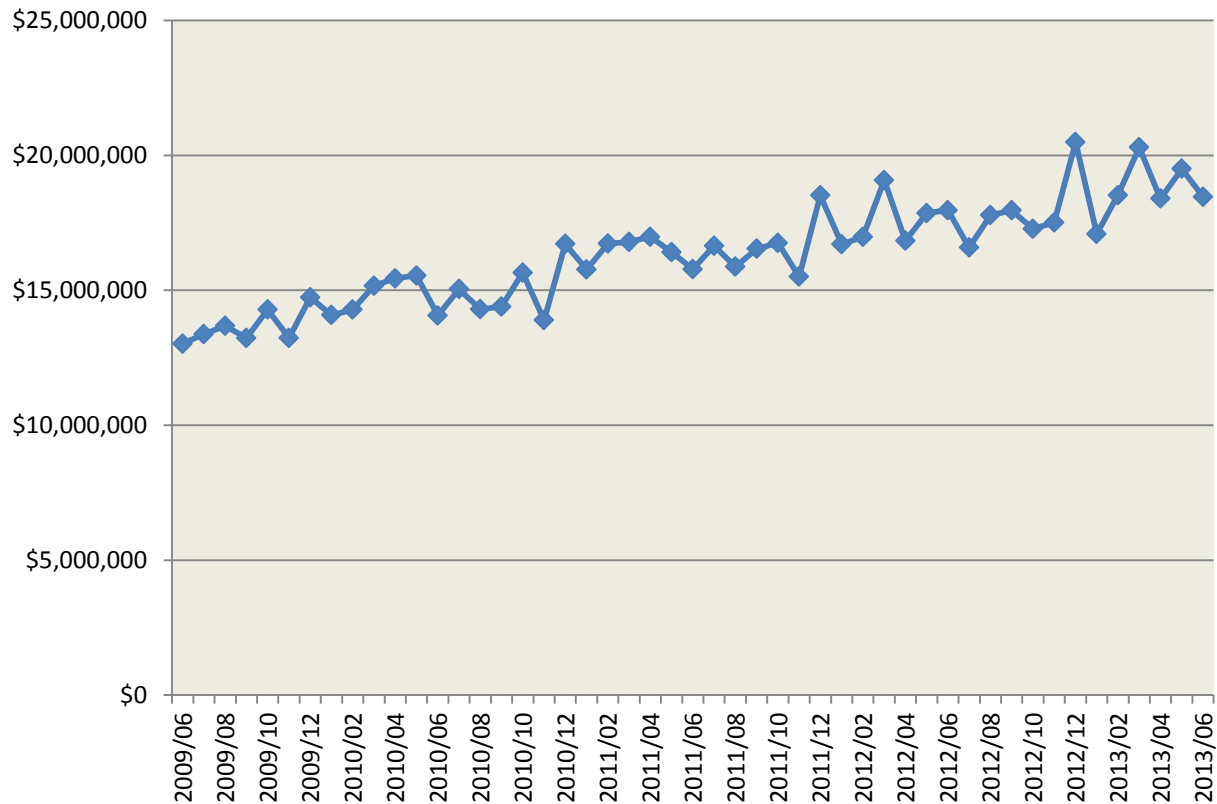
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as much by population and economic growth, and these numbers are mainly driven by visitors from outside of the area. Also, based on numbers provided by the event organizers, a less-sophisticated method of analysis estimated a tax benefit of \$64,951 in additional taxes to the state. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$145,943. The initial pre-event estimate had predicted \$55,282 in additional HOT revenue, while a third-party post-event analysis estimated a direct spending impact to state HOT revenues of \$70,389.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$55,282	\$70,389

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II C Analysis--Mixed Beverage Tax:

Monthly Mixed Beverage Gross Receipts for Fort Worth



Source: Texas Comptroller of Public Accounts

This graph includes only historical mixed beverage taxable receipt amounts by calendar month. The monthly mixed beverage taxable amounts correspond to the month in which they were distributed. This graph includes amounts for Fort Worth.

The average monthly mixed beverage gross receipts for this area, from January 2002 to June 2013, were \$12,886,466 with a standard deviation of \$3,126,120. The peak in the graph represents taxable receipts of \$20,494,918 (December 2012), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is \$16,012,586, which is \$2,385,855 less than the gross receipts during the month when the event occurred (\$18,398,441 for April 2013).

The second method of analysis considered mixed beverage taxes for only the month when the event took place for Fort Worth from 2002 to 2013. The average receipts subject to tax, which are 14 percent of gross receipts for the month, were \$1,813,158 with a standard deviation of \$466,053. The average taxable receipts plus the standard deviation is \$2,279,211 which is \$296,571 less than receipts during the month when the event occurred (\$2,575,782). The state

gets roughly 79 percent of taxable receipts. This represents additional revenue of \$234,291 during the months of the event.

The second method of analysis of mixed beverage revenues estimated that the state received an additional \$234,291. Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic and population growth leading to an estimate of \$117,146. The initial pre-event estimate had predicted \$26,592 in additional revenue, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$14,411.

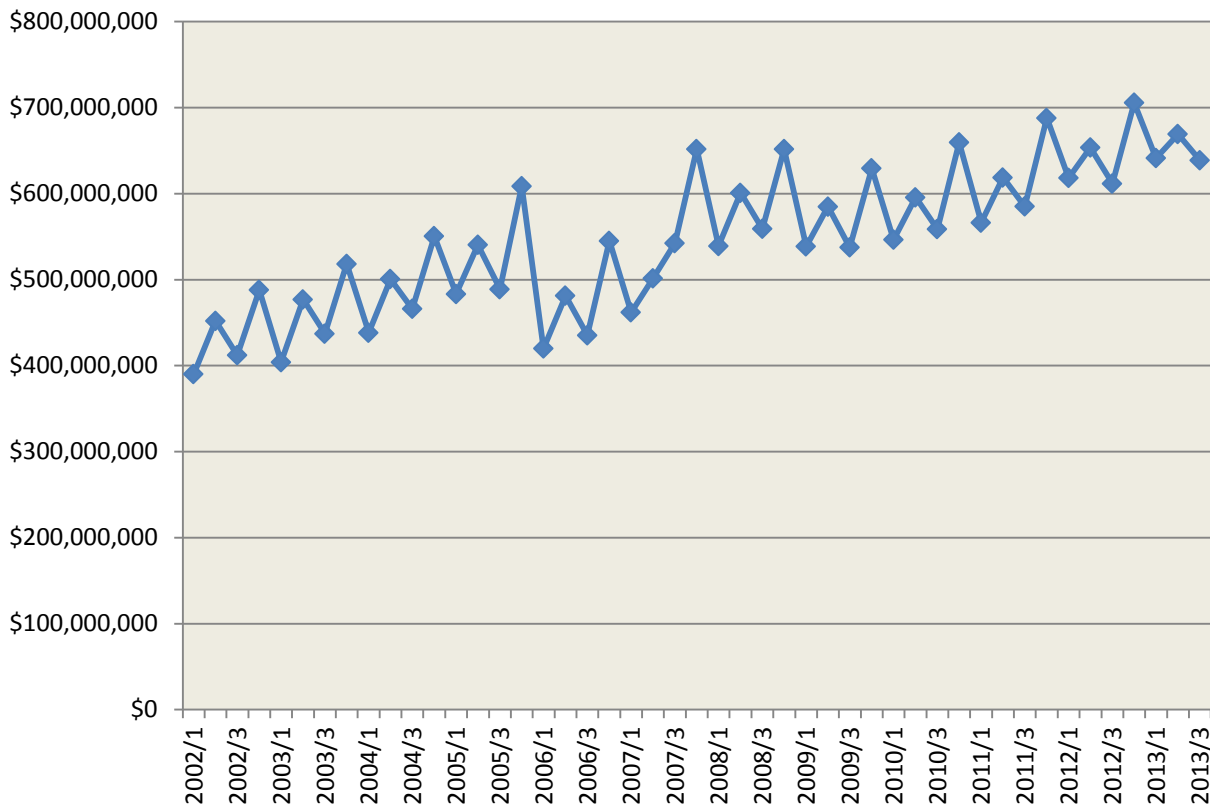
Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$26,592	\$14,411

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II D Analysis--Sales and Use Tax:

The graph below is the sum of taxable sales for those industries most affected by out-of-state visitors for the event market area within a subset of 2- and 3-digit North American Industry Classification System (NAICS) code categories to include: NAICS code 447 (Gasoline Stations); NAICS code 448 (Clothing and Clothing Accessories Stores); NAICS code 4521 (Department Stores); NAICS code 71 (Arts, Entertainment, and Recreation); NAICS code 721 (Accommodation); and NAICS code 722 (Food Service and Drinking Places). The graph includes data only from holders of sales tax permits; businesses that sell only goods that are outside the sales tax base are not covered by these reports. A business that files yearly reports will show up only in a single quarter. The peak in this graph occurs in the fourth quarter of 2012.

Quarterly Gross Sales Subject to State Tax in Fort Worth



Source: Texas Comptroller of Public Accounts

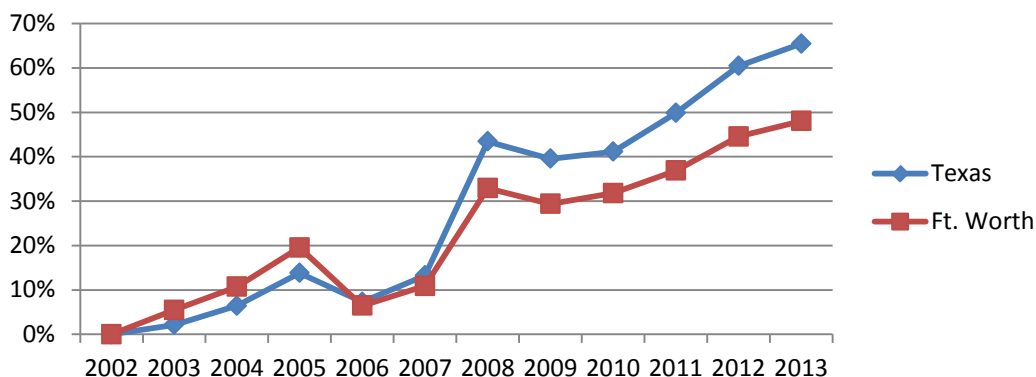
The average amount (reported quarterly) subject to sales tax for this area from 1Q 2002 to 3Q 2013 was \$546,708,707 with a standard deviation of \$83,550,625. The amount subject to sales tax in the quarter during when the event took place (second quarter of 2013) was \$669,268,567, which is \$39,009,235 more than the average amount subject to sales tax and the standard deviation.

The second method of analysis of sales tax data that looks at only the second quarter of each year illustrates a slightly different picture. Average collections subject to sales taxes for the industries mentioned above for the second quarter of each year (from 2002 to 2013) were averaged. Average collections subject to sales taxes for the second quarter were \$556,351,387 with a standard deviation of \$73,628,257. The average plus the standard deviation is \$629,979,644. Collections subject to sales taxes for the second quarter of 2013 were \$669,268,567, which is \$39,288,923 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$2,455,558 to the state as a result of increased sales.

The second method used to analyze the impact of the event that estimated a drastic jump in state revenues during the second quarter of 2013 can partially be explained by an overall growth in taxable sales in the state of Texas. Fort Worth and Tarrant County host many events during a given quarter, and more people from in-state and out-of-state spending their dollars at these events push tax collections up. Coupled with an overall increase in taxable sales, endogenous and exogenous spending can appear to have an even greater impact on state tax revenues.

While there clearly was increased sales tax revenue collected during the same time an event occurred in a given area, the increase is almost certainly not all due to one major occurrence (see section below titled "Texas and Fort Worth Average 2nd Quarter Sales Subject to Tax Indexed, 2002 = 0"). The entire event occurred for less than one-third of the quarter and other events in the market area could have also had a positive effect on sales tax collections. This method of analysis estimates that the state of Texas received \$2,455,558 additional sales tax dollars from the event market area during the second quarter of 2013.

Texas and Fort Worth Average 2nd Quarter Sales Subject to Tax Indexed (2002 = 0)



Source: Texas Comptroller of Public Accounts

The graph above illustrates the second quarter taxable sales in Fort Worth and the state as a whole were growing at comparable rates using 2002 as a base year. In fact, from 2003 through 2005, Fort Worth's taxable sales subject to sales and use tax actually grew at a faster rate than Texas'. While growth in taxable sales and corresponding tax revenue might seem uncharacteristically large for Fort Worth, the rest of the state was also experiencing this same growth.

Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic growth and other factors in the region as well as a new sales tax on mixed beverages, leading to an estimate of \$1,227,779 to the state as a result of increased sales. **This is over and above what would have been expected based on past performance.** A pre-event analysis estimated that the state would receive an additional \$383,898 in sales and use tax due to the event, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$275,451.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$383,898	\$275,451

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II E Analysis--Rental Car Tax:

The state of Texas imposes a tax on motor vehicle rentals, but the rate is based on the length of the rental contract. For contracts of 1-30 days, the state rate is 10 percent of gross receipts less discount and separately stated fees for insurance, fuel, and damage assessments.

Unlike the other tax types, rental car tax is not reported to the Comptroller by location address. For example, if a corporate taxpayer has multiple locations in the state, they file one return for all gross rental tax. Taxpayers do not report to the Comptroller's Office based on location and the Comptroller's Office does not permit the taxpayer based on each location. For this reason, an examination of this tax type by location provides no useful data for these analyses.

In order to provide a complete estimate of direct-spending tax revenue from this tax type, the CPA initial estimate number was used for this post-event analysis. A third-party post-event analysis estimated a direct spending impact to state revenues of \$15,733.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$17,071	\$15,733

II F Analysis--Title V Alcoholic Beverage Code Tax:

The state of Texas also imposes a tax on the amount of alcohol that manufacturers sell to retail establishments. The tax rate varies by class on the amount of alcoholic content of beverages by class per gallon. Distilled spirits are taxed at the highest rate at \$2.40 per gallon, while beer that is 4% alcohol by volume and lower is taxed at \$0.193548 per gallon.

While wholesalers are not reporting wholesale alcohol sales by location, they do submit how much volume they sold to retail establishments. Determining how much volume each retail establishment in the event market area purchased for each class of alcohol, then deriving how much tax was paid based on the volume and class would be extensive. Therefore, given how much state revenue is derived from this tax type (about one-third of one-percent of the total of all taxes collected for this analysis) comparative to the other tax types, for the purpose of this analysis, the initial estimate was used. A third-party post-event analysis offered no estimate as to the impact to state revenues from this tax type.

Tax Type	Initial Estimate	Third-Party Post-Event
Title V ABC Tax	\$1,612	NA

III. Conclusion

1. Third-Party Post-Event Analysis

Post event analysis conducted by a third-party vendor estimated economic impact based on direct spending. Based on their analysis, they estimated that the total impact to the state of Texas was **\$375,984** in additional state tax revenues.

2. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$484,454**.

Comptroller data suggest that the Fort Worth metro area experienced increased economic activity during the event. The precise state share of this increased economic activity due to out-of-state consumption is unknown given the inability of available data to identify the amount contributed directly from out-of-state visitors. Additionally, it is worth noting that while a large metropolitan area that hosts a large event will almost certainly see a noticeable increase in tax revenues, the additional revenues are not as identifiable with smaller events such as this one. That being said, the amount of additional tax revenue the state received from the major tax types does exceed the initial estimates. **This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$895,011 is reasonable based on the tax increases that occurred in the market area during the period in which the event occurred.**

APPENDIX A

The tables below show the various tax types and the additional revenue amount estimates for the Futurity. The first table illustrates the three largest verifiable tax revenue generators and the amount estimated by three different analyses. The last three tables show the analysis of additional revenue to the state from all 5 tax types as estimated by three different methods.

Tax Type	Initial Estimate	2Q 2013 Actual minus 2Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$383,898	\$1,227,779	\$275,451
HOT	\$55,282	\$145,943	\$70,389
Mixed Beverage	\$26,592	\$117,146	\$14,411
Total	\$465,772	\$1,490,868	\$360,251

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$383,898	79.24%
2. Hotel Occupancy Tax	\$55,282	11.41%
3. Rental Car tax	\$17,071	3.52%
4. Mixed Beverage Tax	\$26,592	5.49%
5. Title 5, Alcoholic Beverage Code tax	\$1,612	0.33%
Total	\$484,454	100%

Third-Party Post-Event Analysis		
Tax Type	State Share of Tax	Percent of Total
Sales and Use Tax	\$275,451	73.26%
HOT	\$70,389	18.72%
Rental Car	\$15,733	4.18%
Mixed Bev	\$14,411	3.83%
Title 5 Alcohol	NA	0.0%
Total	\$375,984	100%

2Q 2013 Actual minus 2Q Average and Standard Deviation (2002-13)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$1,227,779	81.33%
2. Hotel Occupancy Tax	\$145,943	9.67%
3. Rental Car tax*	\$17,071	1.13%
4. Mixed Beverage Tax**	\$117,146	7.76%
5. Title 5, Alcoholic Beverage Code tax*	\$1,612	0.11%
Total	\$1,509,550	100%

*Initial estimate used due to how this tax is reported. See
"Analysis" section (II E and II F) for further explanation.

**State share was derived using Gross Collections for April (2002-
13); not quarterly

Historical averages and standard deviations were calculated and
subtracted from 2013 actual figures. The tax rate was then
applied to the difference to arrive at the "State Share of Sales
Tax" figure.

APPENDIX B

Given the historical amount subject to state tax, is it statistically feasible that the event caused the observed increase in taxable sales? A single sample test of hypothesis was conducted to answer this question. The steps used in conducting these tests for each tax type are as follows:

Sales and Use Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen², it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$669$ Million
	Alternative (Ha)	$\mu \neq \$669$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.106$
		$t^* > 3.106$
Estimated t =	t*	5.3126
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the sales and use tax		

² Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

collected for the period is not normally seen given historical data.

Hotel Occupancy Tax (HOT):

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen³, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$21.3$ Million
	Alternative (Ha)	$\mu \neq \$21.3$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.106$
		$t^* > 3.106$
Estimated t =	t*	5.7241
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the hotel occupancy tax collected for the period is not normally seen given historical data.		

³ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Mixed Beverage Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the state share of gross receipts in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the state share of gross receipts in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁴, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$2 \text{ Million}$
	Alternative (Ha)	$\mu \text{ not } = \$2 \text{ Million}$
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.106$
		$t^* > 3.106$
Estimated t =	t*	5.6685
Action (result)		Reject Ho
Based on the test, the state share of gross receipts for the period in question is not statistically probable. This means that the state share of gross receipts for the mixed beverage tax for the period is not normally seen given historical data.		

⁴ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Cover Sheet

Event: 2013 National Cutting Horse Association (NCHA) Summer Spectacular

Date: July 13 – August 3, 2013

Location: Fort Worth, Texas

Report Date: December 2014

Post Event Analysis

2013 National Cutting Horse Association (NCHA) SUMMER SPECTACULAR – Fort Worth, Texas

I. Introduction

This post-event analysis is intended to evaluate the short-term tax benefits to the state through review of tax revenue data to determine the level of incremental tax impact to the state of Texas from the event. A primary purpose of this analysis is to determine the reasonableness of the initial incremental tax estimate made by the Comptroller's office prior to the event. The initial estimate is included in Appendix A.

Determining the tax impact of the **2013 National Cutting Horse Association (NCHA) Triple Crown of Cutting – SUMMER SPECTACULAR** is affected by the timing of the event, which coincides with the recovery from the economic recession. The agency's analysis shows that the sales and use tax increases in the market area were higher than the statistical model would have predicted, as well as higher than the percentage statewide increases. While some of this increase is certainly due to the event, it also appears that some of the increase was due to other factors, most likely the economic rebound.

Determining the tax impact from an event is dependent upon how many out-of-state participants and visitors attend the event. The tax type that is the largest contributor to the economy is the sales and use tax, but the Hotel Occupancy Tax (HOT) tax most likely is the best indicator of how many out of market and out-of-state visitors an event may have attracted.

An assessment of July HOT revenues from 2002 to 2013 shows that the state received \$203,903 above-average tax collections (including adjustments for atypical fluctuations that periodically occur over any given period). A post-event study provided by the event organizer estimated that 5,398 contestants, vendors and out-of-state spectators attended the event. The agency conducted a simple analysis to determine the reasonableness of the reported out-of-state attendee number, using the following assumptions:

1. Each room would cost an average of roughly \$110 per day; and
2. There were 7,235 room nights paid for by out-of-state participants and visitors (the event was a total of 20 days).

This simple analysis yields an amount of approximately \$47,751 in additional taxes to the state ((number of room nights X average room rate) X state HOT rate). While this amount is less than the initial estimate, it is also significantly less than the actual increase of state HOT taxes for the event months.

While it is impossible to attribute increased economic activity to event participants and attendees given the data readily available to the Comptroller's Office, it is reasonable to assume

that they did contribute some amount to the overall increase, and provides credence to the third party estimate of 5,398 contestants, vendors and out-of-state visitors.

Considering the attendance figure from the third-party study and actual observed HOT data, it could be inferred that the event host city experienced positive economic activity due to this event. However, it is unknown:

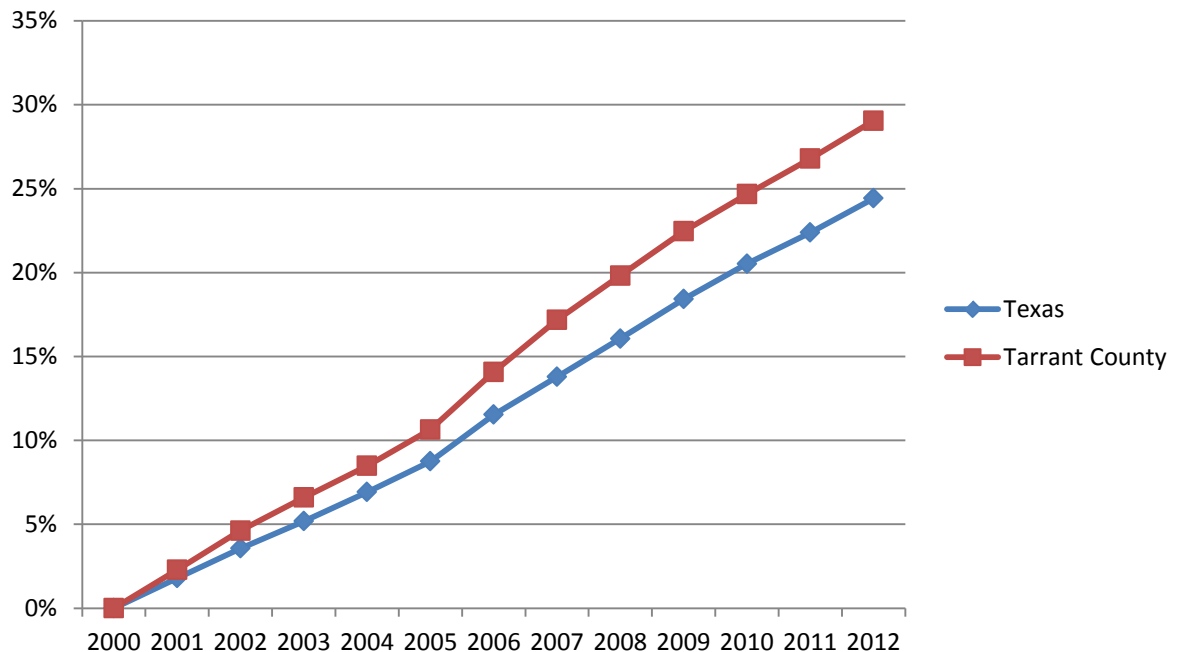
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

While the above example using actual HOT tax receipts provides a reasonable assessment that the event performed in line with expectations, the agency also performed additional analysis' on the various state taxes to further study the tax performance during the event period.

Overview of the Local Economy

While the rest of the United States was falling into a recession, the state of Texas was weathering the economic downturn better than most. Buoyed by the oil and gas industry and avoiding the housing crisis made Texas more economically viable than other states. Due in part to these and other factors, Texas experienced solid population growth over the past decade.

Texas and Tarrant County Indexed Population Growth, 2000 = Base Year

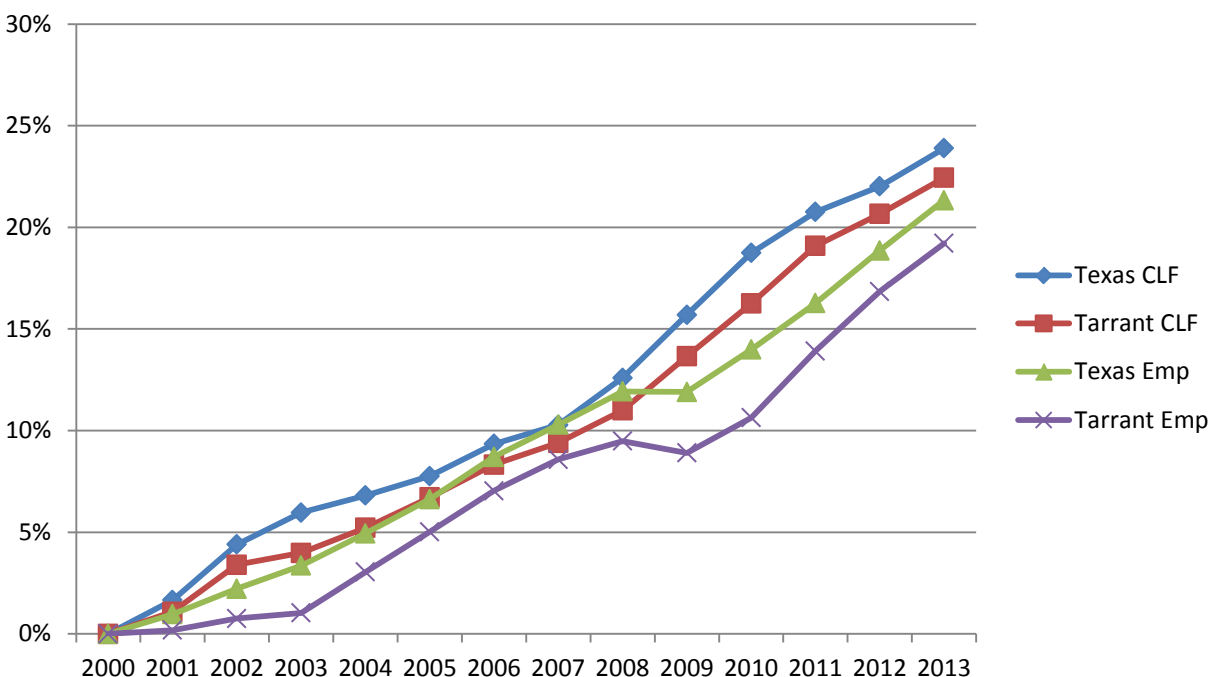


Source: U.S. Census Bureau.

From 2000 to 2012, Texas' population grew at an average of roughly two percent per year. By 2012, the Texas and Tarrant County populations had grown by 24.42 and 29.05 percent, respectively, from their levels in 2000. The graph above illustrates that Texas and Tarrant County populations grew at a steady pace at almost the same rate for the past twelve years. And, as the population grew, more working state residents contributed to the Texas economy.

The growing population created an expanding Civilian Labor Force (CLF) and more employed people in Texas and Tarrant County. According to the Texas Workforce Commission, from 2000 to 2013, the CLF in Texas and Tarrant County had grown by 23.89 and 22.44 percent respectively. While the number of employed persons didn't keep pace with the CLF, from 2000 to 2013, employed persons in Texas and Tarrant County grew by 21.34 and 19.22 percent respectively. The graph below illustrates that the growth rates of Texas and Tarrant County CLF and employed track very close to each other. Only once during this period did the number of employed persons experience slower growth, which occurred between 2008 and 2009. The growing population and CLF provided some additional fuel to the economic engine of Texas.

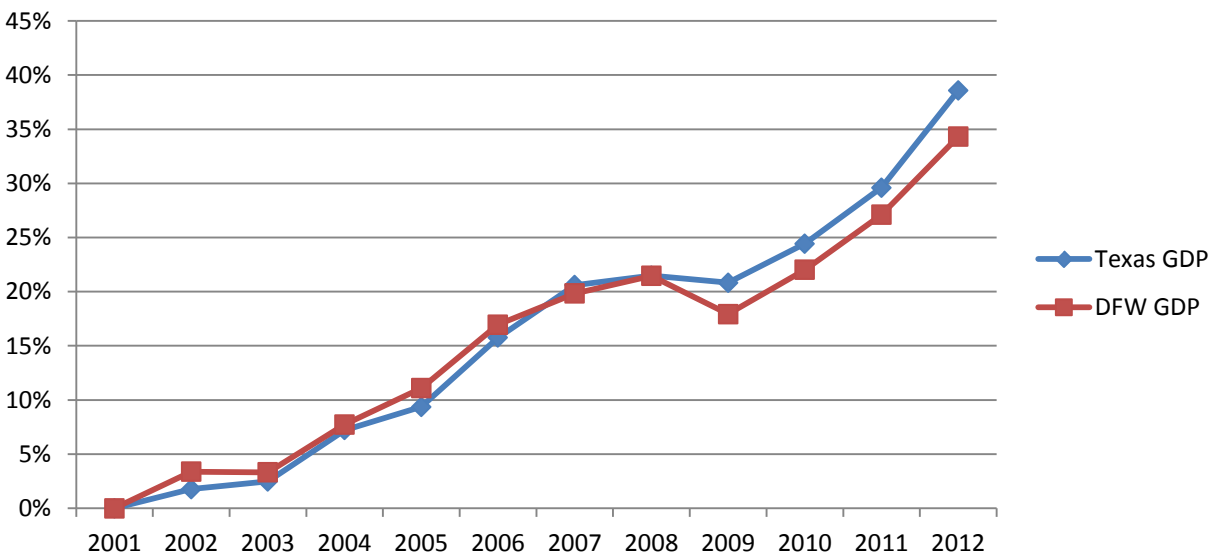
Texas and Tarrant County Civilian Labor Force (CLF) and Employment Growth Index, 2000 = Base Year



Source: U.S. Bureau of Labor Statistics

One measure of output for a state or local government area is Gross State Product (GSP) or Gross Regional Product (GRP). This is a measure of all of the value added by industries within the geographic area and is a counterpart to Gross Domestic Product (GDP)¹. As the population increases and more people go to work for various industries, output grows and so does the corresponding measure of GDP. The graph below illustrates that industry output in Texas and the Dallas-Fort Worth-Arlington (DFW) Metropolitan Statistical Area (MSA) has been on an upward trend for the past decade. While Texas and the DFW MSA experienced a few years of slower growth in output, overall growth in industrial output over this period has been similar to growth in population and CLF.

Texas and DFW Metropolitan Statistical Area Real GDP (2009 Chained Dollars) Growth Index, 2001 = Base Year



Source: U.S Department of Commerce Bureau of Economic Analysis.

When the growth index for population, CLF and GDP are compared for Texas, Tarrant County and the DFW MSA it becomes apparent how closely they track together over time. Growth for these three measures is about 20 percent higher than the base year, which also illustrates how closely these three measures are tied together.

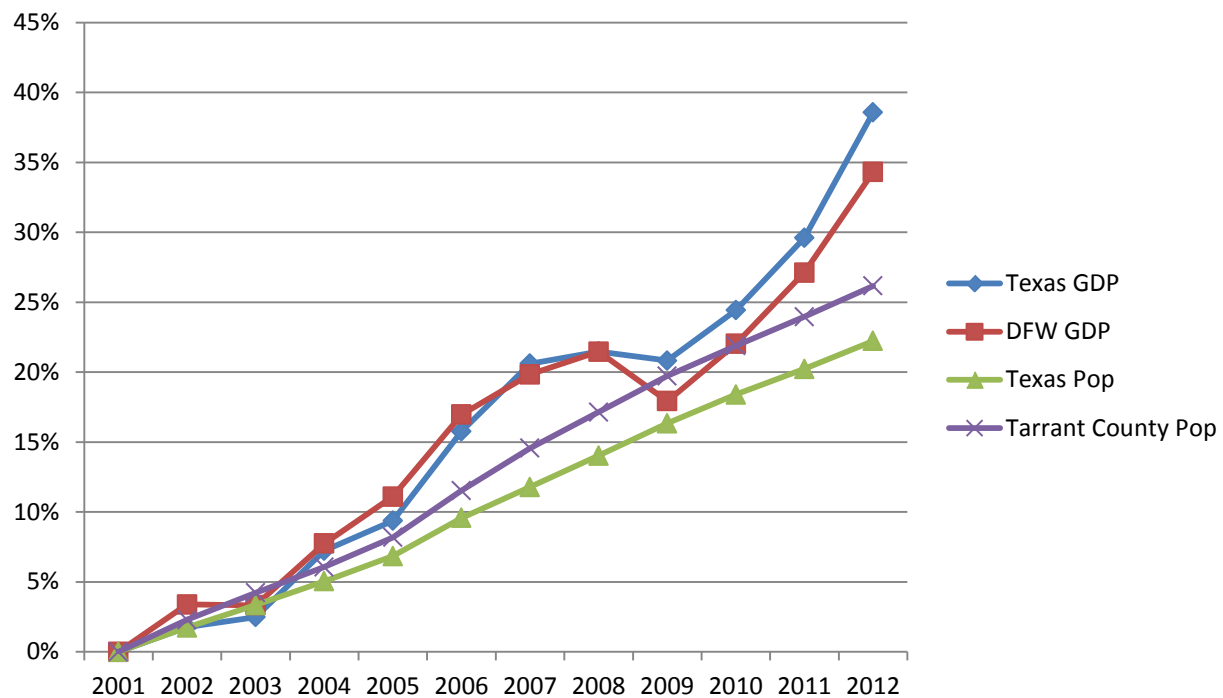
The graph below illustrates the previous point that the Texas, Tarrant County and DFW MSA population and GDP grew at similar rates over the past decade. While population indices show a steady growth over time, GDP indices reflect the changes that occur in a more volatile and dynamic environment like the economy. The diverse economy in Texas is able to weather shocks

¹ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

to one or a few industry sectors and still remain viable. As one industry sheds workers and productivity, another is there to pick up some of those workers and productivity that was lost.

While taxable sales and revenues to the state may appear to rise due to a major event, the fact is that the Texas economy has been growing in terms of output and employment for many years now. Even during the recession the Texas economy was still growing relative to where it was earlier in the same decade, though that growth occurred at a slower rate. So, it is important to remember that the Texas economy has been on an upward trend. And in a state with steady population and civilian labor force growth, it's not hard to realize steady gains in output as well.

Growth Index for Texas, Tarrant County and DFW MSA for Population and Real GDP (Population & Real GDP base year = 2001)



Source: U.S. Census Bureau and the U.S. Department of Commerce Bureau of Economic Analysis.

While Fort Worth and Tarrant County undoubtedly benefitted from hosting a major event, gauging that benefit within the backdrop of a growing economy can be challenging.

II. Methodology

The METF statute requires the Comptroller's office to estimate the incremental increase in taxes for both the state and any municipality (or county) that contributes local matching funds. For the purposes of this analysis, staff attempted to determine if there was a measurable change in **state** taxes due to the event. This presents challenges for two primary reasons: the size and population of the state and the fact that taxes are remitted to the state based on receipts from 30-90 day periods, depending on the tax type. The incremental tax increase in the state due to an event in a large and dynamic tax system may not be readily distinguishable from incremental changes due to other factors.

Also, measuring the actual incremental tax increase produced as a result of a particular event with accuracy requires certain information that is not readily available. The primary determinants that would be required to accurately measure the incremental increase in taxes are:

- the number of out-of-state visitors;
- the length of stay for those visitors; and
- the expenditures per day for those visitors.

The incremental taxes attributable to the out-of-state fans for the event make up the majority of the estimate (approximately 65 to 75 percent of the total estimated incremental taxes).

Since the exact number of out-of-state visitors, length of stay, and expenditures per day is not known with certainty, our analysis relies on overall changes in tax collections to make an informed judgment as to whether the initial estimate was reasonable.

Incremental tax impact to the state, for these purposes, is estimated by gauging exogenous or out-of-state spending. It is assumed that all attendees have limited disposable income for entertainment, and that Texas residents would likely have chosen to spend their entertainment dollars at another Texas venue or event in the absence of the event in question. While it is impossible to track all out-of-state visitors and their spending habits, a noticeable increase in taxable sales points to a positive economic impact due to a major event. This analysis uses two methods for examining tax data.

Method 1 looks at the past 12 years of quarterly (or monthly) tax data to determine average collections for any given quarter (or month). Standard deviations are calculated and if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The more the sales deviate from the average plus the standard deviation or outside the normal distribution, the stronger the indication of the magnitude of the impact.

Method 2 looks at only the quarter (or month) in question for the past 12 years (2002 to 2013). Based on sales subject to tax, average collections and standard deviations are calculated. Like

the method described previously, if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that an event must have pushed sales upward. The magnitude of the impact can be gauged by measuring the amount of state taxes collected over the average plus the standard deviation.

The methodology used for this analysis focuses on direct taxes, since indirect and induced impacts are calculated using a dynamic modeling software package, and are dependent on the direct taxes.

The Comptroller's Office also ran statistical tests (Appendix B) on the three tax types that generated the most revenue which could be verified (Sales and Use, Hotel Occupancy, and Mixed Beverage). The test indicated at the 99 percent confidence level, the amount subject to state tax was not normal during the period the event occurred and is statistically different from similar collections from the same time period in previous years. This statistical difference implies that the event was likely responsible for the difference in tax collection levels for the period.

Analysis

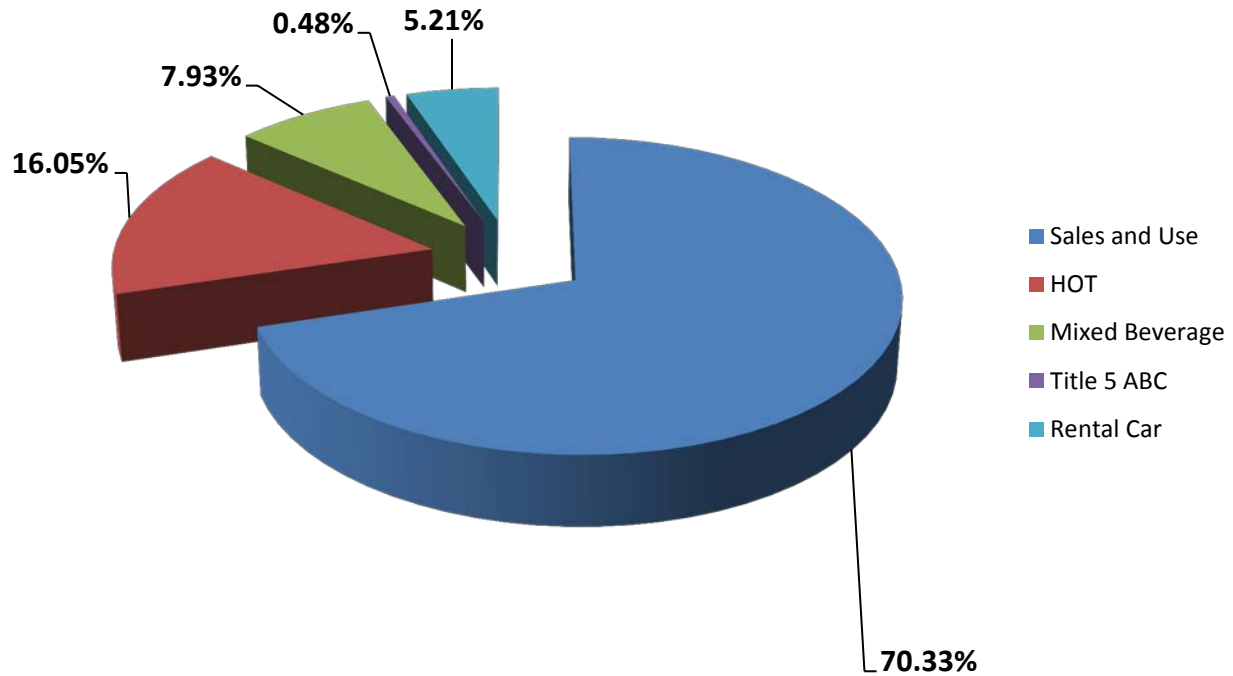
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

1. Sales and Use Tax
2. Hotel Occupancy Tax
3. Rental Car tax
4. Mixed Beverage Tax
5. Title 5, Alcoholic Beverage Code tax

Of these 5 taxes, the estimate of general Sales and Use tax, Hotel Occupancy tax (HOT), and Mixed Beverage tax are the largest verifiable tax types. In the case of the event in question, the Sales and Use tax and the HOT made up roughly 70 and 16 percent respectively, while the Mixed Beverage made up approximately 8 percent. Based on figures used for initial estimates, the Rental Car tax made up 5 percent and the Title 5 Alcohol tax made up nearly one-half of one percent.

Rental car taxes are paid by rental car companies at the state-wide level and are not attributable to specific geographic locations. Title 5 Alcohol taxes make up a small percentage of the overall estimate and due to the small amount, any change due to a specific event is difficult to calculate. Due to these challenges involved and relatively minor amounts of rental car tax and Title 5 alcohol, this analysis uses initial estimates and does not attempt to quantify changes in these two tax types.

II A Analysis—All Tax Types



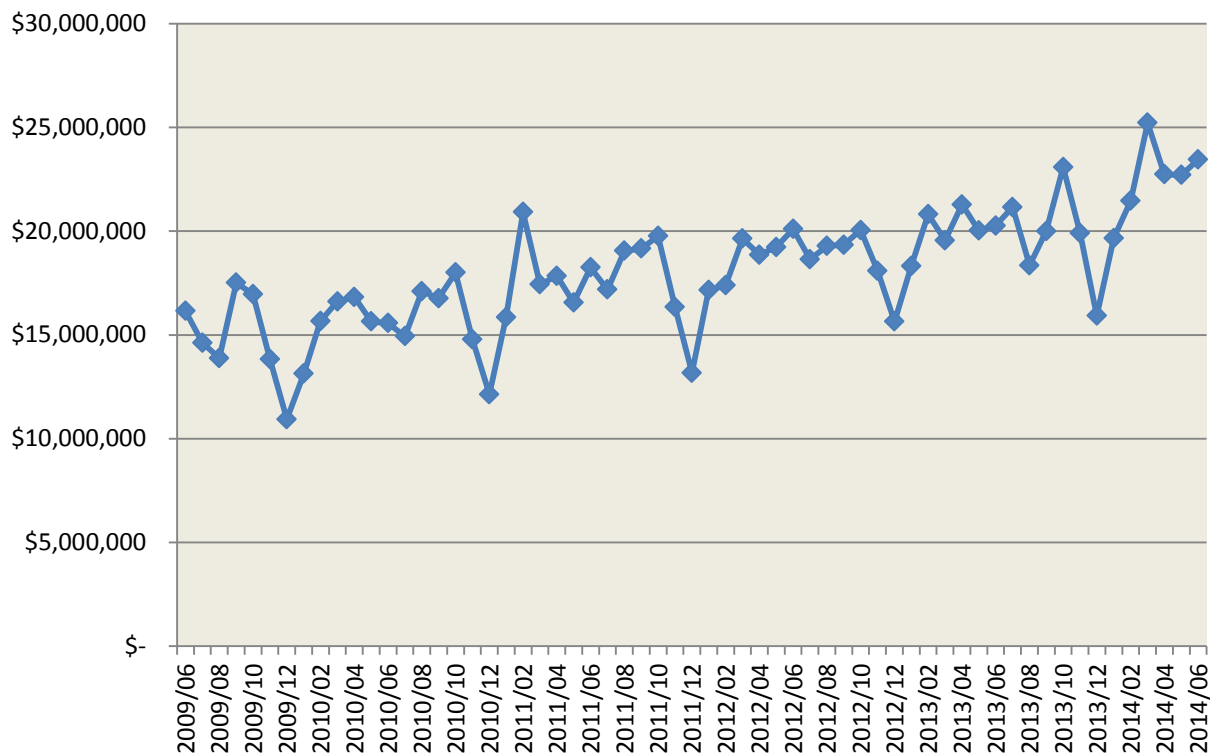
Source: Texas Comptroller of Public Accounts

The above chart illustrates that sales tax makes up the majority of additional estimated revenue to the state from major events. **Taxes collected from sales tax, mixed beverage tax, and hotel occupancy tax make up roughly 94 percent of the funds generated by the event for the 5 specific tax types that are addressed in the statute.**

II B Analysis--Hotel Occupancy Tax:

The charts below depict HOT taxable receipts, mixed beverage tax allocations, and gross sales subject to state tax.

Monthly Hotel Occupancy Taxable Receipts - Fort Worth



Source: Texas Comptroller of Public Accounts

This graph does not represent all monthly HOT receipts, but only those that are taxable. The dollar value that corresponds to any one month represents the HOT taxable receipts that are attributable to that month. This graph includes HOT taxable receipts for the event market area. The event in question took place from July 13 to August 3, 2013.

The average monthly HOT taxable receipts for this area from January 2002 to June 2014 were \$14,721,262 with a standard deviation of \$3,916,477. The peak in the graph represents taxable receipts of \$25,223,626 (March 2014), which is higher than any other month represented in this graph and going back to January 2002. The average taxable receipts plus the standard deviation is \$18,637,739, which is \$2,517,453 less than the taxable receipts for the month when the event occurred (July 2013).

Considering only July HOT receipts for Fort Worth from 2002 to 2013, the average amount subject to state tax was \$14,248,606 with a standard deviation of \$3,508,207. The average

taxable receipts plus the standard deviation is \$17,756,812, which is \$3,398,380 less than receipts during the month when the event occurred. This represents additional tax revenue of \$203,903 during this period.

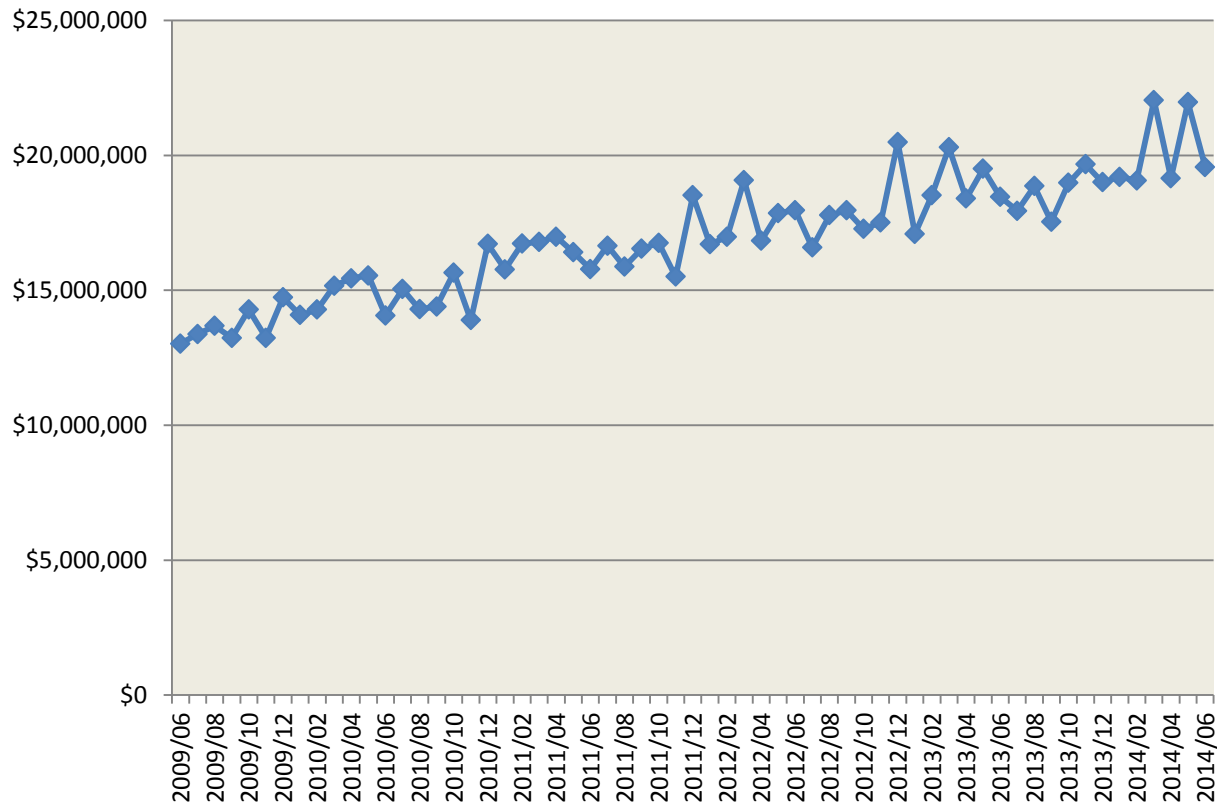
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as much by population and economic growth, and these numbers are mainly driven by visitors from outside of the area. Also, based on numbers provided by the event organizers, a less-sophisticated method of analysis estimated a tax benefit of \$47,751 in additional taxes to the state. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$203,903. The initial pre-event estimate had predicted \$63,244 in additional HOT revenue, while a third-party post-event analysis estimated a direct spending impact to state HOT revenues of \$51,959.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$63,244	\$51,959

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II C Analysis--Mixed Beverage Tax:

Monthly Mixed Beverage Gross Receipts for Fort Worth



Source: Texas Comptroller of Public Accounts

This graph includes only historical mixed beverage taxable receipt amounts by calendar month. The monthly mixed beverage taxable amounts correspond to the month in which they were distributed. This graph includes amounts for Fort Worth.

The average monthly mixed beverage gross receipts for this area, from January 2002 to June 2014, were \$13,408,867 with a standard deviation of \$3,504,283. The peak in the graph represents taxable receipts of \$22,041,935 (March 2014), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is \$16,913,150, which is \$1,027,674 less than the gross receipts during the month when the event occurred (\$17,940,824 for July 2013).

The second method of analysis considered mixed beverage taxes for only the month when the event took place for Fort Worth from 2002 to 2013. The average receipts subject to tax, which are 14 percent of gross receipts for the month, were \$1,804,845 with a standard deviation of \$438,814. The average taxable receipts plus the standard deviation is \$2,243,658 which is \$268,057 less than receipts during the month when the event occurred (\$2,511,715). The state

gets roughly 79 percent of taxable receipts. This represents additional revenue of \$211,765 during the months of the event.

The second method of analysis of mixed beverage revenues estimated that the state received an additional \$211,765. Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic and population growth leading to an estimate of \$105,883. The initial pre-event estimate had predicted \$31,246 in additional revenue, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$15,712.

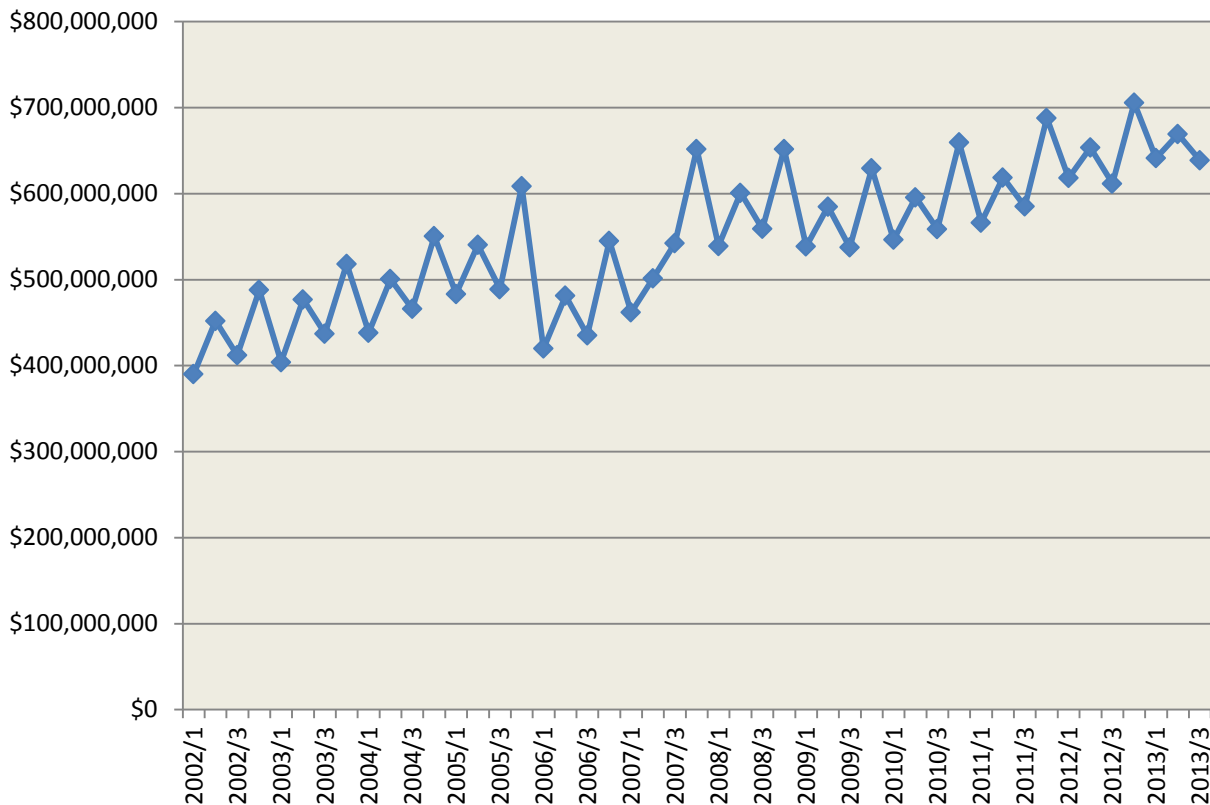
Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$31,246	\$15,712

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II D Analysis--Sales and Use Tax:

The graph below is the sum of taxable sales for those industries most affected by out-of-state visitors for the event market area within a subset of 2- and 3-digit North American Industry Classification System (NAICS) code categories to include: NAICS code 447 (Gasoline Stations); NAICS code 448 (Clothing and Clothing Accessories Stores); NAICS code 4521 (Department Stores); NAICS code 71 (Arts, Entertainment, and Recreation); NAICS code 721 (Accommodation); and NAICS code 722 (Food Service and Drinking Places). The graph includes data only from holders of sales tax permits; businesses that sell only goods that are outside the sales tax base are not covered by these reports. A business that files yearly reports will show up only in a single quarter. The peak in this graph occurs in the fourth quarter of 2012.

Quarterly Gross Sales Subject to State Tax in Fort Worth



Source: Texas Comptroller of Public Accounts

The average amount (reported quarterly) subject to sales tax for this area from 1Q 2002 to 3Q 2013 was \$546,708,707 with a standard deviation of \$83,550,625. The amount subject to sales tax in the quarter during when the event took place (third quarter of 2013) was \$638,860,468, which is \$8,601,136 more than the average amount subject to sales tax and the standard deviation.

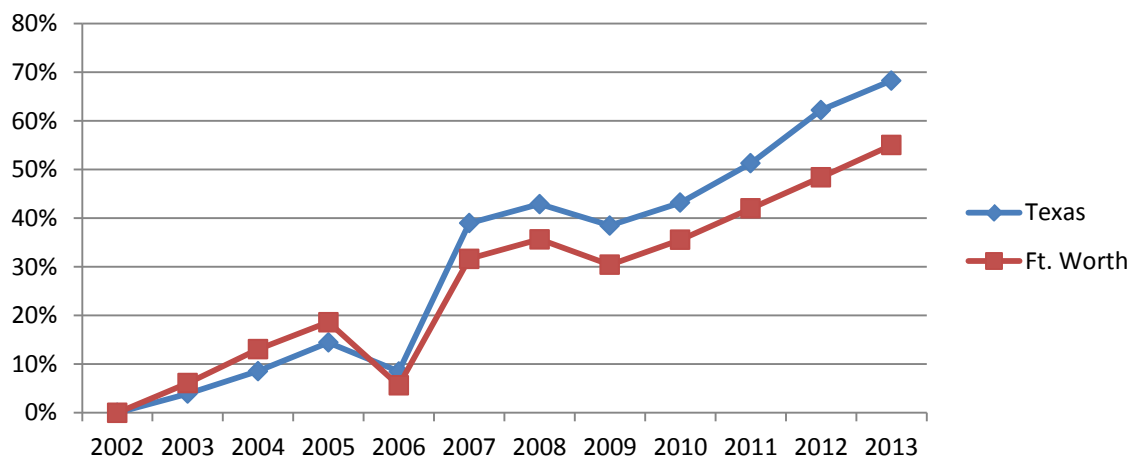
The second method of analysis of sales tax data that looks at only the third quarter of each year illustrates a slightly different picture. Average collections subject to sales taxes for the industries mentioned above for the third quarter of each year (from 2002 to 2013) were averaged.

Average collections subject to sales taxes for the third quarter were \$522,784,225 with a standard deviation of \$73,885,245. The average plus the standard deviation is \$596,669,470. Collections subject to sales taxes for the third quarter of 2013 were \$638,860,468, which is \$42,190,998 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$2,636,937 to the state as a result of increased sales.

The second method used to analyze the impact of the event that estimated a drastic jump in state revenues during the third quarter of 2013 can partially be explained by an overall growth in taxable sales in the state of Texas. Fort Worth and Tarrant County host many events during a given quarter, and more people from in-state and out-of-state spending their dollars at these events push tax collections up. Coupled with an overall increase in taxable sales, endogenous and exogenous spending can appear to have an even greater impact on state tax revenues.

While there clearly was increased sales tax revenue collected during the same time an event occurred in a given area, the increase is almost certainly not all due to one major occurrence (see section below titled "Texas and Fort Worth Average 3rd Quarter Sales Subject to Tax Indexed, 2002 = 0"). The entire event occurred for less than one-third of the quarter and other events in the market area could have also had a positive effect on sales tax collections. This method of analysis estimates that the state of Texas received \$2,636,937 additional sales tax dollars from the event market area during the third quarter of 2013.

Texas and Fort Worth Average 3rd Quarter Sales Subject to Tax Indexed (2002 = 0)



Source: Texas Comptroller of Public Accounts

The graph above illustrates the third quarter taxable sales in Fort Worth and the state as a whole were growing at comparable rates using 2002 as a base year. In fact, from 2003 through 2005, Fort Worth's taxable sales subject to sales and use tax actually grew at a faster rate than Texas'. While growth in taxable sales and corresponding tax revenue might seem uncharacteristically large for Fort Worth, the rest of the state was also experiencing this same growth.

Based on the rapid growth of the event market area in comparison to the state at large, the relatively small number of contestants, vendors and out-of-state spectators in a very populous event market area, the agency estimates that as much as 50 percent of the calculated increase may have been due to the general economic growth and other factors in the region as well as a new sales tax on mixed beverages, leading to an estimate of \$1,318,469 to the state as a result of increased sales. **This is over and above what would have been expected based on past performance.** A pre-event analysis estimated that the state would receive an additional \$277,113 in sales and use tax due to the event, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$242,255.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$277,113	\$242,255

Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

II E Analysis--Rental Car Tax:

The state of Texas imposes a tax on motor vehicle rentals, but the rate is based on the length of the rental contract. For contracts of 1-30 days, the state rate is 10 percent of gross receipts less discount and separately stated fees for insurance, fuel, and damage assessments.

Unlike the other tax types, rental car tax is not reported to the Comptroller by location address. For example, if a corporate taxpayer has multiple locations in the state, they file one return for all gross rental tax. Taxpayers do not report to the Comptroller's Office based on location and the Comptroller's Office does not permit the taxpayer based on each location. For this reason, an examination of this tax type by location provides no useful data for these analyses.

In order to provide a complete estimate of direct-spending tax revenue from this tax type, the CPA initial estimate number was used for this post-event analysis. A third-party post-event analysis estimated a direct spending impact to state revenues of \$4,326.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$20,544	\$4,326

II F Analysis--Title V Alcoholic Beverage Code Tax:

The state of Texas also imposes a tax on the amount of alcohol that manufacturers sell to retail establishments. The tax rate varies by class on the amount of alcoholic content of beverages by class per gallon. Distilled spirits are taxed at the highest rate at \$2.40 per gallon, while beer that is 4% alcohol by volume and lower is taxed at \$0.193548 per gallon.

While wholesalers are not reporting wholesale alcohol sales by location, they do submit how much volume they sold to retail establishments. Determining how much volume each retail establishment in the event market area purchased for each class of alcohol, then deriving how much tax was paid based on the volume and class would be extensive. Therefore, given how much state revenue is derived from this tax type (about one-half of one-percent of the total of all taxes collected for this analysis) comparative to the other tax types, for the purpose of this analysis, the initial estimate was used. A third-party post-event analysis offered no estimate as to the impact to state revenues from this tax type.

Tax Type	Initial Estimate	Third-Party Post-Event
Title V ABC Tax	\$1,894	NA

III. Conclusion

1. Third-Party Post-Event Analysis

Post event analysis conducted by a third-party vendor estimated economic impact based on direct spending. Based on their analysis, they estimated that the total impact to the state of Texas was **\$314,252** in additional state tax revenues.

2. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$394,041**.

Comptroller data suggest that the Fort Worth metro area experienced increased economic activity during the event. The precise state share of this increased economic activity due to out-of-state consumption is unknown given the inability of available data to identify the amount contributed directly from out-of-state visitors. Additionally, it is worth noting that while a large metropolitan area that hosts a large event will almost certainly see a noticeable increase in tax revenues, the additional revenues are not as identifiable with smaller events such as this one. That being said, the amount of additional tax revenue the state received from the major tax types does exceed the initial estimates. **This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$725,319 is reasonable based on the tax increases that occurred in the market area during the period in which the event occurred.**

APPENDIX A

The tables below show the various tax types and the additional revenue amount estimates for the Futurity. The first table illustrates the three largest verifiable tax revenue generators and the amount estimated by three different analyses. The last three tables show the analysis of additional revenue to the state from all 5 tax types as estimated by three different methods.

Tax Type	Initial Estimate	3Q 2013 Actual minus 3Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$277,113	\$1,318,469	\$242,255
HOT	\$63,244	\$203,903	\$51,959
Mixed Beverage	\$31,246	\$105,883	\$15,712
Total	\$371,603	\$1,628,255	\$309,926

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$277,113	70.33%
2. Hotel Occupancy Tax	\$63,244	16.05%
3. Rental Car tax	\$20,544	5.21%
4. Mixed Beverage Tax	\$31,246	7.93%
5. Title 5, Alcoholic Beverage Code tax	\$1,894	0.48%
Total	\$394,041	100%

Third-Party Post-Event Analysis		
Tax Type	State Share of Tax	Percent of Total
Sales and Use Tax	\$242,255	77.09%
HOT	\$51,959	16.53%
Rental Car	\$4,326	1.38%
Mixed Bev	\$15,712	5.00%
Title 5 Alcohol	NA	0.0%
Total	\$314,252	100%

3Q 2013 Actual minus 3Q Average and Standard Deviation (2002-13)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$1,318,469	79.87%
2. Hotel Occupancy Tax	\$203,903	12.35%
3. Rental Car tax*	\$20,544	1.24%
4. Mixed Beverage Tax**	\$105,883	6.41%
5. Title 5, Alcoholic Beverage Code tax*	\$1,894	0.11%
Total	\$1,650,693	100%

*Initial estimate used due to how this tax is reported. See
"Analysis" section (II E and II F) for further explanation.

**State share was derived using Gross Collections for July (2002-
13); not quarterly

Historical averages and standard deviations were calculated and
subtracted from 2013 actual figures. The tax rate was then
applied to the difference to arrive at the "State Share of Sales
Tax" figure.

APPENDIX B

Given the historical amount subject to state tax, is it statistically feasible that the event caused the observed increase in taxable sales? A single sample test of hypothesis was conducted to answer this question. The steps used in conducting these tests for each tax type are as follows:

Sales and Use Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen², it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$638.9$ Million
	Alternative (Ha)	$\mu \text{ not } = \$638.9$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.106$
		$t^* > 3.106$
Estimated t =	t*	5.4422
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the sales and use tax		

² Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

collected for the period is not normally seen given historical data.

Hotel Occupancy Tax (HOT):

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen³, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t^*) is less than -3.106 or greater than 3.106.
5. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$21.2$ Million
	Alternative (Ha)	$\mu \neq \$21.2$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.106$
		$t^* > 3.106$
Estimated t =	t^*	6.8198
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the hotel occupancy tax collected for the period is not normally seen given historical data.		

³ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Mixed Beverage Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the state share of gross receipts in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the state share of gross receipts in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁴, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	u = \$1.98 Million
	Alternative (Ha)	u not = \$1.98 Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	t* < -3.106
		t* > 3.106
Estimated t =	t*	5.5802
Action (result)		Reject Ho
Based on the test, the state share of gross receipts for the period in question is not statistically probable. This means that the state share of gross receipts for the mixed beverage tax for the period is not normally seen given historical data.		

⁴ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

**S U S A N
C O M B S**

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



September 6, 2012

Ms. Susan Alanis
Assistant City Manager
City of Fort Worth
1000 Throckmorton Street
Fort Worth, Texas 76102

Dear Ms. Alanis:

You recently submitted a request to establish a Major Events Trust Fund. Based on your certification that the statutory requirements for the establishment of a Major Event Trust Fund have been met and that the economic materials supplied by you and your staff are accurate, we have completed our analysis.

Based on our analysis, the State of Texas will realize an incremental increase in tax revenue due to this event. As per statute, a Major Events Trust Fund will be established. However, please note that this letter does not constitute an approval for reimbursement. Any reimbursement is subject to meeting other statutory requirements (including the timely submittal of an appropriate event support contract), and any other documentation required by the Office of the Comptroller, being received by this office. It is recognized that this METF is actually the sum of three (3) individual sub-major events. Please see the attached letters for the individual METF contributions.

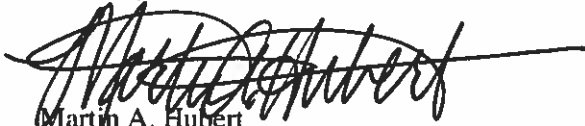
- **Event – 2012-'13 National Cutting Horse Association's Triple Crown of Cutting (2012 Futurity; 2013 Super Stakes; 2013 Summer Spectacular)**
- **Location / Venue – Fort Worth / Will Rogers Memorial Center**
- **Dates –**
 - Futurity (November 25 – December 15, 2012)
 - Super Stakes (March 30 – April 20, 2013)
 - Summer Spectacular (July 14 – August 3, 2013)
- **Estimated incremental increase in tax revenue to the State of Texas – \$3,780,447**
 - 2012 Futurity – \$2,160,119
 - 2013 Super Stakes – \$895,010
 - 2013 Summer Spectacular – \$725,318

- Local match required – \$604,874
 - 2012 Futurity – \$345,620
 - 2013 Super Stakes – \$143,202
 - 2013 Summer Spectacular – \$116,052

- Total contribution to the Major Event Trust Fund established for this event – \$4,385,321
 - 2012 Futurity – 2,505,739
 - 2013 Super Stakes – \$1,038,212
 - 2013 Summer Spectacular – \$841,370

On behalf of the people of the State of Texas, I applaud your work to bring this event to the state and know all the out-of-state visitors will enjoy your hospitality and come back to Texas again soon. If you have any further questions, please contact Robert Wood, director of the Economic Development and Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 800-531-5441, ext. 3-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

cc: Robert Wood



June 19, 2012

Via Hand Delivery

Robert Wood
Director of Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
LBJ State Office Building
111 East 17th Street
Austin, TX 78774

Dear Mr. Wood:

Enclosed with this letter are two (2) complete copies of the City of Fort Worth's request for the creation of a Major Events Trust Fund under Article 5190.14, Section 5A, Vernon's Texas Civil Statutes related to the City's hosting of the National Cutting Horse Association's Triple Crown of Cutting for the 2012-13 event. We are delivering these materials directly to you for proper routing. Should you have any questions, please do not hesitate to call my office. We appreciate the Comptroller's review of these materials and look forward to a favorable approval.

Sincerely,

Susan Alanis
Assistant City Manager
City of Fort Worth

Enclosures

CITY MANAGER'S OFFICE

THE CITY OF FORT WORTH • 1000 THROCKMORTON STREET • FORT WORTH, TEXAS 76102
817-392-6111 • FAX 817-392-6134

**NATIONAL
CUTTING
HORSE
ASSOCIATION**



260 Bailey Avenue
Fort Worth, Texas 76107
817/244-6188 • Fax 817/244-2015
Web: www.nchacutting.com

June 12, 2012

Ms. Susan Alanis
Assistant City Manager
City of Fort Worth
1000 Throckmorton Street
Fort Worth, TX 76102

Dear Ms. Alanis,

I am writing in support of the City of Fort Worth's request for funding through the METF for the National Cutting Horse Association's Triple Crown of Cutting for the 2012-2013 event year. Let me begin by thanking the City of Fort Worth and the State of Texas for providing this funding to the association. I cannot begin to tell you how meaningful and important this funding is to the NCHA and our membership. Our events continue to grow and the positive economic impact in the City and State are most exciting.

Included with this application are letters received from several cities and one state expressing interest in hosting one or all of the Triple Crown Events. Also, included are trip reports from three of our staff who have visited four different cities in the last 30 days: Tulsa, OK; Jackson, MS; Reno, NV; and Lexington, KY. All four cities are most interested in having an NCHA Major Event (or events) relocated to their facility and city. I believe the site visit reports clearly reaffirm that the Triple Crown Events are events that other states and cities want and actively solicit.

It is critical that the METF remain in place insuring that these events stay in Texas and, in particular, Fort Worth.

Without hesitation I can tell you that the Executive Committee and senior staff continue to field inquiries from cities in other states (particularly Oklahoma, Nevada, and Mississippi) who are interested in bringing a Triple Crown event to their venue.

The NCHA values its long standing relationship with Fort Worth and wants to see the Triple Crown Events remain a part of Fort Worth, Texas.

Sincerely,

Keith Deaville
President
National Cutting Horse Association



June 19, 2012

Mr. Alan Steen
Executive Director
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, Texas 76107

Dear Mr. Steen:

As you are well aware, the Cutting Horse competitions in the City of Fort Worth date back to 1919, when cutting first became an arena sport and was featured at the Southwestern Exposition and Stock Show. The City has long been known for its Western heritage, and Cutting Horse competitions are an important part of that image. Of course, the City has been the host to the NCHA's Triple Crown of Cutting for many years. During that time, the City has benefited from the exposure brought by the world class competitions as well as the significant economic, cultural and charitable contributions to the City. At the same time, the Triple Crown has enjoyed phenomenal growth. We believe the City and the NCHA are good partners and view the NCHA as an integral part of the community.

We recognize that the NCHA has a choice to make as where to hold its Triple Crown. From our conversations, we understand the NCHA routinely fields inquiries from out-of-state venues seeking to lure the Triple Crown from Fort Worth. It is our intent to keep this important competition in the City. To that end, we request the NCHA consider the City of Fort Worth as host site for the Triple Crown of Cutting for the next calendar year (2012 Futurity, 2013 Super Stakes, 2013 Summer Spectacular). In support of this request, the City will continue to offer lease rates for the events as currently agreed between the City and the NCHA. Additionally, the City will make application, under Vernon's Texas Civil Statutes, Article 5190.14 Sec 5A, to establish Major Events Trust funds to help provide funding for the three Triple Crown events. This will enable the NCHA to increase its purses, which we anticipate will allow growth in your events.

We appreciate the long-standing relationship between the City and the NCHA. While we understand the NCHA must consider all its options for venues for the Triple Crown, we trust Fort Worth's proposal provides the most benefit to the NCHA and its members.

Sincerely,

Tom Higgins
City Manager

CITY MANAGER'S OFFICE

THE CITY OF FORT WORTH • 1000 THROCKMORTON STREET • FORT WORTH, TEXAS 76102
817-392-6111 • FAX 817-392-6134

VISITULSA

Regional Center For Tourism

May 24, 2012

Mr. Alan Steen
Executive Director
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, Texas 76107

Dear Alan,

Congratulations on your new position. VisitTulsa is excited to be working with you in the future. On behalf of our organization, our Executive Committee, Advisory Council, partners, sponsors and staff, we'd like to invite you to Tulsa!

We know the NCHA has a home in Fort Worth, but when you visit our premier facilities and accommodations you'll realize Tulsa would be the perfect fit for one of the Triple Crown events. Tulsa offers a mix of everything you could possibly want or need. Infamous for its eclectic variety of people, its rich culture and its historical charm, the Tulsa metro region is a community unlike any other. Many people fall in love with our great city and we hope during your visit, you will too.

Tulsa's Expo Square is centrally-located in a thriving area called Midtown, close to hotels, restaurants, entertainment districts and shopping. Plus, it's easily accessed by main highways and interstates.

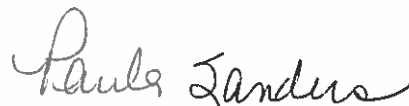
The facilities are second to none. With the recent addition of a jumbotron, the Ford Truck Arena offers your competitors and spectators an event experience available only in Tulsa. Come see our barns, expo areas and stalls and you're sure to believe that Tulsa is a great place for the NCHA.

VisitTulsa would be thrilled to give you a tour of Tulsa in the near future. We will contact you in two weeks to discuss after you've had some time to get settled in your exciting new position. Good luck with your upcoming events!

Sincerely,



Ray Hoyt
Senior Vice President



Paula Sanders
Vice President

VisitTulsa | 2 W. Second St. Suite 150 | Tulsa, Okla. | 74103 | 918.560.0268

TERM SHEET REGARDING USE OF
EVENTS FUNDS FROM THE STATE OF TEXAS
UNDER TEX. REV. CIV. STAT. ART. 5190.14 § 5A

1. **Parties to and Term of the Agreement.**

This term sheet shall serve as the basis for development of a Trust Fund Event Support Contract ("Agreement") between the City of Fort Worth ("City") and the National Cutting Horse Association ("NCHA"). The Agreement shall be effective as of the date that it has been executed by a duly authorized representative of both the City and the NCHA and shall expire on September 1, 2013 (the "Term"). The Agreement, once executed by both parties and approved by the City, shall be a legally binding obligation of the parties. This term sheet, however, does not legally obligate either party to execute the Agreement.

2. **Application and Funding of Event Trust Fund.**

In return for the NCHA hosting of an Event, as defined in Section 3 hereof, the City will apply to the Comptroller of the State of Texas (the "Comptroller") for the creation of a Major Events Trust Fund (an "METF") for the Event under the provision of Texas Revised Civil Statutes, Article 5190.14 § 5A (the "Act"). In accordance with the Agreement, the City will contribute an amount equivalent to the incremental tax increase that the Comptroller determines the City will receive on the account of the Event for partial funding of the METF, which funding is intended to trigger the State of Texas contribution to the METF(s) under the terms of the Act.

3. **Scope of Agreement.**

NCHA will use commercially reasonable efforts to host the NCHA Triple Crown (the "Event"), which is comprised of the three shows listed below, at the Will Rogers Memorial Center located at 3401 W. Lancaster Avenue, Fort Worth, Texas 76017, during the Term of the Agreement. NCHA will pay the City an amount equal to any City contribution to the METF.

- World Championship Futurity,
- Super Stakes and Super Stakes Classic, and
- Summer Cutting Spectacular

4. **Distribution of Funds.**

Funds from the METF will be distributed in the following manner: (i) to the City for reimbursement of the City's expenses related to the Event, as permitted by the Act; and (ii) to NCHA for reimbursement of NCHA's expenses related to the Event unless NCHA has any outstanding obligations owed to the City pursuant to any contract with the City.

5. **Economic Impact Studies.**

NCHA will, at NCHA's sole cost and expense, commission any Economic Impact Studies for submission to the Comptroller pursuant to and in accordance with the Act.

6. **Repeal or Modification of the Act.**

The provisions of this term sheet are based on the terms and conditions of the Act currently in effect. Should the Act be repealed or modified in such a manner that the Event no longer qualifies for distribution of the METF proceeds in the manner contemplated herein, this term sheet shall become voidable by either party upon receipt of written notice by the other party. If the Act is modified during the Term of the Agreement and such modification materially affects the financial benefits of either party under the Agreement, the City and NCHA shall negotiate in good faith an amendment to the Agreement so that the original intent of the parties is preserved to the greatest degree possible.

7. **Counterparts and Electronic Signatures**

This term sheet may be executed in several counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

SIGNED on the 26th day of June, 2012

CITY OF FORT WORTH

By: _____

Susan Alanis
Assistant City Manager

**NATIONAL CUTTING HORSE
ASSOCIATION**

By: _____

Alan Steen
Executive Director

Approval Recommended:

By: _____

Kirk N. Slaughter
Director of Public Events

Approved as to form and legality:

By: _____

Tyler F. Wallach
Assistant City Attorney

ATTEST:

By: _____

Mary J. Kayser
City Secretary



MEMORANDUM

TO: NCHA Executive Committee

FROM: Russell McCord

DATE: May 24, 2012

RE: Facility Site Report

**Expo Square Event Center
Tulsa, OK
May 23, 2012**

Purpose

I traveled to the Expo Square Event Center to investigate the possibility of hosting NCHA Triple Crown events.

Facility

The Expo Square Event Center is a beautiful 15 acre facility located in Tulsa, Oklahoma. It is conveniently located 3 blocks from I-44 with easy access to public transportation and to the airport. It was renovated in 2008 at which time the livestock barns, arenas, parking and landscaping were improved.

Arenas

Expo Square has four (4) livestock arenas; the main one being in the Pavilion which has a 202' x 104' floor, VIP room, meeting rooms, locker and dressing rooms, 22 VIP sky boxes and permanent seating for 4,500 people. The second is the Ford Truck Arena is 150' x 300' with 2,750 permanent seats. The third is the Mustang Arena which is 125' x 225' with bleacher seating. The fourth arena is the Super Duty which is 125' x 225 with bleacher seating. All four arenas are climate controlled with covered access to the stalls.

Exhibit Hall

Expo Square has a 14,000 square foot Exhibit Hall with vendor space on the concourse.

Stalling and Barns

The facility has four (4) barns totaling 1729 permanent stalls. Each stall has electricity and all of the barns all have covered access to all of the arenas. A zoned paging system has been installed and each barn has restrooms with showers.

Cattle Handling

There is little or no concern about the capacity and handling of the cattle at Expo Square. This facility will hold between 1,500 to 2,000 head of cattle at any given time.

Summary

I visited this facility during the 2012 Breeder's Invitational Limited Age Event and saw that it comfortably accommodated this show which has over 1,500 entries over a 17 day time period. This cutting had between 1,500 to 2,000 head of cattle on the grounds each day.

In addition, each year the Expo Square has been the location of several World or National Breed Shows.

Conclusion

The Expo Square in Tulsa, Oklahoma is a suitable and more than adequate facility to hold one of our major events.

Contacts

Roger Twilley, Expo Square Agribusiness Event Coordinator – 918.744.1113 ext 2929 – fax 918.728.3214 – rtwilley@exposquare.com

Sarah Thompson, Marketing Supervisor for Tulsa State Fair – 918.744.1113 ext 2090 – fax 918-748-0051 - sthompson@exposquare.com

Address: Expo Square, Sarah Thompson, Marketing, PO Box 4736, Tulsa, OK 74158-4736

Expo Square website – www.exposquare.com



May 29, 2012

Mr. Dave Brian, Director of Shows
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, Texas 76107

Dear Dave,

Greetings from beautiful Reno – Tahoe, Nevada.

First, I would like to reiterate what a great event the NCHA Western Nationals were that took place here a couple of weeks ago. The City of Reno is all "a buzz" and anxious to begin plans for next year's event.

Secondly, how delighted we are to hear the possibility of moving one of your limited aged events from Fort Worth to Reno!!! As you know, it has long been the desire of our community to host one of your premier limited aged events. Maybe it is time for NCHA to consider a western site and we're anxious to be just that location!!! Also, please know that I have already spoken with a number of our hotel/casinos and they are prepared to step forward with necessary sponsorships.

Thanks again for a great Western Nationals and we anxiously await your direction on pursuing any or all of the other limited aged events!!!

Look forward to hearing from you soon.

Yours truly,

A handwritten signature in black ink, appearing to read "Joe Kelley", is written over the typed name.

Joe Kelley, Vice President Facilities
Reno Sparks Convention & Visitors Authority

MEMORANDUM

Date: May 18, 2012
To: NCHA Executive Committee
From: Dave Brian
Subject: Facility Report

Reno-Sparks Livestock Events Center
Reno, Nevada.
April 23, 2012

We recently produced the 2011 NCHA Western National Championships in Reno. The show arena floor is 150' x 300' with a seating capacity is 6,169. The Livestock Events Center has almost completed 37 full RV hook-ups which will give them a total of 80. There are 644 permanent stalls and additional portable stalls can be added to accommodate a NCHA Triple Crown event.

The National Reined Cow Horse Association has produced their Snaffle Bit Futurity for many years in Reno.

Phil Delone, who is the Executive Director of Sales for The Silver Legacy Resort and Casino, and Rick Murdock, who is Vice President of Sales for the Eldorado Resort and Casino, have both come to the NCHA offices to meet with us. They, along with Joe Kelly who is the Acting President & CEO of the Reno-Sparks Convention and Visitors Authority, are very much interested in sponsoring a NCHA Triple Crown Event (or Events).

The Reno-Sparks facility would be more than sufficient to conduct an NCHA Triple Crown Event. Additionally, their daily show fee cost is as much as \$4,100 per day less than the Will Rogers Complex in Fort Worth.



KENTUCKY HORSE PARK

Steven L. Beshear
GOVERNOR

Marcheta Sparrow
SECRETARY

John Nicholson
EXECUTIVE DIRECTOR

May 31, 2012

National Cutting Horse Association
Executive Director Alan Steen
260 Bailey Avenue
Fort Worth, TX 76107

Dear Alan,

I very much enjoyed my conversation with Bill last week and I am looking forward to visiting with you as you get settled into your new position.

I am writing to express the Kentucky Horse Park's enthusiastic interest in hosting one of NCHA's major events. We are very proud of the new Alltech Arena and it has received a great deal of favorable comment from show organizers. I would be very pleased to give you or your designee a thorough tour of the arena and discuss all that we would be willing to do to make a NCHA event a major success.

Thank you for your consideration of the Kentucky Horse Park and please accept my congratulations for your new position as Executive Director of the NCHA.

Sincerely,

John Nicholson
Executive Director
Kentucky Horse Park

Home of the 2010 Alltech FEI World Equestrian Games™

4089 Iron Works Parkway, Lexington, Kentucky 40511 (859) 233-4303 FAX(859) 254-0253 www.KyHorsePark.com



An Equal Opportunity Employer M/F/D

HOUSE OF REPRESENTATIVES



RICHARD BENNETT

District 120
Harrison County
20108 Daugherty Road
Long Beach, MS 39560

Res (228) 863-6483
rbennett@house.ms.gov

COMMITTEE ASSIGNMENTS:
Conservation and Water Resources
Ports, Harbors and Airports
Public Utilities
Tourism

STATE OF MISSISSIPPI

May 13, 2011

National Cutting Horse Association
Executive Committee
260 Bailey Avenue
Fort Worth, TX 76107

Ladies and Gentlemen

On behalf of the State of Mississippi, we would like to invite the National Cutting Horse Association to bring your NCHA "Triple Crown of Cutting" events to our state.

Our current relationship, whereby your organization conducts your Eastern National Championships at our State Fairgrounds in Jackson, has been a true success story for our state and the NCHA. The economic impact this event brings to our State is recognized and appreciated by both our elected officials and business leaders throughout the State. We are confident we could work with the NCHA to also host your "Triple Crown" events, packaging incentives and "Southern Hospitality" that you and your membership would find extremely beneficial.

We have excellent facilities (both publicly and privately owned) in several major cities in our state. As you are aware, our state fairgrounds have recently undergone improvements specifically to better accommodate large equine and livestock events. Our facilities managers are experienced at hosting major, multi-week cutting horse events and major national livestock events (such as the Dixie National Rodeo and Livestock Show), and our State's cattle supply could meet the needs of your organization's events. We also have a proven track record of public/private partnership coming together to bring major equine events to Mississippi.

Please let us know how we can proceed with this opportunity. We look forward to a growing relationship with the National Cutting Horse Association.

Sincerely,

A handwritten signature in cursive script that reads "Richard Bennett".

MEMORANDUM

Date: May 29, 2012

To: NCHA Executive Committee

From: Dave Brian

Subject: Facility Site Report

MISSISSIPPI STATE FAIRGROUNDS

Jackson, Ms.

March 1, 2012

The facility in Jackson would be suitable to host one of the NCHA Triple Crown Events. Listed are some of the amenities the Fairgrounds have.

Kirk Fordice Equine Arena- the show arena is 120'x260'

Outdoor exercise arena- 16'x 360'

Indoor exercise arena- 100'x 150'

Practice pen arena- 80'x 180'

Ability to hold at least 800 head of cattle on the grounds at any one time

Rv spaces- total is 350 of which 150 have full service

Stalls- 900 permanent

Hotels- there are 500 rooms within ½ mile walking distance of the arena

I would like too see more space available for inside the show arena for vendors. The cost and supply of cattle around the Jackson area required to produce and event the size of one of the Triple Crown's is an added plus.

**CITY OF FORT WORTH
REQUEST FOR CREATION OF
MAJOR EVENTS TRUST FUND IN SUPPORT OF THE
NATIONAL CUTTING HORSE ASSOCIATION
TRIPLE CROWN OF CUTTING
2012-2013**

**SUBMITTED UNDER ARTICLE 5190.14, SECTION 5A
TEXAS REVISED CIVIL STATUTES**



June 15, 2012

Hon. Susan Combs
Comptroller of Public Accounts, State of Texas
P.O. Box 13528
Austin, Texas 78711-3528

Dear Comptroller Combs:

Pursuant to Article 5190.14, Section 5A, Vernon's Texas Civil Statutes (the "Statute"), the City of Fort Worth respectfully requests that your office prepare an estimate of the economic impact of the National Cutting Horse Association World Championship Futurity, Super Stakes & Super Stakes Classic, and Summer Cutting Spectacular, which together comprise the NCHA Triple Crown of Cutting (sometimes referred herein as the "Event"), for purposes of establishing a Major Events Trust Fund to be funded by local and state tax revenue under the provisions of the Statute. The City of Fort Worth appreciates the State of Texas' efforts to ensure that this major event and its positive economic impact remain in Fort Worth and Texas.

These shows, each significant in its own right, are even more important to Fort Worth and the State of Texas because the events comprise the three legs of the NCHA Triple Crown of Cutting, an internationally recognized competition. The National Cutting Horse Association through its Executive Board serves as the site selection committee for the Event. As your office knows, the City applied to host the Triple Crown of Cutting for the period of 2012-2013 and the NCHA chose the City to serve in that role contingent upon funding being provided under the Statute on a year-to-year basis. As you know, the 82nd Legislature passed Senate Bill 309 in April 2011, which amended the Statute and reclassified the NCHA Triple Crown of Cutting as an "event" under Section 5A of the Statute, which governs Major Events Trust Funds. With the NCHA Triple Crown of Cutting being designated as a "major event" under the Statute, the parties have entered into a new Term Sheet to cover the 2012-2013 Event year (see attached Exhibit "C"). The City of Fort Worth looks forward to once again working with the Comptroller's office to host the event under the amended Statute.

As a result of the NCHA's selection of the City of Fort Worth, the three legs of the Event have been held in the City of Fort Worth, representing more than **254 show days** and more than **\$180,464,067** in taxable expenditures over the past four years. The following chart sets forth the average economic impact over the past four years and thereby shows the strong performance of the Triple Crown of Cutting over that time.

CITY MANAGER'S OFFICE

THE CITY OF FORT WORTH • 1000 THROCKMORTON STREET • FORT WORTH, TEXAS 76102
817-392-6111 • FAX 817-392-6134

	Amounts
Show Days	63.2
Visitors	29,271
Visitor Days	225,731
Direct Expenditures Subject to Eligible Texas Taxes	\$45,116,017
Eligible Texas Taxes Generated by Direct Expenditures	\$2,867,436

Funding over the past four years has led to consistently significant numbers of entries, visitors, visitor days, taxable expenditures and taxes collected directly attributable to the Event. Despite the dramatic downturn in national and worldwide economic conditions in the past two years, the NCHA has continued to host more than 60 days of events each year and enjoyed a consistently significant numbers of entries. In his analyses of the economic impact of the Triple Crown over the past four years, Dr. Gerald Grotta has reported total direct expenditures subject to eligible Texas state taxes of more than **\$180,464,067**, which is a yearly average of **\$45,116,017**. Dr. Grotta's economic impact studies have been provided on an annual basis to your office. A compilation of these studies (broken down by the individual shows), are attached (see attached Exhibit "E"). Unlike other events that are held only in a single year, these studies, done annually over the term of the City's agreement with the NCHA demonstrate a consistently strong performance.

Over the past four years of the Event being held in Fort Worth, participants have not only traveled from across the United States, but from across the world to Fort Worth to attend the NCHA Triple Crown of Cutting. In 2011 alone, 29,770 visitors attended the three Triple Crown events as either participants or spectators. While the Event has not been impervious to the national and international economic climate, it has continued to be successful and is primed for greater success in the 2012-2013 Event Year. When compared to the struggling national economy, it is clear that the NCHA and the Event continue to deliver significant economic impact.

Major equine events are integral to the City of Fort Worth's culture and tourism. The NCHA Triple Crown of Cutting showcases some of the world's finest horses, trainers and riders, attracting participants and patrons to the State of Texas and the City of Fort Worth from across the United States and around the world, including show staff, officials, competitors, trainers, owners, judges, exhibitors, sponsors, news media, and fans of the Event. The Event and the pageantry that surrounds it contribute to the image of the City of Fort Worth and the State of Texas as an international center of western lifestyle and heritage. Winning the rights to host major equine events such as the NCHA Triple Crown of Cutting goes beyond merely enhancing the City of Fort Worth's image -- it directly contributes millions of dollars to the economy of the City of Fort Worth and surrounding communities, as well as to the State of Texas. Even in the midst of difficult economic conditions, the Event has continued to be a strong economic driver as reflected in Dr. Grotta's economic impact reports. Having the ability to

host the three legs of the Triple Crown of Cutting contributes to the purchase of goods and services across numerous sectors in the City of Fort Worth and its surrounding counties. Put simply, the Triple Crown of Cutting brings tourists from around the nation and the globe to the State of Texas to spend their tourism dollars in Texas, thereby strengthening the economic condition of the State of Texas and the City of Fort Worth.

Although the City of Fort Worth has maintained a close relationship with the National Cutting Horse Association, other states with newer facilities provide competition year after year for hosting these shows. The NCHA continues to field inquiries from representatives in other states seeking to lure the NCHA to relocate the Event to their states. Exhibit "D" attached hereto includes evidence of such proposals from other states and the NCHA's consideration of those proposals. It is imperative that the City of Fort Worth continue to be competitive through maximizing the incentives provided for in the Statute to avoid the possibility of losing these lucrative and very significant events to an out-of-state location, thereby losing visitors and their spending.

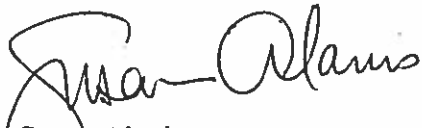
For the 2011-2012 Event year, your office recognized the Triple Crown of Cutting would result in a gain of \$3,558,281 in state tax dollars. As you know, under the Statute, the relevant time period for major events is increased as compared to the legislation for special events. Based on the strong results the Triple Crown of Cutting achieved under the special events legislation in the midst of the national economic situation, and projecting ahead to the enhancements under the Statute, as well as a stronger 2012-2013, the City of Fort Worth respectfully requests, pursuant to the provisions of the Statute, that your office certify that the three events comprising the Triple Crown of Cutting will generate significant economic impact to the State of Texas and the City of Fort Worth, with direct expenditures of not less than \$45,116,017, the average of the last four years of the City's agreement with the NCHA. This \$45,116,017 is the average direct taxable expenditures during the actual show days of the Triple Crown of Cutting and does not include the indirect and induced effect of such expenditures. Therefore, we request that your office further calculate the indirect and induced effect of such expenditures in estimating the economic impact of the Triple Crown of Cutting under the Statute. We have included economic impact reports for the individual shows over the past four years at Exhibit "E" to assist in your estimations. We will continue to update these reports and provide them annually for the duration of the Event's trust funds.

As indicated, the City of Fort Worth stands prepared to provide matching funds as set forth in the Statute to maximize the total benefit available. Pursuant to the Term Sheet, the City of Fort Worth has agreed to contribute an amount equivalent to the incremental tax increase your office determines the City will receive on account of the Event for partial funding of the Events Trust Fund. The monetary incentives received by the NCHA through the Events Trust Fund are used to defray the NCHA's expenses and allow the NCHA to put on the best possible events and attract the best possible field thereby making these events even more competitive and attractive to competitors, vendors, and fans. The show dates for the events that would be covered by the Major Events Trust Fund are identified on Exhibit "F".

Page 4

We have attempted to comply with the requirements of the Statute in an efficient and thorough manner. Please review this information as soon as possible and contact me if you should have any questions or require further information.

Sincerely,



Susan Alanis
Assistant City Manager
City of Fort Worth

NCHA Triple Crown of Cutting
Projected Show Dates Made Available to the NCHA by
The City of Fort Worth

Futurity

November 16 – December 14, 2009 (Completed)
November 15 – December 13, 2010 (Completed)
November 14 – December 12, 2011 (2011 -2012 Event Year)
November 25 – December 15, 2012

Super Stakes/Super Stakes Classic

March 29 – April 19, 2010 (Completed)
March 28 – April 18, 2011 (Completed)
March 24 – April 16, 2012 (2011-2012 Event Year)
March 30 – April 20, 2013

Summer Cutting Spectacular

July 5 – August 2, 2010 (Completed)
July 12 – 30, 2011 (Completed)
July 8 – 28, 2012 (2011- 2012 Event Year)
July 14 – August 3, 2013

****All events to be held in the Will Rogers Memorial Center in Fort Worth, Texas.**

- Summary Report -

An Analysis of the
Economic Impact of the
**National Cutting Horse Association's
2011-2012 Triple Crown Events**



on the Fort Worth Economy
and
Eligible Texas State Tax Revenues
Generated by the Shows

GMR

Grotta Marketing Research, LLC

May 2012

Survey Findings

The Bottom Line . . .

61 days of the 2011-2012 National Cutting Horse Association Triple Crown events

29,770 visitors

207,836 visitor days

\$36,445,811 expenditures subject to eligible Texas State taxes

\$2,335,720 eligible State taxes generated by direct expenditures

Therefore, we respectfully request certification of \$2,335,720.

The Numbers . . .

The 2011-2012 National Cutting Horse Association Triple Crown at the Will Rogers Memorial Center – Super Stakes, Summer Spectacular and World Championship Futurity & World Championship Finals -- generated eligible Texas State Tax revenues conservatively estimated at \$2,335,720, based on projected total expenditures of \$36,445,811 on taxable purchases. These estimates and projections are the result of interviews with 1,219 randomly selected adults at the three shows.

Assumptions were developed to minimize the possibility of overestimating the amount of eligible Texas taxes generated during the 61 days that the NCHA Triple Crown events were held in Fort Worth during 2011 and 2012. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were at the show for only one day and did not make any purchases.

In calculating the economic impact on eligible Texas tax revenue, only expenditures by people competing in events, participating in the horse sales, vendors, and visitors who live outside of Texas were included. This excluded all expenditures by Texas residents who attended the shows but did not compete in events, participate in horse sales, or were not vendors. All duplications were removed (e.g., people who registered for the horse sales and also competed in the show events and people from the same household).

Table 1 summarizes the number of people in each segment who attended the show (total of 8,625). This represents the number of household purchasing units.

Table 1: Groups in Each Category at 2011-2012 NCHA Triple Crown Events

	2012 Super Stakes	2011 Summer Spectacular	2011 World Championship Futurity & World Championship Finals	Totals
Competitors	796	914	1,091	2,801
Horse Sale Participants	630	868	1,446	2,944
Vendor	98	97	198	393
Out-of-Texas Visitors	162	204	829	1,195
Total	1,686	2,083	3,564	7,333
Texas Visitors *	314	578	400	1,292
Grand Total	2,000	2,661	3,964	8,625

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

Respondents in each category were asked how many people were at the show with them. This resulted in a projected 22,924 individuals who attended the Triple Crown events. Respondents were asked if those people would be at the show with them every day. If not, they were asked how many people would be there each day, on the average. (See Table 2)

Table 2: Number of Unique Individuals in Each Category

	2012 Super Stakes	2011 Summer Spectacular	2011 World Championship Futurity & World Championship Finals	Totals
Competitors	2444	3445	1,091	6,980
Horse Sale Participants	1720	2066	1,446	5,232
Vendor	161	140	198	499
Out-of-Texas Visitors	575	700	829	2,104
Total	4,900	6,351	3,564	14,815
Texas Visitors *	779	13776	400	14,955
Grand Total	5,679	20,127	3,964	29,770

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

The number of people in each category was multiplied by the number of days they said they would be at the shows, resulting in a projection of 207,836 visitor days. (Table 3)

Table 3: Total Visitor Days in Each Category

	2012 Super Stakes	2011 Summer Spectacular	2011 World Championship Futurity & World Championship Finals	Totals
Competitors	34,945	42,980	37,281	115,206
Horse Sale Participants	7,740	7,396	25,326	40,462
Vendor	3,070	2,429	6,881	12,380
Out-of-Texas Visitors	2,415	3,822	18,270	24,507
Total	48,170	56,628	87,758	192,556
Texas Visitors *	4,439	4,706	6,136	15,281
Grand Total	52,609	61,333	93,894	207,836

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

No multipliers were used in the analyses. The figures reported here represent actual projected expenditures during the shows.

Expenditures on dining/food in Fort Worth during the shows were calculated by multiplying the number of visitor days in each category (contestant, horse show participant, vendor, and out-of-state visitor) by the average daily spending per person. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Triple Crown shows. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase for the group.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Also, duplication was eliminated resulting from a person both participating in the horse sale and competing in events.

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the events. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show. If respondent said they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be about a fourth of the price of the purchases, which was deducted from the selling price of these items.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible under Chapter 151, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 4 summarizes direct expenditures eligible under the Sporting Event Trust Fund. These calculations use the appropriate State of Texas Sales Tax.

Table 4. NCHA 2011-2012 Triple Crown Events Summary

	2012 Super Stakes	2011 Summer Spectacular	2011 World Championship Futurity & 2010 World Championship Finals	2011-2012 Totals
Western wear, boots, other clothing	\$655,258	\$641,057	\$3,178,281	\$4,474,596
Jewelry, belts, accessories	\$246,032	\$146,683	\$534,296	\$927,011
Paintings and crafts	\$77,435	\$17,706	\$176,300	\$271,441
Souvenirs	\$46,660	\$30,755	\$119,492	\$196,907
Videos & photographs	\$108,173	\$69,099	\$235,608	\$412,880
Saddles	\$1,360,605	\$516,913	\$3,905,070	\$5,782,588
Other tack	\$628,106	\$362,694	\$912,299	\$1,903,099
Food/meals (excluding drinks)	\$2,310,327	\$2,070,631	\$3,484,939	\$7,865,897
Alcoholic drinks with meals	\$234,656	\$173,481	\$586,511	\$994,648
Wine, beer & liquor from store	84,196	\$26,494	\$49,845	\$160,535
Hotel and motel expenditures	\$697,526	\$1,075,449	\$2,153,166	\$3,926,141
Car rental	\$83,846	\$84,652	\$223,651	\$392,149
Golf cart rental	\$11,532	N.A.	N.A.	\$11,532
Horse trailers	\$459,404	\$199,941	\$2,021,974	\$2,681,319
Trucks, other vehicles	\$646,044	\$277,911	\$1,713,999	\$2,637,954
Tractors	\$0	\$0	\$37,305	\$37,305
Barns, sheds	\$0	\$0	\$1,278,059	\$1,278,059
Feed, hay, horse supplies	N.A.	N.A.	\$114,897	\$114,897
Other items subject to sales tax	\$180,445	\$256,564	\$1,117,279	\$1,554,288
NCHA hotel/ motel expenditures	\$17,075	\$30,884	\$37,345	\$85,304
NCHA meals	\$14,016	\$8,706	\$14,036	\$36,758
NCHA alcohol expenditures	\$604	N.A.	\$18,988	\$500,535
Other NCHA expenditures	\$167,603	\$191,292	\$322,016	\$680,911
Total eligible expenditures	\$8,029,543	\$6,180,912	\$22,235,356	\$36,445,811
Eligible Texas Tax generated	\$514,350	\$400,890	\$1,420,480	\$2,335,720
Fort Worth City General Fund	\$138,637	\$151,183	\$400,527	\$690,347

N.A. Not asked

Additional Economic Benefits

Many other expenditures which are not included in the survey, such as year-round horse operations by people who live in Texas or own horse operations here because of the NCHA Triple Crown, contribute even more tax revenues to the State of Texas. Also excluded is \$690,347 in taxes generated for the Fort Worth City General Fund by visitors who live in Texas.

Conservative Assumptions Used for Estimates and Projections

Interviews were conducted among randomly selected adults attending the NCHA 2012 Super Stakes (409 interviews), 2011 Summer Spectacular (404 interviews) and 2011 Futurity (406 interviews) at the Will Rogers Memorial Center in Fort Worth, for a total of 1,219 interviews. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level for each survey.

All interviews were supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything. Response rate was very high, with more than 95% of all people who were contacted agreeing to be interviewed.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the shows had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers, tractors, trucks, and other vehicles, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.
- ❖ Additional economic impact from salaries paid to people who worked at the show, etc. is not included in this analysis.

Exhibit “E-2”

An Analysis of the
Economic Impact of the
**National Cutting Horse Association
2012 Super Stakes
and Super Stakes Classic**



on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

GMR

Grotta Marketing Research, LLC

May 2012

Survey Findings

The Bottom Line . . .

22 days *of the 2012 National Cutting Horse Association Super Stakes*

5,678 *visitors*

52,609 *visitor days*

\$8,029,543 *direct expenditures subject to eligible Texas State taxes*

\$514,350 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$514,350.

The Numbers . . .

The 2012 National Cutting Horse Association Super Stakes (March 24-April 14) generated Texas State Sales Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$514,350 based on projected total eligible direct expenditures of \$8,029,543. The sales were down from last year. This was primarily due to a dog show in the Amon Carter Exhibits Building. As a result, the trade show in the could not open until the sixth day of the event, a 22.7% reduction in days available for shopping.

These estimates are based on a survey of 409 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of State Sales Tax generated during the 22-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were just at the show for the day and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, participating in the horse sale, vendors, and visitors who live outside of Texas were included. This excluded 779 Texas residents who did not compete in events, participate in the horse sale, or were not vendors.

The projections based on competitors are limited to the unduplicated number of contestants who did not share a last name and address as another competitor. A computer merge-and-purge program identified registered buyers and/or sellers who were at the horse sale but did not compete in the show.

The estimated average daily attendance during the 2012 Super Stakes is summarized in the following table.

Date	Daily Entries	% of Total Entries	Show Staff	Competitors	Sales Staff	Buyers & Sellers	Vendors	Visitors	Totals
Thurs., March 22 Move in			20						20
Fri., March 23 Move in			20						20
Sat., March 24	136	5.8%	30	2,013				142	2,185
Sun., March 25	125	5.3%	30	1,850				142	2,022
Mon., March 26	126	5.3%	30	1,865				142	2,037
Tues., March 27	99	4.2%	30	1,465			31	250	1,776
Wed., March 28	112	4.7%	30	1,658			181	142	2,011
Thurs., March 29	96	4.1%	30	1,421			181	142	1,774
Fri., March 30	121	5.1%	30	1,791			181	142	2,144
Sat., March 31	104	4.4%	32	1,539			181	250	2,002
Sun., April 1	127	5.4%	32	1,880			181	250	2,343
Mon., April 2	124	5.3%	31	1,835			181	142	2,189
Tues., April 3	118	5.0%	33	1,747			181	250	2,211
Wed., April 4	126	5.3%	33	1,865			181	142	2,221
Thurs., April 5	142	6.0%	33	2,102			181	142	2,458
Fri., April 6	105	4.4%	30	1,554			181	142	1,907
Sat., April 7	94	4.0%	32	1,391			181	142	1,746
Sun., April 8	75	3.2%	31	1,110			181	142	1,464
Mon., April 9	107	4.5%	31	1,584			181	142	1,938
Tues., April 10	103	4.4%	33	1,524			181	142	1,880
Wed., April 11	111	4.7%	30	1,643		1,548	181	142	3,544
Thurs., April 12	74	3.1%	32	1,095		1,548	181	224	3,080
Fri., April 13	95	4.0%	32	1,406	17	1,548	181	1,000	4,184
Sat., April 14	41	1.7%	32	607	31	1,548	181	1,250	3,649
Sun., April 15 Move out			20		17	1,548	181	1,250	3,016
Totals	2361		747	34,945		7,740	3,470	6,854	53,756

The total number of people each day is higher than the 52,609 reported on the preceding page because the NCHA staff members and Bloodstock Horse Sale staff members were not included in the projections.

A projected 5,678 individuals attended the 2012 NCHA Super Stakes. (See Table 1) They came from 36 states and eight countries – Australia, Brazil, Canada, Germany, Italy, Switzerland, Venezuela, and the United States.

Table 1. People Attending 2011 Super Stakes

	Groups in Segment	Average People in Group	Totals
Contestants	796	3.07	2,444
Horse sale participants	630	2.73	1,720
Vendors	98	1.64	161
Out-of-state visitors	162	3.55	575
Total eligible	1,686		4,899
Texas visitors	314	2.48	779
Grand totals	2,000		5,678

This translates into 52,609 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2011 NCHA Super Stakes

	Total People	Average Days	Total Visitor Days
Contestants	2,444	14.30	34,945
Horse sale participants	1,720	4.5	7,740
Vendors	161	19.1	3,070
Out-of-state visitors	575	4.2	2,415
Total eligible	4,899		48,170
Texas visitors	779	5.7	4,439
Grand totals	5,678		52,609

Texas visitors were not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, participants in the horse sale, vendors, and visitors who live outside Texas.

Respondents were asked to estimate how much they spend per person per day in Fort Worth during the Super Stakes on food and dining, excluding drinks. Calculations are summarized in Table 3 (on the following page). It was assumed that people would include an average 20% tip

(undoubtedly a high estimate), so the expenditures for dining/food were reduced by 20%.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	34,945	\$58.19	\$2,033,461	\$1,626,769
Horse Sale Participants	7,740	\$80.79	\$625,278	\$500,223
Vendors	3,070	\$29.08	\$89,268	\$71,415
Out-of-state visitors	2,415	\$57.92	\$139,901	\$111,921
Totals	48,170		\$2,887,909	\$2,310,327
Texas visitors	4,439	\$33.33	\$147,942	\$118,354
Grand total	52,609		\$3,035,851	\$2,428,681

Respondents also were asked how much they spent per group, on average, for alcoholic drinks with their meals. Average daily expenditures by respondents who said they have alcoholic drinks with their meals were multiplied by the number of groups purchasing alcoholic beverages with meals, and as with food, a 20 percent tip was assumed. Results are shown in Table 4.

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	House-holds	Days at Show	Total Segment Days	Percent Having Drinks	Group Days Having Alcohol	Average Cost Per Day	Spending on Drinks	Minus 20% Gratuity
Contestants	796	14.3	11,383	59.5%	6,773	\$30.13	\$204,063	\$163,251
Horse sale participants	630	4.5	2,835	70.0%	1,985	\$35.71	\$70,866	\$56,693
Vendors	98	19.1	1,872	30.0%	562	\$16.09	\$9,035	\$7,228
Out-of-state visitors	162	4.2	680	50.0%	340	\$27.50	\$9,356	\$7,484
Totals	1,686		16,770		9,659		\$293,321	\$234,656
Texas visitors	314	5.7	1,790	39.7%	711	\$22.68	\$16,115	\$12,892
Grand total	2,000		18,560		10,370		\$309,436	\$247,549

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the Super Stakes. Those who said they were staying in a hotel or motel were asked how many nights

they would be staying and how much they were paying per night for the room or rooms they were using. Results are shown in Table 5 on the following page.

Table 5. Expenditures on Hotels/Motels

	House-holds	Percent in Motels	Number in Hotels	Average Nights	Average Rooms	Room Nights	Room Rate	Total Spending
Contestants	796	33.7%	268	11.2	1.5	4,507	\$113.61	\$511,999
Horse sale participants	630	45.0%	284	2.1	1.3	774	\$128.67	\$99,585
Vendors	98	15.0%	15	20.2	1.2	356	\$71.67	\$25,538
Out-of-state visitors	162	62.5%	101	4.1	1.2	477	\$126.53	\$60,405
Total Eligible	1,686		668			6,114		\$697,526
Texas visitors	314	3.4%	11	6.5	1.0	69	\$115.00	\$7,980
Grand total	2,000		678			6,184		\$705,506

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Super Stakes. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 22-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents they were not sure what they might buy, this was counted as 50%. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, and trucks, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase

horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

The other expenditures were calculated for each segment – contestants, horse sale participants, vendors, and out-of-state visitors – and then summed for estimated total expenditures. The projected expenditures by segment are summarized in Table 6.

Table 6. Eligible Sales Tax Expenditures

	Competitors	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	796	630	98	162	1,686	314
<i>Western Wear, Boots, Other Clothing</i>	71.1%	62.5%	45.0%	72.9%		33.3%
Number Purchasing	566	394	44	118	1,122	105
Average Expenditure	\$835	\$304	\$507	\$344		\$1,035
Total Expenditures	\$472,573	\$119,700	\$22,359	\$40,626	\$655,258	\$108,222
<i>Jewelry, Belts, Accessories</i>	39.3%	15.0%	32.5%	45.9%		25.0%
Number Purchasing	313	95	32	74	514	79
Average Expenditure	\$592	\$467	\$165	\$154		\$247
Total Expenditures	\$185,194	\$44,132	\$5,255	\$11,451	\$246,032	\$19,390
<i>Paints, Crafts</i>	7.8%	10.0%	2.5%	18.8%		5.0%
Number Purchasing	62	63	2	30	158	16
Average Expenditure	\$625	\$267	\$200	\$700		\$1,042
Total Expenditures	\$38,805	\$16,821	\$490	\$21,319	\$77,435	\$16,359
<i>Souvenirs</i>	17.9%	10.0%	11.3%	37.5%		16.7%
Number Purchasing	142	63	11	61	277	52
Average Expenditure	\$210	\$75	\$48	\$189		\$112
Total Expenditures	\$29,922	\$4,725	\$532	\$11,482	\$46,660	\$5,873
<i>Horse Trailers</i>	3.8%	0.0%	0.0%	8.3%		2.0%
Number Planning Purchasing	30			13	44	6
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	15			7	22	3
Average Expenditure	\$34,500			\$13,500		29,000
Total Expenditures	\$521,778			\$90,761	\$521,778	\$91,080
Trade-Ins	25.0%			25.0%		25.0%
Total Taxable Expenditures	\$391,334			\$68,070	\$459,404	\$22,785
<i>Trucks, Other Vehicles</i>	4.6%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	37				37	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	18				18	
Average Expenditure	\$47,050					
Total Expenditures	\$861,391				\$861,391	
Trade-Ins	25.0%					

Total Taxable Expenditures	\$646,044	\$0	\$0	\$0	\$646,044	\$0
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(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Competitors	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
<i>Buildings or Sheds</i>	0.0%	0.0%	0.0%	0.0%		1.7%
Number Planning Purchasing					0	5
Didn't Complete Purchases						50.0%
Number Actually Purchasing					0	3
Average Expenditure						\$75,000
Total Taxable Expenditures					\$0	\$200,175
<i>Saddles</i>	23.1%	32.5%	2.5%	18.8%		11.7%
Number Purchasing	184	205	2	30	422	37
Average Expenditure	\$3,615	\$3,000	\$3,800	\$2,375		\$4,714
Total Expenditures	\$664,712	\$614,250	\$9,310	\$72,333	\$1,360,605	\$173,183
<i>Other Tack</i>	62.9%	42.5%	5.0%	31.3%		28.3%
Number Purchasing	501	268	5	51	824	89
Average Expenditure	\$807	\$800	\$200	\$175		\$271
Total Expenditures	\$404,052	\$214,200	\$980	\$8,874	\$628,106	\$24,082
<i>Photos, Videos</i>	60.2%	15.0%	2.6%	0.0%		15.0%
Number Purchasing	479	95	3			47
Average Expenditure	\$196	\$150	\$30			\$144
Total Expenditures	\$93,922	\$14,175	\$76		\$108,173	\$122,425
<i>Wine/Beer/Alcohol in Store</i>	34.3%	5.0%	22.5%	12.5%		15.0%
Number Purchasing	273	32	22	20	347	47
Average Expenditure	\$292	\$30	\$93	\$73		\$120
Total Expenditures	\$79,724	\$945	\$2,051	\$1,478	\$84,198	\$5,652
<i>Other Taxable Items</i>	48.4%	20.0%	38.8%	25.0%		20.3%
Number Purchasing	385	126	38	41	590	64
Average Expenditure	\$606	\$565	\$306	\$144		\$847
Total Expenditures	\$233,470	\$71,190	\$11,635	\$5,832	\$322,127	\$53,989
<i>Rental car</i>	11.6%	5.0%	4.3%	22.9%		6.7%
Number renting	92	32	4	37		21
Average rental	\$763	\$60	\$300	\$276		\$419
Total Expenditures	\$70,452	\$1,890	\$1,264	\$10,239	\$83,846	\$8,815
<i>Golf Cart rental</i>	3.3%	0.0%	0.0%	0.0%		0.0%
Number renting	26				26	
Average rental	\$439					
Total Expenditures	\$11,532				\$11,532	

Total All Expenditures	\$2,917,683	\$887,828	\$52,972	\$242,830	\$4,101,313	\$736,847
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Using these parameters, Table 7 summarizes direct expenditures eligible under Event Trust Fund.

Table 7: Eligible Direct Expenditures

	Eligible Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$655,258	6.25%	1.00%	\$40,954	\$6,553
Jewelry, belts, accessories	\$246,032	6.25%	1.00%	\$15,377	\$2,460
Paintings and crafts	\$77,435	6.25%	1.00%	\$4,840	\$774
Souvenirs	\$46,660	6.25%	1.00%	\$2,916	\$487
Videos & photographs	\$108,173	6.25%	1.00%	\$6,761	\$1,082
Saddles	\$1,360,605	6.25%	1.00%	\$85,038	\$13,606
Other tack	\$628,106	6.25%	1.00%	\$39,257	\$6,281
Food/meals (excluding drinks)	\$2,310,327	6.25%	1.00%	\$144,395	\$23,103
Alcoholic drinks with meals	\$234,656	11.00%	1.50%	\$25,812	\$3,520
Wine, beer & liquor from store	\$84,196	6.25%	1.00%	\$5,262	\$842
Hotel and motel expenditures	\$697,526	6.00%	9.00%	\$41,852	\$62,777
Car rental	\$83,846	10.00%	1.00%	\$8,385	\$838
Golf cart rental	\$11,532	6.25%	1.00%	\$721	\$115
Horse trailers	\$459,404	6.25%	1.00%	\$28,713	\$4,594
Trucks, other vehicles	\$646,044	6.25%	1.00%	\$40,378	\$6,460
Other items subject to sales tax	\$180,445	6.25%	1.00%	\$11,278	\$1,804
NCHA hotel/ motel expenditures	\$17,075	6.00%	9.00%	\$1,025	\$1,537
NCHA meals	\$14,016	6.25%	1.00%	\$876	\$140
NCHA alcohol expenditures	\$604	6.25%	1.00%	\$38	\$6
Other NCHA show expenditures	\$167,603	6.25%	1.00%	\$10,475	\$1,676
Total eligible expenditures	\$8,029,543			\$514,350	\$138,637
Eligible Texas Tax generated	\$514,350				
Fort Worth City General Fund	\$138,637				

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, \$138,637 in tax revenues were generated for City of Fort Worth through sales and bed taxes. While none of these figures are included in the State of Texas Sales Tax revenues, they further demonstrate the importance of the NCHA Super Stakes to the State of Texas and the City of Fort Worth.

Much other expenditure not specifically measured in the survey, such as horse operations by people who live in Texas because of the NCHA Super Stakes and other Triple Crown events, also contribute even more tax revenues to the State of Texas and the City of Fort Worth.

Conservative Assumptions Used for Estimates and Projections

Four hundred (409) interviews were conducted among randomly selected adults attending the National Cutting Horse Association 2011 Super Stakes at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

All interviewing was supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schaeffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the show to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the NCHA Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, number of exclusive horse sale participants, and number of vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants/horse sale/vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 796 Contestants (Co) + 630 Horse Sale(Sa) + 98 Vendors (Ve) = 1,524 Co+Sa+Ve

Determined by survey: 76.3% contestants/horse sale/vendors; 23.7% visitors

Unknown Attendance: Visitors (Vi)

$Vi \# : 23.7\% :: 1,524 : 76.3\%$

$Vi \# * 76.3\% = 1,524 * 23.7\%$

$Vi \# * 76.3\% = 361$

$Vi \# = 361 \div 76.3\%$

$Vi \# = 476$ projected visitor respondent units

34.0% of visitors are from outside of Texas, or 162 visitors

66.0% of visitors are from Texas, or 314 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2012 Super Stakes

1) Date

- | | | | | |
|--------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|
| <input type="radio"/> March 26 | <input type="radio"/> March 30 | <input type="radio"/> April 3 | <input type="radio"/> April 7 | <input type="radio"/> April 11 |
| <input type="radio"/> March 27 | <input type="radio"/> March 31 | <input type="radio"/> April 4 | <input type="radio"/> April 8 | <input type="radio"/> April 12 |
| <input type="radio"/> March 28 | <input type="radio"/> April 1 | <input type="radio"/> April 5 | <input type="radio"/> April 9 | <input type="radio"/> April 13 |
| <input type="radio"/> March 29 | <input type="radio"/> April 2 | <input type="radio"/> April 6 | <input type="radio"/> April 10 | <input type="radio"/> April 14 |

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- ☐ Coliseum ☐ W.R. Watt Arena
☐ Amon Carter Exhibits ☐ John Justin Arena

4) Gender

- ☐ Male ☐ Female

Hello. We're doing a survey of people at the NCHA Super Stakes and I'd like to ask you a few questions. This will take only a couple of minutes and your answers will be confidential.

5) First, which of the following best describes your main reason for coming to the Super Stakes?

- | | |
|--|--|
| <input type="radio"/> Competing in an event | <input type="radio"/> Trainer not riding in an event |
| <input type="radio"/> Own horse in an event but not riding | <input type="radio"/> Buying or selling horses |
| <input type="radio"/> Family member competing in an event | <input type="radio"/> Vendor |
| <input type="radio"/> Friend or employer competing | <input type="radio"/> Visitor |

6) How many days ago did you arrive here?

- | | | | | | | | |
|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="radio"/> 1 | <input type="radio"/> 4 | <input type="radio"/> 6 | <input type="radio"/> 9 | <input type="radio"/> 12 | <input type="radio"/> 15 | <input type="radio"/> 18 | <input type="radio"/> 21 |
| <input type="radio"/> 2 | <input type="radio"/> 4 | <input type="radio"/> 7 | <input type="radio"/> 10 | <input type="radio"/> 13 | <input type="radio"/> 16 | <input type="radio"/> 19 | <input type="radio"/> 22 |
| <input type="radio"/> 3 | <input type="radio"/> 5 | <input type="radio"/> 8 | <input type="radio"/> 11 | <input type="radio"/> 14 | <input type="radio"/> 17 | <input type="radio"/> 20 | |

7) How many people, including yourself, came to the Super Stakes with you?

8) Will they all be here with you every day while you are at the show?

☐ Yes ☐ No ☐ Not sure

9) About how many people will be here with you each day, on average?

10) About how much do you expect to spend per day on average for each person in your group for food and meals – excluding alcoholic drinks – both here at the Will Rogers Memorial Center and at any other places in Fort Worth?

11) Will anyone in your group have alcoholic drinks with meals?

☐ Yes ☐ No ☐ Not sure

12) About how much, if anything, will your party spend each day on alcoholic drinks with your meals?

As I read a list, please tell me whether you or anyone else in your group might buy each one during the Super Stakes.

13) Western wear, boots or other clothing.

☐ Yes ☐ No ☐ Not sure

14) How much will your group spend on western wear, boots or other clothing?

15) Jewelry, belts and other accessories.

☐ Yes ☐ No ☐ Not sure

16) How much will your group spend on jewelry, belts or other accessories?

17) Paintings or crafts.

☐ Yes ☐ No ☐ Not sure

18) How much will your group spend on paintings or crafts?

19) Souvenirs.

☐ Yes ☐ No ☐ Not sure

20) How much will your group spend on souvenirs?

21) Horse trailer.

☐ Yes ☐ No ☐ Not sure

22) How much will your group spend on horse trailers?

23) Tractors.

☐ Yes ☐ No ☐ Not sure

24) How much will your group spend on tractors?

25) Trucks or other vehicles.

☐ Yes ☐ No ☐ Not sure

26) How much will your group spend on trucks or other vehicles?

27) Barns, sheds or stalls.

☐ Yes ☐ No ☐ Not sure

28) How much will your group spend on barns, sheds or stalls?

29) Saddles

☐ Yes ☐ No ☐ Not sure

30) How much will your group spend on saddles?

31) Other tack.

☐ Yes ☐ No ☐ Not sure

32) How much will your group spend on other tack?

33) Photos or videos of the competition.

☐ Yes ☐ No ☐ Not sure

34) How much will your group spend on photos or videos?

35) Alcoholic beverages at a store.

☐ Yes ☐ No ☐ Not sure

36) How much will your group spend on alcoholic beverages from a store?

37) Any other purchases with sales tax.

☐ Yes ☐ No ☐ Not sure

38) How much will your group spend on other purchases?

39) Are you renting a car during the Super Stakes?

☐ Yes ☐ No ☐ Not sure

40) How much will your group spend on car rentals?

41) Are you renting a golf cart?

☐ Yes ☐ No ☐ Not sure

42) How much will your group spend on golf carts during the show?

43) How many days will you be here for the Super Stakes?

44) Are you staying in a Fort Worth hotel or motel?

☐ Yes ☐ No ☐ Not sure

45) How many nights will you be staying?

46) How many rooms are you using?

47) Approximately how much will you be spending each night for hotel or motel rooms?

48) Are you a member of the National Cutting Horse Association?

☐ Yes ☐ No ☐ Not sure

49) Do you own horses?

☐ Yes ☐ No ☐ Not sure

50) What state do you live in?

- | | | | |
|-----------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| <input type="radio"/> Alabama | <input type="radio"/> Indiana | <input type="radio"/> Nebraska | <input type="radio"/> South Carolina |
| <input type="radio"/> Alaska | <input type="radio"/> Iowa | <input type="radio"/> Nevada | <input type="radio"/> South Dakota |
| <input type="radio"/> Arizona | <input type="radio"/> Kansas | <input type="radio"/> New Hampshire | <input type="radio"/> Tennessee |
| <input type="radio"/> Arkansas | <input type="radio"/> Kentucky | <input type="radio"/> New Jersey | <input type="radio"/> Texas |
| <input type="radio"/> California | <input type="radio"/> Louisiana | <input type="radio"/> New Mexico | <input type="radio"/> Utah |
| <input type="radio"/> Colorado | <input type="radio"/> Maine | <input type="radio"/> New York | <input type="radio"/> Vermont |
| <input type="radio"/> Connecticut | <input type="radio"/> Maryland | <input type="radio"/> North Carolina | <input type="radio"/> Virginia |
| <input type="radio"/> Delaware | <input type="radio"/> Massachusetts | <input type="radio"/> North Dakota | <input type="radio"/> Washington |
| <input type="radio"/> Florida | <input type="radio"/> Michigan | <input type="radio"/> Ohio | <input type="radio"/> West Virginia |
| <input type="radio"/> Georgia | <input type="radio"/> Minnesota | <input type="radio"/> Oklahoma | <input type="radio"/> Wisconsin |
| <input type="radio"/> Hawaii | <input type="radio"/> Mississippi | <input type="radio"/> Oregon | <input type="radio"/> Wyoming |
| <input type="radio"/> Idaho | <input type="radio"/> Missouri | <input type="radio"/> Pennsylvania | <input type="radio"/> Other Country |
| <input type="radio"/> Illinois | <input type="radio"/> Montana | <input type="radio"/> Rhode Island | |

51) Other country (Write in Country -- NOT postal code!)

Thank you for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for Texas Motor Speedway, the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association, the American Paint Horse Association, the American Miniature Horse Association, and the Appaloosa Horse Club have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- Fine Line Investments (Bass)
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-3”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2011 Summer Spectacular
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show



August 2011

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

19 days of the 2011 National Cutting Horse Association Summer Spectacular

6,786 visitors

51,275 visitor days

\$6,207,732 direct expenditures subject to eligible Texas taxes

\$402,874 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$402,874.

The Numbers . . .

The 2011 National Cutting Horse Association Summer Spectacular July 12-30 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$402,874 based on projected total eligible direct expenditures of \$6,207,732

These estimates are based on a survey of 404 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 19-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. The interviewing was conducted using hand-held computers. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded 1,085 Texas residents who did not compete in events and were not vendors.

A projected 7,736 individuals attended the 2011 NCHA Summer Spectacular. (Table 1)

Table 1. People Attending 2011 NCHA Summer Spectacular Show

	Groups	Average People in Group	Total People
Contestants	914	3.78	3,455
Horse Sale	868	2.38	2,066
Vendors	97	1.44	140
Out-of-state visitors	204	3.43	700
Totals	2,083		6,360
Texas visitors	578	2.38	1,376
Totals	2,661		7,736

This translates into 61,333 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2011 NCHA Summer Spectacular Show

	Total People	Average Days	Total Visitor Days
Contestants	3,455	12.44	42,980
Horse Sale	2,066	3.58	7,396
Vendors	140	17.39	2,429
Out-of-state visitors	700	5.46	3,822
Totals	6,361		56,628
Texas visitors	1,376	3.42	4,706
Totals	7,737		61,333

The 4,706 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Summer Spectacular on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	42,980	\$45.75	\$1,966,335	\$1,573,068
Horse Sale Participants	7,396	\$55.14	\$407,815	\$326,252
Vendors	2,429	\$22.34	\$54,264	\$43,411
Out-of-state visitors	3,822	\$41.83	\$159,874	\$127,899
Totals	56,627		\$2,588,289	\$2,070,631
Texas visitors	4,706	\$38.28	\$180,146	\$144,117
Grand total	61,333		\$2,768,434	\$2,214,747

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Households	Days at Show	Total Segment Days	Percent Having Drinks	Group Days Having Alcohol	Average Cost Per Day	Spending on Drinks	Minus 20% Gratuity
Exhibitors	914	12.44	11,370	54.3%	6,174	\$23.84	\$147,188	\$117,750
Horse Sale Participants	868	3.58	3,107	62.5%	1,942	\$19.77	\$38,396	\$30,717
Vendors	97	17.39	1,687	25.0%	422	\$36.36	\$15,333	\$12,267
Out-of-State Visitors	204	5.46	1,114	51.2%	570	\$27.94	\$15,934	\$12,747
Total Eligible	2,083		17,278		9,108		\$216,851	\$173,481
Texas Visitors	578	3.42	1,977	36.0%	712	\$33.00	\$23,484	\$18,787
Grand total	2,661		19,255		9,820		\$240,335	\$192,268

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Summer Spectacular. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	Households	Percent in Motels	Number	Average Nights	Average Rooms	Room Nights	Rate	Cost
Contestants	914	33.7%	308	9.85	1.74	5,279	\$113.89	\$601,239
Horse sale participants	868	47.4%	411	5.78	1.22	2,901	\$128.44	\$372,637
Vendors	97	9.1%	9	14.00	1.00	124	\$79.00	\$9,763
Out-of-state visitors	204	41.2%	84	6.00	1.44	726	\$126.43	\$91,810
Total Eligible	2,083		812			9,030		\$1,075,449
Texas visitors	578	25.9%	150	2.53	1.14	432	\$110.57	\$47,741
Grand total	2,661		962			9,462		\$1,123,190

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Summer Spectacular. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 1,993 distinct eligible household purchasing units (excluding 408 households in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 19-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures. Using these parameters, Table 6 summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	914	868	97	204	2,083	578
<i>Western Wear, Boots, Other Clothing</i>	55.5%	55.0%	31.0%	56.1%		29.5%
Number Purchasing	507	477	30	114	1,129	170
Average Expenditure	\$787	\$329	\$292	\$684		\$318
Total Expenditures	\$399,221	\$157,085	\$8,780	\$75,991	\$641,057	\$54,130
<i>Jewelry, Belts, Accessories</i>	32.9%	27.5%	11.6%	34.2%		19.9%
Number Purchasing	300	239	11	70	620	115
Average Expenditure	\$317	\$111	\$102	\$342		\$151
Total Expenditures	\$95,179	\$26,496	\$1,148	\$23,861	\$146,683	\$17,365
<i>Paints, Crafts</i>	4.0%	2.5%	0.0%	9.0%		1.8%
Number Purchasing	37	22		18	77	8
Average Expenditure	\$167	\$267		\$318		\$200
Total Expenditures	\$6,106	\$5,794	\$0	\$5,808	\$17,705	\$1,503
<i>Souvenirs</i>	9.8%	10.0%	2.3%	26.9%		7.7%
Number Purchasing	89	87	2	55	233	45
Average Expenditure	\$237	\$60	\$20	\$80		\$65
Total Expenditures	\$21,120	\$5,208	\$45	\$4,382	\$30,755	\$2,893
<i>Horse Trailers</i>	3.5%	0.0%	0.0%	0.0%		2.6%
Number Planning Purchasing	32				32	15
Didn't Complete Purchases	50.0%					50.0%
Number Actually Purchasing	16				16	8
Average Expenditure	\$16,667					16,500
Total Expenditures	\$266,589				\$266,589	\$123,981
Trade-Ins	25.0%					25.0%
Total Taxable Expenditures	\$199,941		\$0	\$0	\$199,941	\$92,986

Table 6. Eligible Sales Tax Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	914	868	97	204	2,083	878
Trucks, Other Vehicles	1.8%	0.0%	0.0%	0.0%		1.6%
Number Planning Purchasing	18				18	9
Didn't Complete Purchases	50.0%					50.0%
Number Actually Purchasing	8				8	4
Average Expenditure	\$46,333					\$60,000
Total Expenditures	\$370,548				\$370,548	\$280,100
Trade-ins	25.0%					25.0%
Total Taxable Expenditures	\$277,911	\$0	\$0	\$0	\$277,911	\$195,078
Saddles	17.3%	0.0%	0.0%	14.6%		2.6%
Number Purchasing	158			30	187	16
Average Expenditure	\$2,743			\$2,835		\$4,500
Total Expenditures	\$432,475	\$0	\$0	\$84,438	\$516,913	\$67,626
Other Tack	43.5%	42.5%	2.1%	48.8%		24.4%
Number Purchasing	398	389	2	100	298	141
Average Expenditure	\$633	\$221	\$110	\$284		\$157
Total Expenditures	\$251,674	\$81,527	\$224	\$29,268	\$362,694	\$22,142
Photos, Videos	44.5%	5.0%	2.3%	8.5%		4.6%
Number Purchasing	407	43	2	17		26
Average Expenditure	\$153	\$100	\$100	\$133		\$162
Total Expenditures	\$62,230	\$4,340	\$223	\$2,306	\$69,099	\$75,968
Wine/Beer/Alcohol In Store	10.5%	2.5%	0.0%	9.8%		6.4%
Number Purchasing	98	22		20	138	37
Average Expenditure	\$248	\$20		\$113		\$48
Total Expenditures	\$23,801	\$434	\$0	\$2,259	\$26,494	\$1,776
Other Taxable Items	35.3%	25.0%	29.6%	31.7%		20.8%
Number Purchasing	323	217	29	65	633	120
Average Expenditure	\$656	\$89	\$318	\$322		\$181
Total Expenditures	\$211,653	\$14,973	\$9,115	\$20,823	\$256,564	\$26,781
Rental car	9.8%	0.0%	2.3%	39.0%		2.6%
Number renting	89		2	80		18
Average rental	\$538		\$85	\$459		\$250
Total Expenditures	\$47,944	\$0	\$190	\$36,518	\$84,652	\$3,752
Total All Expenditures	\$1,777,581	\$214,309	\$19,500	\$256,384	\$2,267,774	\$534,543

The total eligible Texas taxes generated during the 2011 NCHA Summer Spectacular are summarized in Table 7.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$641,057	6.25%	1.00%	\$40,066	\$6,411
Jewelry, belts, accessories	\$146,683	6.25%	1.00%	\$9,168	\$1,467
Paintings and crafts	\$17,706	6.25%	1.00%	\$1,107	\$177
Souvenirs	\$30,755	6.25%	1.00%	\$1,922	\$308
Horse trailers	\$199,941	6.25%	1.00%	\$12,496	\$1,999
Trucks, other vehicles	\$277,911	6.25%	1.00%	\$17,369	\$2,779
Saddles	\$516,913	6.25%	1.00%	\$32,307	\$5,169
Other tack	\$362,694	6.25%	1.00%	\$22,666	\$3,627
Videos & photographs	\$69,099	6.25%	1.00%	\$4,319	\$691
Wine, beer & liquor from store	\$26,494	6.25%	1.00%	\$1,656	\$265
Other items subject to sales tax	\$256,564	6.25%	1.00%	\$16,035	\$2,566
Car rental	\$84,652	10.00%	1.00%	\$8,465	\$847
Hotel and motel expenditures	\$1,075,449	6.00%	9.00%	\$64,527	\$96,790
Food/meals (excluding drinks)	\$2,070,631	6.25%	1.00%	\$129,414	\$20,706
Alcoholic drinks with meals	\$173,481	11.00%	1.50%	\$19,083	\$2,602
NCHA hotel and motel expenditures	\$30,884	6.00%	9.00%	\$1,853	\$2,780
NCHA awards	\$158,232	10.00%	1.00%	\$15,823	\$1,582
NCHA meals	\$8,706	6.25%	1.00%	\$544	\$87
Other NCHA show expenditures	\$33,060	6.25%	1.00%	\$2,066	\$331
Total eligible expenditures	\$6,180,912			\$400,890	\$151,183
Eligible Texas Tax generated	\$400,890				
Fort Worth City General Fund	\$151,183				

The importance of the NCHA Summer Spectacular to the Fort Worth economy is reflected in the finding that more than four out of five respondents at the show live outside of the city and about half of them live outside of Texas. (See Table 8 on the following page)

Table 8. Respondent ZIP Codes

	Competitors	Horse Sale	Vendors	Visitors
Live in Fort Worth	3.5%	12.5%	25.0%	10.9%
Live in Other Texas	59.7%	50.0%	50.0%	54.6%
Live Outside of Texas	34.3%	35%	35.0%	29.4%
Live in Other Countries	2.5%	2.5%	0.2%	5.0%

The 2011 NCHA Summer Spectacular is indeed an international event. The registered people who participated represented five countries –Brazil, Canada, Italy, Venezuela, and the United States – and 31 states. Survey respondents came from five countries – Austria, Australia, Brazil, Canada, Switzerland, and the United States.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Competitors	Horse Sale	Vendors	Visitors
NCHA member	86.1%	72.5%	38.6%	44.5%
Own horses	86.1%	90.0%	59.1%	72.3%

Additional Economic Benefits

The expenditures in this report do not include \$745,488 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$151,183 eligible expenditures

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Visitors from outside of Texas who came to the 2011 Summer Spectacular visit the state an average of 7.61 times a year, and an average of 6.84 of those visits are because of NCHA activities.

Conservative Assumptions Used for Estimates and Projections

Four hundred four (404) random interviews were conducted during the 2011 NCHA Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2009 NCHA Summer Spectacular had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of adult+youth contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 914 Contestants (Co) + 868 Sales (Sa) + 97 Vendors (Ve) = 1,879 Co+Sa+Ve

Determined by survey: 70.6% Contestants + Sales + Vendors and 29.4% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 29.4 \% :: 1,879 : 70.6\%$

$Vi \# * 70.6\% = 552$

$Vi \# = 552 \div 70.6\%$

Vi # 782 projected visitor respondent units

26.1% of visitors are from outside of Texas, or 204 visitors

73.9% of visitors are from Texas, or 578 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are lower than findings from economic impact studies prior to 2008 for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA/2011-2		
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<p>2) Time</p> <p> <input type="checkbox"/> Morning <input type="checkbox"/> Afternoon <input type="checkbox"/> Evening </p>		
<p>3) Location</p> <p> <input type="checkbox"/> On Bus <input type="checkbox"/> W. R. R. <input type="checkbox"/> At Home <input type="checkbox"/> Other </p>		
<p>4) Gender</p> <p> <input type="checkbox"/> Male <input type="checkbox"/> Female </p>		
<p>5) Please, which of the following best describes your group?</p> <p> <input type="checkbox"/> Carpooling to an event <input type="checkbox"/> Family member carpooling to an event <input type="checkbox"/> Family member carpooling to an event <input type="checkbox"/> Friend of family member carpooling to an event </p>		
<p>6) How many people, including yourself, will be with you every day?</p> <p> <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 <input type="checkbox"/> 11 <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17 <input type="checkbox"/> 18 <input type="checkbox"/> 19 <input type="checkbox"/> 20 <input type="checkbox"/> 21 <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28 <input type="checkbox"/> 29 <input type="checkbox"/> 30 <input type="checkbox"/> 31 <input type="checkbox"/> 32 <input type="checkbox"/> 33 <input 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18) Soudaria.
☐ Yes ☐ No ☐ Not sure

19) How much will your group spend on souvenirs?
☐ None ☐ Little ☐ A lot

20) Horse meals.
☐ Yes ☐ No ☐ Not sure

21) How much will your group spend on horse trailers?
☐ None ☐ Little ☐ A lot

22) Tractors.
☐ Yes ☐ No ☐ Not sure

23) How much will your group spend on tractors?
☐ None ☐ Little ☐ A lot

24) Trucks or other vehicles.
☐ Yes ☐ No ☐ Not sure

25) How much will your group spend on trucks or other vehicles?
☐ None ☐ Little ☐ A lot

26) Buses, shade or stalls.
☐ Yes ☐ No ☐ Not sure

27) How much will your group spend on buses, shade or stalls?
☐ None ☐ Little ☐ A lot

28) Saddles.
☐ Yes ☐ No ☐ Not sure

Page 1 of 2 NCHA 2011 Summer Spectacular
 Conducted by the National Horse Show Association
 August 12, 2011

29) How much will your group spend on saddles?
☐ None ☐ Little ☐ A lot

30) Other tack.
☐ Yes ☐ No ☐ Not sure

31) How much will your group spend on other tack?
☐ None ☐ Little ☐ A lot

32) Photos or videos of the competition.
☐ Yes ☐ No ☐ Not sure

33) How much will your group spend on photos or videos?
☐ None ☐ Little ☐ A lot

34) Alcoholic beverages at a store.
☐ Yes ☐ No ☐ Not sure

35) How much will your group spend on alcoholic beverages from a store?
☐ None ☐ Little ☐ A lot

36) Any other purchases with sales tax.
☐ Yes ☐ No ☐ Not sure

37) How much will your group spend on other purchases?
☐ None ☐ Little ☐ A lot

38) Are you renting a car during the Summer Spectacular?
☐ Yes ☐ No ☐ Not sure

39) How much will your group spend on car rental?
☐ None ☐ Little ☐ A lot

Page 2 of 2 NCHA 2011 Summer Spectacular
 Conducted by the National Horse Show Association
 August 12, 2011

40) How many days will you be here for the Summer Spectacular?

41) Are you staying in a Fort Worth hotel or motel?

42) How many nights will you be staying?

43) How many rooms are you using?

44) Approximately how much will you be spending each night for hotel or motel room?

45) Are you a member of the National Cutting Horse Association?

46) Do you own horses?

47) What is your ZIP Code?

48) Other country

49) How many times a year do you leave to Texas?

50) How many of those times are for Cutting Horse events or activities?

Thank you for your time and cooperation.

Page 6 of 6 NCHA 2011 Summer Spectacular August 18, 2011

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-4”

An Analysis of the
Economic Impact of
**National Cutting Horse Association
2011 World Championship Futurity**



on the Fort Worth Economy
and
**Texas State Tax Revenues
Generated by the Show**

January 2012

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research, LLC

Survey Findings

The Bottom Line . . .

20 days of the 2011 National Cutting Horse Association World Championship Futurity

12,241 visitors

93,894 visitor days

\$22,235,356 direct expenditures subject to eligible Texas taxes

\$1,420,480 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$1,420,480.

The Numbers . . .

The 2011 World Championship Futurity November 21-December 10 generated Texas State Tax revenues eligible under the Major Events Trust Fund conservatively estimated at \$1,420,480 based on projected total eligible direct expenditures of \$22,235,356.

The Futurity celebrated its 50th anniversary in 2011, and the event was heavily promoted world-wide. As a result, record crowds participated in the Futurity. People came to Fort Worth from at least 16 countries on five continents. Contestants from seven countries competed in the 2011 Futurity -- Australia, Brazil, Canada, Czech Republic, Germany, Venezuela, and the United States (including 40 states). In addition, other visitors who registered for International Bags came here from Denmark, England, France, Italy, Mexico, the Netherlands, Switzerland, United Arab Emirates (Abu Dhabi), and Wales.

Several special events were held to mark the anniversary, including a Futurity Champions' Cup party at the Neiman-Marcus store in the Ridgmar Mall. All 32 living past Open Futurity champion riders took part in the Futurity Champions' Cup event held in the Coliseum at Will Rogers Memorial Center. Other special features included Trigger and Bullet, Roy Roger's mounted horse and dog.

A total purse of \$4,000,000 was awarded at the futurity, including \$200,000 for the Open champion.

Six days of cutting horse sales took place at WRMC during the 2011 World Championship Futurity, bringing a total of \$15,699,750.

One goal of the 50th Anniversary Futurity was to bring many newcomers to Fort Worth, and the success of this effort was obvious. The coliseum was filled to capacity for several events and large crowds were seen daily in the 100,000-square-foot "Best of the West" shopping area, featuring everything from souvenirs to horse trailers and trucks. A much higher than usual proportion of visitors came to the futurity from other states and countries.

Estimated daily attendance during the 20-day show, based on the number of entries competing each day of the show, is summarized as follows:

Date	Daily Entries	% of Total Entries	Show Staff	Competitors	Sales Staff	Sales	Vendors	Visitors	Totals
Sat., Nov. 19 Move in			71						71
Sun., Nov. 20 Move in			71				344		71
Mon., Nov. 21	120	5.0%	71	1,863			344	1,220	3,498
Tues., Nov. 22	120	5.0%	71	1,863			344	1,220	3,498
Wed., Nov. 23	120	5.0%	71	1,863			344	1,220	3,498
Thurs., Nov. 24	60	2.5%	71	932			344	610	1,957
Fri., Nov. 25	105	4.4%	71	1,630			344	1,067	3,113
Sat., Nov. 26	121	5.0%	71	1,879			344	1,230	3,524
Sun., Nov. 27	156	6.5%	71	2,422			344	1,586	4,423
Mon., Nov. 28	131	5.5%	71	2,034			344	1,332	3,781
Tues., Nov. 29	202	8.4%	71	3,137			344	2,053	5,605
Wed., Nov. 30	207	8.6%	71	3,214			344	2,104	5,733
Thurs., Dec 1	150	6.2%	71	2,329			344	1,525	4,269
Fri., Dec 2	108	4.5%	71	1,677			344	1,098	3,190
Sat., Dec. 3	135	5.6%	71	2,096			344	1,372	3,883
Sun., Dec. 4	133	5.5%	71	2,065			344	1,352	3,832
Mon., Dec. 5	120	5.0%	71	1,863	55	4,229	344	1,220	7,783
Tues., Dec. 6	114	5.8%	71	2,174	55	4,229	344	1,423	8,296
Wed., Dec. 7	140	5.8%	71	2,174	55	4,229	344	1,423	8,296
Thurs., Dec. 8	58	2.4%	71	901	55	4,229	344	590	6,189
Fri., Dec 9	76	3.2%	71	1,180	55	4,229	344	773	6,652
Sat., Dec 10	25	1.0%	71	388	55	4,229	344	254	5,341
Sun., Dec. 11 Move out			71				344		
Totals	2,401	101.1%	1,704	37,685	330	25,374	7,224	24,670	96,360

The total number of people each day is higher than the 93,894 reported on the preceding page because the NCHA staff members and Bloodstock Horse Sale staff members were not included in the projections.

The projections in this report are based on a survey of 406 randomly selected adults attending the 2011 World Championship Futurity, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 20-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded Texas residents who did not compete in events and were not vendors.

A projected 12,241 individuals attended the 2011 NCHA Futurity. (Table 1)

Table 1. People Attending 2011 NCHA Futurity

	Unduplicated Attendance	People Per Group	Projected Attendance
Competitors	1,091	3.4	3,655
Horse Sale	1,446	2.8	4,020
Vendors	198	1.9	376
Out-of-state visitors	829	3.8	3,150
Total eligible	3,564		11,201
Texas visitors	400	2.6	1,040
Grand total	3,964		12,241

This translates into 93,894 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2011 NCHA Futurity

	Number of People in Group	Average Days Attending Show	Projected Visitor Days
Competitors	3,655	10.2	37,281
Sale	4,020	6.3	25,326
Vendors	376	18.3	6,881
Out-of-state visitors	3150	5.8	18,270
Totals Eligible	11,201		87,758
Texas visitors	1,040	5.9	6,136

Grand total	12,241	93,894
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The 6,136 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the World Championship Futurity on food and dining, excluding alcoholic drinks. Calculations are summarized in Table 3. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Competitors	37,281	\$50.16	\$1,870,015	\$1,496,012
Horse sale participants	25,326	\$58.33	\$1,477,266	\$1,181,812
Vendors	6,881	\$21.67	\$149,107	\$119,286
Out-of-state visitors	18,270	\$47.06	\$859,786	\$687,829
Total eligible	87,758		\$4,356,174	\$3,484,939
Texas visitors	6,136	\$60.54	\$371,473	\$297,179
Grant total	93,894		\$4,727,647	\$3,782,118

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures on Alcoholic Drinks with Meals

	House-holds	Days at Show	Total Segment Days	Percent Having Drinks	Group Days Having Alcohol	Average Cost Per Day	Spending on Drinks	Minus 20% Gratuity
Contestants	1,091	10.2	11,128	49.6%	5,520	\$45.23	\$249,651	\$199,721
Horse sale participants	1,446	6.3	9,110	50.0%	4,555	\$53.25	\$242,548	\$194,039
Vendors	198	18.3	3,623	77.8%	2,819	\$52.10	\$146,870	\$117,496
Out-of-state visitors	829	5.8	4,808	63.5%	3,053	\$30.81	\$94,069	\$75,255
Total eligible	3,564		28,670		15,947		\$733,139	\$586,511
Texas visitors	400	5.9	2,360	51.2%	1,208	\$41.57	\$50,230	\$40,184

Grand total	3,964		31,030		17,155		\$783,369	\$626,695
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Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Futurity. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	House-holds	Percent in Motels	Number in Motels	Average Nights	Average Rooms	Room Nights	Rate	Cost
Contestants	1,091	54.1%	590	8.46	1.42	7,091	\$116.63	\$826,972
Horse sale participants	1,446	62.5%	904	4.00	1.20	4,338	\$99.57	\$431,935
Vendors	198	37.5%	74	16.50	1.00	1,225	\$46.33	\$56,760
Out-of-state visitors	829	72.9%	604	6.00	1.74	6,309	\$132.74	\$837,499
Total Eligible	3,564		2,173			18,963		\$2,153,166
Texas visitors	400	30.0%	120	4.41	1.26	667	\$115.78	\$77,201
Grand total	3,964		2,293			19,630		\$2,230,367

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA World Championship Futurity. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, duplication was eliminated for people with the same last name and the same address. This resulted in 3,564 distinct household purchasing units (excluding the 400 visitor groups who live in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 20-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, horse sale participants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only 50% of the sales tax collected on buildings/sheds is estimated to be eligible.

Using these parameters, Table 6 on the following pages summarizes sales tax expenditures eligible under Major Events Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	1,091	1,446	198	829	3,564	400
<i>Western Wear, Boots, Other Clothing</i>	69.6%	62.5%	33.3%	65.9%		84.7%
Number Purchasing	759	904	66	546	2,275	259
Average Expenditure	\$1,501	\$1,588	\$683	\$1,022		\$923
Total Expenditures	\$1,139,763	\$1,435,155	\$45,033	\$558,330	\$3,178,281	\$238,872
<i>Jewelry, Belts, Accessories</i>	46.4%	25.0%	11.1%	39.4%		39.1%
Number Purchasing	506	362	22	327	1,216	158
Average Expenditure	\$503	\$455	\$500	\$319		\$357
Total Expenditures	\$254,631	\$164,483	\$10,989	\$104,194	\$534,296	\$55,835
<i>Paints, Crafts</i>	17.9%	14.6%	0.0%	20.3%		12.2%
Number Purchasing	195	211	0	168	575	49
Average Expenditure	\$337	\$65		\$575		\$183
Total Expenditures	\$65,812	\$13,723	\$0	\$96,765	\$176,300	\$8,930
<i>Souvenirs</i>	19.0%	18.9%	0.0%	21.8%		19.6%
Number Purchasing	207	273	0	181	661	78
Average Expenditure	\$168	\$204		\$160		\$147
Total Expenditures	\$34,825	\$55,752	\$0	\$28,916	\$119,492	\$11,525
<i>Horse Trailers</i>	9.2%	0.0%	0.0%	4.2%		6.1%
Number Planning Purchasing	100			35	135	
Didn't Complete Purchases	50.0%			50.0%		
Number Actually Purchasing	50			17	68	
Average Expenditure	\$36,375			\$50,000		55,500
Total Expenditures	\$1,825,516			\$870,450	\$1,825,516	
Trade-Ins	25.0%			25.0%		
Total Taxable Expenditures	\$1,369,137		\$0	\$652,838	\$2,021,974	\$0
<i>Tractors</i>	0.0%	0.0%	0.0%	2.4%		0.0%
Number Planning Purchasing				20		
Didn't Complete Purchases				50.0%		
Number Actually Purchasing				10		
Average Expenditure				\$5,000		
Total Expenditures				\$49,740		
Trade-Ins				25.0%		
Total Taxable Expenditures				\$37,305	\$37,305	
<i>Trucks, Other Vehicles</i>	6.8%	0.0%	0.0%	6.5%		2.4%
Number Planning Purchasing	74			54	128	10
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	37			27	64	5
Average Expenditure	\$32,556			\$40,000		\$25,000
Total Expenditures	\$1,207,632			\$1,077,700	\$2,285,332	\$120,000
Trade-Ins	25.0%			25.0%		25.0%
Total Taxable Expenditures	\$905,724	\$0	\$0	\$808,275	\$1,713,999	\$90,000

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
<i>Units/Groups</i>	1,091	1,446	198	829	3,564	400
<i>Buildings or Sheds</i>	10.2%	0.0%	0.0%	4.8%		4.9%
Number Planning Purchasing	111			40	151	20
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	56			20	76	10
Average Expenditure	\$37,000			\$25,000		\$50,000
Total Taxable Expenditures	\$2,058,717	\$0	\$0	\$497,400	\$2,556,117	\$490,000
<i>Saddles</i>	34.4%	20.8%	0.0%	17.7%		15.8%
Number Purchasing	375	301		147	823	63
Average Expenditure	\$4,503	\$4,400		\$6,077		\$5,083
Total Expenditures	\$1,689,994	\$1,323,379	\$0	\$891,696	\$3,905,070	\$321,248
<i>Other Tack</i>	33.5%	43.8%	0.0%	24.2%		40.3%
Number Purchasing	365	633		201	298	161
Average Expenditure	\$913	\$708		\$649		\$312
Total Expenditures	\$333,688	\$448,410	\$0	\$130,201	\$912,299	\$50,294
<i>Photos, Videos</i>	52.9%	16.7%	11.1%	18.3%		15.9%
Number Purchasing	577	241	22	152		64
Average Expenditure	\$222	\$305		\$223		\$119
Total Expenditures	\$128,125	\$73,652	\$0	\$33,831	\$235,608	\$343,090
<i>Feed, Hay, Horse Supplies</i>	16.4%	8.3%		4.7%		0.0%
Number Purchasing	179	120		39		
Average Expenditure	\$222	\$80		\$1,683		
Total Expenditures	\$39,721	\$9,601	\$0	\$65,575	\$114,897	\$0
<i>Wine/Beer/Alcohol in Store</i>	14.7%	4.2%	11.1%	7.8%		2.4%
Number Purchasing	160	61	22	65	308	10
Average Expenditure	\$108	\$400	\$45	\$112		\$25
Total Expenditures	\$17,321	\$24,293	\$989	\$7,242	\$49,845	\$240
<i>Other Taxable Items</i>	19.7%	58.3%	27.8%	22.4%		22.0%
Number Purchasing	215	843	55	186	1,299	88
Average Expenditure	\$448	\$1,120	\$100	\$384		\$328
Total Expenditures	\$96,287	\$944,180	\$5,504	\$71,307	\$1,117,279	\$28,864
<i>Rental car</i>	19.0%	25.0%	22.2%	8.2%		24.4%
Number renting	207	362	44	68		98
Average rental	\$399	\$308	\$211	\$299		\$316
Total Expenditures	\$82,709	\$111,342	\$9,275	\$20,325	\$223,651	\$30,842
Total All Expenditures	\$7,843,045	\$4,145,958	\$71,790	\$3,771,119	\$15,831,911	\$1,619,444

The total eligible Texas taxes generated during the 2011 NCHA World Championship Futurity are summarized in Table 7.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$3,178,281	6.25%	1.00%	\$198,643	\$31,783
Jewelry, belts, accessories	\$534,296	6.25%	1.00%	\$33,394	\$5,343
Paintings and crafts	\$176,300	6.25%	1.00%	\$11,019	\$1,763
Souvenirs	\$119,492	6.25%	1.00%	\$7,468	\$1,195
Videos & photographs	\$235,608	6.25%	1.00%	\$14,726	\$2,356
Saddles	\$3,905,070	6.25%	1.00%	\$244,067	\$39,051
Other tack	\$912,299	6.25%	1.00%	\$57,019	\$9,123
Food/meals (excluding drinks)	\$3,484,939	6.25%	1.00%	\$217,809	\$34,849
Alcoholic drinks with meals	\$586,511	11.00%	1.50%	\$64,516	\$8,798
Wine, beer & liquor from store	\$49,845	6.25%	1.00%	\$3,115	\$498
Hotel and motel expenditures	\$2,153,166	6.00%	9.00%	\$129,190	\$193,785
Car rental	\$223,651	10.00%	1.00%	\$22,365	\$2,237
Horse trailers	\$2,021,974	6.25%	1.00%	\$126,373	\$20,220
Trucks, other vehicles	\$1,713,999	6.25%	1.00%	\$107,125	\$17,140
Tractors	\$37,305	6.25%	1.00%	\$2,332	\$373
Barns, stalls, sheds (50% of \$2,556,117)	\$1,278,059	6.25%	1.00%	\$79,879	\$12,781
Feed, hay, horse supplies	\$114,897	6.25%	1.00%	\$7,181	\$1,149
Other items subject to sales tax	\$1,117,279	6.25%	1.00%	\$69,830	\$11,173
NCHA cattle handler local expenses	\$28,462	6.25%	1.00%	\$1,779	\$285
NCHA equipment rental	\$16,039	6.25%	1.00%	\$1,002	\$160
NCHA signage, printing	\$28,900	6.25%	1.00%	\$1,806	\$289
NCHA hotel and motel expenditures	\$37,345	6.00%	9.00%	\$2,241	\$3,361
NCHA awards	\$236,454	6.25%	1.00%	\$14,778	\$2,365
NCHA meals	\$14,036	6.25%	1.00%	\$877	\$140
NCHA alcohol purchases	\$18,988	6.25%	1.00%	\$1,187	\$190
Other NCHA show expenditures	\$12,161	6.25%	1.00%	\$760	\$122
Total eligible expenditures	\$22,235,356			\$1,420,480	\$400,527
Eligible Texas Tax generated	\$1,420,480				
Fort Worth City General Fund	\$400,527				

The importance of the NCHA World Championship Futurity to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and about half of them live outside of Texas. (Table 8)

Table 8. Where Respondents Live

	Contestants	Horse Sale Participants	Vendors	Out-of-state Visitors	Texas Visitors
Live in Fort Worth	2.0%	0.0%	33.3%	0.0%	0.0%
Live in Other Texas	29.6%	50.0%	22.2%	0.0%	100.0%
Live in Other States	66.4%	33.3%	44.4%	85.9%	0.0%
Live in Other Countries	2.0%	16.7%	0.0%	14.1%	0.0%

People participating in events came from seven countries – Australia, Brazil, Canada, Czech Republic, Germany, Venezuela, and the United States. Those from the United States came from 39 states.

The survey sample included people from ten countries -- Australia, Austria, Brazil, Canada, England, France, Germany, Italy, Venezuela, and the United States.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people who attended the 2011 NCHA World Championship Futurity are members of NCHA and about nine out of 10 own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sale Participants	Vendors	Out-of-state Visitors	Texas Visitors
NCHA Member	67.2%	91.7%	11.1%	40.0%	58.5%
Own Horses	74.5%	100.0%	22.0%	56.5	85.4%

Additional Economic Benefits

People who attended the 2011 NCHA World Championship Futurity came to Texas an average of 5.05 times a year. They reported that 3.81 of those times were for NCHA events.

The expenditures in this report do not include \$1,871.817 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$243.243 from out-of-state visitors, bringing the total for Fort Worth General Fund to \$521,654. (Table 10)

Table 10. Eligible Taxes Generated for Fort Worth General Fund

	Expenditures by Texas Visitors	Fort Worth General Fund Taxes
Eligible for State Tax Rebates		\$400,527
<i>Texas Visitors:</i>		
Food	\$297,179	\$18,574
Alcoholic Drinks	\$40,184	\$884
Hotels/Motels	\$77,201	\$4,578
Sales Tax Expenditures	\$1,619,444	\$97,091
Totals	\$2,034,008	\$521,654

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Conservative Assumptions Used for Estimates and Projections

Four hundred four (402) random interviews were conducted during the 2011 NCHA World Championship Futurity at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and all interviews were supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ Interviewers used hand-held computers to conduct the interviews. This ensured that all skip patterns were automatically made and eliminated the potential for entries which might result from entering the data from paper questionnaires.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2011 NCHA World Championship Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of four categories – contestants, horse sale participants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 1,091 Contestants (Co) + 1,446 Sales (Sa) + 198 Vendors (Ve) = 2,735 Co+Sa+Ve

Determined by survey: 69.0% Contestants + Sales + Vendors and 31.0% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 31.0\% :: 2,735 : 69.0\%$

$Vi \# * 69.0\% = 848$

$Vi \# = 848 \div 69.0\%$

$Vi \# = 1,229$ projected visitor respondent units

67.5% of visitors are from outside of Texas, or 829 visitors

32.5% of visitors are from Texas, or 400 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures.

Survey Questionnaire

NCHA 2011 Futurity

1) Date

- | | | | |
|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| <input type="radio"/> November 21 | <input type="radio"/> November 26 | <input type="radio"/> December 1 | <input type="radio"/> December 6 |
| <input type="radio"/> November 22 | <input type="radio"/> November 27 | <input type="radio"/> December 2 | <input type="radio"/> December 7 |
| <input type="radio"/> November 23 | <input type="radio"/> November 28 | <input type="radio"/> December 3 | <input type="radio"/> December 8 |
| <input type="radio"/> November 24 | <input type="radio"/> November 29 | <input type="radio"/> December 4 | <input type="radio"/> December 9 |
| <input type="radio"/> November 25 | <input type="radio"/> November 30 | <input type="radio"/> December 5 | <input type="radio"/> December 10 |

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- ☐ Coliseum ☐ W.R. Watt Arena
☐ Amon Carter Exhibits ☐ John Justin Arena

4) Gender

- ☐ Male ☐ Female

Hello. We're doing a survey of people at the NCHA Futurity and I'd like to ask you a few questions. This will take only a couple of minutes and your answers will be confidential.

5) First, which of the following best describes your main reason for coming to the Futurity?

- | | |
|--|---|
| <input type="radio"/> Competing in an event | <input type="radio"/> Trainer, not riding in an event |
| <input type="radio"/> Own horse in an event but not riding | <input type="radio"/> Buying or selling horses |
| <input type="radio"/> Family member competing in an event | <input type="radio"/> Vendor |
| <input type="radio"/> Friend or employer competing | <input type="radio"/> Visitor |

6) How many people, including yourself, came to the Futurity with you?

7) Will they all be here with you every day while you are at the show?

- ☐ Yes ☐ No ☐ Not sure

8) About how many people will be here with you each day, on average?

9) About how much do you expect to spend per day on average for each person in your group for food and meals -- excluding alcoholic drinks -- both here at the Will Rogers Memorial Center and at any other places in Fort Worth?

10) Will anyone in your group have alcoholic drinks with meals?

☐ Yes ☐ No ☐ Not sure

11) About how much, if anything, will your party spend each day on alcoholic drinks with your meals?

As I read a list, please tell me whether you or anyone else in your group might buy each one during the Futurity.

12) Western wear, boots or other clothing.

☐ Yes ☐ No ☐ Not sure

13) How much will your group spend on western wear, boots or other clothing?

14) Jewelry, belts and other accessories.

☐ Yes ☐ No ☐ Not sure

15) How much will your group spend on jewelry, belts or other accessories?

16) Paintings or crafts.

☐ Yes ☐ No ☐ Not sure

17) How much will your group spend on paintings or crafts?

18) Souvenirs.

☐ Yes ☐ No ☐ Not sure

19) How much will your group spend on souvenirs?

20) Horse trailer.

☐ Yes ☐ No ☐ Not sure

21) How much will your group spend on horse trailers?

22) Tractors.

☐ Yes ☐ No ☐ Not sure

23) How much will your group spend on tractors?

24) Trucks or other vehicles.

☐ Yes ☐ No ☐ Not sure

25) How much will your group spend on trucks or other vehicles?

26) Barns, sheds or stalls.

☐ Yes ☐ No ☐ Not sure

27) How much will your group spend on barns, sheds or stalls?

28) Saddles

☐ Yes ☐ No ☐ Not sure

29) How much will your group spend on saddles?

30) Other tack.

☐ Yes ☐ No ☐ Not sure

31) How much will your group spend on other tack?

32) Photos or videos of the competition.

☐ Yes ☐ No ☐ Not sure

33) How much will your group spend on photos or videos?

34) Feed, hay, grooming items or medications for your horses.

☐ Yes ☐ No ☐ Not sure

35) How much will your group spend on feed, hay, grooming items or medications?

36) Alcoholic beverages at a store.

☐ Yes ☐ No ☐ Not sure

37) How much will your group spend on alcoholic beverages from a store?

38) Any other purchases with sales tax.

☐ Yes ☐ No ☐ Not sure

39) How much will your group spend on other purchases?

40) Are you renting a car during the Futurity?

☐ Yes ☐ No ☐ Not sure

41) How much will your group spend on car rentals?

42) Are you renting a golf cart during the Futurity?

☐ Yes ☐ No ☐ Not Sure

43) How many days will you be here for the Futurity?

44) Are you staying in a Fort Worth hotel or motel?

☐ Yes ☐ No ☐ Not sure

45) How many nights will you be staying?

46) How many rooms are you using?

47) Approximately how much will you be spending each night for hotel or motel rooms?

48) Are you a member of the National Cutting Horse Association?

☐ Yes ☐ No ☐ Not sure

49) Do you own horses?

☐ Yes ☐ No ☐ Not sure

50) What is your ZIP Code?

51) Other country

52) How many times a year do you come to Texas?

53) How many of those times are for Cutting Horse events or activities?

Thank you for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for Texas Motor Speedway, the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

NCHA TRIPLE CROWN OF CUTTING **ECONOMIC IMPACT**

The NCHA Triple Crown consists of the Futurity (held in November/December), Super Stakes (held in April) and the Summer Spectacular (held in July).

The chart below sets out the average impact of the Triple Crown of Cutting over the past four years.

	Amounts
Show Days	63.5
Visitors	29,271
Visitor Days	225,731
Direct Expenditures Subject to Eligible Texas Taxes	\$45,116,017
Eligible Texas Taxes Generated by Direct Expenditures	\$2,867,436



THE NCHA TRIPLE CROWN OF CUTTING: An Economic "Work Horse" for the State of Texas

The NCHA Triple Crown of Cutting is one of the premier equine events in the world. Currently hosted at Will Rogers Memorial Center in Fort Worth, the NCHA Triple Crown consists of three major activities:

- ❖ The World Championship Futurity
- ❖ The Super Stakes
- ❖ The Summer Spectacular

Collectively, these three shows comprise 63 "show days" of economic activity, generating over **\$45,000,000 in real primary spending each year**. The NCHA Triple Crown of Cutting creates over **225,000 visitor days** each year to Fort Worth and generates over **\$2,800,000 in tax revenue** for the State of Texas each year.

These economic impact statistics are based on actual results, not projections or speculation. The actual economic impact of the events has been quantified each year by Grotta Marketing Research and certified each year by the Texas Comptroller of Public Accounts. Post-event calculations of each Triple Crown show are conducted each year verifying their value to the State of Texas.

The NCHA Triple Crown of Cutting is a proven winner for Texas. Retaining these activities and the year-around economic benefits they generate is smart business for Texas. The fiercely competitive national environment to lure these events from Texas is real. Our economy, and our Texas Heritage, are greatly enhanced by keeping the NCHA Triple Crown "at home" in the Lone Star State.



- Summary Report -

An Analysis of the
Economic Impact of the
**National Cutting Horse Association's
2011 Triple Crown Events**
on the Fort Worth Economy
and
Eligible Texas State Tax Revenues
Generated by the Shows

March 2011

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

- Summary Report -

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February 2010

Prepared by:
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Grotta Marketing Research

Survey Findings

The Bottom Line . . .

65 days of the 2009 National Cutting Horse Association Triple Crown events

28,637 visitors

255,737 visitor days

\$50,318,114 direct expenditures subject to eligible Texas State taxes

\$3,165,453 eligible State taxes generated by direct expenditures

Therefore, we respectfully request certification of \$3,165,453

The Numbers . . .

The 2009 National Cutting Horse Association Triple Crown at the Will Rogers Memorial Center – Super Stakes, Summer Spectacular and World Championship Futurity & World Championship Finals -- generated eligible Texas State Tax revenues conservatively estimated at \$3,165,453, based on projected total expenditures of \$50,318,114 on taxable purchases. These estimates and projections are the result of interviews with 1,207 randomly selected adults at the three shows.

With the national economic decline in 2009, expenditures were lower than 2008 for the Super Stakes and the Summer Spectacular. However, the 2009 NCHA World Championship Finals was moved from Amarillo to Fort Worth and held in conjunction with the 2009 NCHA World Championship Futurity which added a day to the Triple Crown events and increased attendance substantially. Also, the economic outlook had improved, and as a result, most of the decline in the Super Stakes and Summer Spectacular was overcome with the World Championship Futurity and World Championship Finals.

Assumptions were developed to minimize the possibility of overestimating the amount of eligible Texas taxes generated during the 65 days that the NCHA Triple Crown events were held in Fort Worth during 2009. Interviewing was done every day of the shows and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were at the show for only one day and did not make any purchases.

In calculating the economic impact on eligible Texas tax revenue, only expenditures by people competing in events, participating in the horse sales, vendors, and visitors who live outside of Texas were included. This excluded all expenditures by Texas residents who attended the shows but did not compete in events, participate in horse sales, or were not vendors. All duplications were removed (e.g., people who registered for the horse sales and also competed in the show events and people from the same household).

Table 1 summarizes the number of people in each segment who attended the show (total of 8,302). This represents the number of household purchasing units.

Table 1: Number of Groups in Each Category at 2009 NCHA Triple Crown Events

	2009 Super Stakes	2009 Summer Spectacular	2009 World Championship Futurity & 2009 World Championship Finals	Totals
Competitors	796	1,056	1,095	2,947
Horse Sale Participants	689	788	1,524	3,001
Vendor	86	90	183	359
Out-of-Texas Visitors	212	87	551	850
Total	1,783	2,021	3,353	7,157
Texas Visitors *	120	252	773	1,145
Grand Total	1,903	2,273	4,126	8,302

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

Respondents in each category were asked how many people were at the show with them. This resulted in a projected 28,637 individuals who attended the Triple Crown events. Respondents were asked if those people would be at the show with them every day. If not, they were asked how many people would be there each day, on the average. (See Table 2)

Table 2: Number of Unique Individuals in Each Category

	2009 Super Stakes	2009 Summer Spectacular	2009 World Championship Futurity & 2009 World Championship Finals	Totals
Competitors	2,810	4,763	4,632	12,205
Horse Sale Participants	1,605	1,891	5,502	8,998
Vendor	275	192	470	937
Out-of-Texas Visitors	623	230	1,923	2,776
Total	5,313	7,076	12,527	24,916
Texas Visitors *	1,100	665	1,956	3,721
Grand Total	6,413	7,741	14,483	28,637

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

The number of people in each category was multiplied by the number of days they said they would be at the shows, resulting in a projection of 255,737 visitor days. (Table 3)

Table 3: Total Visitor Days in Each Category

	2009 Super Stakes	2009 Summer Spectacular	2009 World Championship Futurity & 2009 World Championship Finals	Totals
Competitors	34,758	52,531	62,671	149,960
Horse Sale Participants	5,683	7,414	40,715	53,812
Vendor	5,229	3,571	6,843	15,643
Out-of-Texas Visitors	2,954	1,468	17,692	22,114
Total	48,624	64,984	127,921	241,529
Texas Visitors *	4,424	2,821	6,963	14,208
Grand Total	53,048	67,805	134,884	255,737

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

No multipliers were used in the analyses. The figures reported here represent actual projected expenditures during the shows.

Expenditures on dining/food in Fort Worth during the shows were calculated by multiplying the number of visitor days in each category (contestant, horse show participant, vendor, and out-of-state visitor) by the average daily spending per person. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Triple Crown shows. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase for the group.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Also, duplication was eliminated resulting from a person both participating in the horse sale and competing in events.

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the events. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show. If respondent said they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be about a fourth of the price of the purchases, which was deducted from the selling price of these items.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible under Chapter 151, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 4 summarizes direct expenditures eligible under the Sporting Event Trust Fund. These calculations use the appropriate State of Texas Sales Tax.

Table 4. NCHA 2008 Triple Crown Events Summary

	2009 Super Stakes	2009 Summer Spectacular	2009 World Championship Futurity & 2009 World Championship Finals	2009 Totals
Western wear/boots/clothing	\$521,667	\$856,935	\$2,456,342	\$3,834,944
Jewelry, belts, accessories	\$238,331	\$468,112	\$502,524	\$1,208,967
Paintings and crafts	\$70,594	\$77,664	\$236,315	\$384,573
Souvenirs	\$20,054	\$81,604	\$192,378	\$294,036
Buildings, sheds (50%)	\$1,754	\$2,231,595	\$0	\$2,233,349
Saddies, other tack	\$1,620,051	\$2,025,112	\$4,004,479	\$7,649,642
Food/meals	\$1,620,051	\$3,921,394	\$6,204,521	\$11,745,966
Alcoholic drinks with meals	\$300,104	\$512,010	\$1,126,875	\$1,938,989
Alcohol at stores	\$17,915	\$78,168	\$235,914	\$331,997
NCHA-paid lodging	*	\$47,005	\$35,646	\$82,651
NCHA -paid food/meal	*	\$9,481	\$20,362	\$29,843
Other NCHA expenditures	\$153,013	\$133,113	\$166,955	\$453,081
Horse trailers	\$2,078,698	\$2,727,173	\$7,606,874	\$12,412,745
Trucks and other vehicles	\$776,362	\$1,708,071	\$241,448	\$2,725,881
Videos/photos of rides	**	\$145,305	\$291,875	\$437,180
Tractors, (10%)	\$17,576	\$6,336	\$824	\$24,736
Car rentals	\$70,098	\$148,206	\$466,015	\$684,319
Hotel/motel expenditures	\$965,360	\$1,247,135	\$1,360,840	\$3,573,335
Other sales tax expenditures	\$69,103	\$142,931	\$59,846	\$271,880
Total eligible expenditures	\$8,540,731	\$16,567,350	\$25,210,033	\$50,318,114
Texas Tax generated	\$534,346	\$1,059,299	\$1,571,808	\$3,165,453
Fort Worth General Fund	\$163,110	\$183,618	\$374,324	\$721,052

* Not broken down in 2009 analysis

** Not included in 2009 analysis

Additional Economic Benefits

Many other expenditures which are not included in the survey, such as year-round horse operations by people who live in Texas or own horse operations here because of the NCHA Triple Crown, contribute even more tax revenues to the State of Texas. Also excluded is \$721,053 in taxes generated for the Fort Worth City General Fund by visitors who live in Texas.

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the NCHA 2008 Super Stakes, 2008 Summer Spectacular and 2008 Futurity at the Will Rogers Memorial Center in Fort Worth, for a total of 1,200 interviews. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level for each survey.

All interviews were done by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything. Response rate was very high, with more than 95% of all people who were contacted agreeing to be interviewed.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the shows had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.

- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.
- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers, tractors, trucks, and other vehicles, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.
- ❖ Additional economic impact from salaries paid to people who worked at the show, etc. is not included in this analysis.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau and the Arlington Convention and Visitors Bureau, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Bell Helicopter Armed Forces Bowl
- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *Boca Raton (Florida) Magazine*
- *Salt Lake City (Utah) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG (Graphic Concepts Group)
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-10”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2009 Super Stakes
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

June 2009

Survey Findings

The Bottom Line . . .

21 days of the 2009 National Cutting Horse Association Super Stakes

6,413 visitors

53,048 visitor days

\$8,588,154 direct expenditures subject to eligible Texas State taxes

\$534,346 eligible State Sales and Bed Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$534,346.

The Numbers . . .

The 2009 National Cutting Horse Association Super Stakes (March 30-April 19) generated Texas State Sales Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$534,346 based on projected total eligible direct expenditures of \$8,588,154. This is substantially lower than previous years, with fewer people attending and spending less money. The deepening economic recession in the first quarter of 2009 undoubtedly contributed to these declines.

These estimates are based on a survey of 405 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of State Sales Tax generated during the 21-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were just at the show for the day and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, participating in the horse sale, vendors, and visitors who live outside of Texas were included. This excluded 1,100 Texas residents who did not compete in events, participate in the horse sale, or were not vendors.

The projections based on competitors are limited to the unduplicated number of contestants who did not share a last name and address as another competitor. A computer merge and purge program identified registered buyers and/or sellers who were at the horse sale but did not compete in the show.

A projected 6,413 individuals attended the 2009 NCHA Super Stakes. (See Table 1)

Table 1. People Attending 2009 Super Stakes

	Segment	Average People Per Group	Totals
Contestants	796	3.53	2,810
Horse Sale	689	2.33	1,605
Vendors	86	3.20	275
Out-of-State Visitors	212	2.94	623
Totals	1,783		5,313
Texas Visitors	420	2.62	1,100
Grand Totals	2,203		6,413

This translates into 53,048 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2009 NCHA Super Stakes

	Segment	Average Days at Super Stakes	Totals
Contestants	2,810	12.37	34,758
Horse Sale	1,605	3.54	5,683
Vendors	275	19.00	5,229
Out-of-State Visitors	623	4.74	2,954
Totals	5,313		48,624
Texas Visitors	1,100	4.02	4,424
Grand Totals	6,413		53,048

Texas visitors were not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, participants in the horse sale, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spend per person per day in Fort Worth during the Super Stakes on food and dining, excluding drinks. Calculations are summarized in Table 3 (on the following page). It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Per Day	Total	Minus 20%
Contestants	34,758	\$40	\$1,382,682	\$1,106,145
Horse Sale	5,683	\$60	\$342,913	\$274,330
Vendors	5,299	\$39	\$202,616	\$162,093
Out-of-State Visitors	2,954	\$53	\$157,880	\$9126,304
Totals	48,624		\$2,086,091	\$1,688,873

Respondents also were asked how much they spent per group, on average, for alcoholic drinks with their meals. Average daily expenditures by respondents who said they have alcoholic drinks with their meals were multiplied by the number of groups purchasing alcoholic beverages with meals, and as with food, a 20 percent tip was assumed. Results are shown in Table 4.

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Buy Drinks With Meals	Group Days	Per Day	Total	Minus 20%
Contestants	396	4,904	\$62	\$305,247	\$244,198
Horse Sale	76	678	\$76	\$51,193	\$40,955
Vendors	17	327	\$37	\$11,984	\$9,587
Out-of-State Visitors	35	232	\$29	\$6,706	\$5,365
Totals	525	6,141		\$375,130	\$300,104

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the Super Stakes. Those who said they were staying in a hotel or motel were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. Results are shown in Table 5.

Table 5. Expenditures on Hotels/Motels

	Room Nights	Per Night	Total
Contestants	4,483	\$131	\$587,428
Horse Sale	2,009	\$126	\$254,090
Vendors	396	\$73	\$29,046
Out-of-State Visitors	935	\$101	\$94,797
Totals	67,823		\$965,360

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Super Stakes. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 21-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, and trucks, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, horse sale participants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 6 summarizes direct expenditures eligible under Sporting Event Trust Fund.

Table 6. Expenditures for Selected Eligible Products

	Exhibitors	Horse Sale	Vendors	Out-of-State Visitors	Totals	Trade-In Visitors
Units/Groups	798	889	88	212	1,783	
<i>Western Wear, Boots, Other Clothing</i>	67.5%	50.6%	40.7%	45.8%		
Number Purchasing	537	349	35	97	1,018	
Average Expenditure	\$582	\$435	\$583	\$380		
Total Expenditures	\$312,709	\$151,658	\$20,406	\$38,896	\$521,667	
<i>Jewelry, Belts, Accessories</i>	21.2%	18.7%	37.7%	20.5%		
Number Purchasing	169	129	32	43	373	
Average Expenditure	\$1,195	\$150	\$220	\$235		
Total Expenditures	\$201,859	\$19,328	\$7,133	\$10,213	\$238,331	
<i>Paints, Crafts</i>	6.0%	6.0%	14.6%	9.2%		
Number Purchasing	48	41	13	20	121	
Average Expenditure	\$524	\$850	\$450	\$245		
Total Expenditures	\$25,028	\$38,139	\$5,650	\$4,778	\$70,594	
<i>Souvenirs</i>	15.6%	0.0%	0.0%	7.8%		
Number Purchasing	124			17	141	
Average Expenditure	\$131			\$229		
Total Expenditures	\$16,267			\$3,787	\$20,054	
<i>Horse Trailers</i>	13.1%	0.0%	8.7%	6.0%		
Number Planning Purchasing	104		7	13	124	
Didn't Complete Purchases	50.0%		50.0%	50.0%		
Number Actually Purchasing	52		4	6	62	
Average Expenditure	\$43,813		\$75,000	\$32,500		
Total Expenditures	\$2,284,322		\$280,575	\$208,700	\$2,284,322	
Trade-Ins	25.0%		25.0%	25.0%		
Total Taxable Expenditures	\$1,713,242		\$210,431	\$155,025	\$2,078,698	
<i>Trucks, Other Vehicles</i>	4.1%	0.0%	8.7%	6.3%		
Number Planning Purchasing	33		7	13	53	
Didn't Complete Purchases	50.0%		50.0%	50.0%		
Number Actually Purchasing	01080	0 0	040	070	02070	
000 Average Expenditure	\$41,333		\$50,000	28,000		
Total Expenditures	\$674,472		\$187,050	\$173,628	\$874,472	
Trade-Ins	25.0%		25.0%	25.0%		
Total Taxable Expenditures	\$505,854		\$140,288	\$130,221	\$776,362	
<i>Tractors</i>	2.1%	0.0%	0%	2.3%		
Number Planning Purchasing	17			5		
Didn't Complete Purchase	50.0%			50.0%		
Number Actually Purchasing	8			2		
Average Expenditures	\$28,000			\$133		
Total Expenditures	\$234,024			\$325		
Trade-Ins	25.0%			25.0%		
Total Taxable Expenditures	\$175,518			\$244	\$175,762	

(Continued)

Table 6. Expenditures for Selected Eligible Products (Continued)

	<i>Exhibitors</i>	<i>Horse Sale</i>	<i>Vendors</i>	<i>Out-of-State Visitors</i>	<i>Totals</i>	
<i>Buildings or Sheds</i>	3.3%	0%	0%	0%		
Number Planning Purchasing	28				7	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	13				4	
Average Expenditure	\$267					
Total Taxable Expenditures	\$3,507				\$3,507	
<i>Saddles, Other Tack</i>	69.0%	56.3%	28.5%	34.2%		
Number Purchasing	549	388	25	73	1,034	
Average Expenditure	\$1,707	\$1,539	\$575	\$885		
Total Expenditures	\$937,553	\$596,989	\$14,093	\$71,416	\$1,620,051	
<i>Alcohol in Stores</i>	15.0%	0%	0%	4.6%		
Number purchasing	119			10	129	
Average Expenditure	\$140			\$123		
Total Expenditures	\$16,716			\$1,199	\$17,915	
<i>Other Taxable Items</i>	8.0%		9%	11%		
Number Purchasing	64		7	23	94	
Average Expenditure	\$786		\$1,000	\$509		
Total Expenditures	50,052		7,396	11,854	\$69,103	
<i>Vehicle Rentals</i>	10.0%	\$0	0%	6.9%		
Number Purchasing	80			15	94	
Average Expenditure	\$804			\$417		
Total Expenditures	\$63,998			\$6,100	\$70,098	
Total All Non-Food Expenditures	\$4,022,100	\$803,110	\$406,397	\$431,534	\$5,662,142	

The total eligible Texas taxes generated during the 2009 NCHA Super Stakes are summarized in Table 7 on the following page.

Table 7: Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Sales Tax Rate	Eligible Texas Taxes Generated	Fort Worth General Fund Taxes Generated
Western wear, boots, other clothing	\$521,667	6.25%	1.00%	\$32,604	\$5,217
Jewelry, belts, accessories	\$238,331	6.25%	1.00%	\$14,896	\$2,383
Paintings and crafts	\$70,594	6.25%	1.00%	\$4,412	\$706
Souvenirs	\$20,054	6.25%	1.00%	\$1,253	\$201
Buildings, sheds (50% of \$3,507)	\$1,754	6.25%	1.00%	\$110	\$18
Saddles, other tack	\$1,620,051	6.25%	1.00%	\$101,253	\$16,201
Food	\$1,668,873	6.25%	1.00%	\$104,305	\$16,689
Alcoholic drinks with meals	\$300,104	6.25%	1.00%	\$19,132	\$3,061
Alcoholic beverages at stores	\$17,915	6.25%	1.00%	\$1,120	\$179
NCHA eligible show expenditures	\$153,013	6.25%	1.00%	\$9,563	\$1,530
Horse trailers	\$2,078,698	6.25%	1.00%	\$129,919	\$20,787
Trucks and other vehicles	\$776,362	6.25%	1.00%	\$48,524	\$7,764
Tractors (10% of \$175,762)	\$17,576	6.25%	1.00%	\$1,099	\$176
Hotel and motel expenditures	\$965,360	6.00%	9.00%	\$47,112	\$70,668
Car rentals	\$70,098	6.25%	1.00%	\$4,381	\$701
Other expenditures subject to tax	\$69,103	6.25%	1.00%	\$4,319	\$691
Total eligible direct expenditures	\$8,589,557			\$534,346	\$163,110
Eligible Texas Tax generated	\$534,346				
Fort Worth City Tax generated	\$163,110				

The importance of the 2009 National Cutting Horse Association Super Stakes to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and more than a third of them live outside of Texas. (Table 8)

Table 8: Respondent ZIP Codes

	Contestants	Horse Sale	Vendors	Visitors
Live in Fort Worth	3.0%	0.0%	6.7%	3.4%
Live in Other Texas	56.1%	66.7%	73.3%	62.9%
Live in Other States	38.8%	30.6%	20.0%	25.0%
Live in Other Countries	2.1%	2.8%	0.0%	8.6%

Participants at the Super Stakes came from 36 states and eight foreign countries -- Australia, Brazil, Canada, Czech Republic, Italy, Mexico, Switzerland, and Venezuela.

Survey respondents came from 33 states and eight foreign countries -- Australia, Belgium, Brazil, Canada, England, Germany, Mexico, and Venezuela.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. More than three out of four people (76.3%) who attended the 2009 Super Stakes are members of NCHA and almost nine out of ten (87.9%) own horses. (Table 9).

Table 9: NCHA Membership and Horse Ownership

	Contestants	Horse Sale	Vendors	Visitors
NCHA member	89.4%	93.2%	40.0%	54.4%
Own horses	91.6%	97.1%	53.3%	79.6%

Another indication of the economic magnitude of the 2009 NCHA Super Stakes is the horse sale held in conjunction with the event. Gross sales were \$2,419,800 on 187 horses offered. Net sales, after eliminating the 32 that did not reach their reserve price, were \$1,705,650 for 155 horses.

Additional Economic Benefits

In addition to the tax revenue to the State of Texas, \$263,110 in tax revenues were generated for City of Fort Worth through sales and bed taxes. While none of these figures are included in the State of Texas Sales Tax revenues, they further demonstrate the importance of the NCHA Super Stakes to the State of Texas and the City of Fort Worth.

Many other expenditures not specifically measured in the survey, such as horse operations by people who live in Texas because of the NCHA Super Stakes and other Triple Crown events, also contribute even more tax revenues to the State of Texas and the City of Fort Worth.

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the National Cutting Horse Association 2006 Super Stakes at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

All interviewing was done by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the show to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the NCHA Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.

- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.
- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, "Yes, I have purchased a truck at the show," the interviewer would ask, "Did you purchase it at the show this year?" Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, number of exclusive horse sale participants, and number of vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants/horse sale/vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 796 Contestants (Co) + 689 Horse Sale (Sa) + 86 Vendors (Ve) = 1,571 Co+Sa+Ve

Determined by survey: 71.3% contestants/horse sale/vendors; 28.7% visitors

Unknown Attendance: Visitors (Vi)

$Vi \# : 28.7\% :: 1,571 : 71.3\%$

$Vi \# * 71.3\% = 1,571 * 28.7\%$

$Vi \# * 71.3\% = 45,088$

$Vi \# = 45,088 \div 71.3\%$

$Vi \# = 632 \text{ projected visitor respondent units}$

33.6% of visitors are from outside of Texas, or 212 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2009 Super Stakes Survey

ID # _____

Date: April _____ Time: Morning-- 1 Afternoon-- 2 Evening-- 3 Attempts: 1 2 3 4 5

Location: Coliseum-- 1 Amon Carter Exhibits-- 2 W.R. Watt Arena-- 3 John Justin Arena-- 4

Gender: Male-- 1 Female-- 2

Hello. We are doing a survey of people at the NCHA Super Stakes and I'd like to ask you just a few questions. This will take only a couple of minutes and your answers will be confidential.

1. First, which of the following best describes your reason for being here today? (Read List)

- | | | |
|--|--|-----------------|
| Own horse and riding in event ----- 1 | Professional trainer not riding in event ----- 5 | Vendor ----- 6 |
| Family member riding in event ----- 2 | Own horse in events but not riding ----- 6 | Visitor ----- 7 |
| Trainer riding for horse's owner ----- 3 | Buying or selling horses ----- 7 | |
| Friend or employer riding in event - 4 | | |

2. How many people, including yourself, came to the Super Stakes with you? _____ people

2a. Will they all be here with you every day you are at the show? Yes-- 1 (Ask 2b) No-- 2 (Skip to 3)

2b. About how many people will be here with you each day, on average? _____

3. About how much do you expect will be spent on average for each person in your party each day you are here for food and meals - including breakfast, lunch, dinner, and snacks - excluding drinks, both here at the Will Rogers Memorial Center and at other places in Fort Worth? \$ _____ per day

4. How much, if any, will your party spend each day on alcoholic drinks with your meals? \$ _____ per day

5. Will you or anyone in your group be making any the following purchases -- either here at the Will Rogers Memorial Center or elsewhere in Fort Worth -- during the Super Stakes? (Read List)

- [] Western wear, boots, or other clothing -> if "yes," ask About how much do you expect to spend? -----
- [] Jewelry, belts, and other accessories -> if "yes," ask About how much do you expect to spend? -----
- [] Paintings and crafts -> if "yes," ask About how much do you expect to spend? -----
- [] Souvenirs -> if "yes," ask About how much do you expect to spend? -----
- [] Horse trailers -> if "yes," ask: About how much do you expect to spend? -----
- [] Tractors -> if "yes," ask: About how much do you expect to spend? -----
- [] Trucks or other vehicles -> if "yes," ask: About how much do you expect to spend? -----
- [] Buildings or sheds -> if "yes," ask: About how much do you expect to spend? -----
- [] Saddles or other tack -> if "yes," ask: About how much do you expect to spend? -----
- [] Car rental -> if "yes," ask: About how much do you expect to spend? -----
- [] Gasoline or diesel, tires, or repairs -> if "yes," ask: About how much do you expect to spend? -----
- [] Wine, beer, or other alcoholic beverages -> if "yes," ask: About how much do you expect to spend? -----
- [] Any other purchases with sales tax -> if "yes," ask: About how much do you expect to spend? -----

6. How many days will you be attending the Super Stakes? _____ days

7. Will you be staying in a hotel or motel during the Super Stakes? Yes-- 1 (Ask 7a, 7b & 7c) No-- 2 (Skip to 8)

7a. How many nights will you be staying? _____ nights

7b. How many rooms will you be using? _____ rooms

7c. Approximately how much will you be spending each night for hotel or motel rooms? _____

8. Are you a member of the National Cutting Horse Association? Yes-- 1 No-- 2

9. Do you own horses? Yes-- 1 No-- 2

10. What is your ZIP Code? _____ (If NOT Texas -- 75000-79999, ask 10a)

10a. How many times a year do you come to Texas? _____ (If more than 1, ask 10b)

10b. How many of those times are because of cutting horse events or activities? _____

Thank you very much for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- Fine Line Investments (Bass)
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-11”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2009 Summer Spectacular
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

September 2009

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

21 days of the 2009 National Cutting Horse Association Summer Spectacular

7,741 visitors

67,805 visitor days

\$16,567,350 direct expenditures subject to eligible Texas taxes

\$1,059,299 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$1,059,299.

The Numbers . . .

The 2009 National Cutting Horse Association Summer Spectacular July 13-August 2 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$1,059,299 based on projected total eligible direct expenditures of \$16,567,250. This is an average of \$244 per visitor day, compared to \$219 per visitor day in the 2008 APHA World Championship Show and \$205 per visitor day for the 2008 NCHA Summer Spectacular.

These estimates are based on a survey of 400 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 21-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded 252 Texas residents who did not compete in events and were not vendors.

A projected 7,740 individuals attended the 2009 NCHA Summer Spectacular. (See Table 1 on the following page)

Table 1. People Attending 2009 NCHA Summer Spectacular Show

	Segment	Average People Per Group	Totals
Contestants	1,056	4.51	4,763
Horse Sale Participants	788	2.40	1,891
Vendors	90	2.13	192
Out-of-State Visitors	87	2.64	230
Totals	2,021		7,075
Texas Visitors	252	2.64	665
Grand Totals	2,273		7,741

This translates into 67,805 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2009 NCHA Summer Spectacular Show

	Segment	Average Days at Summer Spectacular	Totals
Contestants	4,763	11.03	52,531
Horse Sale Participants	1,891	3.92	7,414
Vendors	192	18.63	3,571
Out-of-State Visitors	230	6.52	1,468
Totals	7,076		64,984
Texas Visitors	665	4.24	2,821
Grand Totals	7,741		67,805

The 2,821 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Summer Spectacular on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Per Day	Total	Minus 20%
Contestants	52,531	\$79.78	\$4,190,926	\$3,352,741
Horse Sale Participants	7,414	\$50.09	\$371,342	\$297,074
Vendors	3,571	\$62.00	\$221,425	\$177,140
Out-of-State Visitors	1,468	\$78.83	\$118,049	\$94,439
Totals	64,984		\$4,901,743	\$3,921,394

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Groups Drinking Alcohol per Day	Average Amount Per Group	Total Expenditures	Minus 20%
Contestants	7,676	\$71.24	\$546,825	\$437,480
Horse Sale Participants	1,276	\$56.67	\$72,296	\$57,837
Vendors	558	\$30.00	\$16,750	\$13,400
Out-of-State Visitors	166	\$25.00	\$4,141	\$3,313
Totals	9,676		\$640,013	\$512,010

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Summer Spectacular. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	Total Room Nights	Cost Per Night	Total
Contestants	6,608	\$122	\$806,156
Horse Sale Participants	3,313	\$106	\$351,138
Vendors	194	\$159	\$30,856
Out-of-State Visitors	450	\$131	\$58,985
Totals	10,565		\$1,247,135

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Summer Spectacular. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 2,021 distinct household purchasing units (excluding 252 households in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 21-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 6 on the following page summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Competitors & Youth	Horse Sale	Vendors	Out-of- State Visitors	Totals	Texas Visitors
Units/Groups	1,058	788	90	87	2,021	252
<i>Western Wear, Boots, Other Clothing</i>	76.3%	53.1%	25.0%	56.0%		35.7%
Number Purchasing	806	418	23	49	1,295	90
Average Expenditure	\$850	\$343	\$500	\$355		249
Total Expenditures	\$684,869	\$143,521	\$11,250	\$17,296	\$856,935	\$22,401
<i>Jewelry, Belts, Accessories</i>	39.0%	33.3%	37.5%	16.0%		27.7%
Number Purchasing	412	262	34	14	722	70
Average Expenditure	\$1,023	\$164	\$60	\$125		200
Total Expenditures	\$421,312	\$43,034	\$2,025	\$1,740	\$468,112	\$13,961
<i>Paints, Crafts</i>	15.9%	19.1%	0.0%	17.4%		21.0%
Number Purchasing	168	151		15	334	53
Average Expenditure	\$272	\$200		\$125		\$93.00
Total Expenditures	\$45,670	\$30,102		\$1,892	\$77,664	\$4,922
<i>Souvenirs</i>	23.3%	0.0%	0.0%	32.0%		21.9%
Number Purchasing	246			28	274	55
Average Expenditure	\$326			\$50		\$50.00
Total Expenditures	\$80,212			\$1,392	\$81,604	\$2,759
<i>Horse Trailers</i>	10.4%	4.4%	12.5%	0.0%		1.6%
Number Planning Purchasing	110	35	11		156	4
Didn't Complete Purchases	50.0%	50.0%	50.0%			50.0%
Number Actually Purchasing	55	17	6		78	2
Average Expenditure	\$59,000	\$18,000	\$15,000			\$20,000
Total Expenditures	\$3,239,808	\$312,048	\$84,375		\$3,636,231	\$40,320
Trade-Ins	25.0%	25.0%	25.0%			25.0%
Total Taxable Expenditures	\$2,429,856	\$234,036	\$63,281	\$0	\$2,727,173	\$30,240
<i>Trucks, Other Vehicles</i>	5.9%	0.0%	12.5%	0.0%		0.0%
Number Planning Purchasing	62		11		74	
Didn't Complete Purchases	50.0%		50.0%			
Number Actually Purchasing	31		6		37	
Average Expenditure	\$62,273		\$60,000			
Total Expenditures	\$1,939,928		\$337,500		\$2,277,428	
Trade-Ins	25.0%		25.0%			
Total Taxable Expenditures	\$1,454,946		\$253,125	\$0	\$1,708,071	
<i>Tractors</i>	0.4%	0.0%	0%	0.0%		0%
Number Planning Purchasing	4				4	
Didn't Complete Purchase	50.0%					
Number Actually Purchasing	2				2	
Average Expenditures	\$40,000				\$40,000	
Total Expenditures	\$84,480				\$4,480	
Trade-Ins	25.0%					
Total Taxable Expenditures	\$63,360			\$0	\$63,360	

(Continued)_

Table 6. Eligible Sales Tax Expenditures (Continued)

	Competitors & Youth	Horse Sale	Vendors	Out-of- State Visitors	Totals	Texas Visitors
<i>Buildings or Sheds</i>	3.3%	4.5%	0%	0.0%		4.8%
Number Planning Purchasing	35	35			70	
Didn't Complete Purchases	50.0%	50.0%				
Number Actually Purchasing	17	18			35	
Average Expenditure	\$225,625	\$30,000				
Total Taxable Expenditures	\$3,931,290	\$531,900			\$4,463,190	
<i>Saddles, Other Tack</i>	63.0%	60.9%	37.5%	34.8%		59.1%
Number Purchasing	665	480	34	30	1,209	149
Average Expenditure	\$1,993	\$1,163	\$3,750	\$480		558
Total Expenditures	\$1,325,903	\$558,114	\$128,563	\$14,532	\$2,025,112	\$83,104
<i>Photos & Videos</i>	74.2%	0.0%	0.0%	20.0%		14.3%
Number Purchasing	784			17		38
Average Expenditures	\$185			\$20		\$200
Total Expenditures	\$144,957			\$348	\$145,305	\$7,207
<i>Alcohol in Stores</i>	26.8%	40.0%	12.5%	30.4%		7.9%
Number purchasing	283	315	11	28	636	20
Average Expenditure	\$224	\$40	\$75	\$50		\$20
Total Expenditures	\$63,394	\$12,608	\$844	\$1,322	\$78,168	\$398
<i>Other Taxable Items</i>	10.9%	4.9%	12.5%	0.0%		8.6%
Number Purchasing	115	39	11		165	17
Average Expenditure	\$1,167	\$150	\$250			\$75
Total Expenditures	\$134,326	\$5,792	\$2,813		\$142,931	\$1,247
<i>Vehicle Rentals</i>	10.7%	4.0%	13%	20.0%		0%
Number Purchasing	113	32	11	17	173	
Average Expenditure	\$1,029	\$400	\$1,200	\$335		
Total Expenditures	\$116,269	\$12,608	\$13,500	\$5,829	\$148,206	
<i>Total All Non-Food/Room Expenditures</i>	\$10,896,364	\$1,571,715	\$473,400	\$44,352	\$12,985,831	\$166,240

The total eligible Texas taxes generated during the 2009 NCHA Summer Spectacular are summarized in Table 7 on the following page.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund Tax Rate	Eligible Texas State Taxes Generated	Fort Worth Taxes Generated
Western wear, boots, other clothing	\$856,935	6.25%	1.00%	\$53,558	\$8,569
Jewelry, belts, accessories	\$468,112	6.25%	1.00%	\$29,257	\$4,681
Paintings and crafts	\$77,664	6.25%	1.00%	\$4,854	\$777
Souvenirs	\$81,604	6.25%	1.00%	\$5,100	\$816
Buildings, sheds (50% of \$4,463,190)	\$2,231,595	6.25%	1.00%	\$139,475	\$22,316
Saddles, other tack	\$2,025,112	6.25%	1.00%	\$126,570	\$20,251
Food/meals (excluding drinks)	\$3,921,394	6.25%	1.00%	\$245,087	\$39,214
Alcoholic drinks with meals	\$512,010	11.00%	1.50%	\$56,321	\$7,680
Alcoholic beverages at stores	\$78,168	6.25%	1.00%	\$4,886	\$782
NCHA lodging expenses	\$47,005	6.00%	9.00%	\$2,820	\$4,230
NCHA food/meal expenses	\$9,481	6.25%	1.00%	\$593	\$95
NCHA other taxable expenses	\$133,113	6.25%	1.00%	\$8,320	\$1,331
Horse trailers	\$2,727,173	6.25%	1.00%	\$170,448	\$27,272
Trucks and other vehicles	\$1,708,071	6.25%	1.00%	\$106,754	\$17,081
Tractors (10% of 63,360)	\$6,336	6.25%	1.00%	\$396	\$63
Hotel/motel room expenditures	\$1,247,135	6.25%	1.00%	\$77,946	\$12,471
Photos/videos of rides	\$145,305	6.00%	9.00%	\$8,718	\$13,077
Vehicle rentals	\$148,206	6.25%	1.00%	\$9,263	\$1,482
Other expenditures subject to sales tax	\$142,931	6.25%	1.00%	\$8,933	\$1,429
Total eligible direct expenditures	\$16,567,350			\$1,059,299	\$183,618
Eligible Texas Tax generated	\$1,059,299				
Fort Worth City Tax generated	\$183,618				

The importance of the NCHA Summer Spectacular to the Fort Worth economy is reflected in the finding that more than four out of five respondents at the show live outside of the city and about half of them live outside of Texas. (Table 8)

Table 8. Respondent ZIP Codes

	Contestants	Sale Participants	Vendors	Visitors
Live in Fort Worth	20.0%	6.0%	75.0%	37.1%
Live in Other Texas	42.5%	44.0%	12.5%	37.1%
Live Outside Texas	35.1%	48.0%	12.5%	21.6%
Live in Other Countries	2.4%	2.0%	0.0%	4.1%

The 2009 NCHA Summer Spectacular is indeed an international event. The survey included respondents from six countries – Australia, Brazil, Canada, Italy, Venezuela, and the United States.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sales	Vendors	Visitors
NCHA member	93.0%	72.0%	62.5%	45.4%
Own horses	94.6%	100.0%	87.5%	77.3%

Additional Economic Benefits

The expenditures in this report do not include \$301,011 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$183,618 eligible expenditures

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

People who came to the 2009 Summer Spectacular visit Texas an average of 5.56 times a year, and an average of 5.32 of those visits are because of NCHA activities.

Conservative Assumptions Used for Estimates and Projections

Four hundred random interviews were conducted during the 2009 NCHA Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2009 NCHA Summer Spectacular had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of adult+youth contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 1,056 Contestants (Co) + 788 Sales (Sa) + 90 Vendors (Ve) = 1,934 Co+Sa+Ve

Determined by survey: 75.7% Contestants + Sales + Vendors and 24.3% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 24.3\% :: 1,056 : 75.7\%$

$Vi \# * 75.7\% = 257$

$Vi \# = 257 \div 75.7\%$

Vi # 339 projected visitor respondent units

25.7% of visitors are from outside of Texas, or 87 visitors

74.3% of visitors are from Texas, or 252 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2009 Summer Spectacular Survey

ID # _____

Date: : _____ Time: Morning-- 1 Afternoon-- 2 Evening-- 3

Location: Coliseum-- 1 Amon Carter Exhibits-- 2 W.R. Watt Arena-- 3 John Justin Arena-- 4

Gender: Male-- 1 Female-- 2

Hello. We are doing a survey of people at the NCHA Summer Spectacular and I'd like to ask you just a few questions. This will take only a couple of minutes and your answers will be confidential.

1. First, which of the following best describes your reason for being here today? *(Read List)*

Own horse and riding in event -----1	Professional trainer not riding in event----- 5	Vendor-----8
Family member riding in event-----2	Own horse in events but not riding ----- 6	Visitor -----9
Trainer riding for horse's owner ---- 3	Buying or selling horses-----7	
Friend or employer riding in event - 4		
2. How many people, including yourself, came to the Summer Spectacular with you? _____ people
 - 2a. Will they all be here with you every day you are at the show? Yes-- 1 *(Ask 2b)* No-- 2 *(Skip to 3)*
 - 2b. About how many people will be here with you each day, on average? _____
3. About how much do you expect will be spent on average for each person in your party each day you are here for food and meals - including breakfast, lunch, dinner, and snacks but excluding drinks -- both here at the Will Rogers Memorial Center and at other places in Fort Worth? \$_____ per day
4. How much, if any, will your party spend each day on alcoholic drinks with your meals? \$_____ per day
5. Have you or will you or anyone in your group be making any the following purchases -- either here at the Will Rogers Memorial Center or elsewhere in Fort Worth -- during the Summer Spectacular? *(Read List)*
 - ☐ Western wear, boots, or other clothing -> if "yes," ask About how much do you expect to spend? -----
 - ☐ Jewelry, belts, and other accessories -> if "yes," ask About how much do you expect to spend?-----
 - ☐ Paintings and crafts -> if "yes," ask About how much do you expect to spend?-----
 - ☐ Souvenirs -> if "yes," ask About how much do you expect to spend?-----
 - ☐ Horse trailers -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Tractors -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Trucks or other vehicles -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Buildings or sheds -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Photos or videos-> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Saddles or other tack -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Alcoholic beverages at a store -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Any other purchases with sales tax -> if "yes," ask: About how much do you expect to spend?-----
 - ☐ Will you rent a car? -> if "yes," ask: About how much do you expect to spend?-----
6. How many days will you be attending the Summer Spectacular? _____ days
7. Will you stay in a Fort Worth hotel or motel? Yes-- 1 *(Ask 7a, 7b & 7c)* No-- 2 *(Skip to 8)*
 - 7a. How many nights will you be staying? _____ nights
 - 7b. How many rooms will you be using? _____ rooms
 - 7c. Approximately how much will you be spending each night for hotel or motel rooms? _____
8. Are you a member of the National Cutting Horse Association? Yes-- 1 No-- 2
9. Do you own horses? Yes-- 1 No-- 2
10. What is your ZIP Code? _____ *(If NOT Texas -- 75000-79999, ask 10a)*
 - 10a. How many times a year do you come to Texas? _____ *(If more than 1, ask 10b)*
 - 10b. How many of those times are because of cutting horse events or activities? _____

Thank you very much for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-12”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2009 Futurity & World Show
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

January 2010

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

23 days of the 2009 National Cutting Horse Association Futurity & World Show

14,483 visitors

134,903 visitor days

\$25,505,202 direct expenditures subject to eligible Texas taxes

\$1,590,256 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$1,590,256.

The Numbers . . .

In 2009, the National Cutting Horse Association combined its Futurity event with its World Show, which previously had been held in Amarillo. As a result, attendance and expenditures were up substantially from 2008 when only the Futurity was held in Fort Worth. The number of visitor days increased from 89,708 in 2008 to 134,903 in 2009, or 50.2%. Also up substantially is the number of competitors and horse sale participants, from 7,411 in 2008 to 10,134 in 2009, or 36.7%.

Another indication of the growth in the 2009 Futurity/World Show is the increase in the number of countries represented by respondents. Only five countries were included at the 2008 Futurity, but people from 13 countries and four continents were interviewed during the 2009 Futurity/World Show. The countries are Australia, Brazil, Canada, Colombia, Denmark, France, Germany, Italy, Luxembourg, Holland, Sweden, United States, and Venezuela. The number of states represented increased from 34 to 39.

Contributing to the growth of the Futurity/World Show is the increased purses made possible by the funds from the State of Texas. From pre-state funding in 2005, the total purses increased 26.7%, for a total purse of \$15,398,712 between 2006 and 2009.

The 2009 Futurity/World Show November 21-December 13 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$1,590,256 based on projected total eligible direct expenditures of \$25,505,202. This represents an increase of 78.6% in eligible expenditures and 76.4% in eligible State taxes generated.

These estimates are based on a survey of 402 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 23-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded Texas residents who did not compete in events and were not vendors.

A projected 14,483 individuals attended the 2009 NCHA Futurity. (Table 1)

Table 1. People Attending 2009 NCHA Futurity

	Segment	Average People Per Group	Totals
Contestants	1,095	4.23	4,632
Horse Sales Participants	1,524	3.61	5,502
Vendors	183	2.57	470
Out-of-State Visitors	551	3.49	1,923
Totals	3,353		12,527
Texas Visitors	773	2.53	1,956
Grand Totals	4,126		14,483

This translates into 134,903 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2009 NCHA Futurity

	Segment	Average Days at Futurity	Totals
Contestants	4,632	13.53	62,671
Horse Sale Participants	5,502	7.40	40,715
Vendors	470	14.56	6,843
Out-of-State Visitors	1,923	9.20	17,692
Totals	12,527		127,921
Texas Visitors	1,956	3.57	6,983
Grand Totals	14,483		134,903

The 6,983 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Futurity/World Show on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips. (Table 3)

Table 3. Projected Expenditures on Food/Dining

	Number of People	Spending Per Day	Total Spending	Minus 20% Gratuity
Contestants	62,671	\$52.16	\$3,268,919	\$2,615,135
Horse Sale Participants	40,715	\$72.03	\$2,932,701	\$2,346,161
Vendors	6,843	\$36.32	\$248,538	\$198,830
Out-of-State Visitors	17,692	\$73.79	\$1,305,493	\$1,044,394
Total eligible	127,921		\$7,755,651	\$6,204,521
Texas visitors	6,843	\$41.34	\$282,890	\$226,312
Grand totals	134,764		\$8,038,541	\$6,430,833

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures on Alcoholic Drinks with Meals

	Number of Segments	Days at Show	Total Segment Days	Drink Alcohol with Meals	Total Groups Which Use	Average Daily Spending on Alcohol	Total Spending on Drinks with Meals	Total Spending Minus 20% Gratuity
Contestants	1,095	13.52	14,804	64.6%	9,564	\$82.80	\$791,870	\$633,496
Horse sale participants	1,524	7.40	11,278	62.9%	7,094	\$56.67	\$401,995	\$321,596
Vendors	183	14.56	2,664	52.0%	1,386	\$37.50	\$51,957	\$41,566
Out-of-state visitors	551	9.20	5,069	67.6%	3,427	\$47.50	\$162,772	\$130,218
Total eligible	3,353		33,816		21,470		\$1,408,594	\$1,126,875
Texas visitors	773	3.57	2,760	48.3%	1,333	\$82.86	\$110,443	\$88,355
Grand totals	4,126		36,575		22,802		1,519,037	\$1,215,230

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Futurity. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5 on the following page)

Table 5. Expenditures on Hotels/Motels

	Number of Groups	Percent in Motels	Groups in Motels	Average Nights	Room Nights	Average Number of Rooms	Total Room Nights	Room Rate	Total Cost
Contestants	1,095	39.3%	430	5.52	2,375	1.93	4,585	\$88	\$405,097
Horse sale Participants	1,524	64.3%	980	4.46	4,370	1.69	7,386	\$76	\$562,159
Vendors	183	40.0%	73	6.04	442	1.64	725	\$72	\$52,061
Out-of-state visitors	551	84.5%	466	6.14	2,859	1.48	4,231	\$81	\$341,523
Total eligible	3,353		1,949		10,047		16,927		\$1,360,840
Texas visitors	773	17.2%	133	2.22	295	1.9	561	\$91	\$50,865
Grand Totals	4,126		2,082				17,488		\$1,411,705

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Futurity. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 2,919 distinct household purchasing units (excluding 1,348 visitors who live in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 23-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. None of the respondents reported purchasing a tractor during the show.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only 50% of the sales tax collected on buildings/sheds is estimated to be eligible.

Using these parameters, Table 6 on the following pages summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Competitors	Horse Sale Participants	Vendors	Out-of-State Visitors	Total Eligible	Texas Visitors
Units/Groups	1,095	1,524	183	551	3,353	773
<i>Western Wear, Boots, Other Clothing</i>	74.7%	84.3%	58.0%	81.7%		53.4%
Number Purchasing	818	1,285	102	450	2,655	413
Average Expenditure	\$930	\$807	\$578	\$1,332		\$897
Total Expenditures	\$760,707	\$1,036,779	\$59,233	\$599,622	\$2,456,342	\$370,265
<i>Jewelry, Belts, Accessories</i>	35.4%	31.4%	20.0%	35.2%		29.3%
Number Purchasing	388	479	37	194	1,097	228
Average Expenditure	\$747	\$313	\$375	\$255		\$518
Total Expenditures	\$289,560	\$149,782	\$13,725	\$49,458	\$502,524	\$117,321
<i>Paints, Crafts</i>	18.0%	17.1%	12.0%	18.3%		17.2%
Number Purchasing	197	261	22	101	580	133
Average Expenditure	\$689	\$200	\$367	\$400		\$4,690
Total Expenditures	\$135,802	\$52,121	\$8,059	\$40,333	\$236,315	\$623,564
<i>Souvenirs</i>	24.2%	25.7%	4.0%	23.9%		10.3%
Number Purchasing	285	392	7	132	796	80
Average Expenditure	\$376	\$150	\$200	\$247		\$1,700
Total Expenditures	\$99,636	\$58,750	\$1,464	\$32,527	\$192,378	\$135,352
<i>Horse Trailers</i>	7.9%	7.1%	0.0%	7.0%		5.2%
Number Planning Purchasing	87	108	0	39	233	40
Didn't Complete Purchases	50.0%	50.0%	50.0%	50.0%		50.0%
Number Actually Purchasing	43	54	0	19	117	20
Average Expenditure	\$41,654	\$140,000		\$39,750		\$84,000
Total Expenditures	\$1,801,640	\$7,574,280	\$0	\$766,579	\$10,142,498	\$1,688,232
Trade-ins	25.0%	25.0%	25.0%	25.0%		25.0%
Total Expenditures	\$1,351,230	\$5,680,710	\$0	\$574,934	\$7,606,874	\$1,266,174
<i>Tractors</i>	0.0%	0.0%	4.0%	0.0%		1.7%
Number Planning Purchase			7		7	13
Didn't Complete Purchase			50.0%			50.0%
Number Actually Purchasing			4		4	7
Average Expenditure			\$3,000			\$70,000
Total Expenditures			\$10,980		\$10,980	\$459,935
Trade-ins			25.0%			25.0%
Total Expenditures			\$8,235		\$8,235	\$367,948

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Competitors	Horse Sale Participants	Vendors	Out-of-State Visitors	Total Eligible	Texas Visitors
<i>Trucks, Other Vehicles</i>	2.8%	0.0%	0.0%	0.0%		0%
Number Planning Purchasing	31	0	0	0	31	
Didn't Complete Purchases	50.0%	50.0%	50.0%			
Number Actually Purchasing	15	0	0		15	
Average Expenditure	\$21,000	\$50,000				
Total Expenditures	\$321,930	\$0	\$0		\$321,930	
Trade-ins	25.0%	25.0%	25.0%			
Total Expenditures	\$241,448	\$0	\$0		\$241,448	
<i>Buildings or Sheds</i>	0.0%	0.0%	0.0%	0.0%		0.0%
<i>Videos or Photographs</i>	66.9%	41.4%	0.0%	38.8%		15.5%
Number planning purchase	733	631		214		
Average Expenditure	\$232	\$117		\$225		
Total Expenditures	\$169,953	\$73,820		\$48,102	\$291,875	
<i>Saddles</i>	30.3%	21.4%	12.0%	33.0%		22.4%
Number Purchasing	332	326	22	182	862	173
Average Expenditure	\$3,533	\$2,593	\$4,500	\$3,141		\$3,218
Total Expenditures	\$1,172,196	\$845,671	\$98,820	\$571,128	\$2,687,815	\$557,203
<i>Other Tack</i>	64.6%	62.9%	24.0%	47.9%		36.2%
Number planning purchase	707	959	44	264	0	
Average Expenditure	\$1,028	\$348	\$400	\$903		\$1,050
Total Expenditures	\$727,176	\$333,591	\$17,568	\$238,328	\$1,316,664	
<i>Rent a Car</i>	12.9%	20.0%	12.0%	40.8%		0.0%
Number Purchasing	141	305	22	440	908	
Average Expenditure	\$999	\$340	\$158	\$495		
Total Expenditures	\$141,114	\$103,632	\$3,470	\$217,800	\$466,015	
<i>Wine/Beer/Alcohol in Store</i>	24.7%	12.9%	20.0%	16.9%		6.8%
Number Purchasing	270	197	37	93	597	53
Average Expenditure	\$340	\$223	\$700	\$800		\$700
Total Expenditures	\$91,958	\$43,841	\$25,620	\$74,495	\$235,914	
<i>Other Taxable Items</i>	7.3%	0.0%	8.0%	0.0%		3.4%
Number Purchasing	80		15		95	26
Average Expenditure	\$517		\$1,265			\$350
Total Expenditures	\$41,326		\$18,520		\$59,846	\$9,199
Total All Expenditures	\$5,222,106	\$8,378,696	\$254,714	\$2,446,728	\$16,302,244	\$3,484,362

The total eligible Texas taxes generated during the 2008 NCHA Futurity/World Show are summarized in Table 7.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth Sales Tax Rate	Eligible Texas Taxes Generated	Fort Worth General Fund Taxes Generated
Western wear, boots, other clothing	\$2,456,342	6.25%	1.00%	\$153,521	\$24,563
Jewelry, belts, accessories	\$502,524	6.25%	1.00%	\$31,408	\$5,025
Paintings and crafts	\$236,315	6.25%	1.00%	\$14,770	\$2,363
Souvenirs	\$192,378	6.25%	1.00%	\$12,024	\$1,924
Buildings, sheds (50% of \$32,000)	\$291,875	6.25%	1.00%	\$18,242	\$2,919
Saddles	\$2,687,815	6.25%	1.00%	\$167,988	\$26,878
Other tack	\$1,316,664	6.25%	1.00%	\$82,292	\$13,167
Videos, Photographs	\$291,875	6.25%	1.00%	\$18,242	\$2,919
Food	\$6,204,521	6.25%	1.00%	\$387,783	\$62,045
Alcoholic drinks with meals	\$1,126,875	6.25%	1.00%	\$70,430	\$11,269
Alcoholic beverages at stores	\$235,914	6.25%	1.00%	\$14,745	\$2,359
NCHA-paid meal expenditures	\$20,362	6.25%	1.00%	\$1,273	\$204
NCHA-paid hotel expenditures	\$35,646	6.25%	1.00%	\$2,228	\$356
Other NCHA-paid expenditures	\$166,955	6.00%	9.00%	\$10,017	\$15,026
Horse trailers	\$7,606,874	6.25%	1.00%	\$475,430	\$76,069
Trucks and other vehicles	\$241,448	6.25%	1.00%	\$15,091	\$2,414
Tractors (10% of \$8,235)	\$4,118	6.25%	1.00%	\$257	\$41
Hotel and motel expenditures	\$1,360,840	6.00%	9.00%	\$81,650	\$122,476
Car rentals	\$466,015	6.25%	1.00%	\$29,126	\$4,660
Other expenditures subject to sales tax	\$59,846	6.25%	1.00%	\$3,740	\$598
Total eligible direct expenditures	\$25,505,202			\$1,590,256	\$377,276
Eligible Texas Tax generated	\$1,590,256				
Fort Worth City Tax generated	\$377,276				

The importance of the NCHA Futurity/World Show to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and about half of them live outside of Texas. (Table 8)

Table 8. Respondent ZIP Codes

	Contestants	Horse Sale Participants	Vendors	Out-of- state Visitors	Texas Visitors
Live in Fort Worth	2.8%	1.4%	8.0%	0.0%	19.0%
Live in Other Texas	55.6%	35.7%	56.0%	0.0%	81.0%
Live in Other States	33.7%	60.0%	36.0%	80.3%	0.0%
Live in Other Countries	7.9%	2.9%	0.0%	19.7%	0.0%

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people who attended the 2008 Summer Spectacular are members of NCHA and about nine out of 10 own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sale Participants	Vendors	Out-of- state Visitors	Texas Visitors
NCHA Member	87.6%	77.1%	52.0%	70.4%	41.4%
Own Horses	95.5%	97.1%	72.0%	91.5%	81.0%

Additional Economic Benefits

People who attended to the 2010 NCHA Futurity/World Show come to Texas an average of 3.60 times a year. They reported that 3.40 of those times were for NCHA events. That projects to 6,538 total visits to Texas a year by people who live in other states or countries.

The expenditures in this report do not include \$1,620,194 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$423,696 from out-of-state visitors, bringing the total for Fort Worth General Fund to \$440,009. (Table 10)

Table 10. Eligible Taxes Generated for Fort Worth General Fund

	Expenditures	Fort Worth General Fund Taxes
Eligible for State Tax Rebates		\$377,276
<i>Texas Visitors:</i>		
Food	\$226,312	\$2,263
Alcoholic Drinks	\$88,355	\$884
Hotels/Motels	\$50,865	\$4,578
Sales Tax Expenditures	\$3,434,362	\$34,344
Totals	\$3,799,894	\$419,344

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Conservative Assumptions Used for Estimates and Projections

Four hundred four (402) random interviews were conducted during the 2009 NCHA Futurity/World Show at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and all interviews were conducted by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2009 NCHA Futurity/World Show had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of four categories – contestants, horse sale participants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 1,095 Contestants (Co) + 1,524 Sales (Sa) + 183 Vendors (Ve) = 2,802 Co+Sa+Ve

Determined by survey: 67.9% Contestants + Sales + Vendors and 32.1% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 32.1\% :: 2,802 : 67.9\%$

$Vi \# * 67.9\% = 899$

$Vi \# = 899 \div 67.97\%$

$Vi \# = 1,324$ projected visitor respondent units

41.6% of visitors are from outside of Texas, or 551 visitors

58.4% of visitors are from Texas, or 773 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures.

NCHA 2009 Futurity/World Show Survey

Date: : _____ Time: Morning-- 1 Afternoon-- 2 Evening-- 3

Location: Coliseum-- 1 Amon Carter Exhibits-- 2 W.R. Watt Arena-- 3 John Justin Arena-- 4

Gender: Male-- 1 Female-- 2

Hello. We are doing a survey of people at the NCHA Futurity and I'd like to ask you just a few questions. This will take only a couple of minutes and your answers will be confidential.

1. First, which of the following best describes your reason for being here today? *(Read List)*

Own horse and riding in event -----1	Professional trainer not riding in event----- 5	Vendor----- 8
Family member riding in event-----2	Own horse in events but not riding ----- 6	Visitor ----- 9
Trainer riding for horse's owner ---- 3	Buying or selling horses----- 7	
Friend or employer riding in event - 4		

2. How many people, including yourself, came to the Futurity with you? _____ people

2a. Will they all be here with you every day you are at the show? Yes-- 1 *(Ask 2b)* No-- 2 *(Skip to 3)*

2b. About how many people will be here with you each day, on average? _____

3. About how much do you expect will be spent on average for each person in your party each day you are here for food and meals - including breakfast, lunch, dinner, and snacks but excluding drinks -- both here at the Will Rogers Memorial Center and at other places in Fort Worth? \$_____ per day

4. How much, if any, will your party spend each day on alcoholic drinks with your meals? \$_____ per day

5. Have you or will you or anyone in your group be making any the following purchases -- either here at the Will Rogers Memorial Center or elsewhere in Fort Worth -- during the Futurity? *(Read List)*

- ☐ Western wear, boots, or other clothing -> if "yes," ask About how much do you expect to spend? -----
- ☐ Jewelry, belts, and other accessories -> if "yes," ask About how much do you expect to spend? -----
- ☐ Paintings and crafts -> if "yes," ask About how much do you expect to spend? -----
- ☐ Souvenirs -> if "yes," ask About how much do you expect to spend? -----
- ☐ Horse trailers -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Tractors -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Trucks or other vehicles -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Buildings or sheds -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Videos or photographs -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Saddles -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Other tack -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Alcoholic beverages at a store -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Any other purchases with sales tax -> if "yes," ask: About how much do you expect to spend? -----
- ☐ Will you rent a car? -> if "yes," ask: About how much do you expect to spend? -----

6. How many days will you be attending the Futurity? _____ days

7. Will you stay in a Fort Worth hotel or motel? Yes-- 1 *(Ask 7a, 7b & 7c)* No-- 2 *(Skip to 8)*

7a. How many nights will you be staying? _____ nights

7b. How many rooms will you be using? _____ rooms

7c. Approximately how much will you be spending each night for hotel or motel rooms? _____

8. Are you a member of the National Cutting Horse Association? Yes-- 1 No-- 2

9. Do you own horses? Yes-- 1 No-- 2

10. What is your ZIP Code? _____ *(If NOT Texas -- 75000-79999, ask 10a)*

10a. How many times a year do you come to Texas? _____ *(If more than 1, ask 10b)*

10b. How many of those times are because of cutting horse events or activities?

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror* Newspapers
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Survey Findings

The Bottom Line . . .

64 days *of the 2010 National Cutting Horse Association Triple Crown events*

22,924 *visitors*

177,574 *visitor days*

\$36,135,228 *expenditures subject to eligible Texas State taxes*

\$2,316,346 *eligible State taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$2,316,346

The Numbers . . .

The 2010 National Cutting Horse Association Triple Crown at the Will Rogers Memorial Center – Super Stakes, Summer Spectacular and World Championship Futurity & World Championship Finals -- generated eligible Texas State Tax revenues conservatively estimated at \$2,316,346, based on projected total expenditures of \$36,135,228 on taxable purchases. These estimates and projections are the result of interviews with 1,200 randomly selected adults at the three shows.

Assumptions were developed to minimize the possibility of overestimating the amount of eligible Texas taxes generated during the 64 days that the NCHA Triple Crown events were held in Fort Worth during 2010. Interviewing was done every day of the shows and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were at the show for only one day and did not make any purchases.

In calculating the economic impact on eligible Texas tax revenue, only expenditures by people competing in events, participating in the horse sales, vendors, and visitors who live outside of Texas were included. This excluded all expenditures by Texas residents who attended the shows but did not compete in events, participate in horse sales, or were not vendors. All duplications were removed (e.g., people who registered for the horse sales and also competed in the show events and people from the same household).

Table 1 summarizes the number of people in each segment who attended the show (total of 7,645). This represents the number of household purchasing units.

Table 1: Number of Groups in Each Category at 2010 NCHA Triple Crown Events

	2009 Super Stakes	2009 Summer Spectacular	2009 World Championship Futurity & 2009 World Championship Finals	Totals
Competitors	787	974	973	2,734
Horse Sale Participants	176	776	1,245	2,197
Vendor	99	99	192	390
Out-of-Texas Visitors	149	144	609	902
Total	1,211	1,993	3,019	6,223
Texas Visitors *	177	408	837	1,422
Grand Total	1,388	2,401	3,856	7,645

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

Respondents in each category were asked how many people were at the show with them. This resulted in a projected 22,924 individuals who attended the Triple Crown events. Respondents were asked if those people would be at the show with them every day. If not, they were asked how many people would be there each day, on the average. (See Table 2)

Table 2: Number of Unique Individuals in Each Category

	2010 Super Stakes	2010 Summer Spectacular	2010 World Championship Futurity & 2010 World Championship Finals	Totals
Competitors	2,755	3,506	3,483	9,744
Horse Sale Participants	496	2,382	3,399	6,277
Vendor	144	282	315	741
Out-of-Texas Visitors	298	367	2,162	2,827
Total	3,692	6,537	9,359	19,588
Texas Visitors *	338	922	2,076	3,336
Grand Total	4,030	7,459	11,435	22,924

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

The number of people in each category was multiplied by the number of days they said they would be at the shows, resulting in a projection of 176,574 visitor days. (Table 3)

Table 3: Total Visitor Days in Each Category

	2010 Super Stakes	2010 Summer Spectacular	2010 World Championship Futurity & 2010 World Championship Finals	Totals
Competitors	26,691	35,060	47,369	109,120
Horse Sale Participants	1,797	6,312	20,292	28,401
Vendor	2,140	4,371	5,698	12,209
Out-of-Texas Visitors	1,943	1,314	10,767	14,024
Total	32,571	47,057	84,126	163,754
Texas Visitors *	2,735	2,342	7,743	12,820
Grand Total	35,306	49,399	91,869	176,574

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

No multipliers were used in the analyses. The figures reported here represent actual projected expenditures during the shows.

Expenditures on dining/food in Fort Worth during the shows were calculated by multiplying the number of visitor days in each category (contestant, horse show participant, vendor, and out-of-state visitor) by the average daily spending per person. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Triple Crown shows. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase for the group.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Also, duplication was eliminated resulting from a person both participating in the horse sale and competing in events.

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the events. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show. If respondent said they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be about a fourth of the price of the purchases, which was deducted from the selling price of these items.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible under Chapter 151, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 4 summarizes direct expenditures eligible under the Sporting Event Trust Fund. These calculations use the appropriate State of Texas Sales Tax.

Table 4. NCHA 2010 Triple Crown Events Summary

	2010 Super Stakes	2010 Summer Spectacular	2010 World Championship Futurity & 2010 World Championship Finals	2010 Totals
Western wear/boots/clothing	\$804,885	\$999,000	\$1,658,271	\$3,462,156
Jewelry, belts, accessories	\$137,902	\$244,866	\$499,525	\$882,293
Paintings and crafts	\$14,137	\$106,350	\$114,807	\$235,294
Souvenirs	\$13,079	\$32,896	\$131,532	\$177,507
Buildings, sheds (50%)	\$393,500	\$194,800	\$29,348	\$617,648
Saddles, other tack	\$2,638,379	\$2,645,839	\$2,432,828	\$7,717,046
Food/meals	\$1,961,142	\$3,193,752	\$3,947,078	\$9,101,972
Alcoholic drinks with meals	\$194,930	\$80,364	\$564,361	\$839,655
Alcohol at stores	\$199,809	\$96,378	\$48,061	\$344,248
NCHA-paid lodging	*	\$29,997	\$36,193	\$66,190
NCHA -paid food/meal	\$11,467	\$9,884	\$12,754	\$34,105
Other NCHA expenditures	\$179,087	\$191,294	\$153,240	\$523,621
Horse trailers	\$1,967,105	\$1,202,351	\$713,999	\$3,883,455
Trucks and other vehicles	\$557,786	\$756,368	\$694,044	\$2,008,198
Videos/photos of rides	119190	\$176,310	\$291,875	\$587,375
Tractors, (10%)	\$39,533	\$35,326	\$824	\$75,683
Car rentals	\$394,305	\$178,003	\$268,179	\$840,487
Hotel/motel expenditures	\$1,214,243	\$1,704,317	\$1,319,200	\$4,237,760
Other sales tax expenditures	\$12,395	\$13,671	\$474,469	\$500,535
Total eligible expenditures	\$10,852,874	\$11,891,766	\$13,390,588	\$36,135,228
Texas Tax generated	\$699,315	\$755,055	\$861,976	\$2,316,346
Fort Worth General Fund	\$206,643	\$258,065	\$243,243	\$707,951

* Not specified in 2010 analysis

Additional Economic Benefits

Many other expenditures which are not included in the survey, such as year-round horse operations by people who live in Texas or own horse operations here because of the NCHA Triple Crown, contribute even more tax revenues to the State of Texas. Also excluded is \$707,951 in taxes generated for the Fort Worth City General Fund by visitors who live in Texas.

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the NCHA 2010 Super Stakes, 2010 Summer Spectacular and 2010 Futurity at the Will Rogers Memorial Center in Fort Worth, for a total of 1,200 interviews. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level for each survey.

All interviews were supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything. Response rate was very high, with more than 95% of all people who were contacted agreeing to be interviewed.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the shows had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers, tractors, trucks, and other vehicles, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.
- ❖ Additional economic impact from salaries paid to people who worked at the show, etc. is not included in this analysis.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau and the Arlington Convention and Visitors Bureau, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Bell Helicopter Armed Forces Bowl
- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *Boca Raton (Florida) Magazine*
- *Salt Lake City (Utah) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG (Graphic Concepts Group)
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-6”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2010 Super Stakes
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

May 2010

Survey Findings

The Bottom Line . . .

22 days *of the 2010 National Cutting Horse Association Super Stakes*

4,030 *visitors*

36,306 *visitor days*

\$10,852,874 *direct expenditures subject to eligible Texas State taxes*

\$699,315 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$699,315.

The Numbers . . .

The 2010 National Cutting Horse Association Super Stakes (March 26-April 16) generated Texas State Sales Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$399,315 based on projected total eligible direct expenditures of \$10,852,874. This is higher than the 2009 Super Stakes, which was down from previous years because of the economic recession in 2009.

These estimates are based on a survey of 400 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of State Sales Tax generated during the 22-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were just at the show for the day and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, participating in the horse sale, vendors, and visitors who live outside of Texas were included. This excluded 338 Texas residents who did not compete in events, participate in the horse sale, or were not vendors.

The projections based on competitors are limited to the unduplicated number of contestants who did not share a last name and address as another competitor. A computer merge and purge program identified registered buyers and/or sellers who were at the horse sale but did not compete in the show.

A projected 4,030 individuals attended the 2010 NCHA Super Stakes. (See Table 1)

Table 1. People Attending 2010 Super Stakes

	Segment	Average People in Group	Totals
Contestants	787	3.50	2,755
Horse Sale	176	2.82	496
Vendors	99	1.45	144
Out-of-state visitors	149	2.00	298
Total eligible	1,211		3,692
Texas visitors	177	1.91	338
Grand totals	1,388		4,030

This translates into 35,306 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2009 NCHA Super Stakes

	Segment	Average Days at Show	Totals
Contestants	2,755	9.69	26,691
Horse Sale	496	3.62	1,797
Vendors	144	14.91	2,140
Out-of-state visitors	298	6.52	1,943
Total eligible	3,692		32,571
Texas visitors	338	8.09	2,735
Grand totals	4,030		35,306

Texas visitors were not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, participants in the horse sale, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spend per person per day in Fort Worth during the Super Stakes on food and dining, excluding drinks. Calculations are summarized in Table 3 (on the following page). It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	\$75.93	\$2,026,648	\$1,621,318
Horse Sale	\$71.84	\$129,096	\$103,277
Vendors	\$53.64	\$114,790	\$91,832
Out-of-state visitors	\$93.10	\$180,893	\$144,715
Total eligible		\$2,451,427	\$1,961,142
Texas visitors	\$60.42	\$165,249	\$132,199
Grand totals		\$2,616,676	\$2,093,341

Respondents also were asked how much they spent per group, on average, for alcoholic drinks with their meals. Average daily expenditures by respondents who said they have alcoholic drinks with their meals were multiplied by the number of groups purchasing alcoholic beverages with meals, and as with food, a 20 percent tip was assumed. Results are shown in Table 4.

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	House- holds	Average Days	Household Days	Percent Having Drinks	Household Days Having Drinks	Average Spent Per Day	Spending on Drinks	Minus 20% Gratuity
Contestants	787	9.69	7,626	33.3%	2,539	\$73.75	\$187,286	\$149,829
Horse Sale	176	3.62	637	18.2%	116	\$57.50	\$6,667	\$5,334
Vendors	99	14.91	1,476	36.4%	537	\$38.33	\$20,595	\$16,476
Out-of-state visitors	149	6.52	971	44.4%	431	\$67.50	\$29,115	\$23,292
Totals	1,211				3,624		\$243,663	\$194,930
Texas visitors	177	8.09	1,432	9.4%	135	\$60.00	\$8,076	\$6,461
Grand total	1,388				3,759		\$251,739	\$201,391

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the Super Stakes. Those who said they were staying in a hotel or motel were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. Results are shown in Table 5 on the following page.

Table 5. Expenditures on Hotels/Motels

	House-holds	Percent in Motels, Hotels	Number in Motels, Hotels	Average Nights	Average Rooms	Room Nights	Room Rate	Total Expenditures
Contestants	787	39.6%	312	14.39	1.70	7,624	\$139.59	\$1,064,226
Horse Sale	176	40.0%	70	4.82	1.86	631	\$ 95.64	
Vendors	99	18.2%	18	6.00	1.24	134	\$155.00	\$20,778
Out-of-state visitors	149	66.7%	99	8.44	1.17	981	\$131.69	\$129,239
Total Eligible	1,211		499			9,371		\$1,214,243
Texas visitors	177	18.8%	33	7.33	1.00	244	\$104.00	\$25,367
Grand total	1,388		533			9,614		\$1,239,610

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Super Stakes. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 22-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, and trucks, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, horse sale participants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

The projected expenditures by segment are summarized in Table 6 on the following page.

Table 6. Eligible Sales Tax Expenditures

	Competitors	Horse Sale	Vendors	Other Visitors	Totals	TX Visitors
Units/Groups	787	176	99	136	1,198	162
<i>Western Wear, Boots, Other Clothing</i>	<i>84.0%</i>	<i>38.2%</i>	<i>18.2%</i>	<i>74.1%</i>		<i>46.9%</i>
Number Purchasing	661	67	18	101	847	76
Average Expenditure	\$888	\$2,635	\$200	\$368		\$250
Total Expenditures	\$587,039	\$177,156	\$3,604	\$37,086	\$804,885	\$18,995
<i>Jewelry, Belts, Accessories</i>	<i>37.4%</i>	<i>12.7%</i>	<i>18.2%</i>	<i>55.6%</i>		<i>21.9%</i>
Number Purchasing	294	22	18	76	410	35
Average Expenditure	\$359	\$120	\$100	\$367		\$500
Total Expenditures	\$105,667	\$2,682	\$1,802	\$27,751	\$137,902	\$17,739
<i>Paints, Crafts</i>	<i>12.1%</i>	<i>11.5%</i>	<i>0.0%</i>	<i>14.3%</i>		<i>20.7%</i>
Number Purchasing	95	20		19	135	34
Average Expenditure	\$80	\$250		\$75		\$ 317
Total Expenditures	\$7,618	\$5,060	\$0	\$1,459	\$14,137	\$10,630
<i>Souvenirs</i>	<i>15.6%</i>	<i>13.7%</i>	<i>0.0%</i>	<i>33.3%</i>		<i>0.0%</i>
Number Purchasing	123	24	0	45	192	0
Average Expenditure	\$50	\$100		\$100		
Total Expenditures	\$6,139	\$2,411	\$0	\$4,529	\$13,079	
<i>Horse Trailers</i>	<i>6.2%</i>	<i>7.8%</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.0%</i>
Number Planning Purchasing	49	14	0	0	63	0
Didn't Complete Purchases	50.0%	50.0%	50.0%			
Number Actually Purchasing	24	7	0	0	31	
Average Expenditure	\$93,438	\$50,000				
Total Expenditures	\$2,279,607	\$343,200			\$2,279,607	
Trade-Ins	25.0%	25.0%				
Total Taxable Expenditures	\$1,709,705	\$257,400	\$0	\$0	\$1,967,105	
<i>Tractors</i>	<i>2.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>11.1%</i>		<i>0.0%</i>
Number Planning Purchase	17		0	15	32	0
Didn't Complete Purchase	50.0%		50.0%	50.0%		
Number Actually Purchasing	8		0	8		
Average Expenditure	\$27,250			\$40,000		
Total Expenditures	\$225,180		\$0	\$301,920	\$527,100	
Trade-Ins	25.0%		25.0%	25.0%		
Total Taxable Expenditures	\$168,885			\$226,440	\$395,325	
<i>Trucks, Other Vehicles</i>	<i>4.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.0%</i>
Number Planning Purchasing	33	0	0	0	33	0
Didn't Complete Purchases	50.0%		50.0%	0.0%		
Number Actually Purchasing	17		0	0	17	
Average Expenditure	\$45,000					
Total Expenditures	\$743,715				\$743,715	
Trade-Ins	25.0%		25.0%			
Total Taxable Expenditures	\$557,786	\$0			\$557,786	

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Competitors	Horse Sale	Vendors	Other Visitors	Totals	TX Visitors
<i>Buildings or Sheds</i>	2.5%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	20			0	20	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	10				10	
Average Expenditure	\$80,000					
Total Taxable Expenditures	\$787,000			\$0	\$787,000	
<i>Saddles</i>	45.1%	30.9%	36.4%	11.1%		25.0%
Number Purchasing	355	54	38	15	460	41
Average Expenditure	\$4,781	\$3,594	\$2,850	\$1,000		\$3,167
Total Expenditures	\$1,696,954	\$195,456	\$102,703	\$15,096	\$2,010,208	\$128,264
<i>Other Tack</i>	73.6%	32.7%	54.5%	55.6%		59.4%
Number Purchasing	579	58	54	76	766	96
Average Expenditure	\$933	\$60	\$500	\$758		\$171
Total Expenditures	\$540,423	\$3,453	\$26,978	\$57,317	\$628,171	\$16,455
<i>Videos/Photos</i>	77.1%	20.0%	18.2%	14.8%		0.0%
Number Purchasing	607	35	18	20	680	0
Average Expenditure	\$181	\$125	\$147	\$115		
Total Expenditures	\$109,827	\$4,400	\$2,649	\$2,315	\$119,190	
<i>Other Taxable Items</i>	3.5%	0.0%	0.0%	0.0%		0.0%
Number Purchasing	28	0	0	0	28	
Average Expenditure	\$450			\$0		
Total Expenditures	\$12,395		0		\$12,395	
<i>Liquor stores</i>	30.6%	30.9%	0.0%	33.3%		0.0%
Number purchasing	241	54	-	45	340	-
Average expenditures	\$809	\$50	83	\$50		
Total expenditures	\$194,825	\$2,719	\$0	\$2,264	\$199,809	
<i>Rent car</i>	9.0%	13.7%	18.2%	33%		0.0%
Number purchasing	71	24	18	45	158	-
Average expenditures	\$279	\$100	300	\$937		
Total expenditures	\$219,573	\$17,600	\$29,700	\$127,432	\$394,305	
Totals	\$6,703,837	\$668,338	\$167,434	\$501,688	\$8,041,297	\$192,082

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 7 on the following page summarizes direct expenditures eligible under Sporting Event Trust Fund.

Table 7: Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$804,885	6.25%	1.00%	\$50,305	\$8,049
Jewelry, belts, accessories	\$137,902	6.25%	1.00%	\$8,619	\$1,379
Paintings and crafts	\$14,137	6.25%	1.00%	\$884	\$141
Souvenirs	\$13,079	6.25%	1.00%	\$817	\$131
Videos & photographs	\$119,190	6.25%	1.00%	\$7,449	\$1,192
Saddles	\$2,010,208	6.25%	1.00%	\$125,638	\$20,102
Other tack	\$628,171	6.25%	1.00%	\$39,261	\$6,282
Food/meals (excluding drinks)	\$1,961,142	6.25%	1.00%	\$122,571	\$19,611
Alcoholic drinks with meals	\$194,930	11.00%	1.50%	\$21,442	\$2,924
Wine, beer & liquor from store	\$199,809	6.25%	1.00%	\$12,488	\$1,998
Hotel and motel expenditures	\$1,214,243	6.00%	9.00%	\$72,855	\$109,282
Car rental	\$394,305	10.00%	1.00%	\$39,431	\$3,943
Horse trailers	\$1,967,105	6.25%	1.00%	\$122,944	\$19,671
Tractors (10% of \$395,325)	\$39,533	6.25%	1.00%	\$2,471	\$395
Trucks, other vehicles	\$557,786	6.25%	1.00%	\$34,862	\$5,578
Barns/shed/stalls (50% of \$787,000)	\$393,500	6.25%	1.00%	\$24,594	\$3,935
Other items subject to sales tax	\$12,395	6.25%	1.00%	\$775	\$124
NCHA awards	\$148,190	6.25%	1.00%	\$9,262	\$1,482
NCHA judges' food/meals	\$7,771	6.25%	1.00%	\$486	\$78
NCHA staff meal expenses	\$3,696	6.25%	1.00%	\$231	\$37
NCHA equipment rental	\$8,590	6.25%	1.00%	\$537	\$86
NCHA cattle handlers local expenses	\$6,702	6.25%	1.00%	\$419	\$67
NCHA printing supplies/ticket printing	\$4,658	6.25%	1.00%	\$291	\$47
NCHA signage	\$9,397	6.25%	1.00%	\$587	\$94
Other NCHA show expenditures	\$1,550	6.25%	1.00%	\$97	\$16
Total eligible expenditures	\$10,852,874			\$699,315	\$206,643
Eligible Texas Tax generated	\$699,315				
Fort Worth City General Fund	\$206,643				

The importance of the 2010 National Cutting Horse Association Super Stakes to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and more than a third of them live outside of Texas. (Table 8 on the following page)

Table 8: Respondent ZIP Codes

	Competitors	Horse Sale	Vendors	Out-of-Texas Visitors	Texas Visitors
Live in Fort Worth	2.1%	7.3%	0.0%	0.0%	6.3%
Live in Other Texas	61.1%	58.2%	81.8%	0.0%	93.8%
Live Outside of Texas	31.3%	34.5%	18.2%	74.1%	0.0%
Live in Other Countries	5.6%	0.0%	0.0%	25.9%	0.0%

The NCHA Super Stakes is an international event. Participants at the Super Stakes came from 40 states and 11 countries –Brazil, Canada, Czech Republic, Germany, Italy, Slovakia, Sweden, Switzerland, United States, and Venezuela. Survey respondents came from seven countries – Australia, Brazil, Columbia, Italy, Taiwan, United States, and Venezuela,

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. More than four out of five who attended the 2010 Super Stakes are members of NCHA and more than nine out of ten own horses. (Table 9).

Table 9: NCHA Membership and Horse Ownership

	Competitors	Horse Sale	Vendors	Out-of-Texas Visitors	Texas Visitors
NCHA member	94.4%	85.5%	81.8%	66.7%	84.4%
Own horses	95.8%	100.0%	100.0%	88.9%	100.0%

Another indication of the economic magnitude of the 2010 NCHA Super Stakes is the horse sale held in conjunction with the event. Gross sales were \$1,065,450.

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, \$305,643 in tax revenues were generated for City of Fort Worth through sales and bed taxes. While none of these figures are included in the State of Texas Sales Tax revenues, they further demonstrate the importance of the NCHA Super Stakes to the State of Texas and the City of Fort Worth.

Many other expenditures not specifically measured in the survey, such as horse operations by people who live in Texas because of the NCHA Super Stakes and other Triple Crown events, also contribute even more tax revenues to the State of Texas and the City of Fort Worth..

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the National Cutting Horse Association 2006 Super Stakes at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

All interviewing was done by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the show to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the NCHA Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.

- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.
- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, number of exclusive horse sale participants, and number of vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants/horse sale/vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 787 Contestants (Co) + 176 Horse Sale (Sa) + 99 Vendors (Ve) = 1,062 Co+Sa+Ve

Determined by survey: 78.1% contestants/horse sale/vendors; 21.9% visitors

Unknown Attendance: Visitors (Vi)

$Vi \# : 21.9\% :: 1,062 : 78.1\%$

$Vi \# * 78.1\% = 1,062 * 21.9\%$

$Vi \# * 78.1\% = 23,257.8$

$Vi \# = 23,257.8 \div 78.1\%$

$Vi \# = 298$ projected visitor respondent units

45.6% of visitors are from outside of Texas, or 136 visitors

59.4% of visitors are from Texas, or 177 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- Fine Line Investments (Bass)
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-7”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2010 Summer Spectacular
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

September 2010

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

21 days of the 2010 National Cutting Horse Association Summer Spectacular

7,459 visitors

49,399 visitor days

\$11,891,766 direct expenditures subject to eligible Texas taxes

\$755,055 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$754,034.

The Numbers . . .

The 2010 National Cutting Horse Association Summer Spectacular July 11-31 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$755,055 based on projected total eligible direct expenditures of \$11,891,766. This is an average of \$241 per visitor day, compared to \$244 per visitor day for the 2009 NCHA Summer Spectacular.

While the total spending was lower than in 2009, most of the decline was in the categories of tractors, trucks, and barns/stalls/sheds. This was probably at least in part the result of continuing concern about the economic decline in the country. Also, the average stay for most people was somewhat shorter. This may be related to the new \$5 per day parking fee charged by the City of Fort Worth at the Will Rogers Memorial Center, with many respondents volunteering negative comments about the fee.

These estimates are based on a survey of 400 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 21-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. The interviewing was conducted using hand-held computers. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded 922 Texas residents who did not compete in events and were not vendors.

A projected 7,459 individuals attended the 2010 NCHA Summer Spectacular. (See Table 1 on the following page)

Table 1. People Attending 2010 NCHA Summer Spectacular Show

	Segment	Average People in Group	Totals
Contestants	974	3.60	3,506
Horse sale participants	776	3.07	2,382
Vendors	99	2.85	282
Out-of-state visitors	144	2.55	367
Total eligible	1,993		6,537
Texas visitors	408	2.26	922
Grand totals	2,401		7,459

This translates into 49,399 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2010 NCHA Summer Spectacular Show

	Segment	Average Days at Show	Totals
Contestants	3,506	10.00	35,060
Horse sale participants	2,382	2.65	6,312
Vendors	282	15.50	4,371
Out-of-state visitors	367	3.58	1,314
Total eligible	6,537		47,057
Texas visitors	922	2.54	2,342
Grand totals	7,459		49,399

The 2,342 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Summer Spectacular on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	35,060	\$82.74	\$2,900,864	\$2,320,692
Horse sale participants	6,312	\$99.33	\$626,971	\$501,577
Vendors	4,371	\$72.50	\$316,898	\$253,518
Out-of-state visitors	1,314	\$112.22	\$147,457	\$117,966
Total eligible	47,057		\$3,992,190	\$3,193,752
Texas visitors	2,342	\$55.23	\$129,349	\$103,479
Grand total	49,399		\$4,066,309	\$3,297,231

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Households	Percent Having Drinks	Households Having Drinks	Average Cost Per Day	Spending on Drinks	Minus 20% Gratuity
Exhibitors	974	61.3%	597	\$63.36	\$37,830	\$30,264
Horse sale participants	776	70.6%	548	\$100.00	\$54,786	\$43,828
Vendors	99	46.2%	46	\$110.00	\$5,031	\$4,025
Out-of-state visitors	144	60.0%	86	\$32.50	\$2,808	\$2,246
Total eligible	1,993		1,277		\$100,455	\$80,364
Texas visitors	408	36.7%	150	\$32.52	\$4,869	\$3,896
Grand total	2,401		1,427		\$105,324	\$84,259

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Summer Spectacular. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5 on the following page)

Table 5. Expenditures on Hotels/Motels

	House-holds	Percent In Motels	Total Rooms	Average Nights	Average Rooms	Room Nights	Rate	Cost
Exhibitors	974	42.3%	412	9.67	3.41	13,586	\$107.29	\$1,457,604
Horse sale participants	776	45.0%	349	2.22	1.00	775	\$159.86	\$123,927
Vendors	99	57.1%	57	10.38	1.63	956	\$ 77.93	\$74,535
Out-of-state visitors	144	58.3%	84	4.12	1.00	346	\$139.50	\$48,251
Total Eligible	1,993		902			15,663		\$ 1,704,317
Texas visitors	408	11.8%	48	2.25	1.00	108	\$127.00	\$13,757
Grand total	2,401		950			15,772		\$ 1,718,074

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Summer Spectacular. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 1,993 distinct eligible household purchasing units (excluding 408 households in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 21-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 6 on the following page summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	974	776	99	144	1,993	408
<i>Western Wear, Boots, Other Clothing</i>	<i>76.9%</i>	<i>70.0%</i>	<i>60.7%</i>	<i>66.7%</i>		<i>47.0%</i>
Number Purchasing	749	543	60	96	1,448	182
Average Expenditure	\$708	\$594	\$597	\$1,147		\$310
Total Expenditures	\$530,296	\$322,661	\$35,876	\$110,167	\$999,000	\$59,448
<i>Jewelry, Belts, Accessories</i>	<i>34.0%</i>	<i>10.0%</i>	<i>17.9%</i>	<i>33.3%</i>		<i>19.7%</i>
Number Purchasing	331	78	18	48	474	80
Average Expenditure	\$644	\$300	\$50	\$155		\$400
Total Expenditures	\$213,267	\$23,280	\$886	\$7,433	\$244,866	\$32,150
<i>Paints, Crafts</i>	<i>16.7%</i>	<i>20.0%</i>	<i>10.7%</i>	<i>8.3%</i>		<i>16.7%</i>
Number Purchasing	163	155	11	12	340	68
Average Expenditure	\$281	\$225	\$1,300	\$1,000		\$110
Total Expenditures	\$45,707	\$34,920	\$13,771	\$11,952	\$106,350	\$7,495
<i>Souvenirs</i>	<i>15.5%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>41.7%</i>		<i>24.2%</i>
Number Purchasing	151	0	0	60	211	99
Average Expenditure	\$200		\$0	\$45		\$100
Total Expenditures	\$30,194		\$0	\$2,702	\$32,896	\$9,874
<i>Horse Trailers</i>	<i>6.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.3%</i>		<i>2.9%</i>
Number Planning Purchasing	67		0	12	79	12
Didn't Complete Purchases	50.0%		50.0%	50.0%		50.0%
Number Actually Purchasing	34		0	6	40	6
Average Expenditure	\$44,418		\$20,000	\$18,500		100,000
Total Expenditures	\$1,492,578		\$0	\$110,558	\$1,603,134	\$591,800
Trade-ins	25.0%		25.0%	25.0%		25.0%
Total Taxable Expenditures	\$1,119,434		\$0	\$82,917	\$1,202,351	\$147,900
<i>Tractors</i>	<i>1.5%</i>	<i>11.1%</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.0%</i>
Number Planning Purchase	15	86			101	
Didn't Complete Purchase	50.0%	50.0%				
Number Actually Purchasing	7	43			50	
Average Expenditure	\$35,000	\$15,000				
Total Expenditures	\$255,675	\$646,020			\$901,695	
Trade-ins	25.0%	25.0%				
Total Taxable Expenditures	\$191,756	\$161,505	\$0	\$0	\$353,261	

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	974	776	99	144	1,993	408
<i>Trucks, Other Vehicles</i>	2.7%	0.0%	7.1%	0.0%		0.0%
Number Planning Purchasing	26		7		33	
Didn't Complete Purchases	50.0%		50.0%			
Number Actually Purchasing	13		4		17	
Average Expenditure	\$63,333		\$50,000			
Total Expenditures	\$832,766		\$175,725		\$832,766	
Trade-ins	25.0%		25.0%			
Total Taxable Expenditures	\$624,574		\$131,794	\$0	\$756,368	
<i>Buildings or Sheds</i>	0.8%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	8		0		8	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	4				4	
Average Expenditure	\$100,000					
Total Taxable Expenditures	\$389,600		\$0	\$0	\$389,600	
<i>Saddles</i>	32.6%	20.0%	0.0%	33.3%		11.8%
Number Purchasing	318	155		48	521	48
Average Expenditure	\$3,908	\$5,000		\$2,300		\$5,233
Total Expenditures	\$1,240,884	\$776,000	\$0	\$110,290	\$2,127,173	\$251,938
<i>Other Tack</i>	63.8%	30.0%	0.0%	50.0%		41.2%
Number Purchasing	621	233			298	168
Average Expenditure	\$741	\$250				\$364
Total Expenditures	\$460,466	\$58,200	\$0	\$0	\$518,666	\$61,187
<i>Photos, Videos</i>	70.6%	0.0%	25.0%	0.0%		0.0%
Number Purchasing	688	0	25			
Average Expenditure	\$242		\$400			
Total Expenditures	\$166,410		\$9,900	\$0	\$176,310	
<i>Wine/Beer/Alcohol in Store</i>	35.3%	40.0%	42.9%	9.1%		6.5%
Number Purchasing	344	310	42	0	697	27
Average Expenditure	\$188	\$27	\$550	\$0		\$5
Total Expenditures	\$64,639	\$8,381	\$23,359	\$0	\$96,378	\$133
<i>Other Taxable Items</i>	2.4%	0.0%	26.9%	0.0%		0.0%
Number Purchasing	23		27	0	50	0
Average Expenditure	\$300		\$250			
Total Expenditures	\$7,013		\$6,658	\$0	\$13,671	\$0
<i>Rental car</i>	14.0%	20.0%	17.9%	16.7%		0.0%
Number renting	136	155	18	24		
Average rental	\$778	\$400	\$80	\$350		
Total Expenditures	\$106,088	\$62,080	\$1,418	\$8,417	\$178,003	
Total All Expenditures	\$4,729,861	\$1,388,827	\$223,661	\$333,877	\$6,676,226	\$508,935

The total eligible Texas taxes generated during the 2009 NCHA Summer Spectacular are summarized in Table 7.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$999,000	6.25%	1.00%	\$62,438	\$9,990
Jewelry, belts, accessories	\$244,866	6.25%	1.00%	\$15,304	\$2,449
Paintings and crafts	\$106,350	6.25%	1.00%	\$6,647	\$1,064
Souvenirs	\$32,896	6.25%	1.00%	\$2,056	\$329
Videos & photographs	\$176,310	6.25%	1.00%	\$11,019	\$1,763
Saddles	\$2,127,173	6.25%	1.00%	\$132,948	\$21,272
Other tack	\$518,666	6.25%	1.00%	\$32,417	\$5,187
Food/meals (excluding drinks)	\$3,193,752	6.25%	1.00%	\$199,610	\$31,938
Alcoholic drinks with meals	\$80,364	11.00%	1.50%	\$8,840	\$1,205
Wine, beer & liquor from store	\$96,378	6.25%	1.00%	\$6,024	\$964
Hotel and motel expenditures	\$1,704,317	6.00%	9.00%	\$102,259	\$153,389
Car rental	\$178,003	10.00%	1.00%	\$17,800	\$1,780
Horse trailers	\$1,202,351	6.25%	1.00%	\$75,147	\$12,024
Tractors (10% of \$353,261)	\$35,326	6.25%	1.00%	\$2,208	\$353
Trucks, other vehicles	\$756,368	6.25%	1.00%	\$47,273	\$7,564
Barns, stalls, sheds (50% of \$389,600)	\$194,800	6.25%	1.00%	\$12,175	\$1,948
Other items subject to sales tax	\$13,671	6.25%	1.00%	\$854	\$137
NCHA hotel and motel expenditures	\$29,997	6.00%	9.00%	\$1,800	\$2,700
NCHA awards	\$151,023	10.00%	1.00%	\$15,102	\$1,510
NCHA meals	\$9,884	6.25%	1.00%	\$618	\$99
Other NCHA show expenditures	\$40,271	6.25%	1.00%	\$2,517	\$403
Total eligible expenditures	\$11,891,766			\$755,055	\$258,065
Eligible Texas Tax generated	\$755,055				
Fort Worth City General Fund	\$258,065				

The importance of the NCHA Summer Spectacular to the Fort Worth economy is reflected in the finding that more than four out of five respondents at the show live outside of the city and about half of them live outside of Texas. (See Table 8 on the following page)

Table 8. Respondent ZIP Codes

	Contestants	Horse Sale	Vendors	Visitors
Live in Fort Worth	4.2%	10.0%	0.0%	5.4%
Live in Other Texas	47.7%	50.0%	67.9%	68.5%
Live Outside of Texas	39.6%	30.0%	32.1%	23.9%
Live in Other Countries	8.5%	10.0%	0.0%	2.2%

The 2010 NCHA Summer Spectacular is indeed an international event. The survey included respondents from nine countries – Australia, Austria, Brazil, Canada, Germany, Italy, Switzerland, Venezuela, and the United States – and 38 states. Respondents in the survey came from six countries – Australia, Brazil, Canada, Italy, the United States, and Venezuela.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Competitors	Horse Sale	Vendors	Visitors
NCHA member	91.9%	65.0%	42.9%	56.5%
Own horses	97.7%	35.0%	78.6%	80.4%

Additional Economic Benefits

The expenditures in this report do not include \$630,067 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$258,065 eligible expenditures

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

People who came to the 2009 Summer Spectacular visit Texas an average of 5.53 times a year, and an average of 4.54 of those visits are because of NCHA activities.

Conservative Assumptions Used for Estimates and Projections

Four hundred random interviews were conducted during the 2009 NCHA Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2009 NCHA Summer Spectacular had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of adult+youth contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 974 Contestants (Co) + 776 Sales (Sa) + 99 Vendors (Ve) = 1,849 Co+Sa+Ve

Determined by survey: 77.0% Contestants + Sales + Vendors and 23.0% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 23.0 \% :: 1,849 : 77.0\%$

$Vi \# * 77.0\% = 425$

$Vi \# = 454 \div 77.0\%$

Vi # 552 projected visitor respondent units

26.1% of visitors are from outside of Texas, or 144 visitors

73.9% of visitors are from Texas, or 408 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2010 Summer Spectacular

1) Date

<input type="checkbox"/> July 11	<input type="checkbox"/> July 15	<input type="checkbox"/> July 19	<input checked="" type="checkbox"/> July 23	<input type="checkbox"/> July 17	<input type="checkbox"/> July 31
<input type="checkbox"/> July 12	<input type="checkbox"/> July 16	<input type="checkbox"/> July 20	<input type="checkbox"/> July 24	<input type="checkbox"/> July 28	
<input type="checkbox"/> July 13	<input type="checkbox"/> July 17	<input type="checkbox"/> July 21	<input type="checkbox"/> July 25	<input type="checkbox"/> July 29	
<input type="checkbox"/> July 14	<input type="checkbox"/> July 18	<input type="checkbox"/> July 22	<input type="checkbox"/> July 26	<input type="checkbox"/> July 30	

2) Time

☐ Morning ☐ Afternoon ☐ Evening

3) Location

☐ Coliseum ☐ W.M. White Arena
☐ Anton Chisler Exhibit ☒ John Justice Arena

4) Gender

☐ Male ☐ Female

Hi! We're doing a survey of people at the NCHA Summer Spectacular and I'd like to ask you a few questions. This will take only a couple of minutes and your answers will be confidential.

5) First, which of the following best describes your main reason for coming to the Super Stocker?

<input type="checkbox"/> Competing in an event	<input type="checkbox"/> Trainer not riding in an event
<input type="checkbox"/> Open horse at an event but not riding	<input type="checkbox"/> Buying or selling horses
<input type="checkbox"/> Family member competing in an event	<input type="checkbox"/> Vendor
<input type="checkbox"/> Friend or employee competing	<input type="checkbox"/> Visitor

6) How many people, including yourself, came to the Summer Spectacular with you?

☐

7) Will they all be here with you every day while you are at the show?

☐ Yes ☐ No ☐ Not sure

Page 1 of 1 NCHA 2010 Summer Spectacular
 Printed with Survey Express <http://www.surveypoint.com> Aug 27, 2010

8) About how many people will be here with you each day, on average?

☐

9) About how much do you expect to spend per day on average for each person in your group for food and meals -- excluding alcoholic drinks -- both here at the Will Rogers Memorial Center and at any other places in Fort Worth?

☐

10) Will anyone in your group have alcoholic drinks with meals?

☐ Yes ☐ No ☐ Not sure

11) About how much, if anything, will your party spend each day on alcoholic drinks with your meals?

☐

As I read a list, please tell me whether you or anyone else in your group might buy each one during the Summer Spectacular.

12) Western wear, boots or other clothing.

☐ Yes ☐ No ☐ Not sure

13) How much will your group spend on western wear, boots or other clothing?

☐

14) Jewelry, belts and other accessories.

☐ Yes ☐ No ☐ Not sure

15) How much will your group spend on jewelry, belts or other accessories?

☐

16) Paintings or crafts.

☐ Yes ☐ No ☐ Not sure

17) How much will your group spend on paintings or crafts?

☐

Page 2 of 2 NCHA 2010 Summer Spectacular
 Printed with Survey Express <http://www.surveypoint.com> Aug 27, 2010

18) Sorecides.

☐ Yes ☐ No ☐ Not sure

19) How much will your group spend on sorecides?

20) Horse trailer.

☐ Yes ☐ No ☐ Not sure

21) How much will your group spend on horse trailers?

22) Tractors.

☐ Yes ☐ No ☐ Not sure

23) How much will your group spend on tractors?

24) Trucks or other vehicles.

☐ Yes ☐ No ☐ Not sure

25) How much will your group spend on trucks or other vehicles?

26) Barns, sheds or stalls.

☐ Yes ☐ No ☐ Not sure

27) How much will your group spend on barns, sheds or stalls?

28) Saddles.

☐ Yes ☐ No ☐ Not sure

29) How much will your group spend on saddles?

30) Other tack.

☐ Yes ☐ No ☐ Not sure

31) How much will your group spend on other tack?

32) Photos or videos of the competition.

☐ Yes ☐ No ☐ Not sure

33) How much will your group spend on photos or videos?

34) Alcoholic beverages at a store.

☐ Yes ☐ No ☐ Not sure

35) How much will your group spend on alcoholic beverages from a store?

36) Any other purchases with sales tax.

☐ Yes ☐ No ☐ Not sure

37) How much will your group spend on other purchases?

38) Are you renting a car during the Summer Spectacular?

☐ Yes ☐ No ☐ Not sure

39) How much will your group spend on car rentals?

40) How many days will you be here for the Summer Spectacular?

41) Are you staying in a Fort Worth hotel or motel?
☐ Yes ☐ No ☐ Not sure

42) How many nights will you be staying?

43) How many rooms are you using?

44) Approximately how much will you be spending each night for hotel or motel rooms?

45) Are you a member of the National Cutting Horse Association?
☐ Yes ☐ No ☐ Not sure

46) Do you own horses?
☐ Yes ☐ No ☐ Not sure

47) What is your ZIP Code?

48) Other country

49) How many times a year do you come to Texas?

50) How many of these times are for Cutting Horse events or activities?

Thank you for your time and cooperation.

Page 3 of 5 NCHA 2010 Summer Spectacular April 27, 2010
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Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror* Newspapers
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-8”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2010 World Championship Futurity
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

January 2011

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

21 days of the 2010 National Cutting Horse Association World Championship Futurity

11,435 visitors

91,869 visitor days

\$13,198,982 direct expenditures subject to eligible Texas taxes

\$861,976 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$861,976.

The Numbers . . .

The 2010 World Championship Futurity November 21-December 11 generated Texas State Tax revenues eligible under Events Trust Fund conservatively estimated at \$861,976 based on projected total eligible direct expenditures of \$13,198,982.

These estimates are based on a survey of 400 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 21-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded Texas residents who did not compete in events and were not vendors.

A projected 11,435 individuals attended the 2009 NCHA Futurity. (See Table 1 on the following page)

Table 1. People Attending 2010 NCHA Futurity

	Groups in Segment	Average People in Group	Totals
Contestants	973	3.58	3,483
Horse sale participants	1,245	2.73	3,399
Vendors	192	1.64	315
Out-of-state visitors	609	3.55	2,162
Total eligible	3,019		9,359
Texas visitors	837	2.48	2,076
Grand totals	3,856		11,435

This translates into 91,869 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2009 NCHA Futurity

	People in Segment	Average Days at Show	Totals
Contestants	3,483	13.60	47,369
Horse sale participants	3,399	5.97	20,292
Vendors	315	18.09	5,698
Out-of-state visitors	2,162	4.98	10,767
Total eligible	9,359		84,126
Texas visitors	2,076	3.73	7,743
Grand totals	11,435		91,869

The 7,743 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Futurity/World Show on food and dining, excluding alcoholic drinks. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips. (See Table 3 on the following page)

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	47,369	\$52.16	\$2,470,767	\$1,976,614
Horse Sale participants	20,292	\$72.03	\$1,461,633	\$1,169,306
Vendors	5,698	\$36.32	\$206,951	\$165,561
Out-of-state visitors	10,767	\$73.79	\$794,497	\$635,598
Total eligible	84,126		\$4,933,848	\$3,947,078
Texas visitors	7,743	\$41.34	\$320,096	\$256,076
Grand total	91,869		\$5,253,944	\$4,203,155

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures on Alcoholic Drinks with Meals

	Groups	Days at Show	Total Segment Days	Percent Having Drinks	Group Days Having Alcohol	Average Cost Per Day	Spending on Drinks	Minus 20% Gratuity
Exhibitors	974	13.6	13,246	61.3%	8,120	\$44.83	\$364,022	\$291,217
Horse sale participants	1245	5.97	7,433	70.6%	5,247	\$45.59	\$239,231	\$191,385
Vendors	192	18.09	3,473	46.2%	1,605	\$28.75	\$46,134	\$36,907
Out-of-state visitors	609	4.98	3,033	60.0%	1,820	\$30.81	\$56,065	\$44,852
Total eligible	3,020		27,185		16,792		\$705,451	\$564,361
Texas visitors	837	3.73	3,122	36.7%	1,146	\$32.50	\$37,238	\$29,790
Grand total	3,857		30,307		17,938		\$742,689	\$594,151

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Futurity. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	Groups	Percent in Motels	Number	Average Nights	Average Rooms	Room Nights	Rate	Cost
Exhibitors	974	40.4%	393	9.17	1.42	5,124	\$103.45	\$530,064
Horse sale participants	1,245	46.9%	584	4.33	1.53	3,868	\$115.38	\$446,326
Vendors	192	24.4%	47	18.09	1.27	1,076	\$ 92.67	\$99,741
Out-of-state visitors	609	70.8%	431	4.15	1.32	2,362	\$102.91	\$243,069
Total Eligible	3,020		1,455			12,430		\$1,319,200
Texas visitors	837	16.7%	140	2.55	1.18	421	\$100.73	\$42,367
Grand total	3,857		1,595			12,851		\$1,361,567

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA World Championship Futurity. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 3,020 distinct household purchasing units (excluding 837 visitors who live in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 21-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. None of the respondents reported purchasing a tractor during the show.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, horse sale participants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only 50% of the sales tax collected on buildings/sheds is estimated to be eligible.

Using these parameters, Table 6 on the following pages summarizes sales tax expenditures eligible under Events Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	973	1,245	192	609	3,019	837
<i>Western Wear, Boots, Other Clothing</i>	68.4%	75.0%	46.7%	75.0%		59.1%
Number Purchasing	666	934	90	457	2,146	495
Average Expenditure	\$742	\$791	\$664	\$802		\$439
Total Expenditures	\$493,825	\$738,596	\$59,537	\$366,314	\$1,658,271	\$217,159
<i>Jewelry, Belts, Accessories</i>	36.4%	43.8%	26.7%	35.4%		37.9%
Number Purchasing	354	545	51	216	1,166	317
Average Expenditure	\$461	\$282	\$683	\$684		\$401
Total Expenditures	\$163,273	\$153,777	\$35,013	\$147,461	\$499,525	\$127,206
<i>Paints, Crafts</i>	15.3%	9.4%	13.3%	12.5%		4.5%
Number Purchasing	149	117	26	76	368	38
Average Expenditure	\$411	\$267	\$280	\$200		\$262
Total Expenditures	\$61,185	\$31,247	\$7,150	\$15,225	\$114,807	\$9,868
<i>Souvenirs</i>	30.6%	18.8%	13.3%	35.4%		18.2%
Number Purchasing	298	234	26	216	773	152
Average Expenditure	\$180	\$108	\$112	\$231		\$79
Total Expenditures	\$53,593	\$25,278	\$2,860	\$49,800	\$131,532	\$12,034
<i>Horse Trailers</i>	3.4%	0.0%	2.2%	0.0%		0.0%
Number Planning Purchasing	33		4		37	
Didn't Complete Purchases	50.0%		50.0%			
Number Actually Purchasing	17		2		19	
Average Expenditure	\$34,571		\$180,000			
Total Expenditures	\$571,839		\$380,160		\$951,999	
Trade-ins	25.0%		25.0%			
Total Taxable Expenditures	\$428,879		\$285,120	\$0	\$713,999	\$0
<i>Trucks, Other Vehicles</i>	3.8%	0.0%	2.2%	0.0%		1.5%
Number Planning Purchasing	37		4		41	13
Didn't Complete Purchases	50.0%		50.0%			50.0%
Number Actually Purchasing	18		2		21	6
Average Expenditure	\$48,000		\$18,000			\$60,000
Total Expenditures	\$887,376		\$38,016		\$925,392	\$376,650
Trade-ins	25.0%		25.0%			25.0%
Total Taxable Expenditures	\$665,532	\$0	\$28,512	\$0	\$694,044	\$282,488

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
Units/Groups	973	1,245	192	609	3,019	837
<i>Buildings or Sheds</i>	1.0%	0.0%	2.2%	0.0%		1.5%
Number Planning Purchasing	10		4		14	13
Didn't Complete Purchases	50.0%		50.0%			50.0%
Number Actually Purchasing	5		2		7	6
Average Expenditure	\$8,250		\$5,000			\$55,000
Total Taxable Expenditures	\$40,136		\$10,560	\$0	\$50,696	\$345,263
<i>Saddles</i>	18.8%	21.9%	2.2%	6.3%		6.1%
Number Purchasing	183	273	4	38	498	51
Average Expenditure	\$3,418	\$3,271	\$1,500	\$4,333		\$7,375
Total Expenditures	\$625,234	\$891,855	\$6,336	\$166,244	\$1,689,669	\$376,545
<i>Other Tack</i>	54.1%	50.0%	11.1%	47.9%		25.8%
Number Purchasing	526	623	21	292	296	216
Average Expenditure	\$602	\$431	\$190	\$528		\$500
Total Expenditures	\$316,889	\$268,298	\$4,049	\$154,023	\$743,259	\$107,973
<i>Photos, Videos</i>	46.6%	6.3%	0.0%	8.3%		7.6%
Number Purchasing	453	78		51		64
Average Expenditure	\$160	\$150		\$330		\$110
Total Expenditures	\$72,547	\$11,765	\$0	\$16,681	\$100,993	\$129,438
<i>Feed, Hay, Horse Supplies</i>	16.3%	0.0%	2.2%	2.1%		4.5%
Number Purchasing	159		4	13		38
Average Expenditure	\$309		\$300	\$350		\$175
Total Expenditures	\$49,007		\$1,267	\$4,476		\$6,591
<i>Wine/Beer/Alcohol in Store</i>	17.2%	12.5%	37.8%	20.8%		6.1%
Number Purchasing	167	156	73	127	522	51
Average Expenditure	\$133	\$50	\$175	\$42		\$56
Total Expenditures	\$22,258	\$7,781	\$12,701	\$5,320	\$48,061	\$2,859
<i>Other Taxable Items</i>	41.3%	37.5%	55.6%	43.8%		31.6%
Number Purchasing	402	467	107	267	1,242	266
Average Expenditure	\$455	\$325	\$251	\$424		\$153
Total Expenditures	\$182,841	\$151,734	\$26,795	\$113,099	\$474,469	\$40,723
<i>Rental car</i>	13.4%	25.0%	6.7%	37.5%		0.0%
Number renting	130	311	13	228		
Average rental	\$611	\$275	\$793	\$406		
Total Expenditures	\$79,663	\$85,594	\$10,201	\$92,720	\$268,179	\$0
Total All Expenditures	\$2,888,968	\$2,097,628	\$484,785	\$972,863	\$6,444,244	\$1,543,584

The total eligible Texas taxes generated during the 2010 NCHA World Championship Futurity are summarized in Table 7.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$1,858,271	6.25%	1.00%	\$103,642	\$16,583
Jewelry, belts, accessories	\$499,525	6.25%	1.00%	\$31,220	\$4,995
Paintings and crafts	\$114,807	6.25%	1.00%	\$7,175	\$1,148
Souvenirs	\$131,532	6.25%	1.00%	\$8,221	\$1,315
Videos & photographs	\$100,993	6.25%	1.00%	\$6,312	\$1,010
Saddles	\$1,689,669	6.25%	1.00%	\$105,604	\$16,897
Other tack	\$743,259	6.25%	1.00%	\$46,454	\$7,433
Food/meals (excluding drinks)	\$3,947,078	6.25%	1.00%	\$246,692	\$39,471
Alcoholic drinks with meals	\$564,361	11.00%	1.50%	\$62,080	\$8,465
Wine, beer & liquor from store	\$48,061	6.25%	1.00%	\$3,004	\$481
Hotel and motel expenditures	\$1,319,200	6.00%	9.00%	\$79,152	\$118,728
Car rental	\$268,179	10.00%	1.00%	\$26,818	\$2,682
Horse trailers	\$713,999	6.25%	1.00%	\$44,625	\$7,140
Trucks, other vehicles	\$694,044	6.25%	1.00%	\$43,378	\$6,940
Barns, stalls, sheds (50% of \$50,696)	\$29,348	6.25%	1.00%	\$1,834	\$293
Other items subject to sales tax	\$474,469	6.25%	1.00%	\$29,654	\$4,745
NCHA hotel and motel expenditures	\$36,193	6.00%	9.00%	\$2,172	\$3,257
NCHA awards	\$95,056	10.00%	1.00%	\$9,506	\$951
NCHA meals	\$12,754	6.25%	1.00%	\$797	\$128
Other NCHA show expenditures	\$58,184	6.25%	1.00%	\$3,637	\$582
Total eligible expenditures	\$13,198,982			\$861,976	\$243,243
Eligible Texas Tax generated	\$861,976				
Fort Worth City General Fund	\$243,243				

The importance of the NCHA National Championship Futurity to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and about half of them live outside of Texas. (See Table 8 on the following page)

Table 8. Respondent ZIP Codes

	Contestants	Horse Sale Participants	Vendors	Out-of-state Visitors	Texas Visitors
Live in Fort Worth	1.4%	0.0%	13.3%	0.0%	22.7%
Live in Other Texas	42.9%	50.0%	57.8%	0.0%	77.3%
Live in Other States	48.1%	40.6%	26.7%	79.2%	0.0%
Live in Other Countries	7.6%	9.4%	2.0%	20.8%	0.0%

People participating in events came from five countries – Australia, Brazil, Canada, Venezuela, and the United States. Those from the United States represent 35 states.

The survey sample included people from eight countries -- Australia, Brazil, Canada, England, Holland, Italy, Switzerland, and the United States.

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people who attended the 2010 NCHA World Championship Futurity are members of NCHA and about nine out of 10 own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sale Participants	Vendors	Out-of-state Visitors	Texas Visitors
NCHA Member	87.6%	81.3%	42.2%	64.6%	77.3%
Own Horses	95.2%	96.9%	66.7%	93.8%	65.2%

Additional Economic Benefits

People who attended the 2010 NCHA World Championship Futurity came to Texas an average of 5.69 times a year. They reported that 3.33 of those times were for NCHA events.

The expenditures in this report do not include \$1,871.817 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$243.243 from out-of-state visitors, bringing the total for Fort Worth General Fund to \$348,059. (Table 10)

Table 10. Eligible Taxes Generated for Fort Worth General Fund

	Expenditures	Fort Worth General Fund Taxes
Eligible for State Tax Rebates		\$243,243
<i>Texas Visitors:</i>		
Food	\$256,076	\$2,263
Alcoholic Drinks	\$29,790	\$884
Hotels/Motels	\$42,367	\$4,578
Sales Tax Expenditures	\$1,543,584	\$97,091
Totals	\$1,871,817	\$348,059

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Conservative Assumptions Used for Estimates and Projections

Four hundred four (402) random interviews were conducted during the 2010 NCHA World Championship Futurity at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and all interviews were supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ Interviewers used hand-held computers to conduct the interviews. This ensured that all skip patterns were automatically made and eliminated the potential for entries which might result from entering the data from paper questionnaires.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2010 NCHA World Championship Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of four categories – contestants, horse sale participants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 973 Contestants (Co) + 1,245 Sales (Sa) + 192 Vendors (Ve) = 3,019 Co+Sa+Ve

Determined by survey: 65.8% Contestants + Sales + Vendors and 34.2% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 32.4\% :: 3,019 : 67.6\%$

$Vi \# * 67.6\% = 9,782$

$Vi \# = 9,782 \div 67.6\%$

$Vi \# = 1,446$ projected visitor respondent units

42.1% of visitors are from outside of Texas, or 609 visitors

57.9% of visitors are from Texas, or 837 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures.

Survey Questionnaire

NCHA 2010 Futurity

1) Date

- | | | | |
|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| <input type="radio"/> November 21 | <input type="radio"/> November 27 | <input type="radio"/> December 3 | <input type="radio"/> December 9 |
| <input type="radio"/> November 22 | <input type="radio"/> November 28 | <input type="radio"/> December 4 | <input type="radio"/> December 10 |
| <input type="radio"/> November 23 | <input type="radio"/> November 29 | <input type="radio"/> December 5 | <input type="radio"/> December 11 |
| <input type="radio"/> November 24 | <input type="radio"/> November 30 | <input type="radio"/> December 6 | |
| <input type="radio"/> November 25 | <input type="radio"/> December 1 | <input type="radio"/> December 7 | |
| <input type="radio"/> November 26 | <input type="radio"/> December 2 | <input type="radio"/> December 8 | |

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- ☐ Coliseum ☐ W.R. Watt Arena ☐ Barns
☐ Amon Carter Exhibits ☐ John Justin Arena

4) Gender

- ☐ Male ☐ Female

Hello. We're doing a survey of people at the NCHA Futurity and I'd like to ask you a few questions. This will take only a couple of minutes and your answers will be confidential.

5) First, which of the following best describes your main reason for coming to the Futurity?

- | | |
|--|--|
| <input type="radio"/> Competing in an event | <input type="radio"/> Trainer not riding in an event |
| <input type="radio"/> Own horse in an event but not riding | <input type="radio"/> Buying or selling horses |
| <input type="radio"/> Family member competing in an event | <input type="radio"/> Vendor |
| <input type="radio"/> Friend or employer competing | <input type="radio"/> Visitor |

6) How many people, including yourself, came to the Futurity with you?

7) Will they all be here with you every day while you are at the show?

☐ Yes ☐ No ☐ Not sure

8) About how many people will be here with you each day, on average?

9) About how much do you expect to spend per day on average for each person in your group for food and meals -- excluding alcoholic drinks -- both here at the Will Rogers Memorial Center and at any other places in Fort Worth?

10) Will anyone in your group have alcoholic drinks with meals?

☐ Yes ☐ No ☐ Not sure

11) About how much, if anything, will your party spend each day on alcoholic drinks with your meals?

As I read a list, please tell me whether you or anyone else in your group might buy each one during the Futurity.

12) Western wear, boots or other clothing.

☐ Yes ☐ No ☐ Not sure

13) How much will your group spend on western wear, boots or other clothing?

14) Jewelry, belts and other accessories.

☐ Yes ☐ No ☐ Not sure

15) How much will your group spend on jewelry, belts or other accessories?

16) Paintings or crafts.

☐ Yes ☐ No ☐ Not sure

17) How much will your group spend on paintings or crafts?

18) Souvenirs.

☐ Yes ☐ No ☐ Not sure

19) How much will your group spend on souvenirs?

20) Horse trailer.

☐ Yes ☐ No ☐ Not sure

21) How much will your group spend on horse trailers?

22) Tractors.

☐ Yes ☐ No ☐ Not sure

23) How much will your group spend on tractors?

24) Trucks or other vehicles.

☐ Yes ☐ No ☐ Not sure

25) How much will your group spend on trucks or other vehicles?

26) Barns, sheds or stalls.

☐ Yes ☐ No ☐ Not sure

27) How much will your group spend on barns, sheds or stalls?

28) Saddles

☐ Yes ☐ No ☐ Not sure

29) How much will your group spend on saddles?

30) Other tack.

☐ Yes ☐ No ☐ Not sure

31) How much will your group spend on other tack?

32) Photos or videos of the competition.

☐ Yes ☐ No ☐ Not sure

33) How much will your group spend on photos or videos?

34) Feed, hay, grooming items or medications for your horses.

☐ Yes ☐ No ☐ Not sure

35) How much will your group spend on feed, hay, grooming items or medications?

36) Alcoholic beverages at a store.

☐ Yes ☐ No ☐ Not sure

37) How much will your group spend on alcoholic beverages from a store?

38) Any other purchases with sales tax.

☐ Yes ☐ No ☐ Not sure

39) How much will your group spend on other purchases?

40) Are you renting a car during the Futurity?

☐ Yes ☐ No ☐ Not sure

41) How much will your group spend on car rentals?

42) How many days will you be here for the Futurity?

43) Are you staying in a Fort Worth hotel or motel?

☐ Yes ☐ No ☐ Not sure

44) How many nights will you be staying?

45) How many rooms are you using?

46) Approximately how much will you be spending each night for hotel or motel rooms?

47) Are you a member of the National Cutting Horse Association?

☐ Yes ☐ No ☐ Not sure

48) Do you own horses?

☐ Yes ☐ No ☐ Not sure

49) What is your ZIP Code?

50) Other country

51) How many times a year do you come to Texas?

52) How many of those times are for Cutting Horse events or activities?

Thank you for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for Texas Motor Speedway, the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

- Summary Report -

An Analysis of the
Economic Impact of the
**National Cutting Horse Association's
2008 Triple Crown Shows**
on the Fort Worth Economy
and
Texas State Sales Tax Revenues
Generated by the Shows

June 2009

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

64 days *of the 2008 National Cutting Horse Association Triple Crown events*

35,751 *visitors*

261,778 *visitor days*

\$57,554,914 *direct expenditures subject to eligible Texas State taxes*

\$3,652,226 *eligible State taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$3,652,226

The Numbers . . .

The National Cutting Horse Association Triple Crown at the Will Rogers Memorial Center – 2008 Futurity, 2008 Summer Spectacular, and 2008 Super Stakes, -- generated eligible Texas State Tax revenues conservatively estimated at \$3,652,226, based on projected total expenditures of \$57,554,914 on taxable purchases. These estimates and projections are the result of surveys with 400 randomly selected adults at each of the three shows, for a total of 1,200 interviews.

Assumptions were developed to minimize the possibility of overestimating the amount of eligible Texas taxes generated during the 64 days that the NCHA Triple Crown events were held in Fort Worth during 2008. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were at the show for only one day and did not make any purchases.

In calculating the economic impact on eligible Texas tax revenue, only expenditures by people competing in events, participating in the horse sales, vendors, and visitors who live outside of Texas were included. This excluded all expenditures by Texas residents who attended the shows but did not compete in events, participate in horse sales, or were not vendors. All duplications were removed (e.g., people who registered for the horse sales and also competed in the show events and people from the same household).

Table 1 on the following page summarizes the number of people in each segment who attended the show. This represents the number of household purchasing units.

Table 1: Number of People in Respondent Categories at NCHA Triple Crown

	2008 Super Stakes	2008 Summer Spectacular	2008 Futurity	2008 Totals
Contestants	816	2,265	1,070	4,151
Horse sale participants	706	744	1,303	2,753
Vendors	99	100	132	331
Out-of-state visitors	<u>266</u>	<u>704</u>	<u>414</u>	<u>1,384</u>
Total purchasing households	1,887	3,813	3,550	8,619
Texas visitors *	<u>551</u>	<u>1,170</u>	<u>1,348</u>	<u>3,069</u>
Grand totals	2,438	4,983	4,267	11,688

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

Respondents in each category were asked how many people were at the show with them. This resulted in a projected 35,751 individuals who attended the Triple Crown events. Respondents were asked if those people would be at the show with them every day. If not, they were asked how many people would be there each day, on the average. (See Table 2)

Table 2: Attendance Projections

	2008 Super Stakes	2008 Summer Spectacular	2008 Futurity	2008 Totals
Contestants	2,693	8,584	3,606	14,883
Horse sale participants	1,899	1,972	3,805	7,676
Vendors	228	233	279	740
Out-of-state visitors	<u>766</u>	<u>2,133</u>	<u>1,126</u>	<u>4,025</u>
Totals	5,586	12,922	8,815	27,324
Texas visitors *	<u>1,433</u>	<u>3,007</u>	<u>3,977</u>	<u>8,427</u>
Grand totals	7,029	15,929	12,792	35,751

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

The number of people in each category was multiplied by the number of days they said they would be at the shows, resulting in a projection of 261,778 visitor days. (See Table 3)

Table 3: Visitor Days

	2008 Super Stakes	2008 Summer Spectacular	2008 Futurity	2008 Totals
Contestants	33,932	99,684	42,261	143,136
Horse sale participants	6,723	10,528	26,063	57,331
Vendors	3,582	4,467	5,584	26,426
Out-of-state visitors	<u>4,221</u>	<u>6,805</u>	<u>5,540</u>	<u>17,358</u>
Totals	48,458	121,484	79,448	234,251
Texas visitors *	<u>5,803</u>	<u>10,146</u>	<u>10,260</u>	<u>27,527</u>
Grand totals	54,261	131,630	89,708	275,599

* Visitors who live in Texas were excluded in calculating expenditures subject to eligible Texas State Tax.

No multipliers were used in the analyses. The figures reported here represent actual projected expenditures during the shows.

Expenditures on dining/food in Fort Worth during the shows were calculated by multiplying the number of visitor days in each category (contestant, horse show participant, vendor, and out-of-state visitor) by the average daily spending per person. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Triple Crown shows. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase for the group.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. Also, duplication was eliminated resulting from a person both participating in the horse sale and competing in events.

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the events. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show. If respondent said they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be about a fourth of the price of the purchases, which was deducted from the selling price of these items.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible under Chapter 151, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 4 summarizes direct expenditures eligible under SB 1523. These calculations use the appropriate State of Texas Sales Tax.

Table 4. NCHA 2008 Triple Crown Events Summary

	2008 Super Stakes	2008 Summer Spectacular	2008 Futurity	2008 Totals	Texas Tax Rate	Fort Worth Tax Rate	Texas Taxes	Fort Worth Taxes
Western wear, boots, clothing	\$1,248,004	\$1,774,681	\$1,273,391	\$4,296,076	6.25%	1.00%	\$268,505	\$42,961
Jewelry, belts, accessories	\$350,519	\$1,084,201	\$544,517	\$1,979,237	6.25%	1.00%	\$123,702	\$19,792
Paintings and crafts	\$80,852	\$317,302	\$182,808	\$580,962	6.25%	1.00%	\$36,310	\$5,810
Souvenirs	\$58,544	\$234,904	\$71,098	\$364,546	6.25%	1.00%	\$22,784	\$3,645
Buildings, sheds (50%)	\$1,176,000	\$892,325	\$16,136	\$1,884,461	6.25%	1.00%	\$117,779	\$18,845
Saddles, other tack	\$2,928,310	\$3,313,927	\$1,335,587	\$7,577,824	6.25%	1.00%	\$473,614	\$75,778
Food/meals (excluding drinks)	\$2,882,706	\$6,924,208	\$3,751,387	\$13,558,301	6.25%	1.00%	\$847,394	\$135,583
Alcoholic drinks with meal	\$78,123	\$708,632	\$324,588	\$1,111,343	11.00%	1.50%	\$122,248	\$16,670
Alcoholic beverages at stores	\$51,072	\$139,781	\$21,934	\$212,787	6.25%	1.00%	\$13,299	\$2,128
NCHA-paid show expenditures	\$138,980	\$123,664	\$162,195	\$424,839	6.25%	9.00%	\$26,552	\$38,236
NCHA -paid hotel rooms	*	\$41,482	\$40,553	\$82,015	9.00%	1.00%	\$7,381	\$820
Horse trailers	\$3,298,645	\$7,100,773	\$2,874,748	\$13,274,164	6.25%	1.00%	\$829,635	\$132,742
Trucks and other vehicles	\$1,620,980	\$2,529,850	\$745,444	\$4,896,274	6.25%	1.00%	\$306,017	\$48,963
Tractors, (10%)	\$23,828	\$4,247	\$0	\$28,075	6.25%	1.00%	\$1,755	\$281
Car rentals	**	**	\$250,182	\$250,182	6.25%	1.00%	\$15,636	\$2,502
Hotel and motel expenditures	\$769,582	\$2,733,411	\$2,292,168	\$5,795,141	6.25%	9.00%	\$362,196	\$521,583
Other sales tax expenditures	\$40,734	\$929,919	\$268,034	\$1,238,687	6.25%	1.00%	\$77,418	\$12,387
Total eligible expenditures	\$14,746,859	\$28,653,287	\$14,154,768	\$57,554,914				
Texas Tax generated	\$925,390	\$1,825,631	\$901,208	\$3,652,228			\$3,652,228	
Fort Worth City General Fund	\$220,543	\$518,642	\$339,520	\$1,078,704				\$1,078,704

* Not asked in Super Stakes survey

** Not asked in Super Stakes or Summer Spectacular surveys

Additional Economic Benefits

Many other expenditures not included in the survey, such as year-round horse operations by people who live in Texas or own horse operations here because of the NCHA Triple Crown, contribute even more tax revenues to the State of Texas.

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the NCHA 2008 Super Stakes, 2008 Summer Spectacular and 2008 Futurity at the Will Rogers Memorial Center in Fort Worth, for a total of 1,200 interviews. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level for each survey.

All interviewing was supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything. Response rate was very high, with more than 95% of all people who were contacted agreeing to be interviewed.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the shows had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.

- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.
- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers, tractors, trucks, and other vehicles, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.
- ❖ Additional economic impact from salaries paid to people who worked at the show, etc. is not included in this analysis.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau and the Arlington Convention and Visitors Bureau, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Bell Helicopter Armed Forces Bowl
- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- The City of Fort Worth
- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *Boca Raton (Florida) Magazine*
- *Salt Lake City (Utah) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG (Graphic Concepts Group)
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-14”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2008 Super Stakes
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

June 2008

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

20 days *of the 2008 National Cutting Horse Association Super Stakes*

6,825 *visitors*

63,885 *visitor days*

\$14,852,943 *direct expenditures subject to eligible Texas State taxes*

\$930,096 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$930,096.

The Numbers . . .

The 2008 National Cutting Horse Association Super Stakes (March 27-April 15) generated Texas State Tax revenues eligible under SB 1523 conservatively estimated at \$930,096 based on projected total eligible direct expenditures of \$14,852,943.

These estimates are based on a survey of 400 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 20-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those local residents who were just at the show for the day and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, participating in the horse sale, vendors, and visitors who live outside of Texas were included. This excluded 551 Texas residents who did not compete in events, did not participate in the horse sale, and were not vendors.

For competitors, duplication of people with the same last name and address was eliminated. Then a computer merge and purge program identified registered buyers and/or sellers who were at the horse sale but did not compete in the show.

A projected 7,029 individuals attended the 2008 NCHA Super Stakes. (See Table 1)

Table 1. People Attending 2008 Super Stakes

	Segment	Average People Per Group	Totals
Contestants	816	3.30	2,693
Horse Sale	706	2.69	1,899
Vendors	99	2.30	228
Out-of-State Visitors	266	2.88	766
Totals	1,887		5,586
Texas Visitors	551	2.62	1,443
Grand Totals	2,438		7,029

This translates into 54,258 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2008 NCHA Super Stakes

	Segment	Average Days at Super Stakes	Totals
Contestants	2,693	12.60	33,932
Horse Sale	1,899	3.54	6,723
Vendors	228	15.73	3,582
Out-of-State Visitors	766	5.51	4,221
Totals	5,586		48,455
Texas Visitors	1,443	4.02	5,803
Grand Totals	7,029		54,258

Texas visitors were not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, participants in the horse sale, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spend per person per day in Fort Worth during the Super Stakes on food and dining, excluding drinks. Calculations are summarized in Table 3. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Per Day	Total	Minus 20%
Contestants	33,929	\$74	\$2,525,356	\$2,020,285
Horse Sale	6,723	\$97	\$653,875	\$523,100
Vendors	3,582	\$45	\$161,177	\$128,941
Out-of-State Visitors	4,221	\$62	\$252,975	\$210,380
Totals	48,455		\$3,603,383	\$2,882,706

Respondents also were asked how much they spent per group, on average, for alcoholic drinks with their meals. Average daily expenditures by respondents who said they have alcoholic drinks with their meals were multiplied by the number of groups purchasing alcoholic beverages with meals, and as with food, a 20 percent tip was assumed. Results are shown in Table 4.

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Visitor Days	Per Day	Total	Minus 20%
Contestants	14,827	\$61	\$904,447	\$723,558
Horse Sale	4,081	\$44	\$179,564	143,651
Vendors	2,752	\$21	\$1,304	\$1,043
Out-of-State Visitors	2,060	\$55	\$113,300	\$90,640
Totals	23,720		\$1,198,615	\$958,892

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the Super Stakes. Those who said they were staying in a hotel or motel were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. Results are shown in Table 5.

Table 5. Expenditures on Hotels/Motels

	Visitor Nights	Per Night	Total
Contestants	3,468	\$123	\$425,945
Horse Sale	1,866	\$120	\$199,870
Vendors	126	\$122	\$15,324
Out-of-State Visitors	940	\$137	\$128,423
Totals	6,201		\$769,562

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Super Stakes. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants, all duplication was eliminated for people with the same last name and the same address. This resulted in 816 distinct household purchasing units representing 1,221 individual contestants.

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 20-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents they were not sure what they might buy, no purchases were recorded. At no time did the interviewer prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 6 summarizes direct expenditures eligible under SB 1523.

Table 6: Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund Tax Rate
Western wear, boots, other clothing	\$1,248,004	6.25%	1.00%
Jewelry, belts, accessories	\$350,519	6.25%	1.00%
Paintings and crafts	\$80,852	6.25%	1.00%
Souvenirs	\$58,544	6.25%	1.00%
Buildings, sheds (50% of \$2,352,000)	\$1,176,000	6.25%	1.00%
Saddles, other tack	\$2,928,310	6.25%	1.00%
Food/meals (excluding drinks)	\$2,882,706	6.25%	1.00%
Alcoholic drinks with meals	\$78,123	11.0%	1.50%
Alcoholic beverages at stores	\$51,072	6.25%	1.00%
NCHA show expenditures	\$138,980	6.25%	1.00%
Horse trailers	\$3,298,645	6.25%	1.00%
Trucks and other vehicles	\$1,620,980	6.25%	1.00%
Tractors, (10% of \$238,275)	\$23,828	6.25%	1.00%
Hotel and motel expenditures	\$769,562	6.00%	9.00%
Other expenditures subject to sales tax	\$40,734	6.25%	1.00%
Total eligible direct expenditures	\$14,852,943		
Eligible Texas Tax generated	\$930,096		
Fort Worth City General Fund	\$210,485		

Contestants and horse sale participants came from 41 states and five foreign countries – Canada, Brazil, Venezuela, Italy, and Australia. The importance of the 2008 National Cutting Horse Association Summer Spectacular to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents (92.8%) at the show live outside of the city and more than a third of them (33.4%) live outside of Texas. (Table 7)

Respondents came from 31 states and nine foreign countries – Australia, Brazil, Canada, Chile, Germany, Italy, South Africa, Sweden, and Venezuela.

Table 7: Respondent ZIP Codes

	Contestants	Horse Sale	Vendors	Visitors
Live in Fort Worth	6.5%	1.8%	18.2%	11.4%
Live in Other Texas	61.8%	55.4%	54.5%	56.1%
Live in Other States	30.7%	37.5%	18.2%	25.8%
Live in Other Countries	1.0%	5.4%	9.1%	6.8%

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people (76.0%) who attended the 2008 Super Stakes are members of NCHA and nine out of ten (90.2%) own horses. (Table 8).

Table 8: NCHA Membership and Horse Ownership

	Contestants	Horse Sale	Vendors	Visitors
NCHA member	91.0%	75.0%	45.5%	56.2%
Own horses	95.0%	98.2%	90.9%	79.5%

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, Fort Worth City General Fund received \$210,485 in tax revenues. While this figures is not included in the State of Texas Sales Tax revenues, it further demonstrates the importance of the NCHA Super Stakes to the State of Texas and the City of Fort Worth.

Many other expenditures not specifically measured in the survey, such as horse operations by people who live in Texas because of the NCHA Super Stakes and other Triple Crown events, also contribute even more tax revenues to the State of Texas.

Another indication of the economic magnitude of the NCHA Super Stakes is the fact that 131 horses were sold during the event for a total of \$2,196,200, an average of \$16,765 per horse.

Conservative Assumptions Used for Estimates and Projections

Four hundred (400) interviews were conducted among randomly selected adults attending the National Cutting Horse Association 2008 Super Stakes at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

All interviewing was done by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Associate Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the show to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the NCHA Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.

- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.
- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, number of exclusive horse sale participants, and number of vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants/horse sale/vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 816 Contestants (Co) + 706 Horse Sale(Sa) + 99 Vendors (Ve) = 1,621 Co+Sa +Ve

Determined by survey: 66.5% contestants/horse sale/vendors; 33.5% visitors

Unknown Attendance: Visitors (Vi)

$816 Co + 706 Sa + 99 Ve = 1,621$

$Vi \# : 33.5\% :: 1,621 : 66.5\%$

$Vi \# * 33.5\% = 1,621 * 66.5\%$

$Vi \# * 66.5\% = 54,303.5$

$Vi \# = 48,822.5 \div 66.5\%$

$Vi \# = 817$ projected visitor respondent units

32.6% of visitors are from outside of Texas, or 266 visitors

67.4% of visitors are from Texas, or 551 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-15”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2008 Summer Spectacular
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

September 2008

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

21 days of the 2008 National Cutting Horse Association Summer Spectacular

15,929 visitors

139,486 visitor days

\$28,653,297 direct expenditures subject to eligible Texas taxes

\$1,817,554 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$1,817,554.

The Numbers . . .

The 2008 National Cutting Horse Association Summer Spectacular July 14–August 3 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$1,817,554, based on projected total eligible direct expenditures of \$28,298,416. This is an average of \$205 per visitor day, compared to \$219 per visitor day in the 2008 APHA World Championship Show and \$192 per visitor day for the 2007–2008 National Cutting Horse Association Triple Crown events.

These estimates are based on a survey of 394 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 21-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded 3,588 Texas residents who did not compete in events and were not vendors.

A projected 15,929 individuals attended the 2008 NCHA Summer Spectacular. (See Table 1 on the following page)

Table 1. People Attending 2008 NCHA Summer Spectacular Show

	Segment	Average People Per Group	Totals
Contestants	2,265	3.79	8,584
Horse Sale Participants	744	2.65	1,972
Vendors	100	2.33	233
Out-of-State Visitors	704	3.03	2,133
Totals	3,813		12,922
Texas Visitors	1,170	2.57	3,007
Grand Totals	4,983		15,929

This translates into 139,486 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2008 NCHA Summer Spectacular Show

	Segment	Average Days at Summer Spectacular	Totals
Contestants	8,584	11.61	99,664
Horse Sale Participants	1,972	5.34	10,528
Vendors	233	19.17	4,467
Out-of-State Visitors	2,133	4.83	10,303
Totals	12,922		124,962
Texas Visitors	3,007	4.83	14,523
Grand Totals	15,929		139,486

The 3,007 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Summer Spectacular on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Per Day	Total	Minus 20%
Contestants	99,664	\$72.38	\$7,213,702	\$5,770,962
Horse Sale Participants	10,528	\$61.15	\$843,808	\$515,047
Vendors	4,467	\$46.80	\$209,037	\$167,230
Out-of-State Visitors	6,805	\$57.14	\$388,851	\$470,969
Totals	121,464		\$8,655,260	\$6,924,208

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Groups Drinking Alcohol	Average Amount Per Group	Total	Minus 20%
Contestants	14,121	\$46.71	\$527,685	\$527,685
Horse Sale Participants	1,148	\$59.85	\$54,975	\$54,975
Vendors	1,031	\$100.00	\$82,508	\$82,508
Out-of-State Visitors	1,285	\$42.27	\$28,709	\$43,464
Totals	17,586		\$693,876	\$708,632

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Summer Spectacular. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	Visitor Room Nights	Cost Per Night	Total
Contestants	16,109	\$129	\$2,077,177
Horse Sale Participants	2,008	\$95	\$190,312
Vendors	430	\$90	\$38,700
Out-of-State Visitors	3,134	\$137	\$428,283
Totals	21,674		\$2,733,411

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Summer Spectacular. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 3,575 distinct household purchasing units (excluding 1,396 visitors who live in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 21-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, tractors, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only a portion of the sales tax collected on tractors and buildings/sheds is estimated to be eligible, at a rate of 10% for tractors and 50% for buildings and sheds.

Using these parameters, Table 6 on the following page summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales-Tax Expenditures

	Competitors	Horse Sales	Vendors	Visitors	Totals	Texas Visit
Units/Groups	2,265	744	100	704	3,813	1,170
<i>Western Wear, Boots, Other Clothing</i>	58.0%	55.6%	62.9%	48.6%		38.7%
Number Purchasing	1,314	414	63	342	2,132	453
Average Expenditure	\$890	\$1,129	\$700	\$276		\$529
Total Expenditures	\$1,169,193	\$467,027	\$44,030	\$94,432	\$1,774,681	\$239,526
<i>Jewelry, Belts, Accessories</i>	36.7%	28.9%	38.5%	37.8%		16.2%
Number Purchasing	831	215	39	266	1,351	190
Average Expenditure	\$1,139	\$341	\$600	\$154		\$430
Total Expenditures	\$946,799	\$73,320	\$23,100	\$40,981	\$1,084,201	\$81,502
<i>Paints, Crafts</i>	14.4%	8.9%	23.1%	8.1%		8.1%
Number Purchasing	326	66	23	57	473	95
Average Expenditure	\$864	\$208	\$200	\$300		\$503
Total Expenditures	\$281,802	\$13,773	\$4,620	\$17,107	\$317,302	\$47,669
<i>Souvenirs</i>	18.6%	6.7%	0.0%	27.0%		6.3%
Number Purchasing	421	50	0	190	661	74
Average Expenditure	\$511	\$20	\$0	\$98		\$138
Total Expenditures	\$215,279	\$997	\$0	\$18,628	\$234,904	\$10,172
<i>Horse Trailers</i>	6.9%	8.9%	15.4%	0.0%		0.9%
Number Planning Purchasing	156	66	15	0	238	11
Didn't Complete Purchases	50.0%	50.0%	50.0%	50.0%		50.0%
Number Actually Purchasing	78	33	8	0	119	5
Average Expenditure	\$63,091	\$123,333	\$59,000	\$0		\$40,000
Total Expenditures	\$4,930,088	\$4,083,309	\$454,300	\$0	\$9,467,697	\$210,600
Trade-ins	25.0%	25.0%	25.0%	25.0%		25.0%
Total Taxable Expenditures	\$3,697,566	\$3,062,482	\$340,725	\$0	\$7,100,773	\$157,950
<i>Tractors</i>	0.5%	0.0%	0.0%	0.0%		0
Number Planning Purchase	11		0	0	11	
Didn't Complete Purchase	50.0%			50.0%		50.0%
Number Actually Purchasing	6		0	0		0
Average Expenditure	\$10,000					
Total Expenditures	\$56,625	\$0	\$0	\$0	\$56,625	\$0
Trade-ins	25.0%		25.0%			
Total Taxable Expenditures	\$42,469		\$0	\$0	\$42,469	
<i>Trucks, Other Vehicles</i>	2.1%	4.4%	0.0%	0.0%		0%
Number Planning Purchasing	48	33		0	80	0
Didn't Complete Purchases	50.0%	50.0%		50.0%		50.0%
Number Actually Purchasing	24	16		0	40	0
Average Expenditure	\$83,333	\$85,000				
Total Expenditures	\$1,981,867	\$1,391,280			\$3,373,147	
Trade-ins	25.0%	25.0%	25.0%	25.0%		25.0%
Total Taxable Expenditures	\$1,486,400	\$1,043,460	\$0	\$0	\$2,529,860	

(Continued)

Table 6. Eligible Sales-Tax Expenditures (Continued)

	<i>Competitors</i>	<i>Horse Sales</i>	<i>Vendors</i>	<i>Visitors</i>	<i>Totals</i>	<i>Texas Vis#</i>
<i>Units/Groups</i>	2,265	744	100	704	3,813	1,170
<i>Buildings or Sheds</i>	0.5%	2.2%	0.0%	0.0%		0.0%
Number Planning Purchasing	11	16	0	0	28	0
Didn't Complete Purchases	50.0%	50.0%	0.0%	50.0%		50.0%
Number Actually Purchasing	6	8	0	0	14	0
Average Expenditure	\$100,000	\$100,000	\$0			
Total Taxable Expenditures	\$566,250	\$818,400	\$0	\$0	\$1,384,650	\$0
<i>Saddles, Other Tack</i>	49.5%	31.1%	38.5%	35.7%		22.5%
Number Purchasing	1,121	231	39	251	1,642	263
Average Expenditure	\$2,374	\$1,563	\$400	\$1,095		\$1,863
Total Expenditures	\$2,661,669	\$361,653	\$15,400	\$275,204	\$3,313,927	\$490,435
<i>Rent a Car</i>	15.4%	13.3%	0.0%	16.2%		1.8%
Number Purchasing	349	99	0	440	888	21
Average Expenditure	\$684	\$1,169	\$250	\$188		\$275
Total Expenditures	\$238,586	\$115,675	\$0	\$82,720	\$436,981	\$5,792
<i>Wine/Beer/Alcohol in Store</i>	27.1%	6.7%	21.3%	8.1%		8.1%
Number Purchasing	614	50	21	57	742	95
Average Expenditure	\$201	\$125	\$325	\$57		\$103
Total Expenditures	\$123,377	\$6,231	\$6,923	\$3,250	\$139,781	
<i>Other Taxable Items</i>	16.0%	11.1%	7.7%	16.2%		6.3%
Number Purchasing	362	83	8	75	528	0
Average Expenditure	\$2,045	\$1,975	\$1,975	\$140		\$1,314
Total Expenditures	\$741,108	\$163,103	\$15,208	\$10,500	\$929,919	\$0
Total All Expenditures	\$12,047,123	\$6,119,890	\$443,083	\$539,572	\$19,149,668	\$1,033,046

The total eligible Texas taxes generated during the 2008 NCHA Summer Spectacular are summarized in Table 7 on the following page.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Sales Tax Rate	Eligible Texas Taxes Generated	Fort Worth General Fund Taxes Generated
Western wear, boots, other clothing	\$1,774,681	6.25%	1.00%	\$110,918	\$17,747
Jewelry, belts, accessories	\$1,084,201	6.25%	1.00%	\$67,763	\$10,842
Paintings and crafts	\$317,302	6.25%	1.00%	\$19,831	\$3,173
Souvenirs	\$234,904	6.25%	1.00%	\$14,682	\$2,349
Buildings, sheds (50% of \$1,384,650)	\$692,325	6.25%	1.00%	\$43,270	\$6,923
Saddles, other tack	\$3,313,927	6.25%	1.00%	\$207,120	\$33,139
Food/meals (excluding drinks)	\$6,924,208	6.25%	1.00%	\$432,763	\$69,242
Alcoholic drinks with meals	\$708,632	11.00%	1.50%	\$77,950	\$10,629
Alcoholic beverages at stores	\$139,781	6.25%	1.00%	\$8,736	\$1,398
NCHA-Paid hotel rooms, judges/staff	\$41,462	6.00%	9.00%	\$2,488	\$3,732
NCHA-Paid eligible show expenditures	\$123,664	6.25%	1.00%	\$7,729	\$1,237
Horse trailers	\$7,100,773	6.25%	1.00%	\$443,798	\$71,008
Trucks and other vehicles	\$2,529,860	6.25%	1.00%	\$158,116	\$25,299
Tractors (10% of \$42,469)	\$4,247	6.25%	1.00%	\$265	\$42
Hotel and motel expenditures	\$2,733,411	6.00%	9.00%	\$164,005	\$246,007
Other expenditures subject to sales tax	\$929,919	6.25%	1.00%	\$58,120	\$9,299
Total eligible direct expenditures	\$28,653,297			\$1,817,554	\$512,066
Eligible Texas Tax generated	\$1,817,554				
Fort Worth City Tax generated	\$512,066				

The importance of the NCHA Summer Spectacular to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and about half of them live outside of Texas. (Table 8)

Table 8. Respondent ZIP Codes

	Contestants	Sale Participants	Vendors	Visitors
Live in Fort Worth	1.6%	0.0%	15.4%	10.8%
Live in Other Texas	57.4%	42.2%	76.9%	64.2%
Live Outside Texas	41.0%	57.8%	7.7%	25.0%

The 2008 NCHA Summer Spectacular is indeed an international event, with people who competed attending from seven countries – Australia, Brazil, Canada, Mexico, Venezuela, and the United States (37 states represented). The survey included respondents from eight countries – Australia, Brazil, Canada, Germany, Italy, Thailand, Venezuela, and the United States (32 states represented).

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people who attended the 2008 Summer Spectacular are members of NCHA and more than four out of five own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sales	Vendors	Visitors
NCHA member	85.1%	82.2%	66.7%	45.5%
Own horses	90.4%	95.6%	91.7%	72.4%

Additional Economic Benefits

The expenditures in this report do not include \$1,992,591 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$512,006 from out-of-state visitors, bringing the total for Fort Worth General Fund to \$640,557. (Table 10)

Table 10. Eligible Taxes Generated for Fort Worth General Fund

	Expenditures	Fort Worth General Fund Taxes
Eligible for Texas State Rebate		\$512,066
<i>Texas Visitors</i>		
Food	\$763,056	\$47,691
Alcoholic drinks	\$88,931	\$9,782
Hotels/Motels	\$107,558	\$6,453
Sales Tax Expenditures	<u>\$1,033,046</u>	<u>\$64,565</u>
Totals	\$1,992,591	\$640,557

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Conservative Assumptions Used for Estimates and Projections

Three hundred ninety four (394) random interviews were conducted during the 2008 NCHA Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2008 NCHA Summer Spectacular had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of three categories – contestants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, trucks, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 2,265 Contestants (Co) + 774 Sales (Sa) + 100 Vendors (Ve) = 3,109 Co+Sa+Ve

Determined by survey: 62.4% Contestants + Sales + Vendors and 37.6% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 37.6\% :: 3,109 : 62.4\%$

$Vi \# * 62.4\% = 1,169$

$Vi \# = 1,169 \div 62.4\%$

Vi # = 1,874 projected visitor respondent units

37.6% of visitors are from outside of Texas, or 704 visitors

62.4% of visitors are from Texas, or 1,170 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2008 Summer Spectacular Survey

ID # _____

Date : _____ Time: Morning-- 1 Afternoon-- 2 Evening-- 3

Location: Coliseum-- 1 Amon Carter Exhibits-- 2 W.R. Watt Arena-- 3 John Justin Arena-- 4

Gender: Male-- 1 Female-- 2

Hello. We are doing a survey of people at the NCHA Summer Spectacular and I'd like to ask you just a few questions. This will take only a couple of minutes and your answers will be confidential.

1. First, which of the following best describes your reason for being here today? (*Read List*)

Own horse and riding in event ----- 1	Professional trainer not riding in event----- 5	Vendor----- 8
Family member riding in event----- 2	Own horse in events but not riding ----- 6	Visitor ----- 9
Trainer riding for horse's owner ----- 3	Buying or selling horses----- 7	
Friend or employer riding in event - 4		

2. How many people, including yourself, came to the Summer Spectacular with you? _____ people

2a. Will they all be here with you every day you are at the show? Yes-- 1 (*Ask 2b*) No-- 2 (*Skip to 3*)

2b. About how many people will be here with you each day, on average? _____

3. About how much do you expect will be spent on average for each person in your party each day you are here for food and meals - including breakfast, lunch, dinner, and snacks but excluding drinks -- both here at the Will Rogers

Memorial Center and at other places in Fort Worth? \$ _____ per day

4. How much, if any, will your party spend each day on alcoholic drinks with your meals? \$ _____ per day

5. Have you or will you or anyone in your group be making any the following purchases -- either here at the Will Rogers Memorial Center or elsewhere in Fort Worth -- during the Summer Spectacular? (*Read List*)

[] Western wear, boots, or other clothing -> if "yes," ask: About how much do you expect to spend? -----

[] Jewelry, belts, and other accessories -> if "yes," ask: About how much do you expect to spend? -----

[] Paintings and crafts -> if "yes," ask: About how much do you expect to spend? -----

[] Souvenirs -> if "yes," ask: About how much do you expect to spend? -----

[] Horse trailers -> if "yes," ask: About how much do you expect to spend? -----

[] Tractors -> if "yes," ask: About how much do you expect to spend? -----

[] Trucks or other vehicles -> if "yes," ask: About how much do you expect to spend? -----

[] Buildings or sheds -> if "yes," ask: About how much do you expect to spend? -----

[] Saddles or other tack -> if "yes," ask: About how much do you expect to spend? -----

[] Alcoholic beverages at a store -> if "yes," ask: About how much do you expect to spend? -----

[] Any other purchases with sales tax -> if "yes," ask: About how much do you expect to spend? -----

[] Will you rent a car? -> if "yes," ask: About how much do you expect to spend? -----

6. How many days will you be attending the Summer Spectacular? _____ days

7. Will you stay in a Fort Worth hotel or motel? Yes-- 1 (*Ask 7a, 7b & 7c*) No-- 2 (*Skip to 8*)

7a. How many nights will you be staying? _____ nights

7b. How many rooms will you be using? _____ rooms

7c. Approximately how much will you be spending each night for hotel or motel rooms? _____

8. Are you a member of the National Cutting Horse Association? Yes-- 1 No-- 2

9. Do you own horses? Yes-- 1 No-- 2

10. What is your ZIP Code? _____ (*If NOT Texas -- 75000-79999, ask 10a*)

10a. How many times a year do you come to Texas? _____ (*If more than 1, ask 10b*)

10b. How many of those times are because of cutting horse events or activities? _____

Thank you very much for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union

Exhibit “E-16”

An Analysis of the
Economic Impact of
National Cutting Horse Association
2008 Futurity
on the Fort Worth Economy
and
Texas State Tax Revenues
Generated by the Show

January 2009

Prepared by:
Gerald L. Grotta, Ph.D.
Grotta Marketing Research

Survey Findings

The Bottom Line . . .

23 days of the 2008 National Cutting Horse Association Futurity

12,792 visitors

89,708 visitor days

\$14,241,769 direct expenditures subject to eligible Texas taxes

\$899,479 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$899,479.

The Numbers . . .

The 2008 National Cutting Horse Association Futurity November 22-December 14 generated Texas State Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$899,479, based on projected total eligible direct expenditures of \$14,241,769.

These estimates are based on a survey of 403 randomly selected adults attending the show, using assumptions developed to minimize the possibility of overestimating the amount of eligible State Taxes generated during the 23-day event. Interviewing was done every day of the week and at all locations being used at the Will Rogers Memorial Center. All respondents who were interviewed are included in this analysis, including those who were just at the show for the day or two and did not make any purchases.

In calculating the economic impact, only expenditures by people competing in events, vendors, and visitors who live outside of Texas were included. This excluded 3,007 Texas residents who did not compete in events and were not vendors.

A projected 12,792 individuals attended the 2008 NCHA Futurity. (See Table I on the following page)

Table 1. People Attending 2008 NCHA Futurity

	Segment	Average People Per Group	Totals
Contestants	1,070	3.37	3,606
Horse Sale Participants	1,303	2.92	3,805
Vendors	132	2.11	279
Out-of-State Visitors	414	2.72	1,126
Totals	2,919		8,815
Texas Visitors	1,348	2.95	3,977
Grand Totals	4,267		12,792

This translates into 89,708 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2008 NCHA Futurity

	Segment	Average Days at Summer Spectacular	Totals
Contestants	3,606	11.72	42,261
Horse Sale Participants	3,805	6.85	26,063
Vendors	279	20.05	5,584
Out-of-State Visitors	1,126	4.92	5,540
Totals	8,815		79,448
Texas Visitors	3,977	2.58	10,260
Grand Totals	12,792		89,708

The 3,007 Texas visitor days are not included in the economic impact calculations, and no multipliers were used in the analysis. The figures reported here represent actual projected expenditures during the show by contestants, horse sale participants, vendors, and visitors who live outside of Texas.

Respondents were asked to estimate how much they spent per person per day in Fort Worth during the NCHA Futurity on food and dining. Calculations are summarized in Table 3 on the following page. It was assumed that people would include an average 20% tip (undoubtedly a high estimate), so the reported expenditures for dining/food were reduced by 20% since sales taxes are not collected on tips.

Table 3. Projected Expenditures on Food/Dining

	Visitor Days	Per Day	Total	Minus 20%
Contestants	42,261	\$62.31	\$2,633,292	\$2,106,634
Horse Sale Participants	26,063	\$62.28	\$1,623,179	\$1,298,543
Vendors	5,584	\$27.89	\$155,747	\$124,597
Out-of-State Visitors	5,540	\$50.00	\$277,016	\$221,613
Totals	79,448		\$4,689,234	\$3,751,387

Respondents were asked how much they spent on alcoholic beverages during meals. As with food, an average tip of 20% was assumed. (Table 4)

Table 4. Projected Expenditures Alcoholic Drinks with Meals

	Groups Drinking Alcohol	Average Amount Per Group	Total	Minus 20%
Contestants	6,496	\$30.92	\$200,854	\$160,683
Horse Sale Participants	4,463	\$38.85	\$173,379	\$138,703
Vendors	925	\$27.57	\$25,500	\$20,400
Out-of-State Visitors	336	\$17.86	\$6,002	\$4,802
Totals	12,220		\$405,736	\$324,588

Respondents were asked whether they were staying in a hotel or motel in Fort Worth during the NCHA Futurity. Only those who said they were staying in a hotel or motel in Fort Worth were asked how many nights they would be staying and how much they were paying per night for the room or rooms they were using. (Table 5)

Table 5. Expenditures on Hotels/Motels

	Visitor Room Nights	Cost Per Night	Total
Contestants	8,550	\$130	\$1,111,461
Horse Sale Participants	6,210	\$153	\$950,196
Vendors	1108	\$112	\$124,061
Out-of-State Visitors	1,727	\$112	\$193,450
Totals	17,595		\$2,379,168

Respondents also were asked about expenditures and planned spending on a list of products while they were in Fort Worth for the NCHA Futurity. These purchases are based on the groups of people who came to the show together, rather than individuals. In other words, if a respondent who came to the show with five other people said someone had bought or planned to buy a truck at the show, this was not multiplied by the six people in the party, but treated as one truck purchase.

To determine the actual number of household purchasing units among contestants and horse show buyers/sellers, all duplication was eliminated for people with the same last name and the same address. This resulted in 2,919 distinct household purchasing units (excluding 1,348 visitors who live in Texas).

Many of the respondents said they were not sure what they might purchase, especially those who were interviewed early in the 23-day event. If respondents said they had purchased or were definitely planning to purchase products, they were asked to estimate the amount they might spend on each during the show.

If respondents were not sure what they might buy, no purchases were recorded. At no time did the interviewers prompt responses. Only volunteered responses were recorded.

For major purchases of horse trailers, trucks, and barns, if respondents said they might purchase them, they were asked how likely they were to purchase them during the show. If they said less than 50-50, probably not, just checking prices, etc. no purchase was recorded. None of the respondents reported purchasing a tractor during the show.

Many of the respondents said they were still negotiating price, trade-ins, etc. on major purchases. It was assumed that only half of them would actually make the purchases during the show, a conservative estimate of actual expenditures. In addition, many of those who planned to purchase horse trailers or trucks undoubtedly would have trade-ins, so it was assumed that trade-ins would be a fourth of the price of the purchases.

As with dining/food, the other expenditures were calculated for each segment – contestants, vendors, and out-of-state visitors – and then summed for estimated total expenditures.

Only 50% of the sales tax collected on buildings/sheds is estimated to be eligible.

Using these parameters, Table 6 on the following page summarizes sales tax expenditures eligible under Sporting Event Trust Fund.

Table 6. Eligible Sales Tax Expenditures

	Competitors	Horse Sale Participants	Vendors	Out-of-State Visitors	Totals	Texas Visitors
Units/Groups	1,070	1,303	132	414	2,919	1,348
<i>Western Wear, Boots, Other Clothing</i>	61.0%	57.5%	60.0%	61.5%		38.7%
Number Purchasing	653	749	79	255	1,736	522
Average Expenditure	\$670	\$819	\$475	\$726		\$529
Total Expenditures	\$437,309	\$613,615	\$37,620	\$184,847	\$1,273,391	\$275,967
<i>Jewelry, Belts, Accessories</i>	36.0%	36.5%	35.0%	59.0%		16.2%
Number Purchasing	385	476	46	244	1,151	218
Average Expenditure	\$297	\$776	\$116	\$228		\$430
Total Expenditures	\$114,404	\$369,062	\$5,359	\$55,691	\$544,517	\$93,902
<i>Paints, Crafts</i>	12.8%	15.4%	5.0%	12.8%		8.1%
Number Purchasing	137	201	7	53	397	109
Average Expenditure	\$947	\$198	\$180	\$230		\$503
Total Expenditures	\$129,701	\$39,731	\$1,188	\$12,188	\$182,808	\$54,922
<i>Souvenirs</i>	26.8%	15.4%	15.0%	33.3%		6.3%
Number Purchasing	287	201	20	138	645	85
Average Expenditure	\$111	\$110	\$200	\$96		\$138
Total Expenditures	\$31,830	\$22,073	\$3,960	\$13,235	\$71,098	\$11,720
<i>Horse Trailers</i>	1.8%	3.8%	5.0%	5.1%		0.9%
Number Planning Purchasing	19	50	7	21	96	12
Didn't Complete Purchases	50.0%	50.0%	50.0%	50.0%		50.0%
Number Actually Purchasing	10	25	3	11	48	6
Average Expenditure	\$82,500	\$90,000	\$80,000	\$70,000		\$40,000
Total Expenditures	\$601,875	\$2,228,130	\$264,000	\$738,990	\$3,832,995	\$242,640
Trade-ins	25.0%	25.0%	25.0%	25.0%		25.0%
Total Taxable Expenditures	\$451,406	\$1,671,098	\$198,000	\$554,243	\$2,874,746	\$181,980
<i>Trucks, Other Vehicles</i>	0.6%	1.9%	5.0%	0.0%		0%
Number Planning Purchasing	6	25	7	0	38	0
Didn't Complete Purchases	50.0%	50.0%	50.0%			
Number Actually Purchasing	3	12	3	0	19	0
Average Expenditure	\$50,000	\$50,000	\$65,000			
Total Expenditures	\$160,500	\$618,925	\$214,500		\$993,925	
Trade-ins	25.0%	25.0%	25.0%			
Total Taxable Expenditures	\$120,375	\$464,194	\$160,875	\$0	\$745,444	
<i>Buildings or Sheds</i>	0.6%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	6	0	0	0	6	0
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	3	0	0	0	3	0
Average Expenditure	\$10,000		\$0			
Total Taxable Expenditures	\$32,100	\$0	\$0	\$0	\$32,100	\$0

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	<i>Competitors</i>	<i>Horse Sale Participants</i>	<i>Vendors</i>	<i>Out-of- State Visitors</i>	<i>Totals</i>	<i>Texas Visitors</i>
<i>Saddles, Other Tack</i>	48.2%	34.6%	25.0%	33.0%		22.5%
Number Purchasing	516	451	33	137	1,136	303
Average Expenditure	\$1,575	\$783	\$213	\$1,195		\$1,863
Total Expenditures	\$812,291	\$353,006	\$7,029	\$163,261	\$1,335,587	\$565,048
<i>Rent a Car</i>	6.1%	11.5%	0.0%	10.3%		1.8%
Number Purchasing	65	150	0	440	655	24
Average Expenditure	\$854	\$314	\$250	\$335		\$275
Total Expenditures	\$55,741	\$47,051	\$0	\$147,400	\$250,192	\$6,673
<i>Wine/Beer/Alcohol in Store</i>	4.9%	7.7%	0.0%	2.6%		8.1%
Number Purchasing	52	100	0	11	164	109
Average Expenditure	\$133	\$143		\$57		\$103
Total Expenditures	\$6,973	\$14,347	\$0	\$614	\$21,934	
<i>Other Taxable Items</i>	7.3%	1.9%	5.0%	7.7%		6.3%
Number Purchasing	78	25	7	75	184	0
Average Expenditure	\$900	\$200	\$100	\$2,575		\$1,314
Total Expenditures	\$70,299	\$4,951	\$660	\$193,125	\$269,035	\$0
Total All Expenditures	\$2,255,456	\$3,584,781	\$414,691	\$1,323,989	\$7,578,918	\$1,190,210

The total eligible Texas taxes generated during the 2008 NCHA Futurity are summarized in Table 7 on the following page.

Table 7. Total Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Sales Tax Rate	Eligible Texas Taxes Generated	Fort Worth General Fund Taxes Generated
Western wear, boots, other clothing	\$1,273,391	6.25%	1.00%	\$79,587	\$12,734
Jewelry, belts, accessories	\$544,517	6.25%	1.00%	\$34,032	\$5,445
Paintings and crafts	\$182,808	6.25%	1.00%	\$11,426	\$1,828
Souvenirs	\$71,098	6.25%	1.00%	\$4,444	\$711
Buildings, sheds (50% of \$32,000)	\$16,136	6.25%	1.00%	\$1,009	\$161
Saddles, other tack	\$1,335,587	6.25%	1.00%	\$83,474	\$13,356
Food	\$3,751,387	6.25%	1.00%	\$234,462	\$37,514
Alcoholic drinks with meals	\$324,588	11.00%	1.50%	\$35,705	\$4,869
Alcoholic beverages at stores	\$21,934	6.25%	1.00%	\$1,371	\$219
NCHA-Paid hotel/motel rooms, judges/staff	\$40,553	6.00%	9.00%	\$2,433	\$3,650
NCHA-Paid eligible show expenditures	\$162,195	6.25%	1.00%	\$10,137	\$1,622
Horse trailers	\$2,874,746	6.25%	1.00%	\$179,672	\$28,747
Trucks and other vehicles	\$745,444	6.25%	1.00%	\$46,590	\$7,454
Hotel and motel expenditures	\$2,379,168	6.00%	9.00%	\$142,750	\$214,125
Car rentals	\$250,182	6.25%	1.00%	\$15,636	\$2,502
Other expenditures subject to sales tax	\$268,035	6.25%	1.00%	\$16,752	\$2,680
Total eligible direct expenditures	\$14,241,769			\$899,479	\$337,618
Eligible Texas Tax generated	\$899,479				
Fort Worth City Tax generated	\$337,618				

The importance of the NCHA Futurity to the Fort Worth economy is reflected in the finding that more than nine out of ten respondents at the show live outside of the city and about half of them live outside of Texas. (Table 8)

Table 8. Respondent ZIP Codes

	Contestants	Sale Participants	Vendors	Visitors
Live in Fort Worth	0.6%	5.8%	5.0%	6.6%
Live in Other Texas	41.5%	25.0%	75.0%	69.9%
Live Outside Texas	57.9%	69.2%	20.0%	23.5%

The 2008 NCHA Futurity is indeed an international event, with people who competed attending from 11 countries – Australia, Brazil, Canada, Czech Republic, Germany, Italy, Mexico, Netherlands, Switzerland, Venezuela, and the United States and 42 states. The survey included respondents from four countries – Australia, Canada, Holland, and the United States (34 states represented).

The event primarily draws people who belong to the National Cutting Horse Association and/or own horses. About three out of four people who attended the 2008 Summer Spectacular are members of NCHA and more than four out of five own horses. (Table 9).

Table 9. NCHA Membership and Horse Ownership

	Contestants	Horse Sales	Vendors	Visitors
NCHA member	92.1%	88.5%	65.0%	70.1%
Own horses	95.7%	98.1%	75.0%	62.8%

Additional Economic Benefits

The expenditures in this report do not include \$1,620,194 by visitors from Texas. In addition, the City of Fort Worth General Fund received \$423,696 from out-of-state visitors, bringing the total for Fort Worth General Fund to \$440,009. (Table 10)

Table 10. Eligible Taxes Generated for Fort Worth General Fund

	Expenditures	Fort Worth General Fund Taxes
Eligible for Texas State Rebate		\$337,618
<i>Texas Visitors</i>		
Food	\$255,342	\$2,553
Alcoholic drinks	\$47,504	\$713
Hotels/Motels	\$127,138	\$1,145
Sales Tax Expenditures	<u>\$1,190,210</u>	<u>\$11,902</u>
Totals	\$1,620,194	\$353,931

Other economic impact data are not measured in the survey, such as horse operations by hundreds of people who live in North Texas because of the National Cutting Horse Association Triple Crown shows and other equestrian events.

Conservative Assumptions Used for Estimates and Projections

Four hundred four (404) random interviews were conducted during the 2008 NCHA Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.9% at the 95% confidence level.

The survey was designed and supervised by Dr. Gerald L. Grotta, president of Grotta Marketing Research and Professor Emeritus at Texas Christian University where he continues to teach undergraduate and graduate courses in research theory and methodology for the Schieffer School of Journalism.

The following procedures demonstrate the conservative basis for the findings:

- ❖ Respondents were randomly selected to represent all of the people at the show, based on observation. They included men and women, young adults to senior citizens, various ethnic groups, etc. Only one person was interviewed from any group attending the show.
- ❖ All interviews were included in the analysis, even if the respondent said he or she was just there for the day and did not purchase anything.
- ❖ Interviews were conducted in various areas of the Will Rogers Memorial Center on every day of the week to represent all types of events and attendees. Interviewing was done during morning, afternoon, and evening time periods. This ensured that all of the people attending the 2008 NCHA Futurity had a chance of being selected for an interview.
- ❖ No interviews were conducted in areas where vendors were operating, eliminating the possibility of even subconsciously selecting respondents who were making major purchases, such as trucks, horse trailers, barns/sheds, saddles etc.
- ❖ For dining/food, the interviewer explained that this was per person per day for all expenditures at the show itself or anywhere else in Fort Worth. In the analysis, it was assumed that these expenditures would include an average gratuity of 20%, which probably is much higher than the actual average. All dining/food expenditures were reduced by this 20% before the Texas Sales Tax was calculated.
- ❖ Only actual or planned purchases were included in the data. Many respondents were not sure what they might purchase or how much they might spend during the show, especially early in the event. If respondents said they did not know what they might purchase or how much they might spend, no purchases were recorded.

- ❖ Expenditures subject to sales tax were calculated for each of four categories – contestants, horse sale participants, vendors, and visitors – and then combined for total expenditures and projected sales tax revenues. This prevented over-representation in the calculations of contestants, who typically spend more at these events than do vendors or visitors.
- ❖ On major purchases of horse trailers, tractors, and buildings, respondents had to say they already had made a purchase or probably would make the purchases. If respondents said the chances of making a major purchase were less than 50-50, no purchase was recorded. If the respondents said they were just checking or looking at these items or were comparing prices and probably would not make the purchases during the show, the potential purchases were not recorded on the questionnaire. If respondents said something like, “Yes, I have purchased a truck at the show,” the interviewer would ask, “Did you purchase it at the show this year?” Finally, it was assumed that only half of those planning such purchases would actually conclude the deals during the show, so the number of purchases was reduced by 50%.
- ❖ Because most people probably had trade-ins for horse trailers and trucks, it was assumed that only three-fourths of the reported purchase price would be subject to sales tax on these major purchases.
- ❖ All data reflect only the eligible purchases made by respondents during the show and projected to the total attendance. No multipliers were used in any of the analyses.

Projecting Attendance

Two attendance figures were known – the number of contestants and the number of vendors. The unknown figure is the number of visitors. An estimate of the number of visitors was calculated as follows:

Known:

Number of contestants, horse sale participants, and vendors (Co+Sa+Ve #)

Determined in Survey:

Percent of respondents who are in parties of contestants and vendors (Co+Sa+Ve %)

Percent of respondents who are visitors (Vi %)

Calculated:

Number of visitors (Vi #)

$Vi \# : Vi \% :: Co+Sa+Ve \# : Co+Sa+Ve \%$

$Vi \# \text{ times } Co+Sa+Ve \% = Vi \% \text{ times } Co+Sa+Ve \#$

Solve for Vi #

Known: 1,070 Contestants (Co) + 1,303 Sales (Sa) + 132 Vendors (Ve) = 2,505 Co+Sa+Ve

Determined by survey: 58.7% Contestants + Sales + Vendors and 41.3% Visitors

Unknown Attendance: Visitors (Vi#)

$Vi \# : 41.3\% :: 2,505 : 58.7\%$

$Vi \# * 58.7\% = 1,035$

$Vi \# = 1,035 \div 58.7\%$

$Vi \# = 1,762$ projected visitor respondent units

23.5% of visitors are from outside of Texas, or 414 visitors

76.5% of visitors are from Texas, or 1,348 visitors

The projected number of respondents in each segment was multiplied by the average number of people per group for each of the three categories after eliminating visitors who live in Texas. This determined the estimated attendance for each category, which were summed to estimate total attendance for the event.

Expenditures for meals, groceries, and drinks were estimated by multiplying reported average expenditures per person per day by the number of people in each category times the number of days in attendance (or the number of visitor days).

All other expenditures were based on the number of groups attending the show, rather than on the total number of individuals. Average (mean) expenditures were multiplied by the number of groups in each category that make the various types of expenditures and summed for estimated total expenditures. Projected expenditures are consistent with findings from previous economic impact studies for the NCHA and other horse associations holding events at the Will Rogers Memorial Center in Fort Worth.

NCHA 2008 Futurity Survey

ID # _____

Date: : _____ Time: Morning-- 1 Afternoon-- 2 Evening-- 3

Location: Coliseum-- 1 Amon Carter Exhibits-- 2 W.R. Watt Arena-- 3 John Justin Arena-- 4

Gender: Male-- 1 Female-- 2

Hello. We are doing a survey of people at the NCHA Futurity and I'd like to ask you just a few questions. This will take only a couple of minutes and your answers will be confidential.

1. First, which of the following best describes your reason for being here today? *(Read List)*

Own horse and riding in event ----- 1	Professional trainer not riding in event----- 5	Vendor----- 8
Family member riding in event----- 2	Own horse in events but not riding ----- 6	Visitor ----- 9
Trainer riding for horse's owner ----- 3	Buying or selling horses----- 7	
Friend or employer riding in event - 4		
2. How many people, including yourself, came to the Futurity with you? _____ people
 - 2a. Will they all be here with you every day you are at the show? Yes-- 1 *(Ask 2b)* No-- 2 *(Skip to 3)*
 - 2b. About how many people will be here with you each day, on average? _____
3. About how much do you expect will be spent on average for each person in your party each day you are here for food and meals - including breakfast, lunch, dinner, and snacks but excluding drinks -- both here at the Will Rogers Memorial Center and at other places in Fort Worth? \$_____ per day
4. How much, if any, will your party spend each day on alcoholic drinks with your meals? \$_____ per day
5. Have you or will you or anyone in your group be making any the following purchases -- either here at the Will Rogers Memorial Center or elsewhere in Fort Worth -- during the Futurity? *(Read List)*

<input type="checkbox"/> Western wear, boots, or other clothing -> if "yes," ask About how much do you expect to spend? -----
<input type="checkbox"/> Jewelry, belts, and other accessories -> if "yes," ask About how much do you expect to spend?-----
<input type="checkbox"/> Paintings and crafts -> if "yes," ask About how much do you expect to spend?-----
<input type="checkbox"/> Souvenirs -> if "yes," ask About how much do you expect to spend?-----
<input type="checkbox"/> Horse trailers -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Tractors -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Trucks or other vehicles -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Buildings or sheds -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Saddles or other tack -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Alcoholic beverages at a store -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Any other purchases with sales tax -> if "yes," ask: About how much do you expect to spend?-----
<input type="checkbox"/> Will you rent a car? -> if "yes," ask: About how much do you expect to spend?-----
6. How many days will you be attending the Futurity? _____ days
7. Will you stay in a Fort Worth hotel or motel? Yes-- 1 *(Ask 7a, 7b & 7c)* No-- 2 *(Skip to 8)*
 - 7a. How many nights will you be staying? _____ nights
 - 7b. How many rooms will you be using? _____ rooms
 - 7c. Approximately how much will you be spending each night for hotel or motel rooms? _____
8. Are you a member of the National Cutting Horse Association? Yes-- 1 No-- 2
9. Do you own horses? Yes-- 1 No-- 2
10. What is your ZIP Code? _____ *(If NOT Texas -- 75000-79999, ask 10a)*
 - 10a. How many times a year do you come to Texas? _____ *(If more than 1, ask 10b)*
 - 10b. How many of those times are because of cutting horse events or activities? _____

Thank you very much for your time and cooperation.

Gerald L. Grotta Biographical Sketch

Dr. Gerald L. Grotta has an extensive background in marketing research, including economic impact studies for a wide range of clients. He designed and conducted a project for the equestrian industry in Fort Worth during 2002 and 2003 that included intercept interviewing at seven horse shows at the Will Rogers Memorial Center. He also has done economic impact studies for the Fort Worth Convention and Visitors Bureau, the Arlington Convention and Visitors Bureau, Fine Line Diversified Investments (Bass), and The Tower, as well as dozens of studies for newspapers and magazines on the relationship between readership and consumer expenditures in local, regional, and national markets. His newspaper research has been audited and certified by the Advertising Research Foundation and his previous economic impact surveys for the National Cutting Horse Association and the American Paint Horse Association have been certified by the State of Texas Comptroller's Office.

Before moving to Fort Worth in 1980, Dr. Grotta was vice president of a marketing research firm in the New York City area and president of the firm's Media Research Division. He conducted many major research and consulting projects for such clients as:

- *Time*
- *Sports Illustrated*
- *Ladies Home Journal*
- *Redbook*
- *Rolling Stone*
- *New York Magazine*
- *Wall Street Journal*
- *Minneapolis Star & Tribune*
- *Los Angeles Times-Mirror Newspapers*
- *New York Post*
- J. C. Penney
- A.T.&T. Long Lines Division
- Young & Rubicam Public Relations
- W. R. Grace

From 1980 until his retirement in July 2000, he was a journalism professor at Texas Christian University where he taught courses in writing; copy editing; publication design; computer graphics; advertising copy, layout and production; and media analysis and research. He continues to teach graduate and undergraduate courses at TCU in research theory and methodology. He also was a tenured professor at the University of Oklahoma, Southern Illinois University, and Idaho State University. His Ph.D. degree from Southern Illinois University is in economics and mass communications research.

Dr. Grotta has been invited twice to keynote major conferences in Europe. He was keynote speaker for the Newspaper Management Programme for the Scandinavian Countries in Aarhus, Denmark and featured speaker at an advertising conference in Helsinki, Finland.

He is in demand as a speaker at conventions, seminars, and workshops throughout the United States and Canada. His articles have been published in leading scholarly and professional journals in the United States and Europe and his work is cited in many university textbooks.

Since opening his own marketing research company in Fort Worth in 1983, Dr. Grotta has done research and consulting projects for a variety of local, state, and national clients, including:

Retail/Business/Professional:

- Alcon
- Galderma
- Sovegal (France)
- Kelly, Hart & Hallman
- Sundance Square
- The Tower
- Frito Lay
- Pro-Cuts Family Hair Care Centers
- Pancho's Mexican Buffet (Fort Worth/Dallas, Houston, Denver)
- GTE Directory Services
- Infomart (Dallas)
- Frank Kent Cadillac (Fort Worth)

Governmental/Associations/Organizations:

- Fort Worth Convention & Visitors Bureau
- Arlington Convention & Visitors Bureau
- Better Business Bureau at Fort Worth
- Fort Worth Chamber of Commerce
- Fort Worth Zoo
- Mira Vista Golf Club
- The City of Arlington
- American Association of Petroleum Landmen
- National Association for the Self-Employed
- Texas Farm Bureau
- Texas and Southwestern Cattle Raisers Association
- American Paint Horse Association
- American Angus Association
- Texas Longhorn Association
- National Cutting Horse Association
- American Miniature Horse Association
- American Quarter Horse Junior Association
- National Team Penning Association
- American Arabian Horse Association
- Appaloosa Horse Club

Media:

- *Houston Chronicle*
- *Fort Worth Star-Telegram*
- *Dallas Business Journal*
- *Paint Horse Journal*
- *The Cattleman*
- *The Longhorn Journal*
- *Boca Raton (Florida) Magazine*
- *Texas Agriculture*

Advertising Agencies:

- GCG/Graphic Concepts Group Advertising and Public Relations
- The Balcom Agency
- Kearley & Company
- Johnson Corporate Communications
- Main Station
- Makovsky & Company (New York City)

Medical:

- Harris Methodist Fort Worth
- Humana Hospital - Medical City Dallas
- Zale Lipshy University Hospital (Dallas)
- Children's Medical Center (Dallas)
- Arlington Memorial Hospital

Financial:

- NationsCredit
- Central Bank & Trust/Norwest Banks Texas/Wells Fargo, Fort Worth
- OmniAmerican Credit Union
- American Airlines Employees Federal Credit Union
- NASA Federal Credit Union
- Chattanooga TVA Federal Credit Union
- Vought Heritage (LTV) Community Credit Union
- Martinsville DuPont Credit Union
- Educational Employees Credit Union (Fort Worth)
- Baltimore Telephone Federal Credit Union
- Atlantic (ARCO) Federal Credit Union
- IBM Mid-Atlantic Employees Federal Credit Union
- Austin Area Teachers Federal Credit Union