

Cover Sheet

Event: 2013 - 2014 National Cutting Horse Association (NCHA)
TRIPLE CROWN of CUTTING

Dates: Futurity: November 18 – December 14, 2013
Super Stakes: March 24 – April 19, 2014
Summer Spectacular: July 7 – August 2, 2014

Location: Fort Worth, Texas

Report Date: June 2015

Post Event Analysis

2013 - 2014 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 (March-April), and Summer Spectacular (July). These events are approximately 20 days in length.

The dates for the three events making up the 2013 – 2014 NCHA Triple Crown of Cutting (per the City of Fort Worth) were:

Futurity - November 18 – December 14, 2013

Super Stakes - March 24 – April 19, 2014

Summer Spectacular - July 7 – August 2, 2014

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 1.9 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 2013-14 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: \$1,432,958

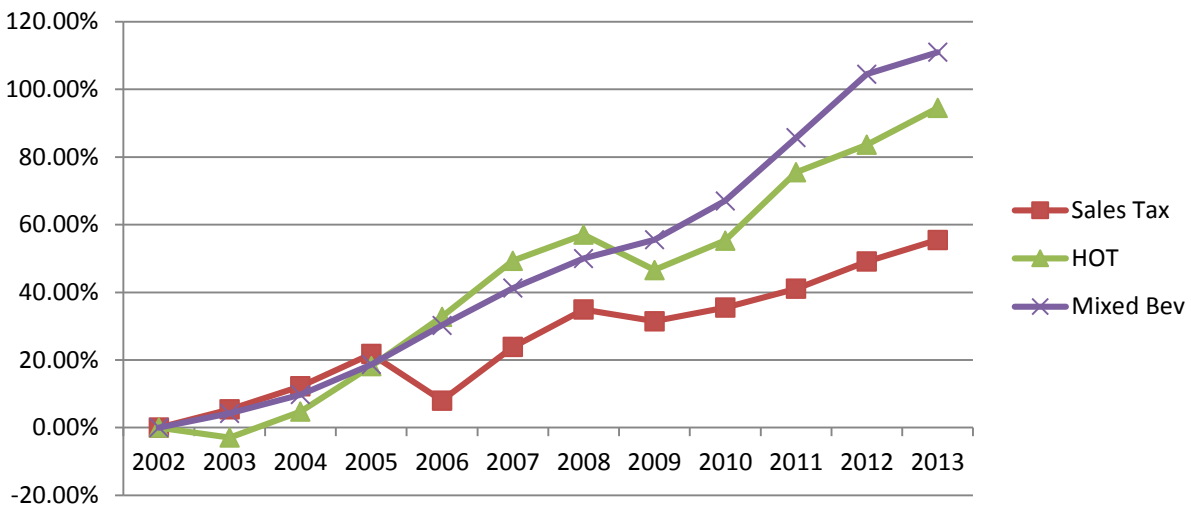
Indirect tax gain to the state: \$1,172,107

Estimate total tax gain to the state: \$2,605,065

Local contribution: \$416,810

Total value of the METF: \$3,021,875

Tax Growth in Fort Worth - Annual Averages (Cutting Horse "Year")



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. Post-event analysis reports were provided for the Futurity and Super Stakes events, but one was not provided for the Summer Spectacular. These studies indicated that the first two events of the 2013-14 NCHA Triple Crown of Cutting accounted for:

Event Specific Visitor Days (not residents of this state): 160,218

Total Spending by participants and visitors: \$7,493,162

Estimated Direct tax gain to the state: \$1,614,243

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 2013-14 Triple Crown of Cutting:

2013 Futurity

Tax Type	Initial Estimate	4Q 2013 Actual minus 4Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$474,775	\$908,092	\$523,806
HOT	\$109,429	\$123,233	\$121,042
Mixed Beverage	\$45,738	-\$115,524	\$58,119
Total	\$629,942	\$915,801	\$702,967

2014 Super Stakes

Tax Type	Initial Estimate	Avg. 1Q & 2Q 2014 Actual minus 1Q & 2Q Avg. and Standard Deviation (2002-14)	Third-Party Post-Event
Sales and Use	\$236,603	\$1,390,356	\$275,451
HOT	\$44,773	\$221,829	\$70,389
Mixed Beverage	\$35,387	(\$778,593)	\$14,411
Total	\$316,763	\$833,591	\$360,251

2014 Summer Spectacular

Tax Type	Initial Estimate	3Q 2014 Actual minus 3Q Average and Standard Deviation (2002-14)	Third-Party Post-Event
Sales and Use	\$287,155	\$1,500,082	NA
HOT	\$68,623	\$109,108	NA
Mixed Beverage	\$36,226	(\$825,497)	NA
Total	\$392,004	\$783,693	NA

The following pages break down this estimate and illustrate the 2013-14 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: 2013 National Cutting Horse Association (NCHA) FUTURITY

Date: November 18 – December 14, 2013

Location: Fort Worth, Texas

Report Date: June 2015

Post Event Analysis

2013 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 **2013 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 2013 shows that the state received \$123,233 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 4,616 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 \$104 per day; and
2. There were 22,212 room nights paid for by out-of-state participants and visitors (the event was a total of 24 days).

This simple analysis yields an amount of approximately \$138,603 in additional taxes to the state ((number of room nights X average room rate) X state HOT rate). This amount is more than the initial estimate and it is also higher 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 4,616 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:

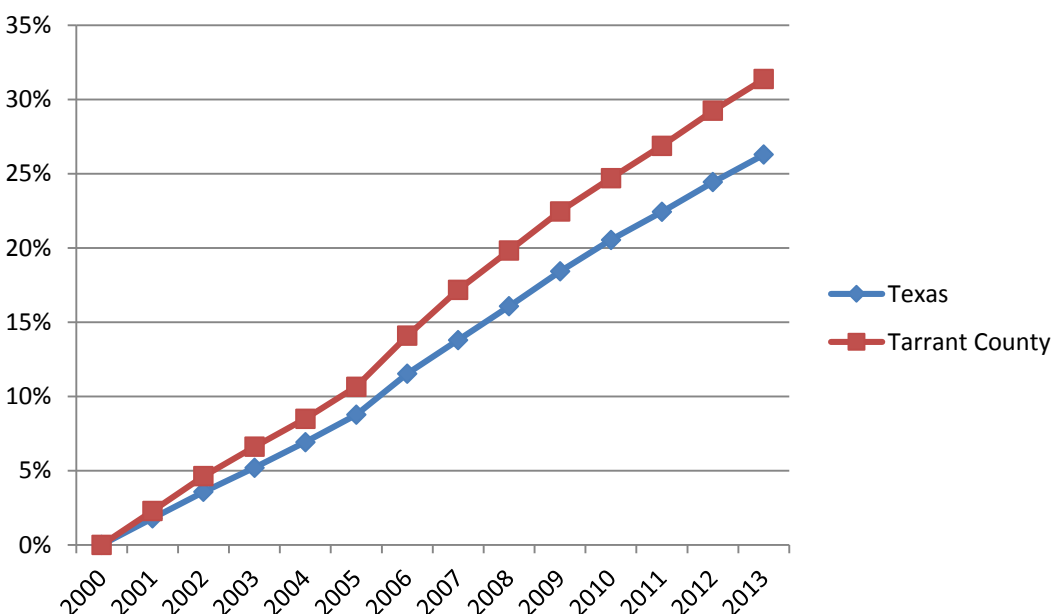
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

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

The state of Texas has led the nation in job growth and has weathered the economic downturns better than most states. Buoyed by a diverse economy, even while the oil and gas industry has experienced lower prices per barrel, Texas is still 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



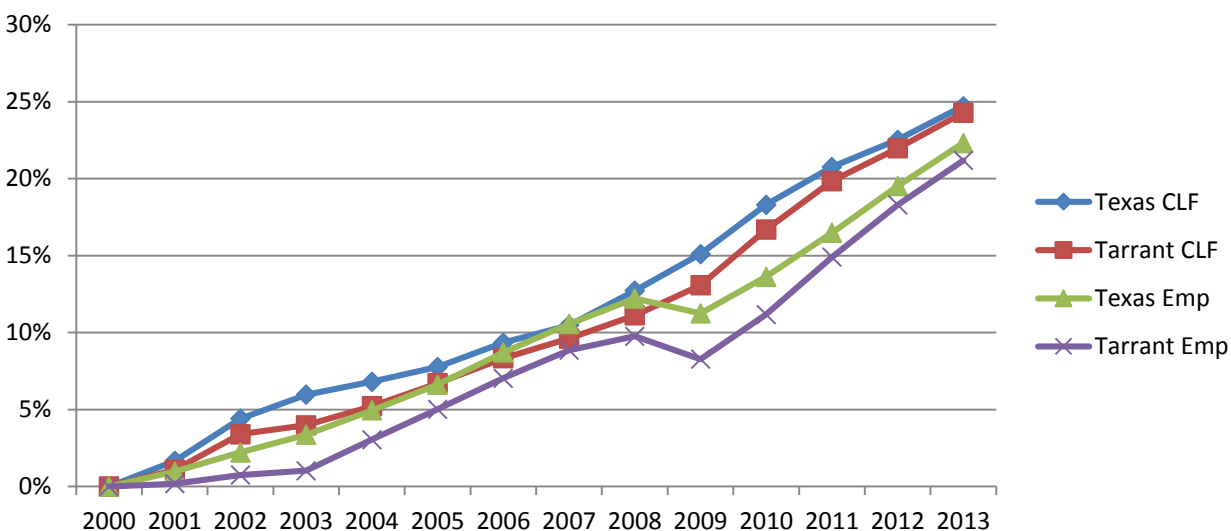
Source: U.S. Census Bureau.

From 2000 to 2013, Texas' population grew at an average of roughly two percent per year. By 2013, the Texas and Tarrant County populations had grown by 26.28 and 31.37 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 thirteen 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 24.71 and 24.27 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 22.31 and 21.19 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



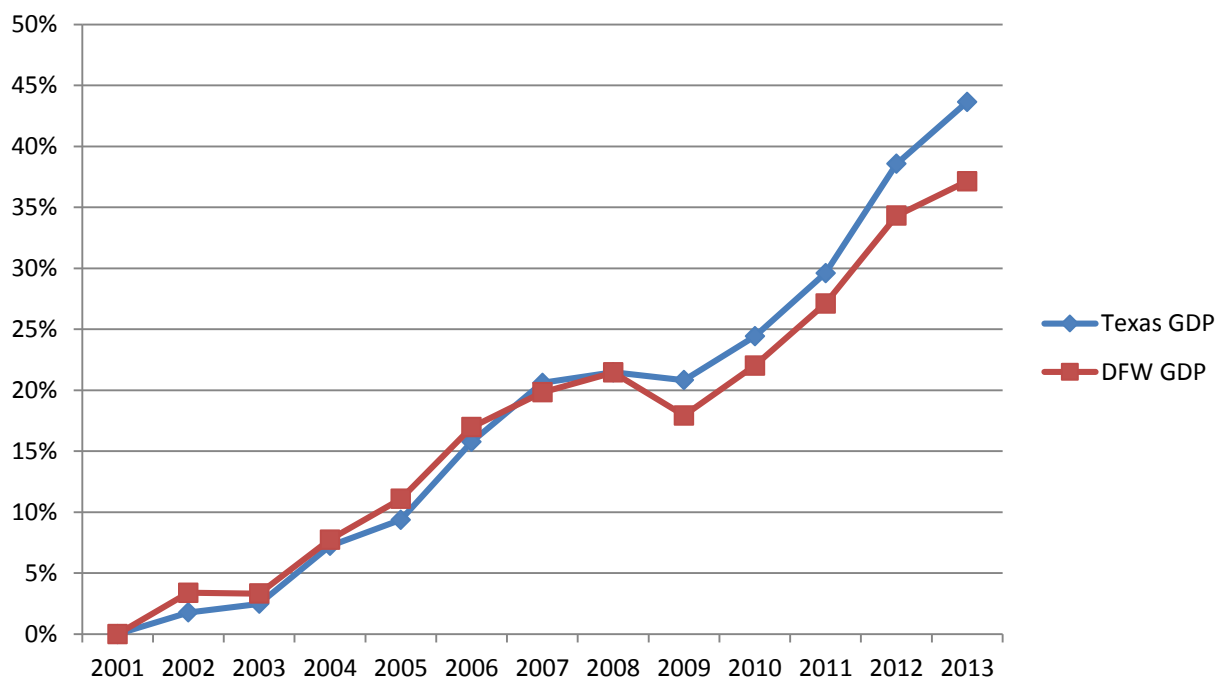
Source: U.S. Bureau of Labor Statistics

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

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

the DFW MSA experienced a year 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.

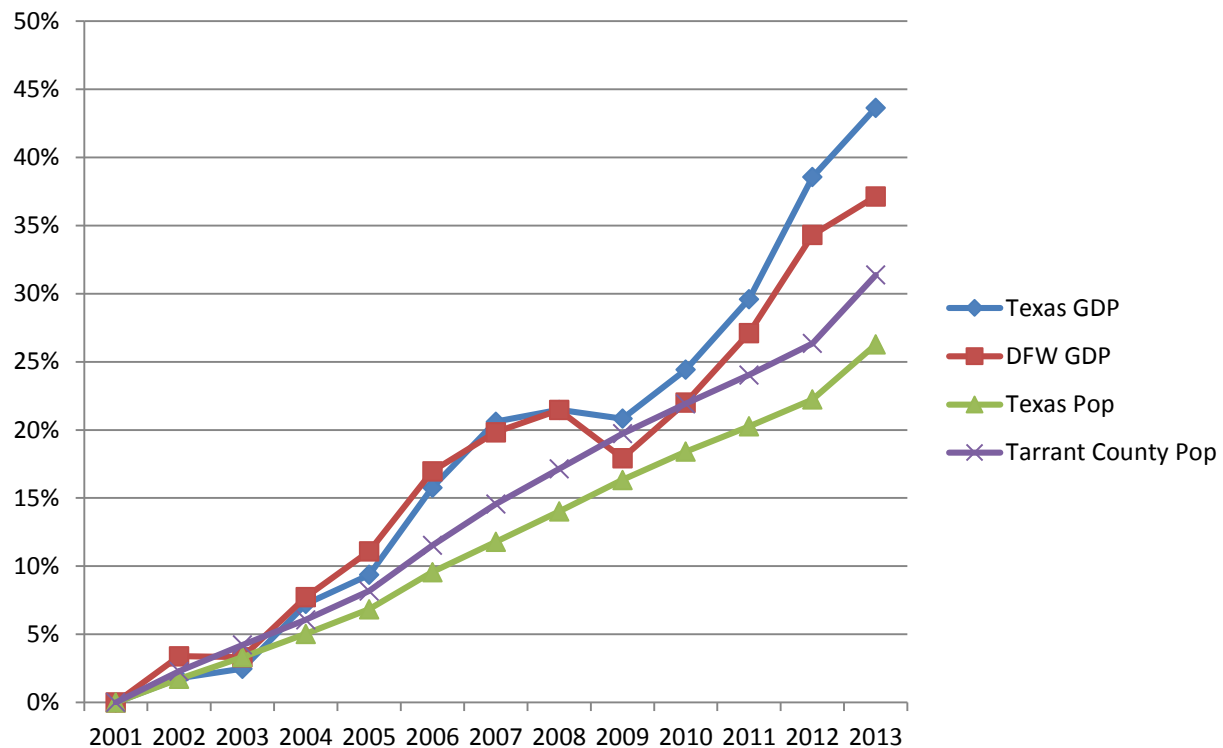
When the growth index for population, CLF and GDP are compared for Texas, Tarrant County and the DFW MSA it becomes apparent how closely they track together over time. Growth for these three measures is about 20 to 40 percent higher than the base year, which also illustrates how closely these three measures 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 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 (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

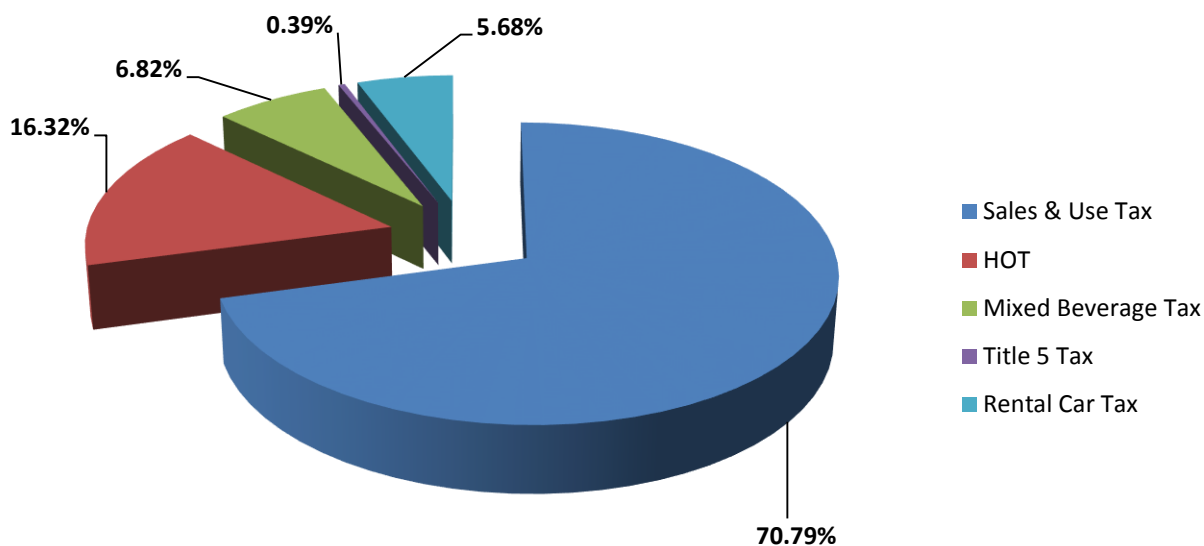
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

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 direct Sales and Use tax and the HOT attributed to this event made up roughly 71 and 16 percent respectively, while the Mixed Beverage made up approximately 7 percent. Based on figures used for initial estimates, the Rental Car tax made up nearly 6 percent and the Title 5 Alcohol tax made up four 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



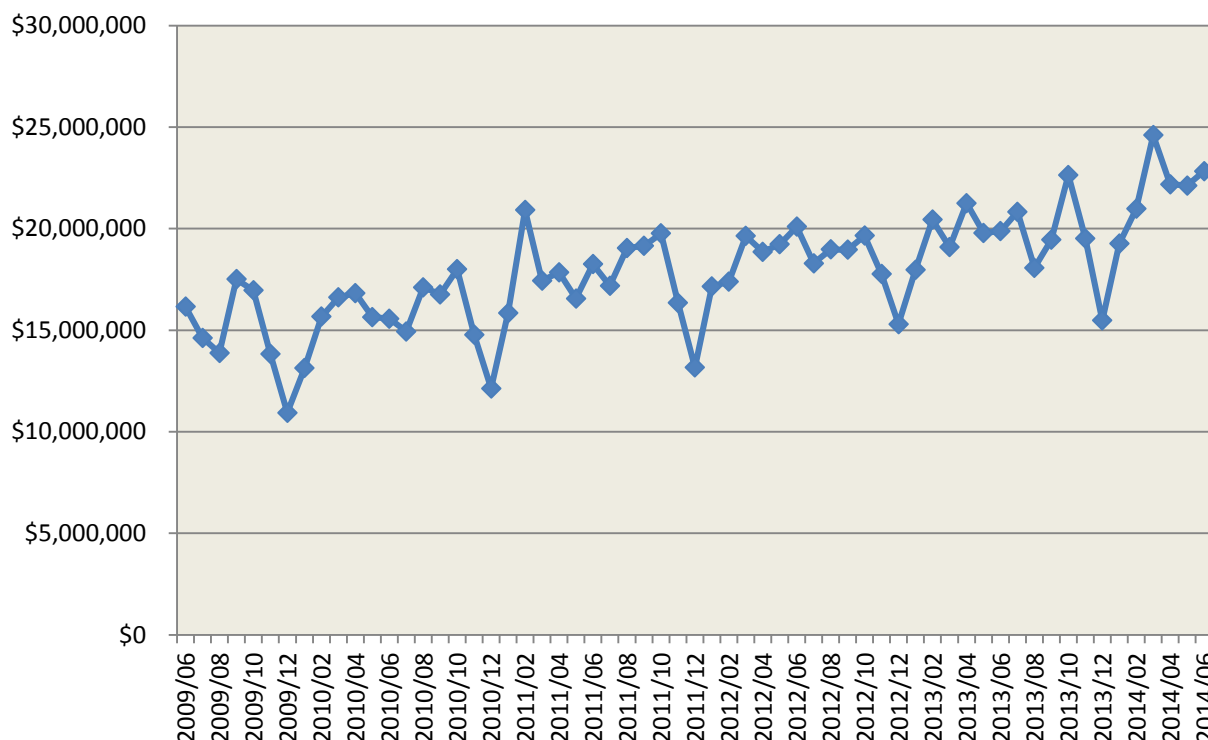
Source: Texas Comptroller of Public Accounts

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 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 November 18 to December 14, 2013.

The average monthly HOT taxable receipts for this area from January 2002 to June 2014 were \$14,656,645 with a standard deviation of \$3,822,043. The peak in the graph represents taxable receipts of \$24,598,979 (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 \$18,478,687, which is \$975,267 more than the average receipts for the months when the event occurred (November and December 2013).

Considering only November and December HOT receipts for Fort Worth from 2002 to 2013, the average amount subject to state tax (November and December average) was \$12,346,528 with an average standard deviation of \$3,103,013. The average taxable receipts plus the average standard deviation is \$15,449,541, which is \$2,053,879 less than the average receipts during the months when the event occurred. This represents additional tax revenue of \$123,233 during this period.

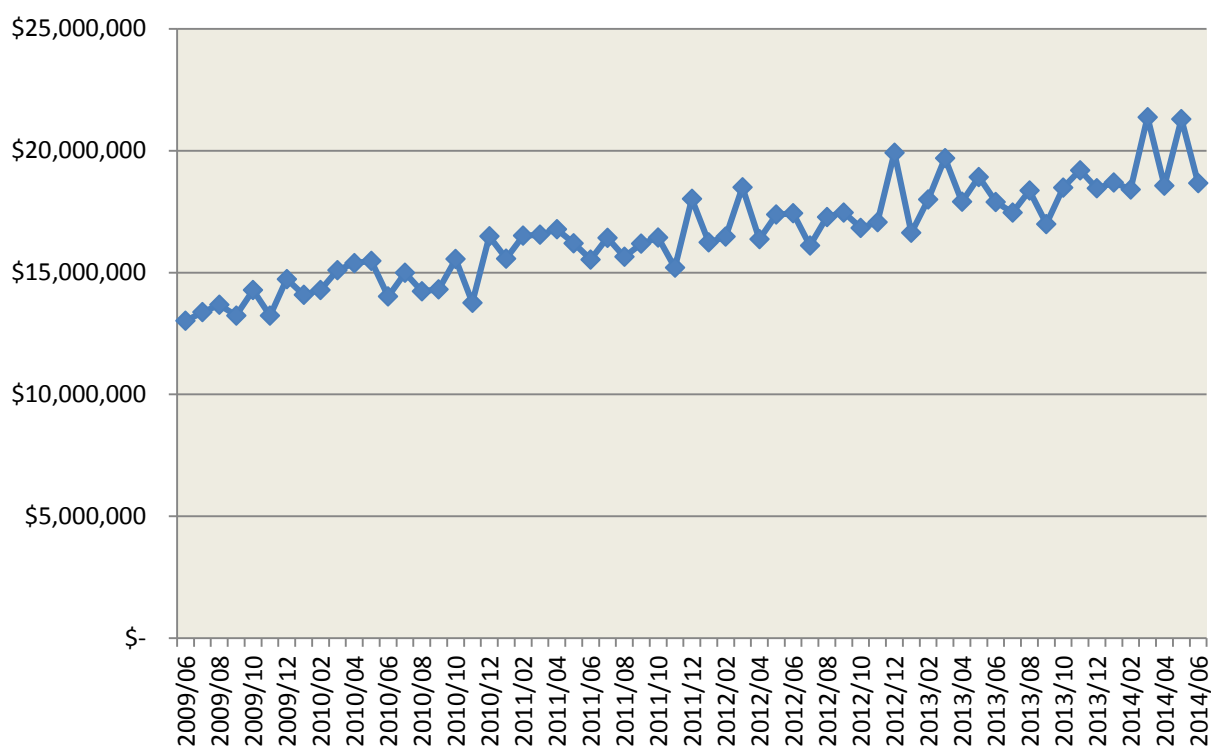
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as 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 \$138,603 in additional taxes to the state. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$123,233. The initial pre-event estimate had predicted \$109,429 in additional HOT revenue, while a third-party post-event analysis estimated a direct spending impact to state HOT revenues of \$121,042.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$109,429	\$121,042

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 \$13,259,534 with a standard deviation of \$3,328,140. The peak in the graph represents taxable receipts of \$21,376,024 (March 2014), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is \$16,587,674, which is \$2,239,526 less than the average monthly receipts during the two months when the event occurred (average of November and December 2013).

The second method of analysis considered mixed beverage taxes for only the months 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 two months combined (average of November and December), were \$2,051,133 with a standard deviation of \$695,199. The average taxable receipts plus the standard deviation is \$2,746,333 which is \$110,524 more than receipts during the combined two months when the event occurred (\$2,635,808). This represents a reduction of expected revenue of \$115,524 during the months of the event. The state gets roughly 79 percent of taxable receipts (except for October 2011 to July 2013

when the state share was 83 percent), which are 14 percent of gross receipts prior to January 1, 2014. After January 1, 2014, taxable receipts will be 6.7 percent of gross receipts.

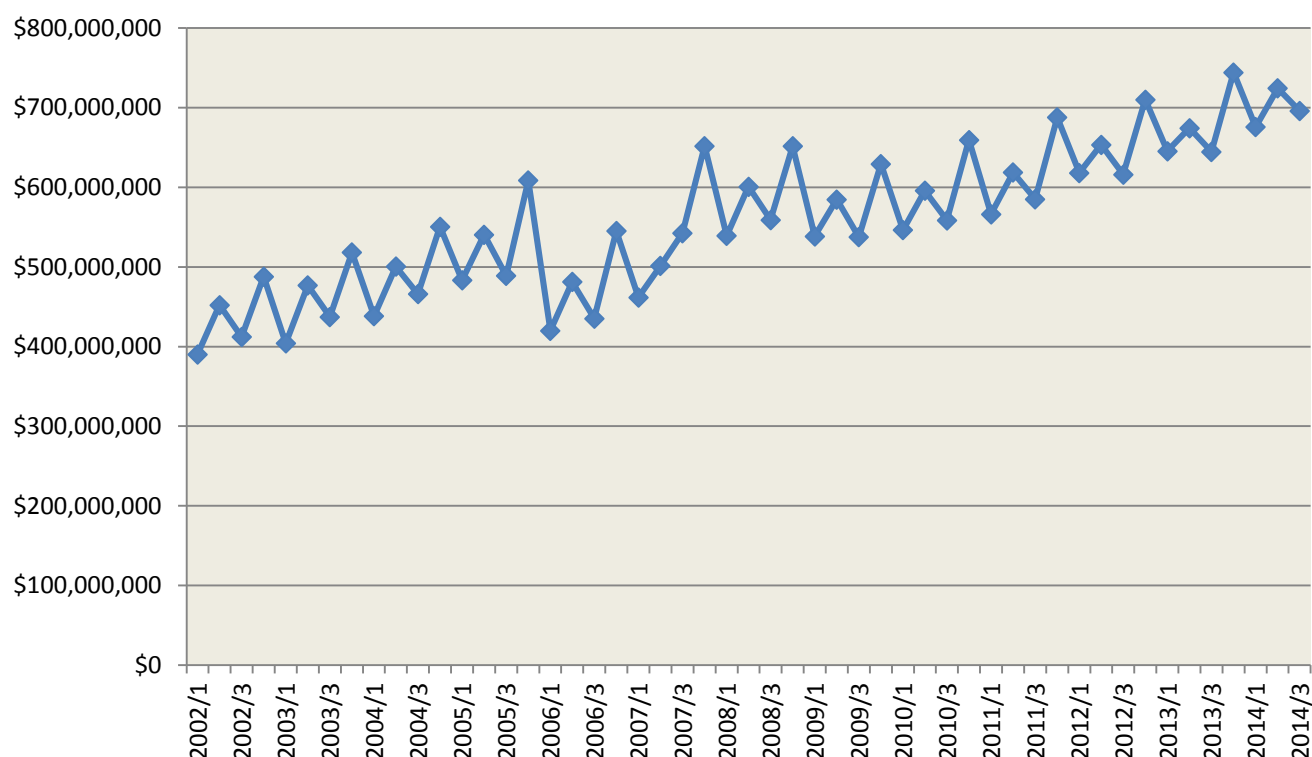
The second method of analysis of mixed beverage revenues estimated that state collections were \$115,524 less than the average plus the standard deviation, or what would have normally been expected during this time period. The initial pre-event estimate had predicted \$45,738 in additional revenue, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$58,119.

Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$45,738	\$58,119

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 2013.

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 2014 was \$560,002,710 with a standard deviation of \$92,411,099. The amount subject to sales tax in the quarter during when the event took place (fourth quarter of 2013) was \$744,411,561, which is \$91,997,753 more than the average amount subject to sales tax and the standard deviation.

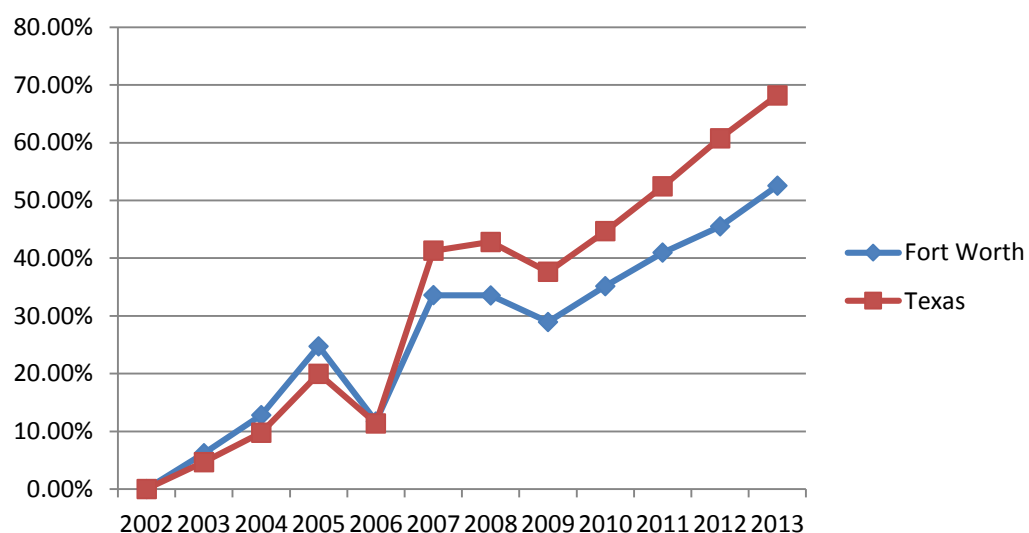
The second method of analysis of sales tax data that looks at only the fourth quarter of each year illustrates a slightly different picture. Average collections subject to sales taxes for the industries mentioned above for the fourth quarter of each year (from 2002 to 2013) were averaged. Average

collections subject to sales taxes for the fourth quarter were \$620,503,599 with a standard deviation of \$79,879,251. The average plus the standard deviation is \$700,382,850. Collections subject to sales taxes for the fourth quarter of 2013 were \$744,411,561, which is \$44,028,711 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$2,751,794 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 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 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.

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 and the fact that the event took place for about one-third of the quarter, the agency estimates that as much as two-thirds 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 \$908,092 to the state as a result of increased sales. A pre-event analysis estimated that the state would receive an additional \$474,775 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 \$523,806.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$474,775	\$523,806

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 \$8,282.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$38,107	\$8,282

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-fourth 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	\$2,596	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 from direct expenditures was **\$711,249** in additional state tax revenues.

2. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$670,644**.

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 an 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 \$1,229,458 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 2013 Actual minus 4Q Average and Standard Deviation (2002-13)	Third-Party Post-Event
Sales and Use	\$474,775	\$908,092	\$523,806
HOT	\$109,429	\$123,233	\$121,042
Mixed Beverage	\$45,738	-\$115,524	\$58,119
Total	\$629,942	\$915,801	\$702,967

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$474,775	70.79%
2. Hotel Occupancy Tax	\$109,429	16.32%
3. Rental Car tax	\$38,107	5.68%
4. Mixed Beverage Tax	\$45,738	6.82%
5. Title 5, Alcoholic Beverage Code tax	\$2,596	0.39%
Total	\$670,645	100%

Third-Party Post-Event Analysis		
Tax Type	State Share of Tax	Percent of Total
Sales and Use Tax	\$523,806	73.65%
HOT	\$121,042	17.02%
Rental Car	\$8,282	1.16%
Mixed Bev	\$58,119	8.17%
Title 5 Alcohol	NA	0.0%
Total	\$711,249	100%

4Q 2013 Actual minus 4Q Average and Standard Deviation

(2002-13)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$908,092	94.94%
2. Hotel Occupancy Tax	\$123,233	12.88%
3. Rental Car tax*	\$38,107	3.98%
4. Mixed Beverage Tax**	-\$115,524	-12.08%
5. Title 5, Alcoholic Beverage Code tax*	\$2,596	0.27%
Total	\$956,504	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 (2002-13); 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)	$\mu = \$744$ Million
	Alternative (Ha)	$\mu \neq \$744$ 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^*	5.3735
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 collected for the period is not normally seen given historical data.		

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

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)	$\mu = \$17.5$ Million
	Alternative (Ha)	$\mu \neq \$17.5$ 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*	5.7570
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.		

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.

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

- 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)	$\mu = \$2.1$ Million
	Alternative (Ha)	$\mu \neq \$2.1$ 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^*	2.7508
Action (result)		Accept Ho
Based on the test, the state share of gross receipts for the period in question is statistically probable. This means that the state share of gross receipts for the mixed beverage tax for the period is normal given historical data.		

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

Cover Sheet

Event: 2014 National Cutting Horse Association (NCHA) Super Stakes

Date: March 24 – April 19, 2014

Location: Fort Worth, Texas

Report Date: June 2015

Post Event Analysis

2014 National Cutting Horse Association (NCHA) SUPER STAKES – Fort Worth, Texas

IV. 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 **2014 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 the average of March and April HOT revenues from 2002 to 2014 shows that the state received \$221,829 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 7,203 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:

3. Each room would cost an average of roughly \$115 per day; and
4. There were 37,492 room nights paid for by out-of-state participants and visitors (the event was a total of 24 days).

This simple analysis yields an amount of approximately \$258,695 in additional taxes to the state ((number of room nights X average room rate) X state HOT rate). While this amount is much more than the initial estimate, it is also more 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 7,203 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:

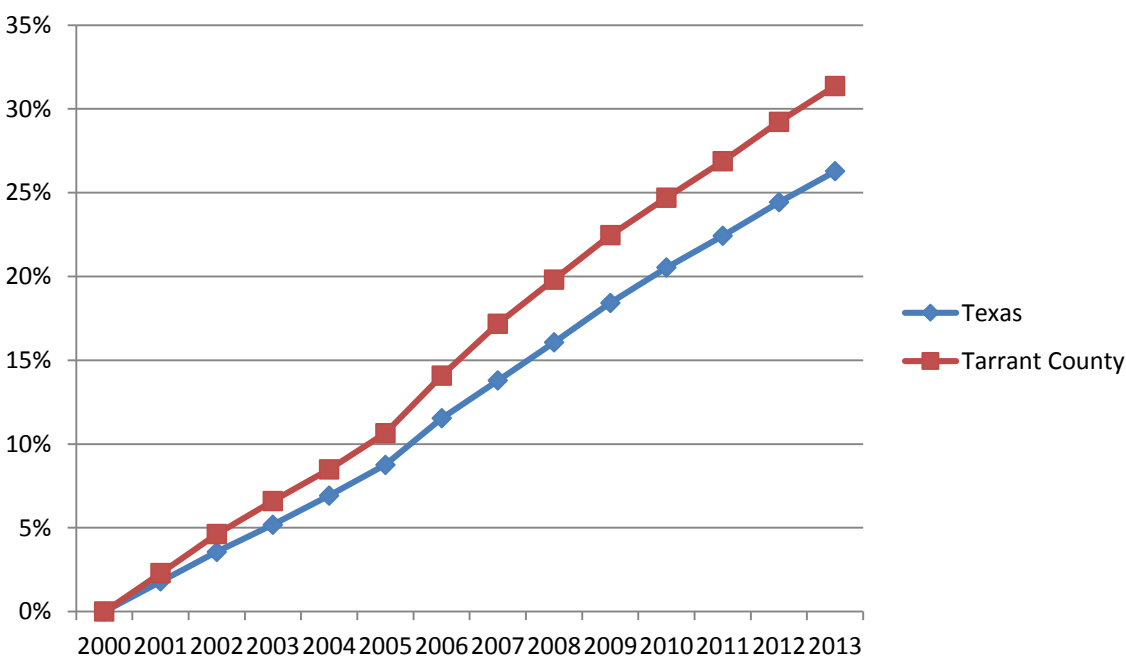
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

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



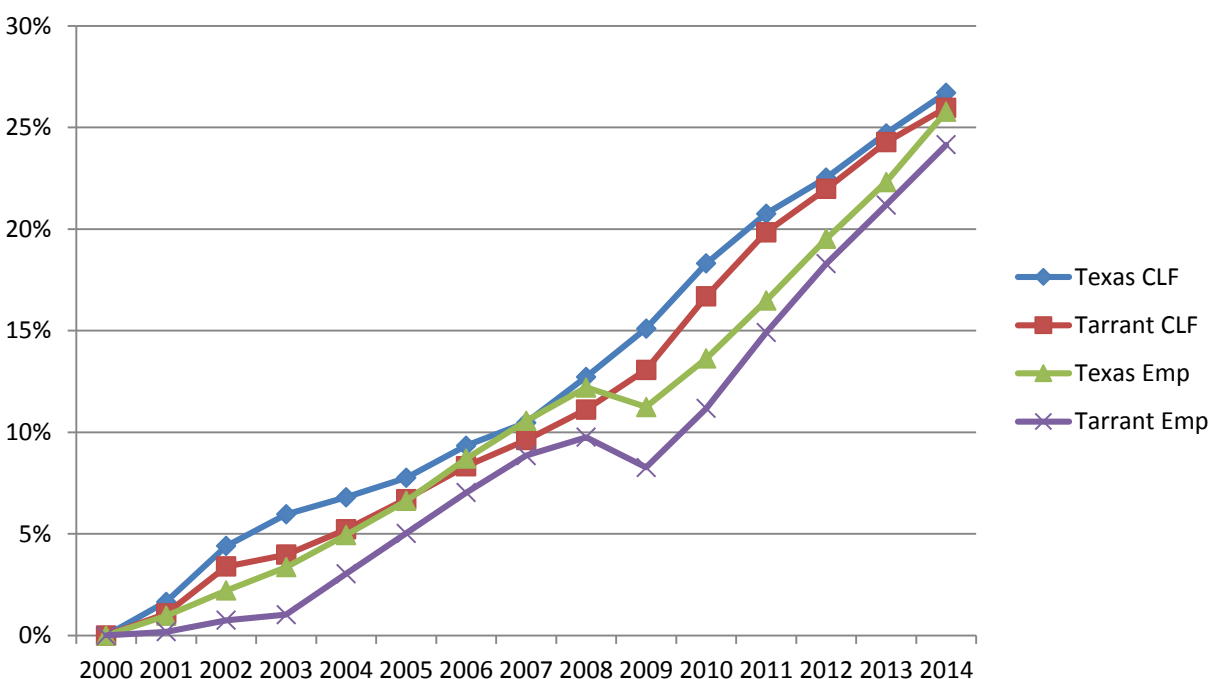
Source: U.S. Census Bureau.

From 2000 to 2013, Texas' population grew at an average of roughly two percent per year. By 2013, the Texas and Tarrant County populations had grown by 26.28 and 31.37 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 thirteen 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 2014, the CLF in Texas and Tarrant County had grown by 26.71 and 25.97 percent respectively. While the number of employed persons didn't keep pace with the CLF, from 2000 to 2014, employed persons in Texas and Tarrant County grew at a similar rate by 25.78 and 24.15 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

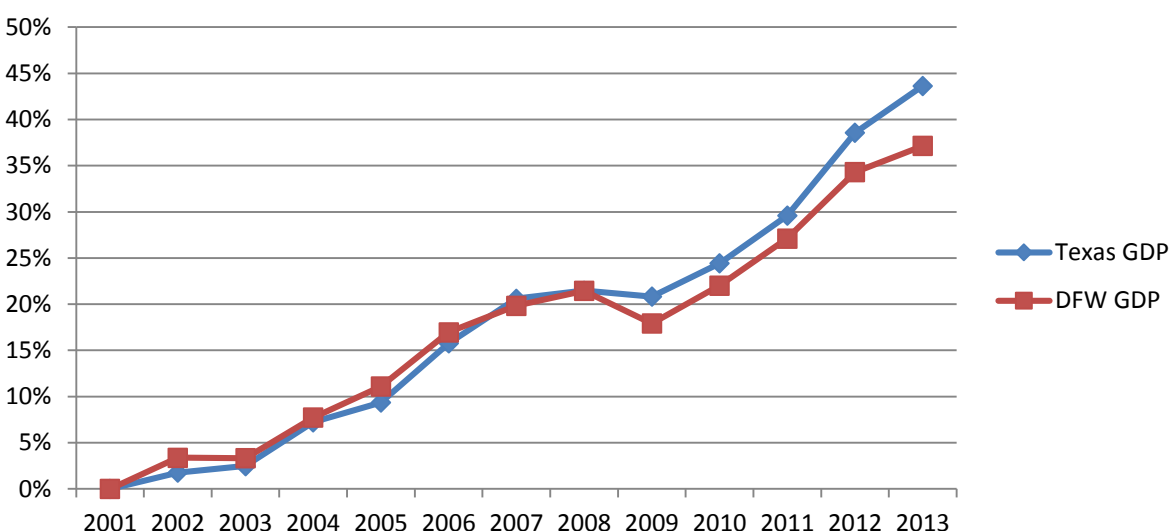


Source: U.S. Bureau of Labor Statistics

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)⁵. 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.

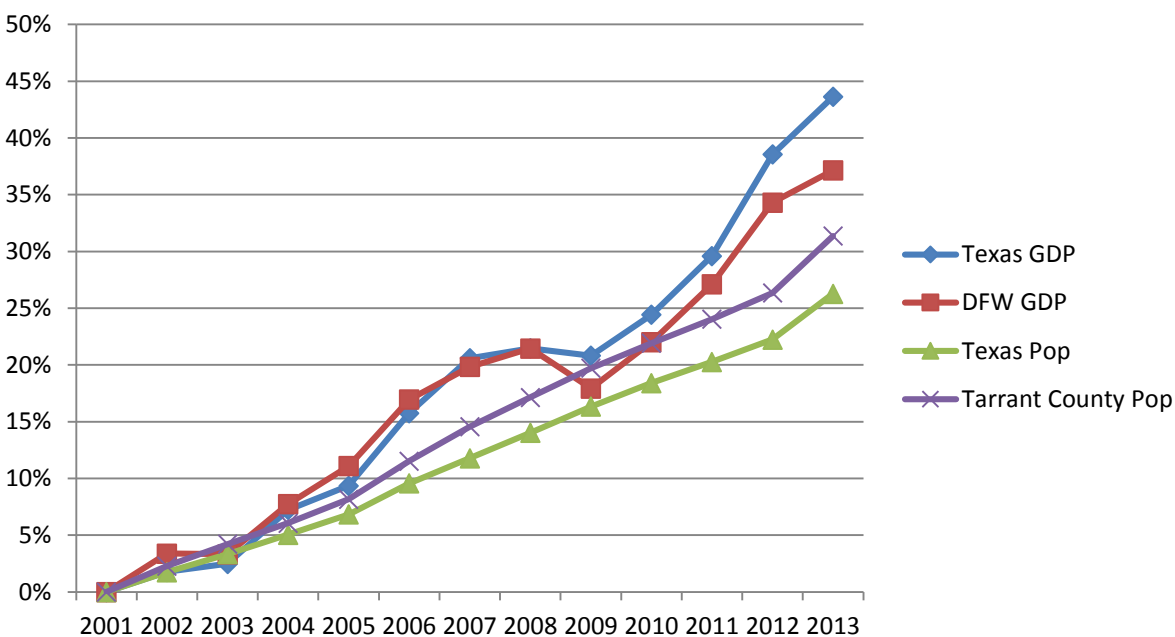
When the growth index for population, CLF and GDP are compared for Texas, Tarrant County and the DFW MSA it becomes apparent how closely they track together over time. Growth for these three measures is roughly 30 percent higher than the base year, which also illustrates how closely these three measures 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 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.

⁵ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

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 (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.

V. 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 13 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 13 years (2002 to 2014). 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

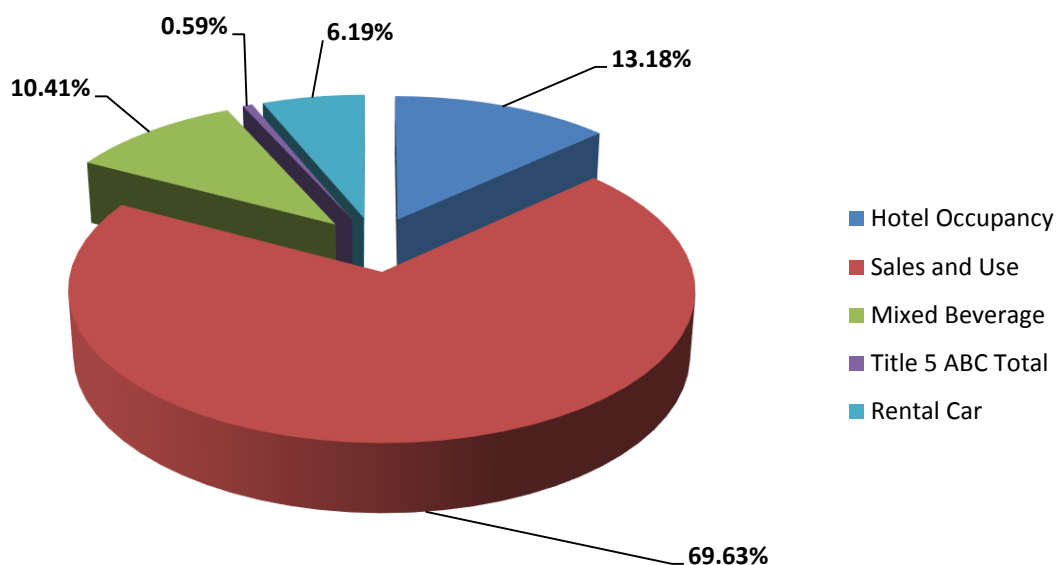
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

6. Sales and Use Tax
7. Hotel Occupancy Tax
8. Rental Car tax
9. Mixed Beverage Tax
10. 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 13 percent respectively, while the Mixed Beverage made up approximately 10.4 percent. Based on figures used for initial estimates, the Rental Car tax made up 6 percent and the Title 5 Alcohol tax made up six 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



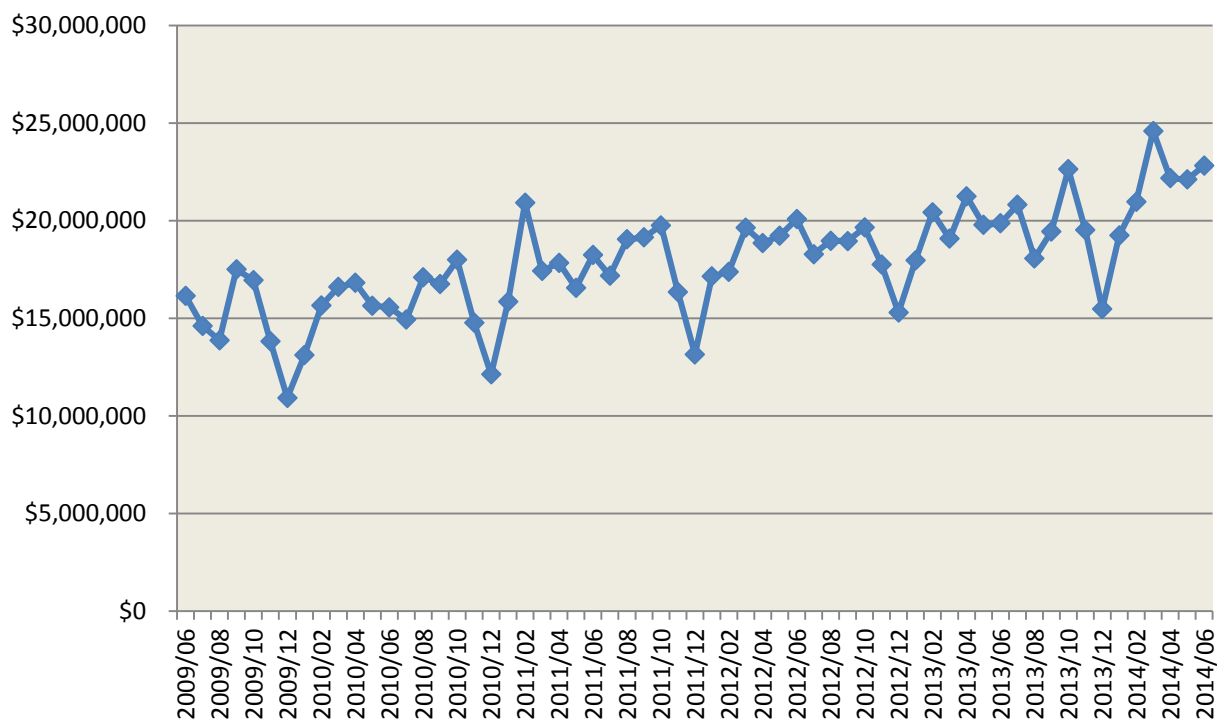
Source: Texas Comptroller of Public Accounts

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 93 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 24 to April 19, 2014.

The average monthly HOT taxable receipts for this area from January 2002 to June 2014 were \$14,656,645 with a standard deviation of \$3,822,043. The peak in the graph represents taxable receipts of \$24,598,979 (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 \$18,478,687, which is \$4,913,818 less than the average taxable receipts for the months when the event occurred (March and April 2014).

Considering only the average of March and April HOT receipts for Fort Worth from 2002 to 2014, the average amount subject to state tax was \$15,661,622 with a standard deviation of \$4,033,739. The average taxable receipts plus the standard deviation is \$19,695,361, which is \$3,697,145 less than the

average receipts for the months when the event occurred. This represents additional tax revenue of \$221,829 during this period.

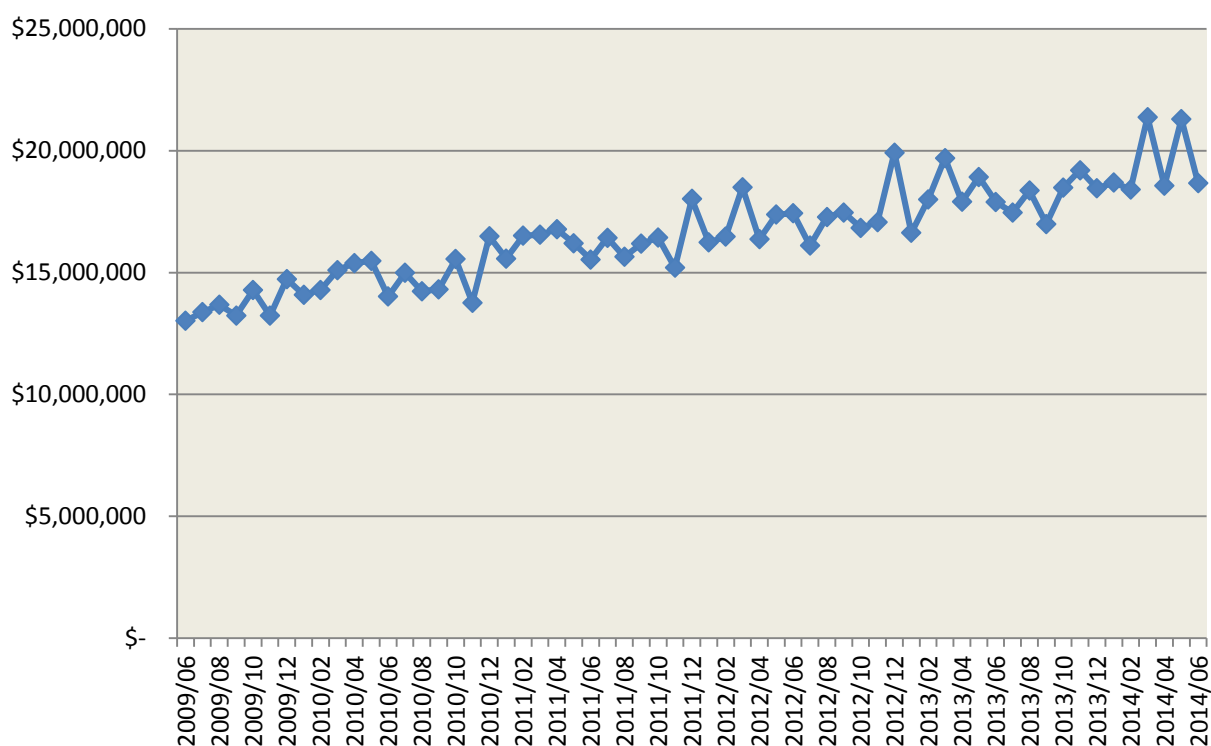
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as 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 \$258,695 in additional taxes to the state. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$221,829. 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 \$252,608.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$44,773	\$252,608

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 \$13,259,534 with a standard deviation of \$3,328,140. The peak in the graph represents taxable receipts of \$21,376,024 (March 2014), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is 16,587,674, which is \$3,380,584 less than the average gross receipts during the months when the event occurred (March and April 2014).

The second method of analysis considered mixed beverage taxes for only the month when the event took place for Fort Worth from 2002 to 2014. The average receipts subject to tax, which are 14 percent of gross receipts for the month, were \$1,799,587 with a standard deviation of \$469,111. The average taxable receipts plus the standard deviation is \$2,268,697 which is \$930,824 more than receipts during the average for the months when the event occurred (\$1,337,873). The state gets roughly 79 percent of taxable receipts (except for October 2011 to July 2013 when the state share was 83 percent), which are 14 percent of gross receipts prior to January 1, 2014. After January 1, 2014, taxable receipts will be 6.7 percent of gross receipts. This represents a reduction of revenue of \$778,593 during the months of the event.

The second method of analysis of mixed beverage revenues estimated that the state received \$778,593 less revenue than what would have normally been expected. This loss of revenue can partially be explained by a reduction in the taxable receipts rate, which was reduced by 52 percent (from 14 to 6.7 percent). Average gross receipts for March and April were higher in 2014 than any other previous year, but the amount of those receipts subject to tax was significantly lower. The initial pre-event estimate had predicted \$35,387 in additional revenue, while a third-party post-event analysis estimated a direct spending impact to state revenues of \$86,122.

Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$35,387	\$86,122

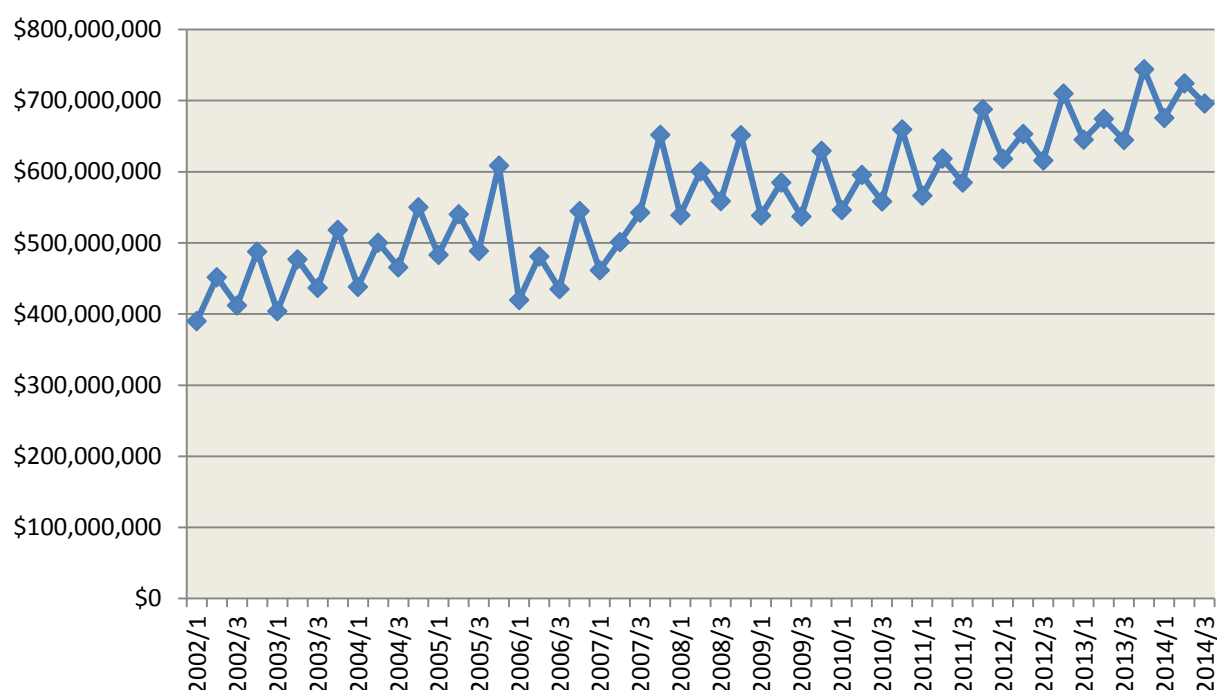
Considering the attendance figure from the third-party study and actual observed tax data, it could reasonably be stated that the event host city experienced positive economic activity due to this event.

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

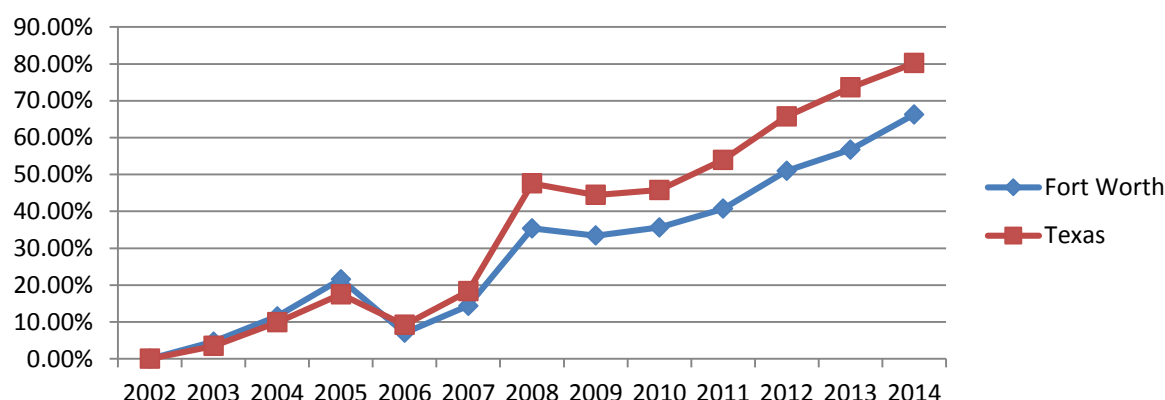
The average amount (reported quarterly) subject to sales tax for this area from 1Q 2002 to 3Q 2014 was \$560,002,710 with a standard deviation of \$92,411,099. The average amount subject to sales tax in the quarters during which the event took place (first and second quarter of 2014) was \$700,177,690, which is \$47,763,882 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. Collections subject to sales taxes for the industries mentioned above for the first and second quarter of each year (from 2002 to 2014) were averaged. Average collections subject to sales taxes for the first and second quarter were \$543,626,991 with a standard deviation of \$89,139,522. The average plus the standard deviation is \$632,766,513. Average collections subject to sales taxes for the first and second quarter of 2014 were \$700,177,690, which is \$67,411,177 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$4,213,199 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 first and second quarter of 2014 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 1st and 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 \$4,213,199 additional sales tax dollars from the event market area during the first and second quarter of 2014.

Texas and Fort Worth Average 1st & 2nd Quarter Sales Subject to Tax Indexed (2002 = 0)



Source: Texas Comptroller of Public Accounts

The graph above illustrates the average first and 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 and the fact that the event took place for about one-third of the quarter, the agency estimates that as much as two-thirds 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 \$1,390,356 to the state as a result of increased sales. **This is still over and above what would have been expected based on past performance.** A pre-event analysis estimated that the state would receive an additional \$236,603 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 \$515,867.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$236,603	\$537,726

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 \$26,540.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$21,029	\$26,540

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 (consistently less than 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	\$2,008	NA

VI. Conclusion

3. 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 **\$902,994** in additional state tax revenues.

4. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$339,800**.

Comptroller data suggest that the Fort Worth metro area experienced increased economic activity during the period during which the event occurred. 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 \$613,476 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 Super Stakes. 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	Avg. 1Q & 2Q 2014 Actual minus 1Q & 2Q Avg. and Standard Deviation (2002-14)	Third-Party Post-Event
Sales and Use	\$236,603	\$1,390,356	\$275,451
HOT	\$44,773	\$221,829	\$70,389
Mixed Beverage	\$35,387	(\$778,593)	\$14,411
Total	\$316,763	\$833,591	\$360,251

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$236,603	69.63%
2. Hotel Occupancy Tax	\$44,773	13.18%
3. Rental Car tax	\$21,029	6.19%
4. Mixed Beverage Tax	\$35,387	10.41%
5. Title 5, Alcoholic Beverage Code tax	\$2,008	0.59%
Total	\$339,800	100%

Third-Party Post-Event Analysis		
Tax Type	State Share of Tax	Percent of Total
Sales and Use Tax	\$537,726	59.55%
HOT	\$252,608	27.97%
Rental Car	\$26,540	2.94%
Mixed Bev	\$86,122	9.54%
Title 5 Alcohol	NA	0.0%
Total	\$902,996	100%

<p>Avg. 1Q & 2Q 2014 Actual minus 1Q & 2Q Avg. and Standard Deviation (2002-14)</p>
--

Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$1,390,356	162.31%
2. Hotel Occupancy Tax	\$221,829	25.90%
3. Rental Car tax*	\$21,029	2.45%
4. Mixed Beverage Tax**	-\$778,593	-90.89%
5. Title 5, Alcoholic Beverage Code tax*	\$2,008	0.23%
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 average for March and April (2002-14); not quarterly

Historical averages and standard deviations were calculated and subtracted from 2014 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:

6. 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.
7. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁶, 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.

8. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
9. Decision Rule: Reject Ho if the estimated t value (t^*) is less than -3.055 or greater than 3.055.
10. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$700.2$ Million
	Alternative (Ha)	$\mu \neq \$700.2$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t^*	6.3322
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 collected for the period is not normally seen given historical data.		

⁶ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Hotel Occupancy Tax (HOT):

6. 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.
7. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁷, 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.

8. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
9. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.055 or greater than 3.055.
10. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$23.4$ Million
	Alternative (Ha)	$\mu \text{ not } = \$23.4$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t*	6.9102
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.		

Mixed Beverage Tax:

6. 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.

⁷ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

- b. Alternative Hypothesis (H_a): 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.
- 7. Level of Significance (probability of rejecting H_0 when it is true): According to Lind, Marchal and Wathen⁸, 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 H_0 would not be rejected if it is true.

- 8. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
- 9. Decision Rule: Reject H_0 if the estimated t value (t^*) is less than -3.055 or greater than 3.055.
- 10. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (H_0)	$\mu = \$1.1$ Million
	Alternative (H_a)	$\mu \neq \$1.1$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject H_0 if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t^*	-3.4438
Action (result)		Reject H_0
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.		

⁸ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Cover Sheet

Event: 2014 National Cutting Horse Association (NCHA) Summer Spectacular

Date: July 7 – August 2, 2013

Location: Fort Worth, Texas

Report Date: June 2015

Post Event Analysis

2014 National Cutting Horse Association (NCHA) SUMMER SPECTACULAR – Fort Worth, Texas

VII. 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 **2014 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 2014 shows that the state received \$109,108 above-average tax collections (including adjustments for atypical fluctuations that periodically occur over any given period). Post-event figures provided by the event organizer estimated that 5,590 contestants, vendors and out-of-state spectators attended the event.

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 5,590 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:

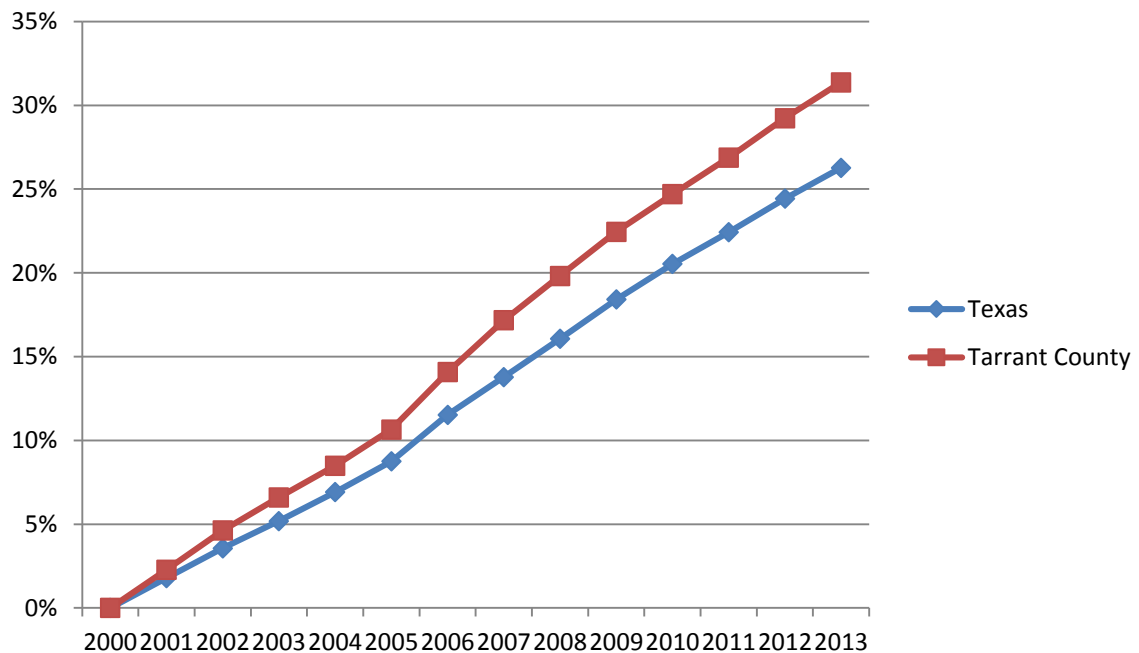
- how much each of these out-of-state visitors spent;
- how many nights they stayed; and thus
- exactly how much they contributed to observed increases in tax revenues to the state from attending the event.

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



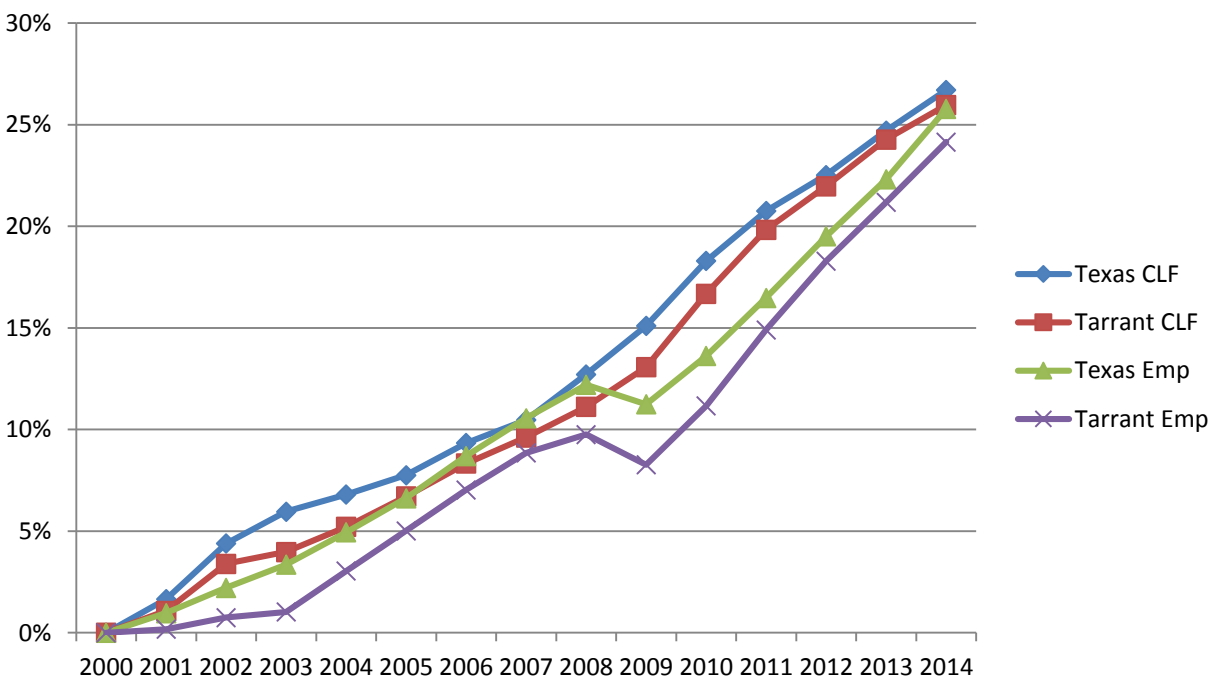
Source: U.S. Census Bureau.

From 2000 to 2013, Texas' population grew at an average of roughly two percent per year. By 2013, the Texas and Tarrant County populations had grown by 26.28 and 31.37 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 thirteen 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 2014, the CLF in Texas and Tarrant County had grown by 26.71 and 25.97 percent respectively. While the number of employed persons didn't keep pace with the CLF, from 2000

to 2014, employed persons in Texas and Tarrant County grew at a similar rate by 25.78 and 24.15 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



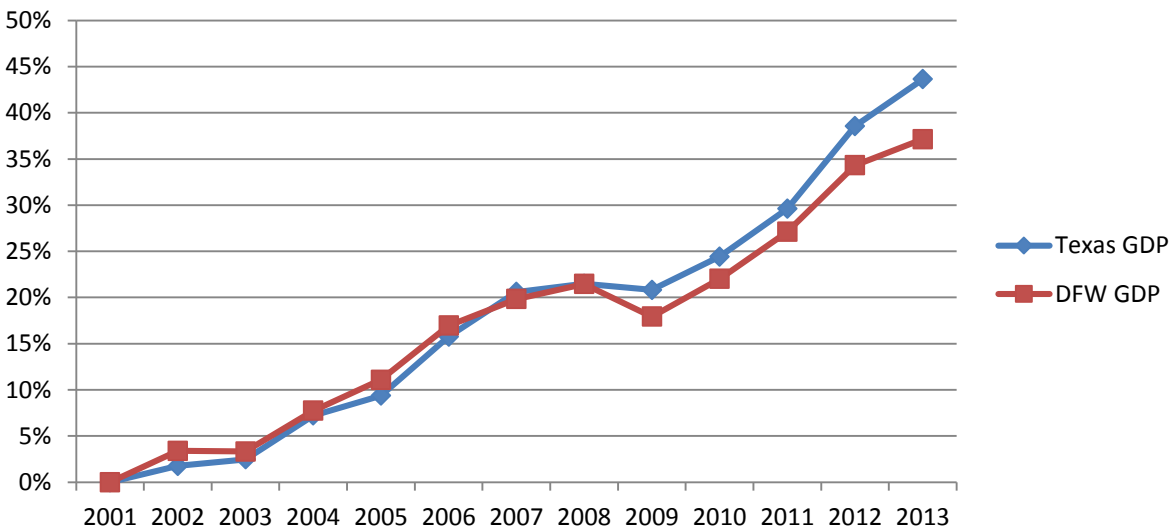
Source: U.S. Bureau of Labor Statistics

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)⁹. 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

⁹ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

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



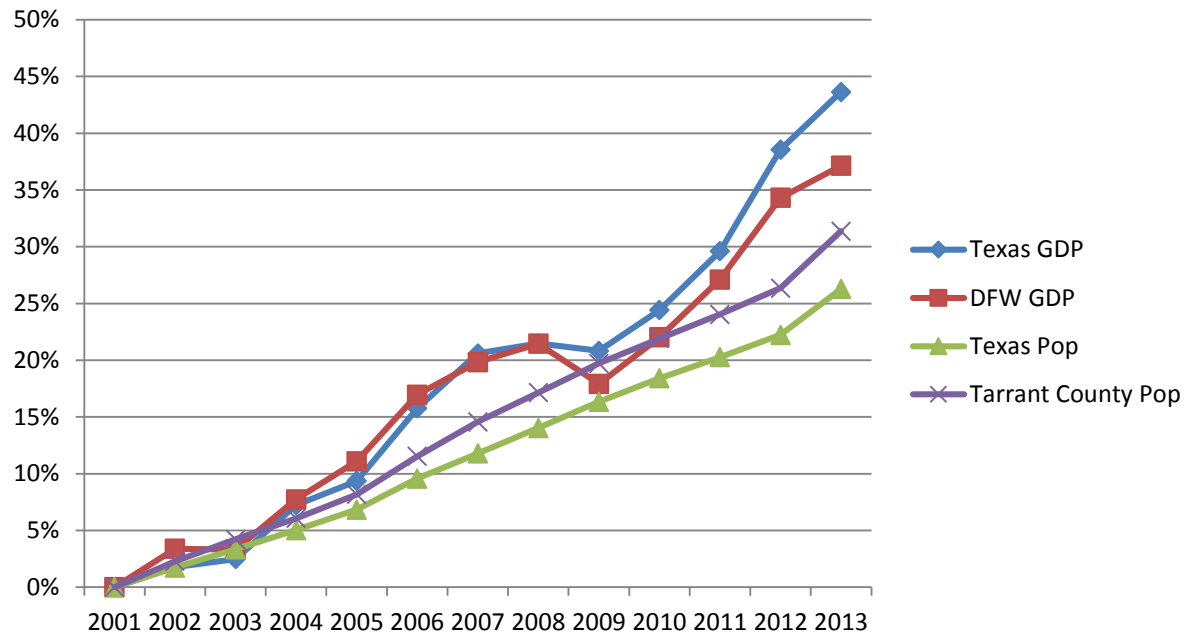
Source: U.S Department of Commerce Bureau of Economic Analysis.

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 roughly 30 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 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 (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.

VIII. 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 13 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 13 years (2002 to 2014). 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

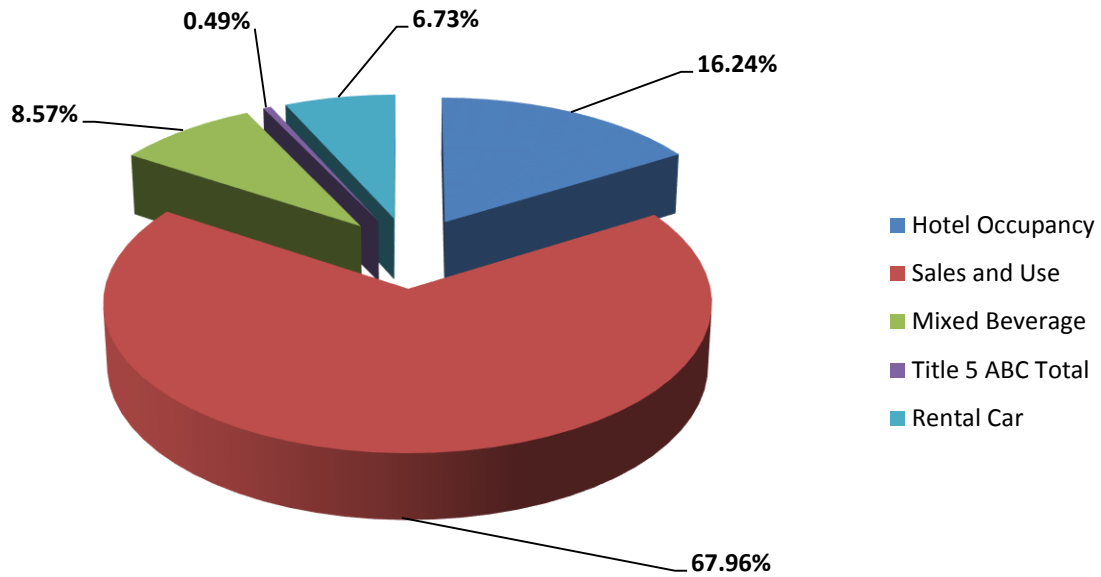
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

11. Sales and Use Tax
12. Hotel Occupancy Tax
13. Rental Car tax
14. Mixed Beverage Tax
15. 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 68 and 16 percent respectively, while the Mixed Beverage made up approximately 9 percent. Based on figures used for initial estimates, the Rental Car tax made up 7 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



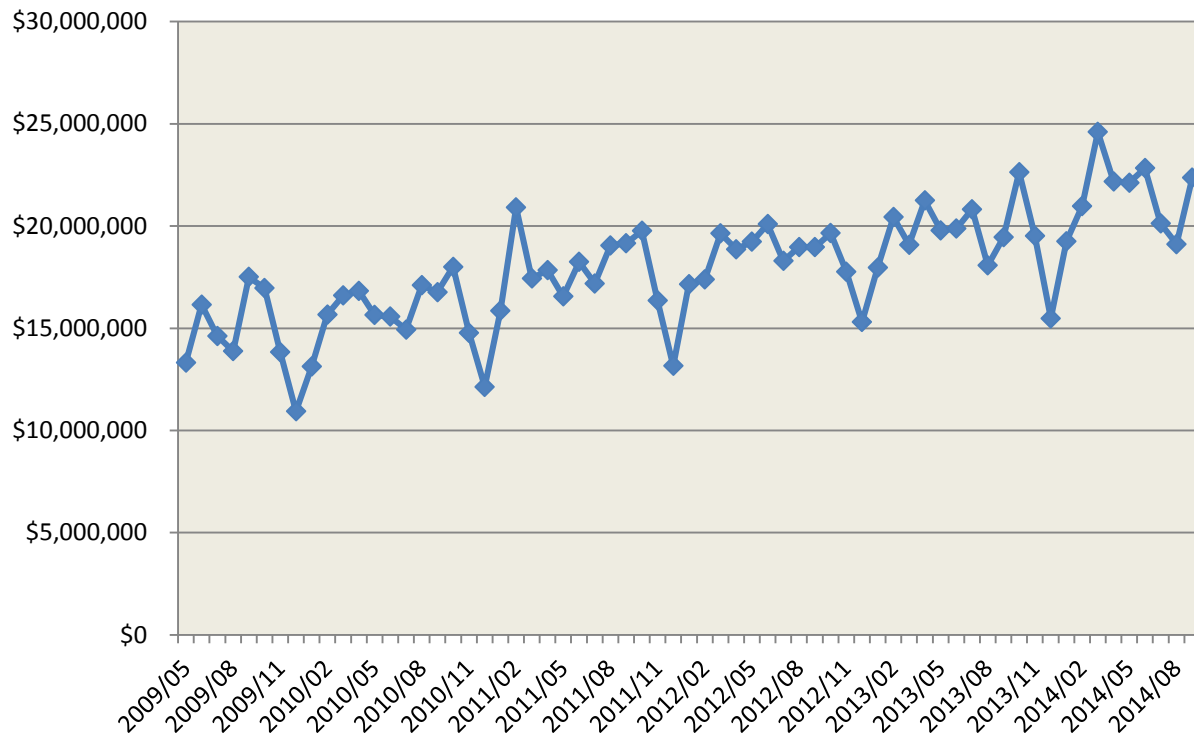
Source: Texas Comptroller of Public Accounts

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 93 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 7 to August 2, 2014.

The average monthly HOT taxable receipts for this area from January 2002 to September 2014 were \$14,771,866 with a standard deviation of \$3,876,104. The peak in the graph represents taxable receipts of \$24,598,979 (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 \$18,647,970, which is \$1,473,992 less than the taxable receipts for the month when the event occurred (July 2014).

Considering only July HOT receipts for Fort Worth from 2002 to 2014, the average amount subject to state tax was \$14,647,805 with a standard deviation of \$3,655,685. The average

taxable receipts plus the standard deviation is \$18,303,490, which is \$1,818,472 less than receipts during the month when the event occurred. This represents additional tax revenue of \$109,108 during this period.

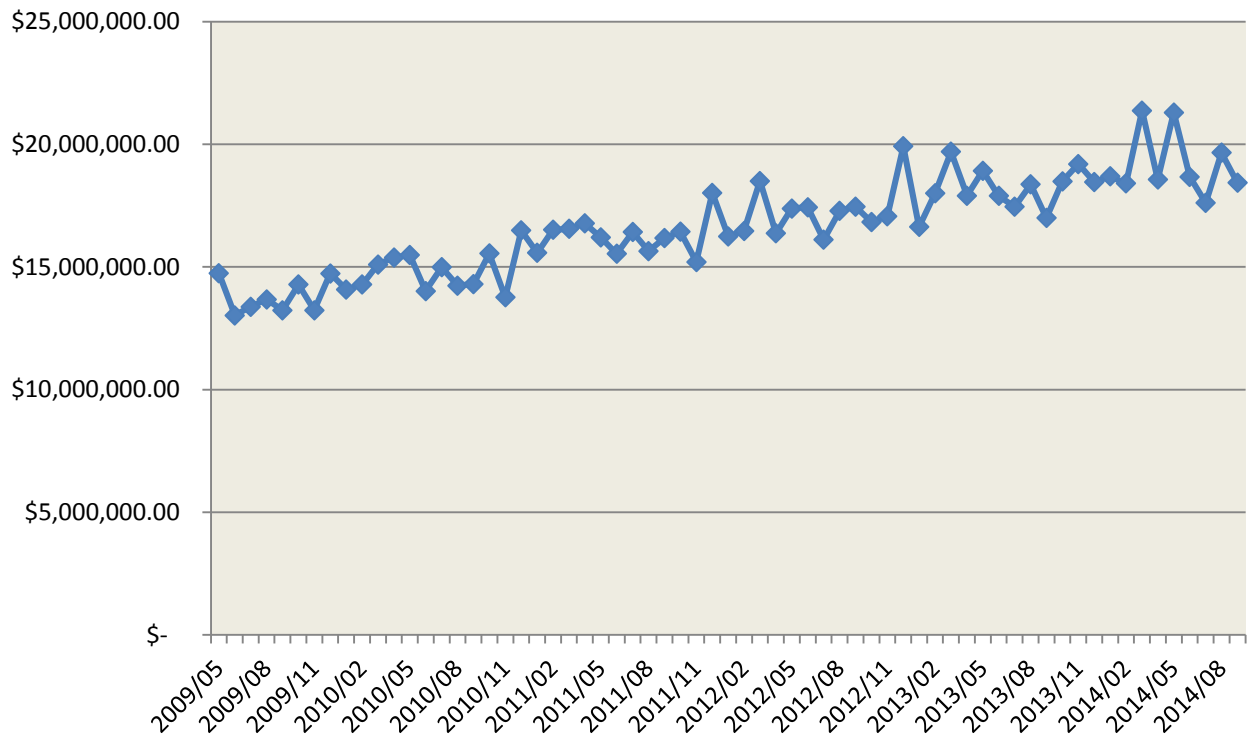
While an analysis of tax revenues might not tell how much of this spending came from out-of-state visitors, a comparison of other direct spending estimates, using different assumptions and methodologies, can help put these numbers into perspective. Unlike other tax types, this tax is not affected as much by population and economic growth, and these numbers are mainly driven by visitors from outside of the area. As stated previously, an analysis of additional HOT revenues to the state was estimated to be \$109,108. The initial pre-event estimate had predicted \$68,623 in additional HOT revenue. No third-party post-event analysis was provided for this event.

Tax Type	Initial Estimate	Third-Party Post-Event
HOT	\$68,623	NA

Considering the 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 September 2014, were \$13,363,626 with a standard deviation of \$3,378,934. The peak in the graph represents taxable receipts of \$21,376,024 (March 2014), which is higher than any other month going back to January 2002. The average monthly taxable receipts plus the standard deviation is \$16,742,560, which is \$870,928 less than the gross receipts during the month when the event occurred (\$17,613,488 for July 2014).

The second method of analysis considered mixed beverage taxes for only the month when the event took place for Fort Worth from 2002 to 2014. The average receipts subject to tax, which are 14 percent of gross receipts for the month, were \$1,741,470 with a standard deviation of \$436,129. The average taxable receipts plus the standard deviation is \$2,177,598 which is \$997,495 more than receipts during the month when the event occurred (\$1,180,104). The state gets roughly 79 percent of taxable receipts (except for October 2011 to July 2013 when the state

share was 83 percent), which are 14 percent of gross receipts prior to January 1, 2014. After January 1, 2014, taxable receipts will be 6.7 percent of gross receipts. The second method of analysis of mixed beverage revenues estimated that the state received \$825,497 less revenue than what would have normally been expected. This loss of revenue can partially be explained by a reduction in the taxable receipts rate, which was reduced by 52 percent (from 14 to 6.7 percent).

The initial pre-event estimate had predicted \$36,226 in additional revenue. No third-party post-event analysis was provided for this event.

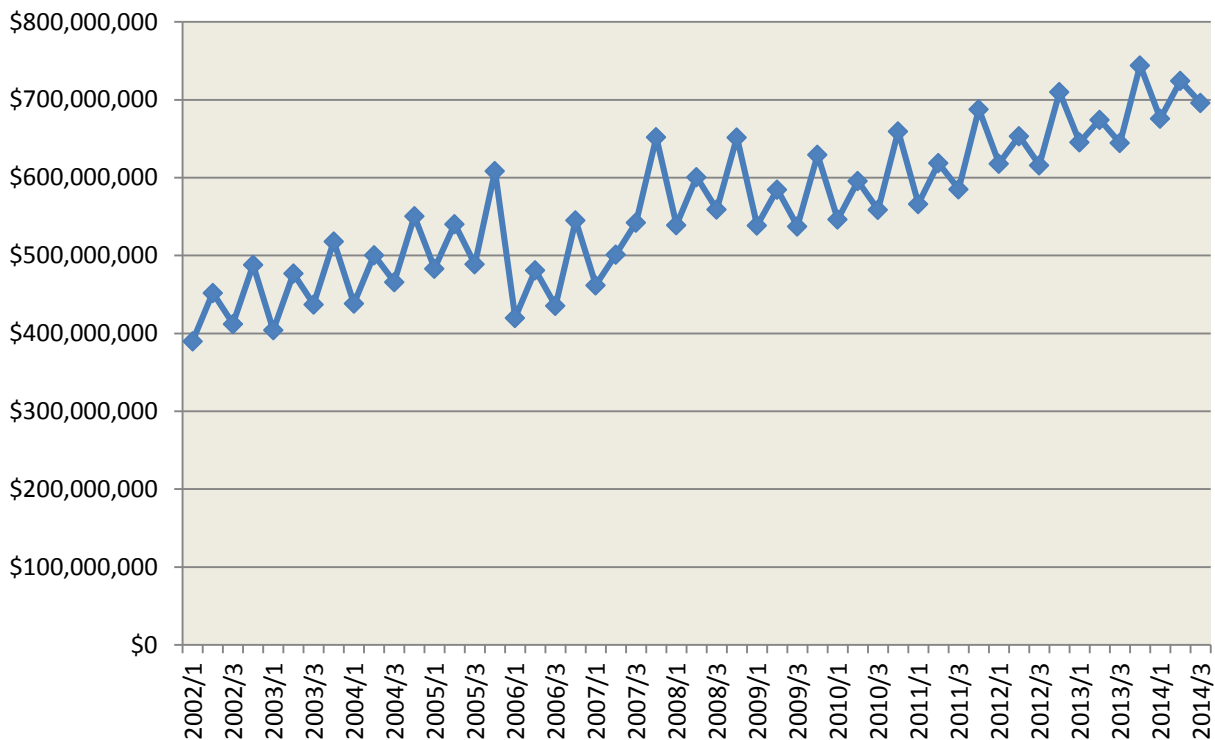
Tax Type	Initial Estimate	Third-Party Post-Event
Mixed Beverage	\$36,226	NA

Considering 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 2013.

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 2014 was \$560,002,710 with a standard deviation of \$92,411,099. The amount subject to sales tax in the quarter during when the event took place (third quarter of 2014) was \$696,093,405, which is \$43,679,597 more than the average amount subject to sales tax and the standard deviation.

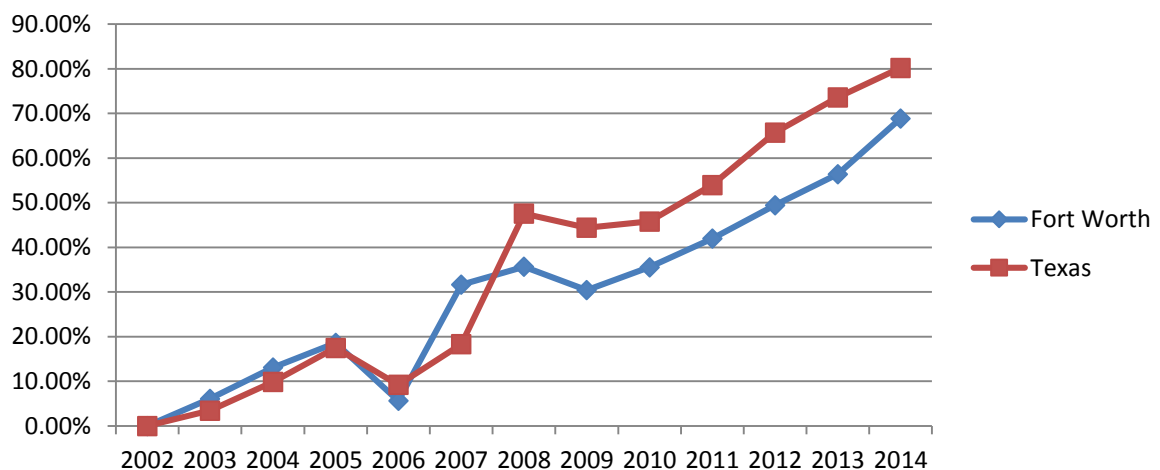
The second method of analysis of sales tax data that looks at only the third quarter of each year illustrates a slightly different picture. Average collections subject to sales taxes for the industries mentioned above for the third quarter of each year (from 2002 to 2014) were averaged.

Average collections subject to sales taxes for the third quarter were \$536,907,174 with a standard deviation of \$86,454,971. The average plus the standard deviation is \$623,362,144. Collections subject to sales taxes for the third quarter of 2014 were \$696,093,405, which is \$72,731,261 more than the average plus the standard deviation. At the state sales tax rate (6.25%), this amounts to an additional \$4,545,704 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 2014 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 \$4,545,704 additional sales tax dollars from the event market area during the third quarter of 2014.

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 and the fact that the event took place for about one-third of the quarter, the agency estimates that as much as two-thirds 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 \$1,500,082 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 \$287,155 in sales and use tax due to the event. No third-party post-event analysis was provided for this event.

Tax Type	Initial Estimate	Third-Party Post-Event
Sales and Use	\$287,155	NA

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. No third-party post-event analysis was provided for this event.

Tax Type	Initial Estimate	Third-Party Post-Event
Rental Car	\$28,454	NA

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. No third-party post-event analysis was provided for this event.

Tax Type	Initial Estimate	Third-Party Post-Event
Title V ABC Tax	\$2,056	NA

IX. Conclusion

5. Comptroller Analysis

The Comptroller estimate of **direct impact** prior to the event was **\$422,514**.

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 most initial estimates. **This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$762,131 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 Summer Spectacular. The first table illustrates the three largest verifiable tax revenue generators and the amount estimated by different analyses. The next two tables show the analysis of additional revenue to the state from all 5 tax types as estimated by the different methods.

Tax Type	Initial Estimate	3Q 2014 Actual minus 3Q Average and Standard Deviation (2002-14)
Sales and Use	\$287,155	\$1,500,082
HOT	\$68,623	\$109,108
Mixed Beverage	\$36,226	(\$825,497)
Total	\$392,004	\$783,693

Initial Analysis (Pre-event)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$287,155	67.96%
2. Hotel Occupancy Tax	\$68,623	16.24%
3. Rental Car tax	\$28,454	6.73%
4. Mixed Beverage Tax	\$36,226	8.57%
5. Title 5, Alcoholic Beverage Code tax	\$2,056	0.49%
Total	\$394,041	100%

3Q 2014 Actual minus 3Q Average and Standard Deviation (2002-14)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$1,500,082	184.24%
2. Hotel Occupancy Tax	\$109,108	13.40%
3. Rental Car tax*	\$28,454	3.49%
4. Mixed Beverage Tax**	(\$825,497)	-101.39%
5. Title 5, Alcoholic Beverage Code tax*	\$2,056	0.25%
Total	\$814,203	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-
14); not quarterly

Historical averages and standard deviations were calculated and
subtracted from 2014 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:

11. Stating the hypothesis:

- a. Null Hypothesis (Ho): 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 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.

12. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen¹⁰, 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.

13. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.

14. Decision Rule: Reject Ho if the estimated t value (t^*) is less than -3.055 or greater than 3.055.

15. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$696.1$ Million
	Alternative (Ha)	$\mu \neq \$696.1$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t^*	6.6388
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 collected for the period is not normally seen given historical data.		

¹⁰ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Hotel Occupancy Tax (HOT):

11. Stating the hypothesis:

- a. Null Hypothesis (Ho): 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 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.

12. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen¹¹, 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.

13. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.

14. Decision Rule: Reject Ho if the estimated t value (t^*) is less than -3.055 or greater than 3.055.

15. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$20.1$ Million
	Alternative (Ha)	$\mu \neq \$20.1$ Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t^*	5.3991
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.		

Mixed Beverage Tax:

¹¹ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

11. Stating the hypothesis:

- a. Null Hypothesis (Ho): 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 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.

12. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen¹², 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.

13. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.

14. Decision Rule: Reject Ho if the estimated t value (t^*) is less than -3.055 or greater than 3.055.

15. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	$\mu = \$932$ Thousand
	Alternative (Ha)	$\mu \neq \$932$ Thousand
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	$t^* < -3.055$
		$t^* > 3.055$
Estimated t =	t^*	-4.4921
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.		

¹² 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



October 14, 2013

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

Dear Ms. Alanis:

You submitted a request to establish a Major Events Trust Fund, certifying that the statutory requirements have been met and that the economic materials supplied are accurate. Our office has completed an analysis of your request.

The results show 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. This letter does not constitute an approval for reimbursement. Any reimbursement is subject to meeting statutory requirements, including the timely submittal of an appropriate event support contract and other documentation as required. . It is recognized that this METF is actually the sum of three (3) individual sub-major events. Please see below for the individual METF contributions.

- **Event – 2013-'14 National Cutting Horse Association's Triple Crown of Cutting (2013 Futurity; 2014 Super Stakes; 2014 Summer Spectacular)**
- **Location / Venue – Fort Worth / Will Rogers Memorial Center**
- **Dates –**
 - Futurity (November 18 – December 14, 2013)
 - Super Stakes (March 24 – April 19, 2014)
 - Summer Spectacular (July 7 – August 2, 2014)
- **Estimated incremental increase in tax revenue to the State of Texas – \$2,605,064**
 - 2012 Futurity – \$1,229,457
 - 2013 Super Stakes – \$613,475
 - 2013 Summer Spectacular – \$762,130

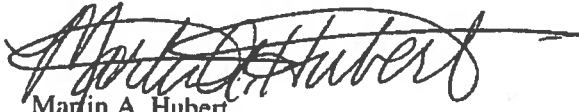
- Local match required – \$416,811
 - 2012 Futurity – \$196,714
 - 2013 Super Stakes – \$98,157
 - 2013 Summer Spectacular – \$121,941

- Total contribution to the Major Event Trust Fund established for this event – \$3,021,875
 - 2012 Futurity – \$1,426,171
 - 2013 Super Stakes – \$711,632
 - 2013 Summer Spectacular – \$884,071

Following the event, you will need to complete and submit the attendance certification form, which has been attached to this letter for your convenience.

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, at robert.wood@cpa.state.tx.us or 1-800-531-5441, ext. 3-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

cc: Robert Wood

**Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund**

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting - FUTURITY
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	December 28, 2013

The TOTAL attendance at the PRIMARY EVENT was: _____

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: _____

Source(s) and Methodology feel free to attach support information:

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: _____

Printed Name: _____

Date: _____

Send to:
Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528

**Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund**

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting – SUPER STAKES
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	May 3, 2014

The TOTAL attendance at the PRIMARY EVENT was: _____

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: _____

Source(s) and Methodology feel free to attach support information:

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor: _____

Signature: _____

Printed Name: _____

Date: _____

Send to:

Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528

**Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund**

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting – SUMMER SPECTACULAR
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	August 16, 2014

The TOTAL attendance at the PRIMARY EVENT was: _____

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: _____

Source(s) and Methodology feel free to attach support information:

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: _____

Printed Name: _____

Date: _____

Send to:

Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528



September 4, 2013

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. The City applied to host the Triple Crown of Cutting for the period of 2013-2014, 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 the Major Events Trust Fund. 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 **255 show days** and more than **\$153,111,014** 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

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

	Amounts
Show Days	64
Visitors	24,005
Visitor Days	201,380
Direct Expenditures Subject to Eligible Texas Taxes	\$37,718,436
Eligible Texas Taxes Generated by Direct Expenditures	\$2,414,541

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 several 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 **\$153,111,014**, which is a yearly average of **\$37,718,436**. 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. 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 2012 and 2013 alone, 18,298 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 2013-2014 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.

For the 2012-2013 Event year, your office recognized the Triple Crown of Cutting would result in a gain of \$4,385,321 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. 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 **\$37,718,436**, the average of the last four years of the City's agreement with the NCHA. This **\$37,718,436** 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 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. 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 Major 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.

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,

A handwritten signature in cursive script, appearing to read "Susan Alanis".

Susan Alanis
Assistant City Manager
City of Fort Worth



Susan Combs Texas Comptroller of Public Accounts

Request Worksheet to Establish an Events Trust Fund

Please submit this informational worksheet with your official request to establish an events trust fund.

This worksheet is STEP 2 in the process to establish an Event Trust Fund – Requesting that the Comptroller determine the incremental tax increase of an event. Must be received by the agency not less than 120 days prior to the event. Please submit to:

Deputy Comptroller
Comptroller of Public Accounts
111 E. 17th Street
Austin, TX 78774

SECTION 1: Endorsing Municipality or County

City of Fort Worth, Texas

Endorsing City or County

Angie Highland

City or County Contact (officer or employee available to answer any/all follow-up questions)

Angie.Highland@fortworthtexas.gov

Contact email

817-392-2521

Contact phone (area code and phone number)

Has the Endorsing City or County reviewed the event and found that it meets all eligibility requirements, as listed in VCTS 5190.14?

☒ Yes ☐ No

Has the Endorsing City or County determined that it will contribute local funding ("local match") to the Events Trust Fund, if established?

☒ Yes ☐ No

SECTION 2: Local Organizing Committee

Has the City or County authorized a Nonprofit Local Organizing Committee to enter into an agreement with the Site Selection Organization to host the event on behalf of the City or County?

☐ Yes ☒ No

If "YES," provide the following information for the LOCAL ORGANIZING COMMITTEE:

Local Organizing Committee (LOC) designated in the official request letter

Is the LOC a registered non-profit corporation?

☐ Yes ☐ No

LOC Tax Payer ID#

Complete Business Name

SECTION 2: Local Organizing Committee *(continued)*

LOC Contact Name

Contact email

Contact phone (area code and phone number)

If "NO," The City or County must directly enter into the event hosting agreement with the site selection organization.

NOTE: If your ETF request is approved, the Event Support / Event Hosting AGREEMENT will be required for submittal to receive reimbursement.

SECTION 3: Site Selection Organization

National Cutting Horse Association (NCHA)

Site Selection Organization

Jim Bret Campbell

City or County Contact (officer or employee available to answer follow-up questions – if different from above listed contacts)

jbcambell@nchacutting.com

Contact email

817-244-6188

Contact phone (area code and phone number)

The Comptroller's office reserves the right to contact the Site Selection Organization or any other organization directly related to this event.

SECTION 4: Event Information

National Cutting Horse Association Triple Crown of Cutting (Futurity, Super Stakes, Summer Spectacular)

Official Event Name

www.nchacutting.com

Event Website

November 18, 2013

First Day of Activities

August 2, 2014

End Date

SECTION 4: Event Information *(continued)*

Location of this event the previous five years:

1 Fort Worth, Texas

2 Fort Worth, Texas

3 Fort Worth, Texas

4 Fort Worth, Texas

5 Fort Worth, Texas

Source of information: _____

SECTION 5: Checklist

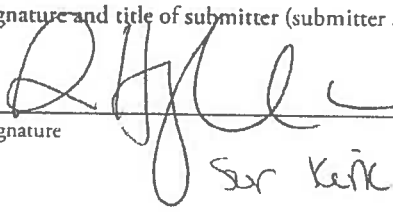
ETF Checklist of documents required to issue an Estimate of Incremental Taxes.

- ☒ ETF Request Worksheet.
- ☒ SELECTION Letter CLEARLY indicating a highly competitive selection process, and that the selection was based on an application by the endorsing city, county or local organizing committee. This selection letter should clearly indicate the selected LOC, the selected municipality, and the event date. The date must match the requested event date.
- ☒ REQUEST Letter CLEARLY indicating the municipality or county's endorsement of the event; names the LOC and the municipality or county's contact; and matches up with the Selection Letter.
- ☒ Economic information allowing the Comptroller to make a determination as to the incremental tax increase to the State of Texas.
- ☒ Affidavit signed by each endorsing city, county and/or LOC.
- ☒ Affidavit signed by party(ies) providing economic data to support this request.

You will be notified of the Estimate of Incremental Taxes following the completion of the agency's review, typically within 30 days of submission.

Signature and title of submitter (submitter should have authority to represent the Endorsing City or County as it regards this request)

Signature



Sir Kirk Slaughter

Title

Director, Public Events
City of Fort Worth



260 Bailey Avenue
Fort Worth, Texas 76107-1862
817-244-6188 Fax: 817-244-2015
www.nchacutting.com

August 29, 2013

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

Dear Ms. Alanis:

Please be advised that the National Cutting Horse Association has selected the Will Rogers Memorial Center in Fort Worth, Texas, as its host facility for the 2013 NCHA Futurity and World Finals, 2014 NCHA Super Stakes and 2014 NCHA Summer Spectacular, which make up the Triple Crown of Cutting.

While the NCHA Executive Committee and senior staff have been pleased with the results of the NCHA's agreement with the City of Fort Worth and the benefits provided by virtue of the Major Events Trust Fund, there are a growing number of sites around the country interested in hosting Triple Crown events.

As I'm sure you are aware, because of the number of out-of-state and international exhibitors, contestants and spectators drawn by the Triple Crown, there are a number of sites and cities that vie for hosting NCHA's events.

This year, we received solicitations from the Kirk Fordice Equestrian Complex in Jackson, Mississippi, the Oklahoma State Fairgrounds in Oklahoma City, Oklahoma, and the Lazy E Arena in Guthrie, Oklahoma.

Each year, NCHA reviews myriad factors in selecting the sites for these world-class events, including: size and amenities of the facility, stalling, arenas, condition and upgrades to the facility, location, weather, community support and convenience for exhibitors and spectators and makes a selection based on those factors. This year, NCHA has once again chosen Will Rogers and Fort Worth as the site of the Triple Crown events.

I look forward to working with you in making the events and Fort Worth a true western destination.

Sincerely,

A handwritten signature in black ink, which appears to read "Jim Bret Campbell". The signature is fluid and cursive, with a large loop at the beginning.

Jim Bret Campbell
Executive Director
National Cutting Horse Association



PHIL BRYANT
GOVERNOR

August 14, 2013

Jim Bret Campbell
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, Texas 76107

Re: Triple Crown Events

Dear Mr. Campbell:

Congratulations on being selected to serve as the Executive Director of the National Cutting Horse Association. I am writing to express my interest in Mississippi hosting the 2014 Triple Crown events. I understand the location will be chosen soon, and we would welcome such an opportunity.

As you are aware, Mississippi is not new to hosting the NCHA. The Eastern National is held in our Capitol city, Jackson, at the Kirk Fordice Equestrian Complex. We are experienced in hosting equine events with unmatched hospitality and have state of the art facilities. As such, Mississippi (Jackson, the Gulf Coast or Tunica) will be a prime location for the Triple Crown events.

Again, I congratulate you on your success with the National Cutting Horse Association and look forward to building Mississippi's relationship with you.

Sincerely,

Phil Bryant



Mississippi State Senate

COMMITTEE ASSIGNMENTS:

Tourism, Chairman
Corrections, Vice Chairman
Agriculture
Drug Policy
Elections
Ethics
Finance
Investigate State Offices
Municipalities

SENATOR LYDIA CHASSANIOL

14th District
Attala, Carroll, Grenada, Leflore,
Montgomery, and Tallahatchie Counties
Post Office Box 211
Winona, MS 38967
662-453-3172

August 9, 2013

Mr. Jim Bret Campbell, Executive Director
National Cutting Horse Association
Chair Selection Committee
260 Bailey Avenue
Fort Worth, TX 76107

Dear Mr. Campbell:

I am pleased to suggest Mississippi as the site of the 2014 or 2015 Triple Crown Cutting Horse Competition. As Chair of the Mississippi Senate Tourism Committee and a former 4-H Horse Club sponsor, I am well aware of the importance of the horse industry to Mississippi's tourism climate.

We are fortunate to have a thriving cutting horse community in our state and are also fortunate to have a number of arenas with the necessary hotels, restaurants and other amenities nearby to make this event enjoyable for your association members. The state capitol of Jackson has one of the nation's premier equine arenas and there are also equally fine facilities in Tunica, Hattiesburg and on the Mississippi Gulf Coast. We would welcome visits from your committee to see the types of arenas and amenities each location offers.

Our governor, Phil Bryant, has indicated his support for Mississippi hosting this event and I am certain that you will be hearing from his office as well.

Mississippi's Commissioner of Agriculture and Commerce, Cindy Hyde-Smith has frequently reminded us that agri-tourism is an important part of her office's mission for economic development.

If I may be of assistance to you or to your site selection committee members, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink that reads "Lydia Chassaniol".

Lydia Chassaniol
Tourism, Chair
Senate District 14

cc: Governor Phil Bryant
Commissioner Cindy Hyde-Smith

LAZY ARENA

August 14, 2013

Mr. Jim Bret Campbell
Executive Director
National Cutting Horse Association
206 Bailey Ave.
Fort Worth, Texas 76107

Dear Jim Bret,

I would first like to congratulate you on your new position with the National Cutting Horse Association. It seems like a great fit for both entities. Since I saw you last, I was named the new General Manager of the Lazy E Arena. I know you are familiar with the rich and storied history of the Lazy E from your time at AQHA. We are proud to note that the Lazy E has been home to many successful NCHA events in the past and I would like the opportunity for us to discuss the possibility of us bringing one or more of your Triple Crown of Cutting events to Oklahoma and the Lazy E Arena.

If you haven't been to the Lazy E in a few years, you may not be aware of the noted improvements we have made and those we have in planning. I would welcome the opportunity to host you and your team here so you could see everything first hand. In addition, I would welcome your input into additional improvements that would be attractive to you and your membership.

Please let me know if you are currently accepting proposals and when would be a convenient time to schedule a site visit.

Sincerely,



Dan L. Wall
General Manager
Lazy E Arena

Jim Bret Campbell

From: Bill Allen <BAllen@okstatefair.com>
Sent: Friday, August 16, 2013 1:51 PM
To: Jim Bret Campbell
Cc: Tim OToole
Subject: NCHA

Dear Jim Bret,

It was great visiting with you the other day and once again, congratulations on your new job. The NCHA is a great fit for you and I am confident that you will bring a lot to the table there.

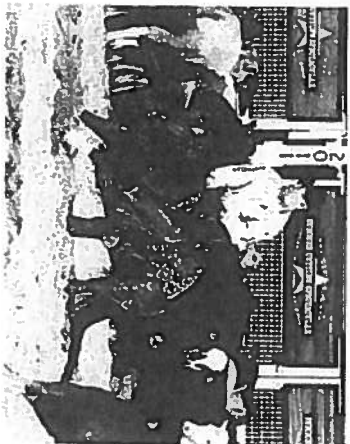
I just wanted to re-affirm our conversations that if you would ever want to formally discuss the relocation of any of the NCHA produced shows, the State Fair Park and OKC would be excited to form a partnership with you. We are just completing the new 150'x400' covered arena complete with covered cattle pens that would work great for any of your shows.

Once again, let me know if there is anything I can do to facilitate your coming home to the Fair Park. As always, look forward to seeing you soon.

Sincerely,

Bill Allen
Vice President
Fair Park
405-948-6740 office
405-520-3518 cell
ballen@okstatefair.com

CONFIDENTIALITY NOTE: This e-mail message and any attachments are intended solely for the person to which it is addressed and may contain privileged and confidential information protected by law. If you have received this communication in error, please notify the sender immediately by telephone or e-mail, destroy this message and delete any copies held in your electronic files. Unauthorized use and/or re-disclosure may subject you to penalties under applicable state and federal laws.



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 **64 "show days"** of economic activity, generating over **\$37,000,000 in real primary spending each year**. The NCHA Triple Crown of Cutting creates over **200,000 visitor days** each year to Fort Worth and generates over **\$2,400,000 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 LLC 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.



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	64
Visitors	24,005
Visitor Days	201,380
Direct Expenditures Subject to Eligible Texas Taxes	\$37,718,436
Eligible Texas Taxes Generated by Direct Expenditures	\$2,414,541



Susan Combs Texas Comptroller of Public Accounts

Affidavit to be COMPLETED by any / all City, County, and/or LOC endorsing a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

AFFIDAVIT

[Affidavit to be signed and sworn (notarized) by each Endorsing Municipality, Endorsing County, and Local Organizing Committee (if applicable)]

I, Susan Alanis, an authorized representative of: the City of Fort Worth,
a [local organizing committee (nonprofit organization), endorsing city or endorsing county] (circle one) that is receiving funding through the Major Events
Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, internal controls, pro-
cesses and procedures have been designed and implemented to help ensure that the recipient and its use of these funds complies with all applicable laws,
rules, and written guidance from the Texas Comptroller's office. I further swear and affirm that I have reviewed the information being submitted, and that all
of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and
correct to the best of my knowledge. Information provided includes but is not limited to:

- (1) a letter from the municipality or county requesting participation in the trust fund program and signed by a person authorized to bind the municipality
or county;
- (2) a letter from the site selection organization on organization letterhead selecting the site in Texas;
- (3) an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue as-
sociated with hosting the event in Texas, including a listing of any data for any related activities;
- (4) a Request Worksheet to Establish an Events Trust Fund form and any attachments; and
- (5) an Event Support Contract.

I understand that I am receiving funding under the Act for the purposes of facilitating this event: NCHA Triple Crown of Cutting

on these dates: Nov. 18-Dec. 14, 2013

March 24-April 19, 2014 July 7 - Aug. 2, 2014

I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible
withholding of disbursement funding.

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental
record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge
of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or
authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowl-
edge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to
the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

Susan Alanis
Affiant Signature
Asst. City Manager, City of Fort Worth
Title and Name of Organization

Susan Alanis
Printed Name
9/8/13
Date

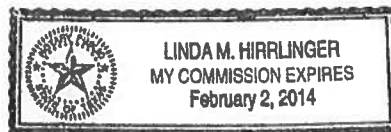
Sworn and subscribed before me by the said

Susan Alanis
(Printed Name of Recipient's Authorized Representative)

this 8 day of Sept, 2013

Notary Public, State of Texas

Notary's printed name: Linda M. Hirrlinger My commission expires: Feb 2, 2014 (Seal)





Susan Combs, Texas Comptroller of Public Accounts

Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

AFFIDAVIT

(Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase)

I, Dr. Gerald L. Grotta, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: NCHA Triple Crown of Cutting on these dates: Nov. 18-Dec. 14, 2013/March 24-April 19, 2014/ July 7-Aug 2, 2014 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

[Signature]
Affiant Signature

Gerald L. Grotta

Printed Name

President/CEO, Grotta Marketing Research, LLC
Title and Name of Organization

September 9, 2013

Date

Sworn and subscribed before me by the said

Ryan Kathleen Sims
(Printed Name of Recipient's Authorized Representative)

this 9 day of September, 2013.

Notary Public, State of Texas

Notary's printed name:

Ryan Kathleen Sims

My commission expires: 5/10/2016 (Seal)





Susan Combs Texas Comptroller of Public Accounts

Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund
AFFIDAVIT

(Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase)

I, Jim Bret Campbell, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: NCHA Triple Crown of Cutting on these dates: Nov 18-Dec 14, 2013 / March 24-April 19, 2014 and that the information will be provided by the city, county or local organizing committee as a government document July 7- Aug. 2, 2014

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

Affiant Signature

Executive Director

National Cutting Horse Association

Title and Name of Organization

Printed Name

8/29/13

Date

Sworn and subscribed before me by the said

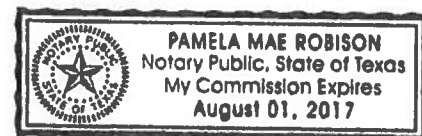
Jim Bret Campbell

(Printed Name of Recipient's Authorized Representative)

this 29th day of August, 2013.

Notary Public, State of Texas

Notary's printed name: Pamela Mae Robison My commission expires: 8-1-17 (Seal)

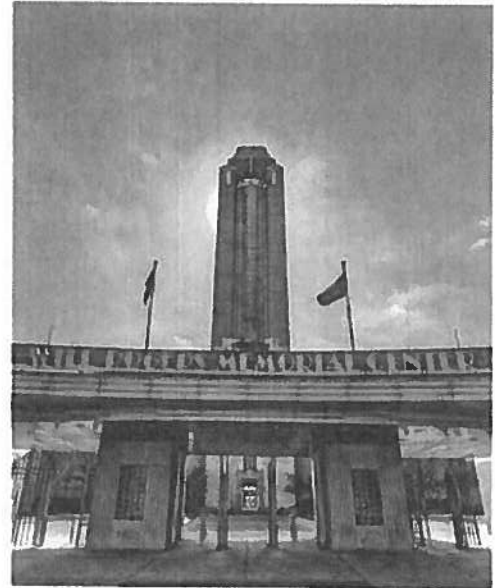




WILL ROGERS MEMORIAL CENTER

November 13, 2012

Mr. Rick Ivey
National Cutting Horse Association
260 Bailey Avenue
Fort Worth, TX 76107-1862



RE: 2012/2103 NCHA Triple Crown of Cutting

Dear Mr. Ivey:

We are delighted to learn that the National Cutting Horse Association is considering Will Rogers Memorial Center for your 2012/2013 NCHA Triple Crown of Cutting!

Will Rogers Memorial Center

Established in Fort Worth, Texas in 1936 to house events near downtown and in the Cultural District, the Will Rogers Memorial Center now attracts in excess of 2 million visitors each year. This 105-acre facility plays host to an extensive variety of social, cultural, educational, recreational and sporting events. However, major equestrian shows continue to be the primary commitment of the Center.

Each year, many annual national and international equine events are held at the Will Rogers Equestrian Center, one of the finest equestrian event facilities in the United States. The Equestrian Center features three climate controlled show arenas, a sale arena, a current capacity for over 2,500 horse stalls, multiple exercise arenas, 65 cattle pens and recreational vehicle accommodations. The heart of the facility is the historic Will Rogers Coliseum which is home for many equestrian and sporting events including the legendary Fort Worth Stock Show & Rodeo which will celebrate its' 116th Championship year in 2012.

Over 3,000 hotel rooms are accessible within 3 miles of the Center for the convenience of your staff, judges and exhibitors. The Will Rogers Memorial Center also offers a unique location set in one of the country's most heralded cultural districts including the Kimbell Art Museum, Modern Art Museum of Fort Worth, Amon Carter Museum of American Art, Fort Worth Museum of Science & History, National Cowgirl Museum and Hall of Fame and the 109-acre Fort Worth Botanic Garden.

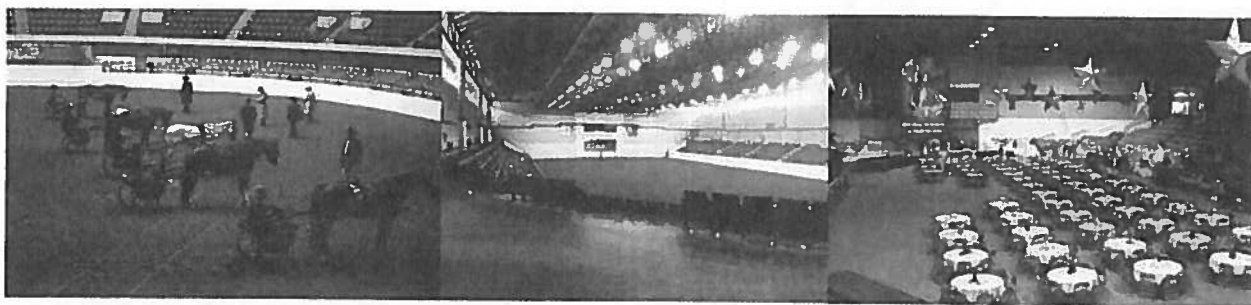
City of Cowboys and Culture

Fort Worth is a vibrant city with a unique blend of western heritage and culture assets. During the last decade, through our renovations, the redevelopment of cultural district and new hotels in the area, Fort Worth's charm and appeal has never been stronger. It will be the perfect location and backdrop for your show and exhibitors.

Facility Requirements

Climate Controlled Show Arenas:

Will Rogers Memorial Center currently has three locations available for your show arenas. In case of inclement weather, all arenas and adjacent facilities can be easily accessed via the tunnel system. Arena footing in the Will Rogers Coliseum and John Justin Arena was replaced in August of 2011 under the direction of Kiser Arena Specialists and new seats were installed in the John Justin Arena in July of 2012. Air-conditioning and/or heat is provided on all contracted days at no additional expense.



Will Rogers Coliseum (125' x 250' oval arena floor) with 5,652 permanent seats including 951 box seats. Overlooking the Coliseum floor is the infamous Backstage Club which offers a western-themed restaurant atmosphere and menu. The Backstage Club can accommodate 250-300 guests depending on the set-up.

John Justin Arena (112' x 260' arena floor) with 1,934 permanent seats

W.R. Watt Arena (100' x 200' oval arena floor) with 998 permanent seats

Exercise and Make-Up Arenas:

Equestrian Multi-Purpose Building (pictured):

- Two 100' x 200' indoor arenas on upper level

Burnett Building/Will Rogers Coliseum:

- 120' x 120' indoor arena
- 80' x 130' outdoor arena east of the Coliseum

Richardson-Bass Building/John Justin Arena:

- 60' x 120' indoor arena
- 125' x 290' outdoor arena north of the building

Moncrief Building/W.R. Watt Arena:

- 90' x 150' indoor arena

Show Arena (44' x 320')

South of the Cattle Barns: capacity for a 120' x 240' outdoor arena

Round Pens (capacity for ten 45' longeing pens adjacent to the cattle barns and Coliseum)



Stalls: Will Rogers Memorial Center will provide (519) 10' x 10' metal stalls on asphalt in the Burnett Building, (278) 10' x 10' metal stalls on asphalt in the Richardson-Bass Building, (262) 10' x 10' premium metal stalls on clay in the Moncrief Building and (740) 10' x 10' premium metal stalls in the Equestrian Multi-Purpose Building. We also have capacity for (634) 10' x 10' portable stalls in Cattle Barns 1-4 if needed. Stalls used prior to or after the dates contracted will be subject to an additional charge.

Trade Show Exhibit Space: The *Brown-Lupton Exhibit Area*, located adjacent to the *John Justin Arena*, has 10,800 square feet, and the Richardson-Bass, John Justin, Coliseum and W.R. Watt Concourse areas are available for indoor exhibit space. Additionally, the Texas Room in the Amon G Carter Jr Exhibits Hall offers 95,000 square feet for your trade show and can be subdivided in $\frac{3}{4}$, $\frac{1}{2}$ or $\frac{1}{4}$ based on your needs.

We also have in excess of 28,000 square feet located on sidewalks surrounding the three major equestrian center buildings, Richardson/Bass, Moncrief and Burnett, for outdoor exhibitors. Commercial Exhibitors or Vendor Space will be charged at \$35.00 per designated indoor space and \$100.00 per designated outdoor space. This fee does not apply to commercial exhibitors located in the Brown-Lupton Exhibit Area or the Texas Room.

Your organization will be responsible for additional expenses, such as tables, chairs, staging, security, technical personnel and other ancillary service charges, which will be based upon your exact meeting requirements. Additional information is outlined below.

Other Service Considerations

Arena Preparation/Clean Up:

For arena preparation and maintenance, you have the option of using our three tractors and implements at no charge, except for fuel usage, throughout the show or we can perform drags at \$50.00 each or even a combination of the two. You can also provide and use your own tractors and implements. Standard stall clean-up is included with shavings sales.

Any additions to the standard arena base dirt provided by the City and/or any additional temporary dirt arenas must be contracted with the current City-approved contractor at additional expense. The use of shavings in any arenas is discouraged and an additional charge will apply to return the arena footing to original condition.

Audio Visual Equipment:

Will Rogers Memorial Center will supply existing lighting and house sound with the building rental. All sound and staging equipment including available microphones, CD player, etc will be charged at the prevailing rates. Property and arena paging will be provided as requested in all contracted facilities.

Catering/Concessions:

The City of Fort Worth currently has an open catering policy. All caterers who wish to provide services for any reception, luncheon, and party or function where food or beverages are to be served and/or consumed in the licensed facilities must be approved by City at least thirty (30) days prior to any food or beverage function. The Will Rogers Memorial Center concessions services provider retains the exclusive rights regarding the service and sale of any alcoholic beverages and concession services.

In addition to the Backstage Club, we also offer a sports themed restaurant, Champions Grill, located in the northwest corner of the Moncrief Building. Both venues offer comfortable climate-controlled settings, a variety of menu options and the ability to watch show activities or current sporting events.



Backstage Club



Champions Grill

Closed Circuit Television Capabilities:

Will Rogers Memorial Center currently maintains a network of coaxial cable connecting all arenas, exhibit areas and offices.

Fort Worth Ambassador Program:

Will Rogers Memorial Center and the Fort Worth Convention & Visitors Bureau partner to provide a visitor information booth and Fort Worth Ambassadors who provide visitor information, directions on property, ice water and horse and dog treats throughout the show grounds from their "welcome wagon".



High Speed Wireless Network:

Belwave Communications and Mesh.net currently maintains wireless installations that cover Will Rogers Memorial Center; however, these providers do not have formal agreements with the City. Will Rogers Memorial Center is in the planning stage to enter into an agreement with an exclusive service provider for improved service and coverage.

Marquee:

Will Rogers Memorial Center has two marquees located on the northeast and southeast corners of the show grounds and the «Event_Description» will be featured prominently throughout the show.

R.V. Accommodations:

WRMC currently offers 104 full-service VIP spaces north of the Richardson-Bass Building with option of 30 or 50-amp service, sewer, water and trash pick-up. We also have 30-amp spaces with water and electricity as well as organized sewer removal. The current daily rates are \$30.00 per 30-amp space and \$55.00 per temporary 50-amp space plus a one-time hook-up fee; rates are subject to change. We are currently under construction for an additional 104 to be completed by August of 2012. Also, development of a new R.V. park on the south side of our facility with approximately 70 additional full service spaces is planned. All R.V. reservations are typically handled by the facility on a first come basis and a vehicle parking pass is included with all spaces.

Shavings/Stalls:

Will Rogers Memorial Center reserves the exclusive right for the sale of all shavings at the prevailing rate. Shavings may not be brought onto show grounds by your organization or any show participant. The cost of shavings includes delivery and clean-up. Licensee will be invoiced the prevailing rate (currently \$25.00 per day) per stall per day used prior to or after dates actually contracted for use of stalls.

Future Facility Improvements

There are many wonderful things happening in Fort Worth and more specifically at the Will Rogers Memorial Center Complex that will enhance the benefits and usage for all of our groups and guests.

In 2012, the new Equestrian Multi-Purpose Building was completed with 740 metal stalls, two exercise arenas and access to the tunnel system which now connects this building to all three show arenas. To continue our architectural theme of well-constructed brick buildings and public art, the west and east faces of the building will feature equestrian-themed mosaic tile murals by artist, Mike Mandel.

In addition to the R.V. enhancements, the City of Fort Worth has also begun the design process to expand the tradeshow and meeting/banquet space in the Richardson-Bass Building. Exact specifications have not been finalized; however, improved accommodations for judges, staff, VIPs and vendors are planned.

We are also exploring the design of a new 140' x 290' covered structure for the outdoor arena on the north side of the Richardson-Bass Building to allow more year-round usage of the arena. Both projects, if approved, will be completed in 2013.

We are delighted about the opportunity to host this prestigious equestrian event! Please do not hesitate to contact us should you have any questions or need any additional information or assistance.

Please feel free to contact me at 817 392 8160 or by email at david.reeves@fortworthgov.org should you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to be 'DR' with a long horizontal stroke extending to the right.

David Reeves
Sales Manager

From: [Jennifer Paris](#)
To: [TJ Costello](#)
Subject: NCHA update - virus
Date: Monday, June 09, 2014 4:13:32 PM
Importance: High

<http://nchanews.com/>

REF: Summer Spec starts 7/7

NCHA News

National Cutting Horse Association updates

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VS detected in Texas

Posted on [June 4, 2014](#) by [admin](#)

Five horses with vesicular stomatitis have been detected in far southwest Texas, and cutters should be aware of the resulting travel restrictions and veterinary precautions. The USDA Animal and Plant Inspection Service confirmed the [infection of the five horses](#).

VS can cause blisters and sores in the mouth and on the tongue, muzzle, teats or hooves of horses, cattle, swine, sheep, goats, llamas and a number of other animals. Lesions usually heal in two or three weeks. Because of the contagious nature of VS and its resemblance to other diseases such as foot and mouth disease (FMD), animal health officials urge livestock owners and caretakers to report these symptoms to their veterinarian immediately. Most animals recover well with supportive care by a veterinarian, but some lesions can be painful.

The Texas Animal Health Commission updates [advisories about travel restrictions](#) to other states, but advises that you contact the state of destination for the latest information. At the time of this posting, California, Florida, Idaho, Illinois, Kentucky, Michigan, Montana, Nebraska, New York, North Carolina, North Dakota, Oklahoma, South Carolina, Vermont, Canada, and the European Union were listed on the [TAHC website](#). This list is subject to change.

Take special note of the Calgary Stampede's website for updates regarding the Mercuria NCHA World Series of Cutting.

Interview with Texas State Veterinarian Dee Ellis.

Posted in News, World Series of Cutting

Jennifer Paris
Senior Analyst
Fiscal Management Division
Texas Comptroller of Public Accounts
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August 17, 2012

NATIONAL CUTTING HORSE ASSOCIATION
260 BAILEY AVE
FORT WORTH, TX 76107-1862

According to the records of the Comptroller of Public Accounts, the following exemption from Texas taxes applies to the above organization:

Franchise tax, as of 01-01-1969

The organization is not exempt from Texas sales and use tax or hotel occupancy tax.

A Certificate of Account Status is available at
www.window.state.tx.us/taxinfo/coasintr.html.

Texas taxpayer identification number: 17509788083

This exemption verification does not mean that the organization holds a permit for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication Exempt Organizations - Sales and Purchases (96-122). Online registration is available. For information concerning sales taxpayer permit status, please use the vendor search we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from Business and Nonprofit Forms page of the Secretary of State's Website. Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the Foreign or Out-of-State Entities page on the Secretary of State's Website.

Our publications and other helpful information are available on our website. If you need more information, write to us at exempt.orgs@cpa.state.tx.us, or call us at (800) 252-5555.

An Analysis of the
Economic Impact of
**National Cutting Horse Association
2012 World Championship Futurity**



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

February 2013

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

Survey Findings

The Bottom Line . . .

21 days *of the 2012 National Cutting Horse Association World Championship Futurity*

6,864 *visitors*

64,757 *visitor days*

\$11,852,552 *direct expenditures subject to eligible Texas taxes*

\$763,090 *eligible State Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$763,090.

The Numbers . . .

The NCHA 2012 World Championship Futurity November 25-December 15 generated Texas State Tax revenues eligible under the Major Events Trust Fund conservatively estimated at \$763,090 based on projected total eligible direct expenditures of \$11,852,552.

Attendance at the 2012 Futurity declined from 2011 when the NCHA celebrated the Futurity's 50th anniversary. The 2011 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.

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 people came to the Futurity from other states and countries.

Reported expenditures also declined because the office of the Texas Comptroller of Public Accounts has determined that several large purchases are not eligible under the Major Events Trust Fund, including horse trailers, trucks, and barns.

These expenditures were included in the 2011 Futurity report but were deducted from the amount approved by the Comptroller's office. The expenditures in this report conform to the guidelines.

Estimated daily attendance during the 21-day show, based on the number of entries competing each day of the show, is summarized as follows:

2012 NCHA Futurity and World Finals Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	Number of Judges and Monitors	Number of Show Staff, NCHA Officials	Unduplicated Number of People In Competitor Groups	Sales Staff	Net Unduplicated People in Horse Sale Groups	Unduplicated People in Vendor Groups	Spectators	Totals
Unduplicated Individuals			37	84	2,844	58	2,174	346	1,446	6,989
Fri., Nov. 23 Move In			0	7		2				9
Sat., Nov. 24 Move In			1	19		2				22
Sun., Nov. 25	112	4.4%	8	46	1,973	3	439	287	146	2,903
Mon., Nov. 26	113	4.4%	8	46	1,991	3	443	290	147	2,928
Tue., Nov. 27	105	4.1%	8	46	1,850	3	412	269	137	2,725
Wed., Nov. 28	105	4.1%	8	46	1,850	3	412	269	137	2,725
Thu., Nov. 29	105	4.1%	8	46	1,850	3	412	269	137	2,725
Fri., Nov. 30	120	4.7%	15	46	2,114	3	471	308	156	3,113
Sat., Dec. 1	150	5.9%	15	46	2,643	3	589	385	196	3,875
Sun, Dec. 2	135	5.3%	8	46	2,378	3	530	346	176	3,487
Mon., Dec. 3	121	4.7%	8	46	2,132	12	475	310	158	3,140
Tue., Dec. 4	135	5.3%	8	46	2,378	10	530	346	176	3,494
Wed., Dec. 5	176	6.9%	15	46	3,101	11	691	451	230	4,544
Thu., Dec. 6	206	8.1%	20	46	3,629	17	808	528	269	5,317
Fri., Dec. 7	144	5.6%	18	46	2,537	17	565	369	188	3,740
Sat., Dec. 8	191	7.5%	20	46	3,365	17	749	490	249	4,936
Sun., Dec. 9	113	4.4%	8	46	1,991	22	443	290	147	2,947
Mon., Dec. 10	120	4.7%	8	46	2,114	56	471	308	156	3,159
Tue., Dec. 11	82	3.2%	8	46	1,445	56	322	210	107	2,194
Wed., Dec. 12	146	5.7%	8	46	2,572	58	573	374	190	3,822
Thu., Dec. 13	64	2.5%	8	46	1,127	58	251	164	83	1,738
Fri., Dec. 14	76	3.0%	8	46	1,339	57	298	195	99	2,042
Sat., Dec. 15	30	1.2%	8	46	529	56	118	77	39	872
Sun., Dec. 16 Move out			1	19		7				27
Totals	2,549	100.0%	225	1,011	44,905	482	10,002	6,536	3,324	66,485

The total number of people each day is higher than the 64,757 reported on the preceding page because the NCHA staff members and Bloodstock Horse Sale staff members were not included in the projections of expenditures during the Futurity.

The projections in this report are based on a survey of 400 randomly selected adults attending the 2012 World Championship Futurity, 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 a day or two and did not make any purchases.

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

A projected 6,864 individuals attended the 2012 NCHA Futurity.

Table 1. People Attending 2012 NCHA Futurity

	Groups in Segment	Average People in Group	Totals
Contestants	955	3.02	2,884
Horse sale participants	1,208	1.80	2,174
Vendors	173	2.00	346
Out-of-state spectators	92	1.75	161
Total eligible	2,428		5,566
Texas spectators	662	1.96	1,298
Grand totals	3,090		6,864

This translates into 64,757 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2012 NCHA Futurity

	People in Segment	Average Days at Show	Totals
Contestants	2,884	15.57	44,905
Horse sale participants	2,174	4.60	10,002
Vendors	346	18.89	6,536
Out-of-state spectators	161	2.92	470
Total eligible	5,566		61,914
Texas spectators	1,298	2.19	2,843
Grand totals	6,864		64,757

The 2,483 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 spectators 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 Spending per Day	Total	Minus Assumed 20% Gratuity
Contestants	44,905	\$49.48	\$2,221,921	\$1,777,537
Horse sale participants	10,002	\$71.00	\$710,159	\$568,127
Vendors	6,536	\$17.50	\$114,379	\$91,503
Out-of-state spectators	470	\$35.83	\$16,844	\$13,476
Total eligible	61,914		\$3,063,303	\$2,450,643
Texas spectators	2,843	\$13.03	\$37,039	\$29,631
Grand total	64,757		\$3,100,343	\$2,480,274

Respondents also were asked how much their groups 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
Competitors	955	15.57	14,869	57.9%	8,609	\$28.39	\$244,420	\$195,536
Horse sale	1208	4.6	5,557	60.0%	3,334	\$11.67	\$38,909	\$31,127
Vendors	173	18.89	3,268	8.3%	271	\$8.33	\$2,259	\$1,808
Out-of-State spectators	92	2.92	269	66.7%	179	\$10.63	\$1,905	\$1,524
Total eligible	2,428		23,963		12,394		\$287,492	\$229,994
Texas Spectators	662	2.19	1,450	26.7%	387	\$13.26	\$5,133	\$4,106
Total	3,090		25,413		12,781		\$292,625	\$234,100

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 Hotels	Average Nights	Average Rooms	Room Nights	Rate	Total Cost
Exhibitors	955	44.1%	421	16.22	2.20	15,028	\$117.25	\$1,762,091
Horse sale participants	1,208	60.0%	725	5.33	1.00	3,863	\$116.67	\$450,718
Vendors	173	27.8%	48	19.60	1.50	1,414	\$84.90	\$120,046
Out-of-state spectators	92	83.3%	77	3.50	1.00	268	\$107.40	\$28,807
Total Eligible	2,428		1,271			20,574		\$2,361,662
Texas spectators	662	7.0%	46	2.67	1.00	124	\$96.35	\$11,921
Grand total	3,090		1,317			20,698		\$2,373,583

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 Western wear 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 2,428 distinct household purchasing units (excluding the 622 spectator 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 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.

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

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	955	1,208	173	92	2,428	682
<i>Western Wear, Boots, Other Clothing</i>	84.1%	70.0%	33.3%	83.3%		54.7%
Number Purchasing	803	846	58	77	1,783	382
Average Expenditure	\$792	\$667	\$201	\$280		\$277
Total Expenditures	\$636,099	\$564,016	\$11,579	\$21,458	\$1,233,151	\$100,306
<i>Jewelry</i>	54.1%	40.0%	8.3%	41.7%		31.4%
Number Purchasing	517	483	14	38	1,053	208
Average Expenditure	\$499	\$400	\$63	\$54		\$187
Total Expenditures	\$267,811	\$193,280	\$906	\$2,072	\$454,067	\$38,871
<i>Paints, Crafts</i>	15.8%	20.0%	0.0%	12.5%		7.0%
Number Purchasing	151	242		12	404	46
Average Expenditure	\$415	\$500		\$50		\$153
Total Expenditures	\$62,619	\$120,800	\$0	\$575	\$183,994	\$7,090
<i>Souvenirs</i>	37.4%	30.0%	0.0%	62.5%		9.9%
Number Purchasing	357	362		58	777	68
Average Expenditure	\$182	\$75		\$62		\$63
Total Expenditures	\$66,005	\$27,180	\$0	\$3,565	\$96,750	\$4,129
<i>Saddles</i>	28.0%	40.0%	2.8%	8.3%		2.3%
Number Purchasing	267	483	5	8	763	15
Average Expenditure	\$4,563	\$2,500	\$3,500	\$3,500		\$2,350
Total Expenditures	\$1,220,146	\$1,208,000	\$16,954	\$26,726	\$2,471,826	\$36,781
<i>Other Tack</i>	62.3%	30.0%	11.1%	54.2%		10.5%
Number Purchasing	595	362	19	50	298	70
Average Expenditure	\$761	\$1,500	\$408	\$238		\$340
Total Expenditures	\$452,768	\$543,600	\$7,835	\$11,868	\$1,016,071	\$23,633
<i>Photos, Videos</i>	59.1%	0.0%	0.0%	0.0%		0.0%
Number Purchasing	564					
Average Expenditure	\$218					
Total Expenditures	\$123,040				\$123,040	
<i>Wine/Beer/Alcohol in Store</i>	10.3%	0.0%	5.6%	0.0%		0.0%
Number Purchasing	98		10		108	
Average Expenditure	\$83		\$23			
Total Expenditures	\$8,164		\$223		\$8,387	
<i>Other Taxable Items</i>	47.5%	40.0%	44.4%	58.3%		7.0%
Number Purchasing	454	483	77	54	1,067	48
Average Expenditure	\$428	\$200	\$342	\$389		\$151
Total Expenditures	\$194,152	\$96,640	\$26,270	\$20,864	\$337,926	\$6,997
<i>Rental car</i>	13.8%	40.0%	11.1%	33.3%		1.2%
Number renting	132	483	19	31		
Average rental	\$461	\$355	\$368	\$150		
Total Expenditures	\$60,755	\$171,536	\$7,067	\$4,595	\$243,953	\$0
Total All Expenditures	\$3,080,560	\$2,925,051	\$70,832	\$91,723	\$6,168,166	\$216,808

The total eligible Texas taxes generated during the 2012 NCHA World Championship Futurity are summarized in Table 7.

Table 7. Total Eligible Taxes from Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$1,233,151	6.25%	1.00%	\$77,072	\$12,332
Jewelry, belts, accessories	\$454,067	6.25%	1.00%	\$28,379	\$4,541
Paintings and crafts	\$183,994	6.25%	1.00%	\$11,500	\$1,840
Souvenirs	\$95,750	6.25%	1.00%	\$5,984	\$958
Saddles	\$2,471,826	6.25%	1.00%	\$154,489	\$24,718
Other tack	\$1,016,071	6.25%	1.00%	\$63,504	\$10,161
Videos & photographs	\$123,040	6.25%	1.00%	\$7,690	\$1,230
Wine, beer & liquor from store	\$8,378	6.25%	1.00%	\$524	\$84
Other items subject to sales tax	\$337,926	6.25%	1.00%	\$21,120	\$3,379
Car rental	\$242,353	10.00%	1.00%	\$24,235	\$2,424
Food/meals (excluding drinks)	\$2,450,643	6.25%	1.00%	\$153,165	\$24,506
Alcoholic drinks with meals	\$229,994	11.00%	1.50%	\$25,299	\$3,450
Hotel and motel expenditures	\$2,361,662	6.00%	9.00%	\$141,700	\$212,550
NCHA Expenses					
Advertising/Marketing/Promotion	\$262,761	6.25%	1.00%	\$16,423	\$2,628
Hotel and motel expenditures	\$11,881	6.00%	9.00%	\$713	\$1,069
Awards	\$219,363	10.00%	1.00%	\$21,936	\$2,194
Meals	\$14,253	6.25%	1.00%	\$891	\$143
Cattle handler local expenses	\$23,576	6.25%	1.00%	\$1,474	\$236
Printing supplies/tickets/signage	\$24,787	6.25%	1.00%	\$1,549	\$248
Parties	\$46,749	6.25%	1.00%	\$2,922	\$467
Other NCHA show expenditures	\$40,327	6.25%	1.00%	\$2,520	\$403
Total eligible expenditures	\$11,852,552			\$763,090	\$309,559
Eligible Texas Tax generated	\$763,090				
Fort Worth City General Fund	\$309,559				

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 2012 NCHA World Championship Futurity are members of NCHA and about nine out of 10 own horses.

Table 8. NCHA Membership

	Contestants	Horse Sale	Vendors	Spectators
Live in Texas	51.4%	20.0%	80.6%	87.8%
Live Outside of Texas	46.2%	80.0%	19.4%	12.2%
Live in Other Countries	2.4%	0.0%	0.0%	0.0%

Most of the people who attended the Futurity own horses.

Table 9. Horse Ownership

	Competitors	Horse Sale	Vendors	Spectators
NCHA member	85.3%	60.0%	16.7%	12.2%
Own horses	87.7%	100.0%	25.0%	39.8%

Additional Economic Benefits

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 random interviews were conducted during the 2012 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, LLC and Professor Emeritus at Texas Christian University.

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.
- ❖ 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 spectators – 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 spectators.
- ❖ 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 spectators. An estimate of the number of spectators 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 spectators (Sp %)

Calculated:

Number of spectators (Sp #)

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

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

Solve for Sp #

Known: 955 Contestants (Co) + 1,208 Sales (Sa) + 173 Vendors (Ve) = 2,336 Co+Sa+Ve

Determined by survey: 75.6% Contestants + Sales + Vendors and 24.4% Spectators

Unknown Attendance: Spectators (Sp #)

$Sp \# : 24.4\% :: 2,336 : 75.6\%$

$Sp \# * 75.6\% = 2,336 * 24.4\%$

$Sp \# * 75.6\% = 570$

$Sp \# = 754$ projected spectator respondent units

12.2% of spectators are from outside of Texas, or 92 spectators

87.8% of spectators are from Texas, or 662 spectators

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 spectators 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 2012 World Championship Futurity

1) Date

- | | | | |
|-----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| <input type="radio"/> November 25 | <input type="radio"/> December 1 | <input type="radio"/> December 7 | <input type="radio"/> December 13 |
| <input type="radio"/> November 26 | <input type="radio"/> December 2 | <input type="radio"/> December 8 | <input type="radio"/> December 14 |
| <input type="radio"/> November 27 | <input type="radio"/> December 3 | <input type="radio"/> December 9 | <input type="radio"/> December 15 |
| <input type="radio"/> November 28 | <input type="radio"/> December 4 | <input type="radio"/> December 10 | |
| <input type="radio"/> November 29 | <input type="radio"/> December 5 | <input type="radio"/> December 11 | |
| <input type="radio"/> November 30 | <input type="radio"/> December 6 | <input type="radio"/> December 12 | |

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?
(Read List)

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

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

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, either here at the show or anywhere else in Fort Worth..

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) 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) Are you renting a golf cart?

☐ Yes ☐ No ☐ Not sure

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

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 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 | |

50) 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 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
- Calderma
- 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 D2

An Analysis of the
Economic Impact of the
**National Cutting Horse Association
2013 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 2013

Survey Findings

The Bottom Line . . .

24 days *of the 2013 National Cutting Horse Association Super Stakes*

5,894 *visitors*

51,523 *visitor days*

\$5,817,690 *direct expenditures subject to eligible Texas State taxes*

\$375,984 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$375,984.

The Numbers . . .

The 2013 National Cutting Horse Association Super Stakes (March 28-April 20) generated Texas State Sales Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$375,984 based on projected total eligible direct expenditures of \$5,817,690.

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 24-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 total number of people each day is higher than the 51,593 reported on the preceding page because the NCHA staff members and Bloodstock Horse Sale staff members were not included in the projections.

2013 NCHA Super Stakes Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	Show Staff	Judge Staff	Unduplicated Competitors	Sales Staff	Net Unduplicated Buyers & Sellers (Remove Competitors)	Vendors	Visitors	Totals
Unduplicated Individuals			71	12	2,904	47	1,775	181	1,033	6,023
Total Individual Days			1,065	195	41,581	81	3,799	3,947	2,197	52,865
Tues., March 26 Move in			7	1						8
Wed., March 27 Move in			7	1						8
Thurs., March 28	105	4.4%	43	8	1,842		168	175	97	2,334
Fri., March 29	93	3.9%	43	8	1,632		149	155	86	2,073
Sat., March 30	120	5.1%	43	8	2,105		192	200	111	2,660
Sun., March 31	60	2.5%	43	8	1,053		96	100	56	1,355
Mon., April 1	90	3.8%	43	8	1,579		144	150	83	2,008
Tues., April 2	85	3.6%	43	8	1,491		136	142	79	1,899
Wed., April 3	89	3.8%	43	8	1,561		143	148	83	1,986
Thurs., April 4	136	5.7%	43	8	2,386		218	226	126	3,008
Fri., April 5	137	5.8%	43	8	2,404		220	228	127	3,029
Sat., April 6	95	4.0%	43	8	1,667		152	158	88	2,116
Sun., April 7	108	4.6%	43	8	1,895		173	180	100	2,399
Mon., April 8	122	5.1%	43	8	2,140		196	203	113	2,703
Tues., April 9	95	4.0%	43	8	1,667		152	158	88	2,116
Wed., April 10	120	5.1%	43	8	2,105		192	200	111	2,660
Thurs., April 11	111	4.7%	43	8	1,947		178	185	103	2,464
Fri., April 12	106	4.5%	43	8	1,860		170	177	98	2,355
Sat., April 13	103	4.3%	43	8	1,807		165	172	95	2,290
Sun., April 14	90	3.8%	43	8	1,579		144	150	83	2,008
Mon., April 15	90	3.8%	43	8	1,579		144	150	83	2,008
Tues., April 16	84	3.5%	43	8	1,474	2	135	140	78	1,879
Wed., April 17	121	5.1%	43	8	2,123	7	194	202	112	2,689
Thurs., April 18	87	3.7%	43	8	1,526	7	139	145	81	1,949
Fri., April 19	79	3.3%	43	8	1,386	18	127	132	73	1,786
Sat., April 20	44	1.9%	43	8	772	47	71	73	41	1,055
Sun., April 21 Move out			19	1						20
Totals	2,370	100.0%	1,065	195	41,581	81	3,799	3,947	2,197	52,865

A projected 5,894 individuals attended the 2013 NCHA Super Stakes. (See Table 1) They came from 36 states, Australia and Canada.

Table 1. People Attending 2013 Super Stakes

	Groups in Segment	Average People in Group	Totals
Contestants	698	4.16	2,904
Horse sale participants	660	2.69	1,775
Vendors	85	2.13	181
Out-of-state spectators	23	3.8	87
Total eligible	1,466		4,948
Texas spectators	396	2.39	946
Grand totals	1,862		5,894

This translates into 51,523 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2013 NCHA Super Stakes

	People in Segment	Average Days at Show	Totals
Contestants	2,904	14.32	41,581
Horse sale participants	1,775	2.14	3,799
Vendors	181	21.80	3,947
Out-of-state spectators	87	1.20	105
Total eligible	4,948		49,432
Texas spectators	946	2.21	2,091
Grand totals	5,894		51,523

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 spectators 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 spectators	2,415	\$57.92	\$139,901	\$111,921
Total eligible	48,170		\$2,887,909	\$2,310,327
Texas spectators	4,439	\$33.33	\$147,942	\$118,354
Grand totals	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	698	14.32	9,995	60.5%	6,047	\$23.40	\$141,504	\$113,203
Horse sale participants	660	2.14	1,412	37.9%	535	\$32.27	\$17,274	\$13,819
Vendors	85	21.8	1,853	0.0%	-	\$0.00	\$0	\$0
Out-of-state spectators	23	1.2	28	40.0%	11	\$22.50	\$248	\$199
Total eligible	1,466		13,288		6,594		\$159,027	\$127,221
Texas spectators	396	2.21	875	11.8%	103	\$12.50	\$1,291	\$1,033
Grand totals	1,862		14,164		6,697		\$160,318	\$128,254

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	Average Nights	Average Rooms	Room Nights	Rate	Cost
Exhibitors	698	38.7%	270	18.35	1.58	7,832	\$116.19	\$909,973
Horse sale participants	660	55.2%	364	3.69	1.00	1,344	\$114.56	\$154,008
Vendors	85	20.0%	17	21.00	1.67	596	\$81.67	\$48,691
Out-of-state spectators	23	80.0%	18	3.00	1.25	69	\$128.75	\$8,884
Eligible totals	1,466		670			9,841		\$1,121,555
Texas spectators	396	2.4%	10	3.00	1.00	29	\$135.00	\$3,849
Grand totals	1,862		679			9,870		\$1,125,404

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 24-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, this was counted as 50%. At no time did the interviewer prompt responses. Only volunteered responses were 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 eligible segment and then combined for the totals. (Table 6)

Table 6. Eligible Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Spectators	Total Eligible	Texas Spectators
Units/Groups	698	660	85	23	1,466	396
<i>Western Wear, Boots, Other Clothing</i>	81.8%	44.9%	20.0%	70.0%		21.8%
Number Purchasing	571	296	17	16	900	86
Average Expenditure	\$862	\$533	\$133	\$313		\$124
Total Expenditures	\$492,171	\$157,949	\$2,261	\$5,039	\$657,420	\$10,705
<i>Jewelry, Belts, Accessories</i>	52.9%	15.5%	0.0%	70.0%		17.1%
Number Purchasing	369	102		16	488	68
Average Expenditure	\$229	\$231		\$100		\$95
Total Expenditures	\$84,556	\$23,631		\$1,610	\$109,798	\$6,433
<i>Paintings, Crafts</i>	13.4%	0.0%	0.0%	20.0%		4.7%
Number Purchasing	94	0		5	98	19
Average Expenditure	\$96	\$0		\$50		\$42
Total Expenditures	\$8,979	\$0		\$230	\$9,209	\$782
<i>Souvenirs</i>	50.0%	3.4%	0.0%	40.0%		10.6%
Number Purchasing	349	22		9	381	42
Average Expenditure	\$305	\$100		\$110		\$27
Total Expenditures	\$106,445	\$2,244		\$1,012	\$109,701	\$1,133
<i>Saddles</i>	10.4%	10.3%	0.0%	0.0%		2.1%
Number Purchasing	73	68			141	8
Average Expenditure	\$1,619	\$1,700				\$1,500
Total Expenditures	\$117,526	\$115,566			\$233,092	\$12,474
<i>Other Tack</i>	52.3%	44.8%	0.0%	0.0%		1.2%
Number Purchasing	365	296			298	5
Average Expenditure	\$818	\$704				\$100
Total Expenditures	\$298,614	\$208,159			\$506,773	\$475
<i>Photos, Videos</i>	32.2%	3.4%	0.0%	0.0%		0.0%
Number Purchasing	225	22				
Average Expenditure	\$136	\$100				
Total Expenditures	\$30,567	\$2,244			\$32,811	\$35,055
<i>Wine/Beer/Alcohol in Store</i>	7.7%	0.0%	0.0%	0.0%		0.0%
Number Purchasing	54	0			54	
Average Expenditure	\$124	\$50				
Total Expenditures	\$6,665	\$0			\$6,665	\$6,665

(Continued)

Table 6. Eligible Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Spectators	Total Eligible	Texas Spectators
<i>Other Taxable Items</i>	32.2%	6.9%	1.3%	0.0%		2.4%
Number Purchasing	225	46	1		271	10
Average Expenditure	\$562	\$60	\$175			\$30
Total Expenditures	\$126,313	\$2,732	\$198		\$129,243	\$285
<i>Rental car</i>	14.1%	13.8%	0.0%	40.0%		0.0%
Number renting	98	91		9		
Average rental	\$394	\$113		\$275		
Total Expenditures	\$38,777	\$10,292		\$2,530	\$51,599	\$0
<i>Rent golf cart</i>	1.0%	0.0%	0.0%	0.0%		0.0%
Number renting	7					
Average rental	\$450					
Total expenditures	\$3,141					
Total All Expenditures	\$1,310,613	\$522,818	\$2,459	\$10,421	\$1,846,311	\$74,006

Using these parameters, Table 7 summarizes direct expenditures eligible under the Event Trust Fund.

Table 7. Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$657,420	6.25%	1.00%	\$41,089	\$6,574
Jewelry, belts, accessories	\$109,798	6.25%	1.00%	\$6,862	\$1,098
Paintings and crafts	\$9,209	6.25%	1.00%	\$576	\$92
Souvenirs	\$109,701	6.25%	1.00%	\$6,856	\$1,097
Videos and photographs	\$89,556	6.25%	1.00%	\$5,597	\$896
Saddles	\$233,092	6.25%	1.00%	\$14,568	\$2,331
Other tack	\$506,773	6.25%	1.00%	\$31,673	\$5,068
Food/meals (excluding drinks)	\$2,310,327	6.25%	1.00%	\$144,395	\$23,103
Alcoholic drinks with meals	\$127,221	11.00%	1.50%	\$13,994	\$1,908
Wine, beer and liquor from store	\$6,665	6.25%	1.00%	\$417	\$67
Hotel and motel expenditures	\$1,121,555	6.00%	9.00%	\$67,293	\$100,940
Car rental	\$157,328	10.00%	1.00%	\$15,733	\$1,573
Golf cart rental	\$3,141				
Other items subject to sales tax	\$129,243	6.25%	1.00%	\$8,078	\$1,292
NCHA hotel and motel expenditures	\$51,599	6.00%	9.00%	\$3,096	\$4,644
NCHA awards	\$95,056	10.00%	1.00%	\$9,506	\$951
NCHA meals	\$12,408	6.25%	1.00%	\$776	\$124
Other NCHA show expenditures	\$87,598	6.25%	1.00%	\$5,475	\$876
Total eligible expenditures	\$5,817,690			\$375,984	\$152,634
Eligible Texas Tax generated	\$375,984				
Fort Worth City General Fund	\$152,634				

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, \$152,634, in tax revenues were generated for the 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 2013 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, LLC and Associate Professor Emeritus at Texas Christian University where he taught 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.
- ❖ 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.
- ❖ 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 spectators (Sp %)

Calculated:

Number of Spectators (Sp #)

Sp # : Sp % :: Co+Sa+Ve # : Co+Sa+Ve %

Sp # times Co+Sa+Ve % = Sp % times Co+Sa+Ve #

Solve for Sp#

Known: 698 Contestants (Co) + 660 Horse Sale(Sa) + 82 Vendors (Ve) = 1,440 Co+Sa+Ve

Determined by survey: 77.4% contestants/horse sale/vendors; 22.6% spectators

Unknown Attendance: Spectators (Sp)

Sp # : 22.6% :: 1,443 : 77.4%

Sp # * 77.4% = 1,443 * 22.6%

Sp # * 77.4% = 326

Sp# = 326 ÷ 77.4%

Sp# = 419 projected visitor respondent units

5.6% of the spectator groups were from outside of Texas, for a total of 23.

94.4% of the spectator groups were from Texas, for a total of 396.

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.

Grotta Marketing Research, LLC

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 journalism with an emphasis 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 Van Cliburn International Piano Competition
- 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
- American Brahman Breeders Association

Media:

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

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 Questionnaire

NCHA 2013 Super Stakes

Questionnaire # _____ (1-4)

1. Date

[REQUIRE ANSWER]

(5-6)

- ☐ ₀₁ March 28
- ☐ ₀₂ March 29
- ☐ ₀₃ March 30
- ☐ ₀₄ March 31
- ☐ ₀₅ April 1
- ☐ ₀₆ April 2
- ☐ ₀₇ April 3
- ☐ ₀₈ April 4
- ☐ ₀₉ April 5
- ☐ ₁₀ April 6
- ☐ ₁₁ April 7
- ☐ ₁₂ April 8

- ☐ ₁₃ April 9
- ☐ ₁₄ April 10
- ☐ ₁₅ April 11
- ☐ ₁₆ April 12
- ☐ ₁₇ April 13
- ☐ ₁₈ April 14
- ☐ ₁₉ April 15
- ☐ ₂₀ April 16
- ☐ ₂₁ April 17
- ☐ ₂₂ April 18
- ☐ ₂₃ April 19
- ☐ ₂₄ April 20

2. Time

[REQUIRE ANSWER]

(7-8)

- ☐ ₀₁ Morning
- ☐ ₀₂ Afternoon

- ☐ ₀₃ Evening

3. Location

[REQUIRE ANSWER]

(9-10)

- ☐ ₀₁ Coliseum
- ☐ ₀₂ Amon Carter Exhibits

- ☐ ₀₃ W. R. Watt Arena
- ☐ ₀₄ John Justin Arena

4. Gender

[REQUIRE ANSWER]

(11-12)

- ☐ ₀₁ Male

- ☐ ₀₂ Female

5. 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.

6. First, which of the following best describes your main reason for coming to the Super Stakes? (*Read List*)

[REQUIRE ANSWER]

{13}

- ☐ 1 Competing in an event
- ☐ 2 Own horse in an event but not reading
- ☐ 3 Family member competing in an event
- ☐ 4 Friend or employer competing
- ☐ 5 Trainer not riding in an event
- ☐ 6 Buying or selling horses
- ☐ 7 Vendor
- ☐ 8 Spectator

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

[REQUIRE ANSWER]

People _____ (16-17)

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

[REQUIRE ANSWER]

{18-19}

- ☐ 01 Yes
- ☐ 02 No

☐ 03 Not sure

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 10]

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

Average here _____ (20-21)

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 place in Fort Worth?

Spend on food (22-24)

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

[REQUIRE ANSWER]

(25-27)

☐₀₀₁ Yes

☐₀₀₃ Not sure

☐₀₀₂ No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 13]

12. About how much will your party spend each day on alcoholic drinks with your meals?

Spend drinks (28-30)

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

14. Western wear, boots, or other clothing?

(31)

☐₁ Yes

☐₃ Not sure

☐₂ No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 16]

15. How much will your group spend on western wear, boots of other clothing?

Spend clothing (32-36)

16. Jewelry, belts, or other accessories?

(37)

- ☐₁ Yes
☐₂ No

☐₃ Not sure

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 18]

17. How much will your group spend on jewelry, belts, or other accessories?

..... (38-42)

18. Paintings and crafts?

[REQUIRE ANSWER]

(43)

- ☐₁ Yes
☐₂ No

☐₃ Not sure

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 20]

19. How much will your group spend on paintings and crafts?

[REQUIRE ANSWER]

Spend paintings and crafts (49-53)

20. Souvenirs

[REQUIRE ANSWER]

(54)

- ☐₁ Yes
☐₂ No

☐₃ Not sure

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 22]

21. How much will your group spend on souvenirs?

Spend souvenirs (55-59)

22. Saddles?

[REQUIRE ANSWER]

(60)

☐ 1 Yes☐ 3 Not sure☐ 2 No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 24]

23. How much will your group spend on saddles?

Spend saddles (61-65)

24. All other tack?

[REQUIRE ANSWER]

(71)

☐ 1 Yes☐ 3 Not sure☐ 2 No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 26]

25. How much will your group spend on all other tack?

Spend other tack (72-76)

26. Photos and videos?

[REQUIRE ANSWER]

(77)

☐ 1 Yes☐ 3 Not sure☐ 2 No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 28]

27. How much will your group spend on photos and videos?

Spend on photos and videos (78-82)

28. Alcoholic beverages at a store?

[REQUIRE ANSWER]

(83)

☐ ₁ Yes

☐ ₃ Not sure

☐ ₂ No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 30]

29. How much will your group spend on alcoholic beverages from a store?

Spend on alcoholic beverages (84-88)

30. Other purchases requiring sales tax?

[REQUIRE ANSWER]

(89)

☐ ₁ Yes

☐ ₃ Not sure

☐ ₂ No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 32]

31. How much will your group spend on all other purchases subject to sales tax?

[REQUIRE ANSWER]

Other purchases (128-132)

32. Are you renting a car during the Super Stakes?

[REQUIRE ANSWER]

(91)

☐ ₁ Yes

☐ ₃ Not sure

☐ ₂ No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 34]

33. How much will your group spend on car rentals during the Super Stakes?

[REQUIRE ANSWER]

Spend car rental (92-96)

34. Are you renting a golf cart during the Super Stakes?

[REQUIRE ANSWER]

(97)

☐ 1 Yes

☐ 3 Not sure

☐ 2 No

[S - IF THE ANSWER IS 1 OR 3, THEN SKIP TO QUESTION 36]

35. How much will you spend on the golf cart rental?

[REQUIRE ANSWER]

Golf cart rental (98-102)

36. How many days will you be attending the Super Stakes?

[REQUIRE ANSWER]

Days here (103-104)

37. Are you staying in a Fort Worth hotel or motel during the Super Stakes?

[REQUIRE ANSWER]

(105)

☐ 1 Yes

☐ 3 Not sure

☐ 2 No

[S - IF THE ANSWER IS 2-3, THEN SKIP TO QUESTION 41]

38. How many nights will you be staying?

[REQUIRE ANSWER]

Nights _____ (106-107)

39. How many rooms will you be using?

[REQUIRE ANSWER]

Rooms _____ (108)

40. How much is the room rate, not including taxes?

Room rate _____ (109-111)

41. Are you a member of the NCHA?

[REQUIRE ANSWER]

(112)

☐ ₁ Yes

☐ ₂ No

☐ ₃ Not sure

42. Do you own horses?

[REQUIRE ANSWER]

(113)

☐ ₁ Yes

☐ ₂ No

☐ ₃ Not sure

43. Which state do you live in?

[REQUIRE ANSWER]

(114-115)

- | | |
|---|--|
| <input type="checkbox"/> 01 Texas | <input type="checkbox"/> 27 Montana |
| <input type="checkbox"/> 02 Alabama | <input type="checkbox"/> 28 Nebraska |
| <input type="checkbox"/> 03 Alaska | <input type="checkbox"/> 29 Nevada |
| <input type="checkbox"/> 04 Arizona | <input type="checkbox"/> 30 New Hampshire |
| <input type="checkbox"/> 05 Arkansas | <input type="checkbox"/> 31 New Jersey |
| <input type="checkbox"/> 06 California | <input type="checkbox"/> 32 New Mexico |
| <input type="checkbox"/> 07 Colorado | <input type="checkbox"/> 33 New York |
| <input type="checkbox"/> 08 Connecticut | <input type="checkbox"/> 34 North Carolina |
| <input type="checkbox"/> 09 Delaware | <input type="checkbox"/> 35 North Dakota |
| <input type="checkbox"/> 10 Florida | <input type="checkbox"/> 36 Ohio |
| <input type="checkbox"/> 11 Georgia | <input type="checkbox"/> 37 Oklahoma |
| <input type="checkbox"/> 12 Hawaii | <input type="checkbox"/> 38 Oregon |
| <input type="checkbox"/> 13 Idaho | <input type="checkbox"/> 39 Pennsylvania |
| <input type="checkbox"/> 14 Illinois | <input type="checkbox"/> 40 Rhode Island |
| <input type="checkbox"/> 15 Indiana | <input type="checkbox"/> 41 South Carolina |
| <input type="checkbox"/> 16 Iowa | <input type="checkbox"/> 42 South Dakota |
| <input type="checkbox"/> 17 Kansas | <input type="checkbox"/> 43 Tennessee |
| <input type="checkbox"/> 18 Kentucky | <input type="checkbox"/> 44 Utah |
| <input type="checkbox"/> 19 Louisiana | <input type="checkbox"/> 45 Vermont |
| <input type="checkbox"/> 20 Maine | <input type="checkbox"/> 46 Virginia |
| <input type="checkbox"/> 21 Maryland | <input type="checkbox"/> 47 Washington |
| <input type="checkbox"/> 22 Massachusetts | <input type="checkbox"/> 48 West Virginia |
| <input type="checkbox"/> 23 Michigan | <input type="checkbox"/> 49 Wisconsin |
| <input type="checkbox"/> 24 Minnesota | <input type="checkbox"/> 50 Wyoming |
| <input type="checkbox"/> 25 Mississippi | <input type="checkbox"/> 51 Other Country |
| <input type="checkbox"/> 26 Missouri | |

[S - IF THE ANSWER IS 1-50, THEN SKIP TO QUESTION 45]

44. What country are you from?

[REQUIRE ANSWER]

(116-127)

45. Thank you for your time and cooperation!

Exhibit D3

An Analysis of the
Economic Impact of the
**National Cutting Horse Association
2012 Summer Spectacular**



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

GMR

Grotta Marketing Research, LLC

September 2012

Survey Findings

The Bottom Line . . .

21 days *of the 2012 National Cutting Horse Association Summer Spectacular*

5,720 *visitors*

51,430 *visitor days*

\$8,525,625 *direct expenditures subject to eligible Texas State taxes*

\$557,284 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$557,284.

The Numbers . . .

The 2012 National Cutting Horse Association Super Stakes (March 24-April 14) generated Texas State Sales Tax revenues eligible under Major Events Trust Fund conservatively estimated at \$557,284 based on projected total eligible direct expenditures of \$8,525,625.

These estimates are based on a survey of 502 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 624 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 Summer Spectacular is summarized in the following table.

2012 NCHA Super Stakes Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	NCHA Show Staff & Officers	Competitors (Net)	Horse Sale Staff	Horse Sale Participants (Net)	Vendors	Visitors	Totals
Individuals	2,222		567	32,581	30	11,571	3,479	3,800	52,173
Fri., July 6 Move in			3						3
Sat., July 7 Move in			5				158		163
Sun., July 8	110	5.0%	22	1,613			158	188	1981
Mon., July 9	250	11.3%	36	3,666			158	428	4287
Tues., July 10	131	5.9%	36	1,921			158	224	2339
Wed., July 11	154	6.9%	36	2,258			158	263	2715
Thurs., July 12	68	3.1%	27	997			158	116	1298
Fri., July 13	112	5.0%	22	1,642			158	192	2014
Sat., July 14	91	4.1%	22	1,334			158	156	1670
Sun., July 15	87	3.9%	27	1,276			158	149	1609
Mon., July 16	89	4.0%	27	1,305			158	152	1642
Tues., July 17	117	5.3%	27	1,716			158	200	2101
Wed., July 18	114	5.1%	27	1,672			158	195	2052
Thurs., July 19	92	4.1%	27	1,349			158	157	1691
Fri., July 20	94	4.2%	22	1,378			158	161	1719
Sat., July 21	96	4.3%	22	1,408		1,397	158	164	3149
Sun., July 22	134	6.0%	22	1,965		1,397	158	229	3771
Mon., July 23	91	4.1%	22	1,334		1,397	158	156	3067
Tues., July 24	96	4.3%	22	1,408		1,397	158	164	3149
Wed., July 25	102	4.6%	27	1,496		1,397	158	174	3252
Thurs., July 26	71	3.2%	27	1,041		1,528	158	121	2875
Fri., July 27	80	3.6%	27	1,173		1,528	158	137	3023
Sat., July 28	43	1.9%	27	631	30	1,528	158	74	2447
Sun., July 29 Move out			5				158		163
Totals	2,222	100.0%	559	32,581	30	11,569	3,634	3,800	52173

A projected 5,720 individuals attended the 2012 NCHA Summer Spectacular. (Table 1)

Table 1. People Attending 2012 Summer Spectacular

	Groups	Average People per Group	Projected People
Contestants	903	3.42	3,088
Horse sale participants	629	2.43	1,528
Vendors	92	1.9	175
Out-of-state spectators	146	2.08	304
Total eligible	1,770		5,095
Texas spectators	268	2.33	624
Totals	2,038		5,720

This translates into 51,430 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2012 NCHA Summer Spectacular

	People in Segment	Average Days Attending Show	Projected Visitor Days
Contestants	3,088	10.55	32,581
Horse sale participants	1,528	7.57	11,571
Vendors	174.8	19.9	3,479
Out-of-spectators	304	4.78	1,452
Total eligible	5,095		49,082
Texas spectators	624	3.76	2,348
Totals	5,720		51,430

Expenditures were up in 2012, primarily because the 21-day event was two days longer than the 2011 event.

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 Summer Spectacular on food and dining, excluding drinks. (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
Contestants	32,581	\$46.40	\$1,511,765	\$1,209,412
Horse Sale Participants	11,571	\$45.00	\$520,673	\$416,539
Vendors	3,479	\$44.00	\$153,055	\$122,444
Out-of-state visitors	1,452	\$59.40	\$86,224	\$68,980
Total eligible	49,082		\$2,271,718	\$1,817,374
Texas visitors	2,348	\$32.09	\$75,344	\$60,275
Grand total	51,430		\$2,347,062	\$1,877,649

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% tip was assumed. (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	903	10.55	9,527	57.0%	5,430	\$50.20	\$272,596	\$218,076
Horse sale participants	629	7.57	4,762	28.6%	1,362	\$60.00	\$81,708	\$65,366
Vendors	92	19.90	1,831	30.0%	549	\$33.33	\$18,306	\$14,645
Out-of-state spectators	146	4.78	698	38.9%	271	\$61.70	\$16,750	\$13,400
Total eligible	1,770		16,817		7,613		\$389,360	\$311,488
Texas spectators	268	3.76	1,008	34.8%	351	\$27.20	\$9,538	\$7,631
Grand total	2,038		17,825		7,963		\$398,898	\$319,118

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. (Table 5)

Table 5. Expenditures on Hotels/Motels

	House-holds	Percent in Motels	Groups in Motels	Average Nights	Average Rooms	Room Nights	Rate	Cost
Contestants	903	39.3%	355	11.17	1.56	6,184	\$103.92	\$642,624
Horse sale participants	629	84.6%	532	2.45	1.36	1,773	\$136.91	\$242,751
Vendors	92	13.0%	12	10.00	1.00	120	\$82.50	\$9,867
Out-of-state spectators	146	57.8%	84	4.19	1.15	407	\$105.19	\$42,773
Total Eligible	1,770		983			8,483		\$938,015
Texas spectators	268	20.3%	54	3.83	1.17	244	\$126.92	\$30,942
Grand total	2,038		1,038			8,727		\$968,957

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, 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, 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. (Table 6)

Table 6. Eligible Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Spectators	Totals	Texas Spectators
<i>Units/Groups</i>	903	629	92	146	1,770	268
<i>Western Wear, Boots, Other Clothing</i>	68.4%	57.1%	50.0%	77.8%		41.6%
Number Purchasing	618	359	46	114	1,136	111
Average Expenditure	\$728	\$850	\$1,350	\$728		\$230
Total Expenditures	\$449,651	\$305,285	\$62,100	\$82,692	\$899,728	\$25,642
<i>Jewelry, Belts, Accessories</i>	42.2%	35.8%	40.0%	26.6%		33.4%
Number Purchasing	381	225	37	39	682	90
Average Expenditure	\$619	\$275	\$1,400	\$533		\$1,289
Total Expenditures	\$235,880	\$61,925	\$51,520	\$20,700	\$370,024	\$115,381
<i>Paints, Crafts</i>	12.0%	0.0%	25.0%	8.7%		19.0%
Number Purchasing	108	0	23	13	144	51
Average Expenditure	\$276		\$1,100	\$275		\$216
Total Expenditures	\$29,907		\$25,300	\$3,493	\$58,700	\$10,999
<i>Souvenirs</i>	17.5%	28.6%	25.0%	22.5%		12.2%
Number Purchasing	158	180	23	33	394	33
Average Expenditure	\$123	\$100	\$200	\$76		\$119
Total Expenditures	\$19,437	\$17,989	\$4,600	\$2,497	\$44,523	\$3,891
<i>Horse Trailers</i>	2.3%	0.0%	0.0%	4.5%		3.0%
Number Planning Purchasing	21			7	27	8
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	10			3	14	4
Average Expenditure	\$72,500			\$8,500		5,000
Total Expenditures	\$752,876			\$27,923	\$752,876	\$20,100
Trade-ins	25.0%			25.0%		25.0%
Total Taxable Expenditures	\$564,657			\$20,942	\$585,599	\$15,075
<i>Tractors</i>	0.30%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	3				3	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	1				1	0
Average Expenditure	\$60,000					
Total Expenditures	\$81,270				\$81,270	
Trade-ins	25.0%					
Total Taxable Expenditures	\$60,953				\$60,953	\$0
<i>Photos, Videos</i>	57.9%	0.0%	15.0%	12.7%		3.8%
Number Purchasing	523		14	19	555	10
Average Expenditure	\$206		\$150	\$63		\$300
Total Expenditures	\$107,704		\$2,070	\$1,168	\$110,943	\$3,055

(Continued)

Table 6. Eligible Sales Tax Expenditures (Continued)

	<i>Contestants</i>	<i>Horse Sale Participants</i>	<i>Vendors</i>	<i>Out of State Spectators</i>	<i>Totals</i>	<i>Texas Spectators</i>
<i>Trucks, Other Vehicles</i>	1.6%	0.0%	0.0%	2.8%		0.0%
Number Planning Purchasing	14			4	19	
Didn't Complete Purchases	50.0%			50.0%		
Number Actually Purchasing	7			2	9	
Average Expenditure	\$78,500					
Total Expenditures	\$567,084			\$70,000	\$637,084	
Trade-ins	25.0%			25.0%		
Total Taxable Expenditures	\$425,313			\$52,500	\$477,813	\$0
<i>Buildings or Sheds</i>	1.2%	0.0%	0.0%	0.0%		
Number Planning Purchasing	11				11	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	5				5	
Average Expenditure	\$100,000					
Total Taxable Expenditures	\$541,800				\$541,800	
<i>Saddles</i>	25.1%	14.3%	15.0%	13.9%		4.5%
Number Purchasing	227	90	14	20	351	12
Average Expenditure	\$3,775	\$2,200	\$2,000	\$2,940		\$5,333
Total Expenditures	\$855,615	\$197,883	\$27,600	\$59,664	\$1,140,763	\$64,316
<i>Other Tack</i>	63.1%	64.3%	25.0%	36.8%		58.9%
Number Purchasing	570	404	23	54	1,051	158
Average Expenditure	\$619	\$238	\$143	\$241		\$206
Total Expenditures	\$352,702	\$96,258	\$3,289	\$12,948	\$465,198	\$32,518
<i>Wine/Beer/Alcohol in Store</i>	31.0%	14.3%	30.0%	12.7%		15.0%
Number Purchasing	280	90	28	19	416	40
Average Expenditure	\$226	\$150	\$100	\$657		\$127
Total Expenditures	\$63,264	\$13,492	\$2,760	\$12,182	\$91,698	\$5,105
<i>Other Taxable Items</i>	43.0%	14.3%	65.0%	26.6%		20.3%
Number Purchasing	388	90	60	39	577	54
Average Expenditure	\$617	\$50	\$500	\$186		\$117
Total Expenditures	\$239,575	\$4,497	\$29,900	\$7,223	\$281,196	\$6,365
<i>Rental car</i>	17.1%	28.6%	0.0%	27.8%		
Number renting	154	180		41	375	
Average rental	\$1,219	\$650		\$680		
Total Expenditures	\$188,229	\$116,931		\$27,600	\$332,760	
<i>Golf Cart</i>	2.4%	14.3%	0.0%	0.0%		
Number renting	22	90			112	
Average Expenditure	\$337	\$400				
Total Expenditures	\$7,303	\$35,979			\$43,282	
Total All Expenditures	\$3,721,033	\$718,004	\$205,850	\$290,661	\$4,935,548	\$249,830

Using these parameters, Table 7 summarizes direct expenditures eligible under the Major Events Trust Fund.

Table 7: Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$899,728	6.25%	1.00%	\$56,233	\$8,997
Jewelry, belts, accessories	\$370,024	6.25%	1.00%	\$23,127	\$3,700
Paintings and crafts	\$58,700	6.25%	1.00%	\$3,669	\$587
Souvenirs	\$44,523	6.25%	1.00%	\$2,783	\$445
Videos & photographs	\$110,943	6.25%	1.00%	\$6,934	\$1,109
Saddles	\$1,140,763	6.25%	1.00%	\$71,298	\$11,408
Other tack	\$465,198	6.25%	1.00%	\$29,075	\$4,652
Food/meals (excluding drinks)	\$1,877,649	6.25%	1.00%	\$117,353	\$18,776
Alcoholic drinks with meals	\$311,488	11.00%	1.50%	\$34,264	\$4,672
Wine, beer & liquor from store	\$91,698	6.25%	1.00%	\$5,731	\$917
Hotel and motel expenditures	\$938,015	6.00%	9.00%	\$56,281	\$84,421
Car rental	\$332,760	10.00%	1.00%	\$33,276	\$3,328
Golf cart rental	\$43,282	6.25%	1.00%	\$2,705	\$433
Horse trailers	\$585,599	6.25%	1.00%	\$36,600	\$5,856
Trucks, other vehicles	\$477,813	6.25%	1.00%	\$29,863	\$4,778
Tractors (10% of \$81,270)	\$8,127	6.25%	1.00%	\$508	\$81
Barns, stalls (50% of \$541,800)	\$270,900	6.25%	1.00%	\$16,931	\$2,709
Other items subject to sales tax	\$281,186	6.25%	1.00%	\$17,574	\$2,812
NCHA eligible expenditures:					
Hotel expenditures, judges	\$15,445	6.00%	9.00%	\$927	\$1,390
Hotel expenditures, staff	\$10,184	6.00%	9.00%	\$611	\$917
Awards	\$144,005	6.00%	1.00%	\$8,640	\$1,440
Judge meals	\$6,827	6.25%	1.00%	\$427	\$68
Staff meals	\$4,364	6.25%	1.00%	\$273	\$44
Cattle handlers local expenses	\$15,007	6.25%	1.00%	\$938	\$150
Signage	\$9,866	6.25%	1.00%	\$617	\$99
Equipment rentals	\$7,780	6.25%	1.00%	\$486	\$78
Show supplies	\$1,325	6.25%	1.00%	\$83	\$13
Ticket printing	\$2,426	3.25%	1.00%	\$79	\$24
Total eligible expenditures	\$8,525,625			\$557,284	\$163,905
Eligible Texas Tax generated	\$557,284				
Fort Worth City General Fund	\$163,905				

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, \$163,905 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 (502) interviews were conducted among randomly selected adults attending the National Cutting Horse Association 2012 Summer Spectacular at the Will Rogers Memorial Center in Fort Worth. This resulted in a maximum sampling error margin of plus or minus 4.3% 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 (Sp %)

Calculated:

Number of spectators (Sp #)

Sp # : Sp % :: Co+Sa+Ve # : Co+Sa+Ve %

Sp # times Co+Sa+Ve % = Sp % times Co+Sa+Ve #

Solve for Sp #

Known: 903 Contestants (Co) + 629 Horse Sale(Sa)+ 92 Vendors (Ve) = 1,624 Co+Sa+Ve

Determined by survey: 79.7% contestants/horse sale/vendors; 20.3% spectators

Unknown Attendance: Spectators (Sp #)

Sp # : 20.3% :: 1,624 : 79.7%

Sp # * 79.7% = 1,624 * 20.3%

Sp # * 79.7% = 330

Sp # = 330 ÷ 79.7%

Sp # = 414 projected spectator respondent units

35.3% of visitors are from outside of Texas, or 146 spectators

64.7% of visitors are from Texas, or 268 spectators

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.

Survey Questionnaire

NCHA 2012 Summer Spectacular

1) Date

- | | | | | | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <input type="radio"/> July 8 | <input type="radio"/> July 12 | <input type="radio"/> July 16 | <input type="radio"/> July 20 | <input type="radio"/> July 24 | <input type="radio"/> July 28 |
| <input type="radio"/> July 9 | <input type="radio"/> July 13 | <input type="radio"/> July 17 | <input type="radio"/> July 21 | <input type="radio"/> July 25 | |
| <input type="radio"/> July 10 | <input type="radio"/> July 14 | <input type="radio"/> July 18 | <input type="radio"/> July 22 | <input type="radio"/> July 26 | |
| <input type="radio"/> July 11 | <input type="radio"/> July 15 | <input type="radio"/> July 19 | <input type="radio"/> July 23 | <input type="radio"/> July 27 | |

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- | | |
|--|---|
| <input type="radio"/> Coliseum | <input type="radio"/> W.R. Watt Arena |
| <input type="radio"/> Amon Carter Exhibits | <input type="radio"/> John Justin Arena |

4) Gender

- ☐ Male ☐ Female

Hello. 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 Summer Spectacular?

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

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

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?

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) 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) Are you renting a golf cart?

☐ Yes ☐ No ☐ Not sure

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

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

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 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 | |

50) Other country (Write in Country -- NOT postal code)

Thank you for your time and cooperation.

GMR, L.L.C. Qualifications

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

2011 – 2012 Triple Crown

E1 – 2011 Futurity

E2 – 2012 Super Stakes

E3 – 2011 Summer Spectacular

Exhibit E1

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 2011

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.

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

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

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%		64.7%
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	156
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		\$5,500
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	\$321,246
<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

- | | |
|--|---|
| <input type="radio"/> Coliseum | <input type="radio"/> W.R. Watt Arena |
| <input type="radio"/> Amon Carter Exhibits | <input type="radio"/> 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

Exhibit E2

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

	Households	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	\$91,060
Trade-ins	25.0%			25.0%		25.0%
Total Taxable Expenditures	\$391,334			\$68,070	\$459,404	\$22,765
<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

(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

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	\$467
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
☐ Anson 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 E3

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

7,736 visitors

61,333 visitor days

\$6,180,912 direct expenditures subject to eligible Texas taxes

\$400,890 eligible State Taxes generated by direct expenditures

Therefore, we respectfully request certification of \$400,890.

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 \$400,890 based on projected total eligible direct expenditures of \$6,180,912.

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 1,376 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	1376	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	\$664		\$318
Total Expenditures	\$399,221	\$157,065	\$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	\$17,368
<i>Paints, Crafts</i>	4.0%	2.5%	0.0%	9.0%		1.3%
Number Purchasing	37	22		18	77	8
Average Expenditure	\$167	\$267		\$318		\$200
Total Expenditures	\$6,106	\$5,794	\$0	\$5,806	\$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					18,500
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	578
<i>Trucks, Other Vehicles</i>	1.8%	0.0%	0.0%	0.0%		1.5%
Number Planning Purchasing	16				16	9
Didn't Complete Purchases	50.0%					50.0%
Number Actually Purchasing	8				8	4
Average Expenditure	\$46,333					\$80,000
Total Expenditures	\$370,548				\$370,548	\$260,100
Trade-ins	25.0%					25.0%
Total Taxable Expenditures	\$277,911	\$0	\$0	\$0	\$277,911	\$195,075
<i>Saddles</i>	17.3%	0.0%	0.0%	14.6%		2.6%
Number Purchasing	158			30	187	15
Average Expenditure	\$2,743			\$2,835		\$4,500
Total Expenditures	\$432,475	\$0	\$0	\$84,438	\$516,913	\$67,626
<i>Other Tack</i>	43.5%	42.5%	2.1%	48.8%		24.4%
Number Purchasing	398	369	2	100	298	141
Average Expenditure	\$633	\$221	\$110	\$294		\$157
Total Expenditures	\$251,674	\$81,527	\$224	\$29,268	\$362,694	\$22,142
<i>Photos, Videos</i>	44.5%	5.0%	2.3%	8.5%		4.5%
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	\$75,988
<i>Wine/Beer/Alcohol in Store</i>	10.5%	2.5%	0.0%	9.8%		6.4%
Number Purchasing	96	22		20	138	37
Average Expenditure	\$248	\$20		\$113		\$48
Total Expenditures	\$23,801	\$434	\$0	\$2,259	\$26,494	\$1,776
<i>Other Taxable Items</i>	35.3%	25.0%	29.6%	31.7%		20.8%
Number Purchasing	323	217	29	65	633	120
Average Expenditure	\$656	\$69	\$318	\$322		\$181
Total Expenditures	\$211,653	\$14,973	\$9,115	\$20,823	\$256,564	\$21,761
<i>Rental car</i>	9.8%	0.0%	2.3%	39.0%		2.6%
Number renting	89		2	80		15
Average rental	\$538		\$85	\$459		\$250
Total Expenditures	\$47,944	\$0	\$190	\$36,518	\$84,652	\$3,757
Total All Expenditures	\$1,777,581	\$214,309	\$19,500	\$256,384	\$2,267,774	\$534,843

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%	\$22,668	\$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 S

1) Date

☐ July 12 ☐ July 16 ☐ July 20
☐ July 13 ☐ July 17 ☐ July 21
☐ July 14 ☐ July 18 ☒ July 22
☐ July 15 ☐ July 19 ☐ July 23

2) Time

☐ Morning ☐ Afternoon ☐ Evening

3) Location

☐ Coliseum ☐ W. B. B.
☐ Arson Carter Exhibits ☐ John H.

4) Gender

☐ Male ☐ Female

Hello. We're doing a survey of people at the 2011 Summer Spectacular. This will take only a couple of minutes.

5) First, which of the following best describes your group?

☐ Competing in an event
☐ Own horse in an event but not riding
☐ Family member competing in an event
☐ Friend or employee competing

6) How many people, including yourself, will be here with you each day, on average?

7) Will they all be here with you every day during the Summer Spectacular – either here at the Will Rogers Memorial Center or anywhere else in Fort Worth?

☐ Yes ☐ No ☐ Not sure

Page 1 of 3

NCHA 2011 Summer Spectacular
 Fort Worth, Texas

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 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 – either here at the Will Rogers Memorial Center or anywhere else in Fort Worth.

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 or 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?

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NCHA 2011 Summer Spectacular
 Fort Worth, Texas

Aug 13, 2011

here with you each day, on average?

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?

alcoholic drinks with meals?

Will your party spend each day on alcoholic drinks with meals?

you or anyone else in your group might buy each one during the Summer Spectacular – either here at the Will Rogers Memorial Center or anywhere else in Fort Worth.

thing.

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

less.

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

Not sure

How much will your group spend on paintings or crafts?

NCHA 2011 Summer Spectacular
 Fort Worth, Texas

Aug 13, 2011

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) 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 comments

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

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

Thank you for your time and cooperation.

Page 3 of 5 NCHA 2011 Summer Spectacular
 Estimating the Economic Impact of the NCHA 2011 Summer Spectacular
 Aug 13, 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 Program 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 F

2010 – 2011 Triple Crown

F1 – 2010 Futurity

F2 – 2011 Super Stakes

F3 – 2010 Summer Spectacular

Exhibit F1

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		\$887,376	\$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	298	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%		31.8%
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	\$1,658,271	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

- | | | |
|--|---|-----------------------------|
| <input type="radio"/> Coliseum | <input type="radio"/> W.R. Watt Arena | <input type="radio"/> Barns |
| <input type="radio"/> Amon Carter Exhibits | <input type="radio"/> 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

Exhibit F2

An Analysis of the
Economic Impact of
National Cutting Horse Association
2011 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 2011

Survey Findings

The Bottom Line . . .

20 days *of the 2011 National Cutting Horse Association Super Stakes*

6,919 *visitors*

50,690 *visitor days*

\$10,215,893 *direct expenditures subject to eligible Texas State taxes*

\$660,185 *eligible State Sales and Bed Taxes generated by direct expenditures*

Therefore, we respectfully request certification of \$660,185.

The Numbers . . .

The 2011 National Cutting Horse Association Super Stakes (March 28-April 16) generated Texas State Sales Tax revenues eligible under Sporting Event Trust Fund conservatively estimated at \$660,185 based on projected total eligible direct expenditures of \$10,215,893. Even though the 2011 Super Stakes was two days shorter than the 2010 event, eligible expenditures were about the same.

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 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 415 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 6,916 individuals attended the 2011 NCHA Super Stakes. (See Table 1)

Table 1. People Attending 2011 Super Stakes

	Unduplicated Attendance	People Per Group	Projected Attendance
Contestants	760	3.5	2,660
Horse sale participants	993	2.5	2,483
Vendors	91	1.7	155
Out-of-state visitors	257	2.1	540
Total eligible	2,101		5,837
Texas visitors	415	2.6	1,079
Grand total	2,516		6,916

This translates into 50,690 visitor days. (See Table 2)

Table 2. Projected Visitor Days, 2011 NCHA Super Stakes

	People in Segment	Average Days at Show	Totals
Contestants	2,660	12.39	32,957
Horse sale participants	2,483	2.69	6,679
Vendors	155	17.39	2,695
Out-of-state visitors	540	4.93	2,662
Total eligible	5,838		44,993
Texas visitors	1,079	5.28	5,697
Grand totals	6,917		50,690

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	Average per Person Per Day	Total	Minus Assumed 20% Gratuity
Contestants	32,957	\$62.77	\$2,068,711	\$1,654,969
Horse sale participants	6,679	\$53.46	\$357,059	\$285,647
Vendors	2,695	\$21.74	\$58,589	\$46,871
Out-of-state visitors	2,662	\$56.56	\$150,563	\$120,450
Totals	44,993		\$2,634,922	\$2,107,938
Texas visitors	5,697	\$46.30	\$263,771	\$211,017
Grand total	50,690		\$2,898,693	\$2,318,955

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

	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	760	13.6	10,336	64.3%	6,646	\$34.38	\$228,491	\$182,793
Horse sale participants	993	2.69	2,671	76.9%	2,054	\$62.20	\$127,767	\$102,213
Vendors	91	17.39	1,582	30.4%	481	\$15.71	\$7,558	\$6,046
Out-of-state visitors	257	4.93	1,267	52.3%	663	\$32.74	\$21,695	\$17,356
Totals	2,101		15,857		9,844		\$385,511	\$308,409
Texas visitors	415	5.28	2,191	40.0%	876	\$37.74	\$33,078	\$26,463
Grand total	2,516		18,048		10,720		\$418,589	\$334,871

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

	Households	Percent in Motels	Number	Average Nights	Average Rooms	Room Nights	Rate	Spending on Motels
Contestants	760	39.3%	299	11.17	1.56	5,205	\$103.92	\$540,858
Horse sale participants	993	84.6%	840	2.45	1.36	2,799	\$136.91	\$383,230
Vendors	91	13.0%	12	10.00	1.00	118	\$ 82.50	\$9,760
Out-of-state visitors	257	57.8%	149	4.19	1.15	716	\$105.19	\$75,292
Total Eligible	2,101		1,299			8,838		\$1,009,139
Texas visitors	415	20.3%	84	3.83	1.17	378	\$126.92	\$47,914
Grand total	2,516		1,383			9,215		\$1,057,053

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.

Table 6. Eligible Sales Tax Expenditures

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
<i>Units/Groups</i>	760	993	91	257	2,101	415
<i>Western Wear, Boots, Other Clothing</i>	65.5%	53.8%	39.1%	60.0%		33.3%
Number Purchasing	498	534	36	154	1,222	138
Average Expenditure	\$850	\$885	\$302	\$480		\$1,035
Total Expenditures	\$423,130	\$472,797	\$10,745	\$74,016	\$980,689	\$143,032
<i>Jewelry, Belts, Accessories</i>	40.5%	7.7%	21.7%	25.0%		25.0%
Number Purchasing	308	76	20	64	468	104
Average Expenditure	\$552	\$100	\$384	\$458		\$247
Total Expenditures	\$169,906	\$7,646	\$7,583	\$29,427	\$214,561	\$25,626
<i>Paints, Crafts</i>	9.5%	0.0%	0.0%	4.4%		5.0%
Number Purchasing	72			11	83	21
Average Expenditure	\$368			\$290		\$1,042
Total Expenditures	\$26,570	\$0	\$0	\$3,279	\$29,849	\$21,622
<i>Souvenirs</i>	19.8%	23.1%	0.0%	24.4%		16.7%
Number Purchasing	150	229		63	443	69
Average Expenditure	\$154	\$75		\$87		\$112
Total Expenditures	\$23,174	\$17,204	\$0	\$5,456	\$45,833	\$7,762
<i>Horse Trailers</i>	2.0%	0.0%	0.0%	2.0%		2.0%
Number Planning Purchasing	15			5	20	8
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	8			3	11	4
Average Expenditure	\$128,000					29,000
Total Expenditures	\$972,800			\$0	\$972,800	\$120,350
Trade-ins	25.0%			25.0%		25.0%
Total Eligible Expenditures	\$729,600	\$0	\$0	\$0	\$729,600	\$30,088
<i>Tractors</i>	1.6%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	12				12	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	6				6	0
Average Expenditure	\$10,000					
Total Expenditures	\$60,800				\$60,800	
Trade-ins	25.0%					
Total Eligible Expenditures	\$45,600	\$0	\$0	\$0	\$45,600	\$0

Continued

Table 6. Eligible Sales Tax Expenditures (Continued)

	Contestants	Horse Sale Participants	Vendors	Out of State Visitors	Totals	Texas Visitors
<i>Units/Groups</i>	760	993	91	257	2,101	415
Trucks, Other Vehicles	1.6%	0.0%	0.0%	0.0%		0.0%
Number Planning Purchasing	12				12	
Didn't Complete Purchases	50.0%					
Number Actually Purchasing	6				6	
Average Expenditure	\$51,250					
Total Expenditures	\$311,600				\$311,600	
Trade-ins	25.0%					
Total Taxable Expenditures	\$233,700	\$0	\$0	\$0	\$233,700	\$0
Buildings or Sheds	1.2%	0.0%	0.0%	1.0%		1.7%
Number Planning Purchasing	9			3	12	7
Didn't Complete Purchases	50.0%			50.0%		50.0%
Number Actually Purchasing	5			1	6	4
Average Expenditure	\$20,167			\$8,000		\$75,000
Total Taxable Expenditures	\$91,962		\$0	\$10,280	\$102,242	\$264,583
Saddles	25.1%	23.1%	8.7%	20.0%		11.7%
Number Purchasing	191	229	8	51	479	49
Average Expenditure	\$5,023	\$9,500	\$4,000	\$2,428		\$4,714
Total Expenditures	\$958,187	\$2,179,139	\$31,668	\$124,799	\$3,293,793	\$228,888
Other Tack	63.1%	38.5%	21.7%	33.3%		28.3%
Number Purchasing	480	382	20	86	298	117
Average Expenditure	\$602	\$800	\$190	\$327		\$271
Total Expenditures	\$288,695	\$305,844	\$3,752	\$27,985	\$626,276	\$31,828
Photos, Videos	57.9%	0.0%	4.3%	8.9%		15.0%
Number Purchasing	440		4	23	467	62
Average Expenditure	\$160		\$60	\$150		\$144
Total Expenditures	\$70,406	\$0	\$235	\$3,431	\$74,072	\$77,738
Wine/Beer/Alcohol in Store	31.0%	0.0%	17.4%	22.2%		15.0%
Number Purchasing	236		16	57	308	62
Average Expenditure	\$181		\$64	\$57		\$120
Total Expenditures	\$42,644	\$0	\$1,013	\$3,252	\$46,909	\$7,470
Other Taxable Items	43.0%	7.7%	39.1%	28.9%		20.3%
Number Purchasing	327	76	36	74	513	84
Average Expenditure	\$382	\$25	\$267	\$531		\$847
Total Expenditures	\$124,838	\$1,912	\$9,500	\$39,439	\$175,688	\$71,356
Rental car	17.1%	15.4%	4.3%	28.9%		6.7%
Number renting	130	153	4	74	361	28
Average rental	\$565	\$266	\$300	\$370		\$419
Total Expenditures	\$73,427	\$40,677	\$1,174	\$27,481	\$142,760	\$11,850
Total All Expenditures	\$2,967,543	\$2,719,374	\$61,918	\$320,860	\$6,069,695	\$889,794

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 summarizes direct expenditures eligible under Event Trust Fund.

Table 7: Eligible Direct Expenditures

	Projected Direct Expenditures	Texas Tax Rate	Fort Worth General Fund	Eligible Texas Taxes	Fort Worth Taxes
Western wear, boots, other clothing	\$980,689	6.25%	1.00%	\$61,293	\$9,807
Jewelry, belts, accessories	\$214,561	6.25%	1.00%	\$13,410	\$2,146
Paintings and crafts	\$29,849	6.25%	1.00%	\$1,866	\$298
Souvenirs	\$45,833	6.25%	1.00%	\$2,865	\$458
Videos & photographs	\$74,072	6.25%	1.00%	\$4,630	\$741
Saddles	\$3,293,793	6.25%	1.00%	\$205,862	\$32,938
Other tack	\$626,276	6.25%	1.00%	\$39,142	\$6,263
Food/meals (excluding drinks)	\$2,107,938	6.25%	1.00%	\$131,746	\$21,079
Alcoholic drinks with meals	\$308,409	11.00%	1.50%	\$33,925	\$4,626
Wine, beer & liquor from store	\$46,909	6.25%	1.00%	\$2,932	\$469
Hotel and motel expenditures	\$1,009,137	6.00%	9.00%	\$60,548	\$90,822
Car rental	\$142,760	10.00%	1.00%	\$14,276	\$1,428
Horse trailers	\$729,600	6.25%	1.00%	\$45,600	\$7,296
Trucks, other vehicles	\$233,700	6.25%	1.00%	\$14,606	\$2,337
Tractors (10% of \$45,600)	\$4,560	6.25%	1.00%	\$285	\$46
Barns, stalls, sheds (50% of \$103,482)	\$10,348	6.25%	1.00%	\$647	\$103
Other items subject to sales tax	\$175,688	6.25%	1.00%	\$10,981	\$1,757
NCHA hotel and motel expenditures	\$21,080	6.00%	9.00%	\$1,265	\$1,897
NCHA awards	\$113,709	10.00%	1.00%	\$11,371	\$1,137
NCHA meals	\$9,966	6.25%	1.00%	\$623	\$100
NCHA alcohol expenditures	\$498	6.25%	1.00%	\$31	\$5
Other NCHA show expenditures	\$36,518	6.25%	1.00%	\$2,282	\$365
Total eligible expenditures	\$10,215,893			\$660,185	\$186,118
Eligible Texas Tax generated	\$660,185				
Fort Worth City General Fund	\$186,118				

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)

Table 8: Respondent ZIP Codes

	Competitors	Horse Sale	Vendors	Out-of-Texas Visitors	Texas Visitors
Live in Fort Worth	2.0%	0.0%	26.1%	0.0%	20.0%
Live in Other Texas	54.0%	53.8%	56.5%	80.0%	93.8%
Live Outside of Texas	39.6%	38.5%	17.4%	88.9%	0.0%
Live in Other Countries	4.4%	7.7%	0.0%	11.1%	0.0%

The NCHA Super Stakes is an international event. Participants at the Super Stakes came from 38 states and 8 countries –Australia, Brazil, Canada, Germany, Italy, Switzerland, the United States, and Venezuela. Survey respondents came from seven countries – Australia, Brazil, Canada, Italy, Mexico, the United Kingdom, and the United States.

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	96.4%	76.9%	39.1%	44.4%	51.7%
Own horses	92.5%	100.0%	56.5%	80.0%	78.3%

Another indication of the economic magnitude of the 2011 NCHA Super Stakes is the horse sale held in conjunction with the event. Gross sales were \$926,000.

Additional Economic Benefits

In addition to the sales tax revenue to the State of Texas, \$186,118 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 (400) 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: 760 Contestants (Co) + 993 Horse Sale(Sa)+ 91 Vendors (Ve) = 1,844 Co+Sa+Ve

Determined by survey: 73.3% contestants/horse sale/vendors; 26.7% visitors

Unknown Attendance: Visitors (Vi)

$Vi \# : 21.9\% :: 1,844 : 73.3\%$

$Vi \# * 73.3\% = 1,844 * 26.7\%$

$Vi \# * 73.3\% = 49,235$

$Vi \# = 49,235 \div 73.3\%$

$Vi \# = 672$ projected visitor respondent units

38.3% of visitors are from outside of Texas, or 257 visitors

61.7% of visitors are from Texas, or 415 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 2011 Super Stakes

1) Date

- | | | | | |
|--------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| <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 |
| <input type="radio"/> March 30 | <input type="radio"/> April 3 | <input type="radio"/> April 7 | <input type="radio"/> April 11 | <input type="radio"/> April 15 |
| <input type="radio"/> March 31 | <input type="radio"/> April 4 | <input type="radio"/> April 8 | <input type="radio"/> April 12 | <input type="radio"/> April 16 |

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- | | |
|--|---|
| <input type="radio"/> Coliseum | <input type="radio"/> W.R. Watt Arena |
| <input type="radio"/> Amon Carter Exhibits | <input type="radio"/> 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 people, including yourself, came to the Super Stakes 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 Super Stakes.

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

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 F3

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>	76.9%	70.0%	60.7%	66.7%		47.0%
Number Purchasing	749	543	60	96	1,448	192
Average Expenditure	\$708	\$594	\$597	\$1,147		\$310
Total Expenditures	\$530,296	\$322,661	\$35,876	\$110,167	\$999,000	\$59,446
<i>Jewelry, Belts, Accessories</i>	34.0%	10.0%	17.9%	33.3%		19.7%
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>	16.7%	20.0%	10.7%	8.3%		16.7%
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>	15.5%	0.0%	0.0%	41.7%		24.2%
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>	6.9%	0.0%	0.0%	8.3%		2.9%
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	\$110,556	\$1,603,134	\$591,600
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>	1.5%	11.1%	0.0%	0.0%		0.0%
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

- ☐ July 11 ☐ July 15 ☐ July 19 ☐ July 23 ☐ July 27 ☐ July 31
☐ July 12 ☐ July 16 ☐ July 20 ☐ July 24 ☐ July 28
☐ July 13 ☐ July 17 ☐ July 21 ☐ July 25 ☐ July 29
☐ July 14 ☒ July 18 ☐ July 22 ☐ July 26 ☐ July 30

2) Time

- ☐ Morning ☐ Afternoon ☐ Evening

3) Location

- ☐ Coliseum ☒ W.R. Wert Arena
☐ Anton Charnak Exhibition ☐ John J. Smith Arena

4) Gender

- ☐ Male ☐ Female

Hello. 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 Stakes?

- ☐ Competing in an event ☐ Training not riding in an event
☐ Own horse in an event but not riding ☐ Buying or selling horses
☐ Family member competing in an event ☐ Vendor
☐ Friend or employer competing ☐ 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

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NCHA 2010 Summer Spectacular
 (Printed with SurveyMonkey® Survey Software)

Sep 21, 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 - including 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?

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NCHA 2010 Summer Spectacular
 (Printed with SurveyMonkey® Survey Software)

Sep 21, 2010

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

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Created with Survey Software by SurveyMonkey.com Sep 21, 2010

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?

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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 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 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 G

2009 – 2010 Triple Crown

G1 – 2009 Futurity

G2 – 2010 Super Stakes

G3 – 2009 Summer Spectacular

Exhibit G1

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%	56.0%	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	226
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	265	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
<i>Trade-Ins</i>	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
<i>Trade-ins</i>			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%		6.9%
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

Exhibit G2

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

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*

35,306 *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 \$699,315 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>	84.0%	38.2%	18.2%	74.1%		46.9%
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>	37.4%	12.7%	18.2%	55.6%		21.9%
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>	12.1%	11.5%	0.0%	14.3%		20.7%
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>	15.6%	13.7%	0.0%	33.3%		0.0%
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>	6.2%	7.8%	0.0%	0.0%		0.0%
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>	2.1%	0.0%	0.0%	11.1%		0.0%
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>	4.2%	0.0%	0.0%	0.0%		0.0%
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	36	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 G3

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	1,056	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	\$126,563	\$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		36
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	26	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%		6.6%
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



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Attendance Report

Date: March 1, 2014
To: Jim Bret Campbell
From: Angie Highland
Project: 2013 NCHA World Championship Futurity & World Finals Attendance Report

In accordance with Section 2.103 of the "Proposed Revised Rules" governing the Major Events Trust Fund, an attendance certification is required post event and must include:

1. The actual number of attendees at the approved event that are not residents of Texas;
2. Total attendance at the event; and
3. The source for such numbers

This report is designed to satisfy this request related to the following event: **2013 National Cutting Horse Association (NCHA) World Championship Futurity**

All of the attendance numbers in this report are based on "hard data," as follows:

- ❖ 835 unique contestants (NCHA records)
- ❖ 1,077 unique horse buyers/sellers (Bloodstock Horse Sale records)
- ❖ 26 judges and monitors and days at the show (NCHA records)
- ❖ 48 show staff and NCHA officials and days at the show (NCHA records)
- ❖ 79 sales staff and days at the show (Bloodstock Horse Sale records)
- ❖ 167 vendor booths (NCHA records)
- ❖ 11,209 spectator tickets sold, an average of 1,401 for each of 8 ticketed events (NCHA records)

The following numbers were calculated from interviews conducted among the 546 randomly selected people at the show.

- ❖ Average number of people attending the show with participants and vendors
- ❖ Average number of days participants and vendors attended the show
- ❖ Number of groups of ticketed spectators attending the show
- ❖ The percentage of spectators from outside of Texas vs. those from Texas
- ❖ Contestants and horse buyers and sellers were grouped together as “Total Participants”

Results

A projected 12,708 different individuals attended the 2013 NCHA Futurity.

Table 1. People Attending 2013 NCHA Futurity and World Finals

		Average People in Group	Total People
Total Participants	1,912	1.98	3,791
Vendors	167	2.45	409
Out-of-state spectators	199	2.09	416
Total eligible	2,278		4,616
Texas spectators	3,764	2.15	8,093
Grand totals	6,042		12,708

This projects to 77,630 visitor days.

Table 2. Projected Visitor Days, 2013 NCHA Futurity and World Finals

		Average Days at Show	Total Visitor Days
Total Participants	3,791	14.98	56,785
Vendors	409	23.55	9,635
Out-of-state spectators	416	7.49	3,116
Total eligible	4,616		69,537
Texas spectators	8,093	1.00	8,093
Grand totals	12,708		77,630

Comparing 2012 to 2013

When comparing the results from 2012 to 2013 show, there is a negligible decrease in the “Total Participants” category from 2,163 in 2012 to 1,912 in 2013 (11.6%). In regards to actual entries, in 2012 there were a total of 2,549 compared to 2,666 in 2013, meaning that 2013 show participation was up over 2012. Additionally, “Visitor Days” for the 2013 show were up 17% over 2012. The City of Fort Worth and the National Cutting Horse Association view the results of the 2013 event as comparable with the success of this event over the past 3 years.

A detailed analysis of spending will be provided in a forthcoming report.

Grotta Marketing Research, LLC

Dr. Gerald L. Grotta, CEO, has an extensive background in marketing research, including economic impact analyses, product market potential, competitive analysis, membership surveys, focus group sessions, and marketing plans. He has designed and conducted hundreds of marketing research projects in the past 40 years and his company marked its 30th anniversary in 2013.

From 1969 to 1972 Dr. Grotta was a consultant to the National Academy of Sciences Computer Science and Engineering Board for the Project on Computer Data Banks. This resulted in a book, *Data Banks in a Free Society: Computers, Record Keeping and Privacy*, by Alan F. Westin et. al., which was a factor in passage of the Federal Privacy Act of 1974.

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.

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 journalism with emphasis on 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 in 1976 and featured speaker at an advertising conference in Helsinki, Finland in 1984.

He has been 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.

Angie Highland, COO, was on the staff of the City of Fort Worth for ten years before joining Grotta Marketing Research, LLC as partner and Chief Operating Officer in 2014. She is a

recognized authority on the Texas Events Fund programs. She has a Master's Degree in Public Administration from The University of North Texas and is working toward her Ph.D. degree in marketing research.

Grotta Marketing Research, LLC is a member of the American Marketing Association and an accredited member of the Better Business Bureau.

Dr. Grotta has done research and consulting projects for a variety of local, state, national and international clients, including:

- A.T.&T. Long Lines Division
- Alcon
- American Airlines Employee Credit Union
- American Angus Association
- American Arabian Horse Association
- American Brahman Breeders Association
- American Miniature Horse Association
- American Paint Horse Association
- American Quarter Horse Association
- Appaloosa Horse Club
- Atlantic (ARCO) Federal Credit Union
- Baltimore Telephone Federal Credit Union
- Better Business Bureau of Tarrant County
- Chattanooga TVA Federal Credit Union
- Fort Worth Chamber of Commerce
- Fort Worth Convention & Visitors Bureau
- *Fort Worth Star-Telegram*
- Fort Worth Stock Show and Rodeo
- Fort Worth Zoo
- Frito Lay
- Galderma
- *Houston Chronicle*
- IBM Mid-Atlantic Employees Credit Union
- Infomart (Dallas)
- J.C. Penney
- Kansas State University Student Media
- Kelly, Hart & Hallman Law Firm
- Lost Oak Winery
- Martinsville DuPont Credit Union
- *Minneapolis Star-Tribune*
- *Montreal Star* (Canada)
- NASA Federal Credit Union
- National Cutting Horse Association
- NationsCredit
- *Rolling Stone*
- Sovegal (France)
- *Sports Illustrated*

- Sundance Square
- Texas & Southwestern Cattle Raisers Association
- Texas Farm Bureau
- The City of Fort Worth
- *Time*
- Texas Christian University Student Media
- University of Pittsburgh Student Media
- Van Cliburn International Piano Competition
- Vought Heritage (LTV) Community Credit Union
- W.R. Grace
- *Wall Street Journal*

These expenditures were included in the 2011 Futurity report but were deducted from the amount approved by the Comptroller's office. The expenditures in this report conform to the guidelines.

Estimated daily attendance during the 21-day show, based on the number of entries competing each day of the show, is summarized as follows:

2012 NCHA Futurity and World Finals Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	Number of Judges and Monitors	Number of Show Staff, NCHA Officials	Unduplicated Number of People in Competitor Groups	Sales Staff	Net Unduplicated People in Horse Sale Groups	Unduplicated People in Vendor Groups	Spectators	Totals
Unduplicated Individuals			37	84	2,844	58	2,174	346	1,446	6,989
Fri., Nov. 23 Move In			0	7		2				9
Sat., Nov. 24 Move In			1	19		2				22
Sun., Nov. 25	112	4.4%	8	46	1,973	3	439	287	146	2,903
Mon., Nov. 26	113	4.4%	8	46	1,991	3	443	290	147	2,928
Tue., Nov. 27	105	4.1%	8	46	1,850	3	412	269	137	2,725
Wed., Nov. 28	105	4.1%	8	46	1,850	3	412	269	137	2,725
Thu., Nov. 29	105	4.1%	8	46	1,850	3	412	269	137	2,725
Fri., Nov. 30	120	4.7%	15	46	2,114	3	471	308	156	3,113
Sat., Dec. 1	150	5.9%	15	46	2,643	3	589	385	196	3,875
Sun., Dec. 2	135	5.3%	8	46	2,378	3	530	346	176	3,487
Mon., Dec. 3	121	4.7%	8	46	2,132	12	475	310	158	3,140
Tue., Dec. 4	135	5.3%	8	46	2,378	10	530	346	176	3,494
Wed., Dec. 5	176	6.9%	15	46	3,101	11	691	451	230	4,544
Thu., Dec. 6	206	8.1%	20	46	3,629	17	808	528	269	5,317
Fri., Dec. 7	144	5.6%	18	46	2,537	17	585	369	188	3,740
Sat., Dec. 8	191	7.5%	20	46	3,365	17	749	490	249	4,938
Sun., Dec. 9	113	4.4%	8	46	1,991	22	443	290	147	2,947
Mon., Dec. 10	120	4.7%	8	46	2,114	56	471	308	158	3,159
Tue., Dec. 11	82	3.2%	8	46	1,445	56	322	210	107	2,194
Wed., Dec. 12	146	5.7%	8	46	2,572	58	573	374	190	3,822
Thu., Dec. 13	64	2.5%	8	46	1,127	58	251	164	83	1,738
Fri., Dec. 14	76	3.0%	8	46	1,339	57	298	195	99	2,042
Sat., Dec. 15	30	1.2%	8	46	529	56	118	77	39	872
Sun., Dec. 16 Move out			1	19		7				27
Totals	2,549	100.0%	225	1,011	44,905	482	10,002	6,536	3,324	66,485

The total number of people each day is higher than the 64,757 reported on the preceding page because the NCHA staff members and Bloodstock Horse Sale staff members were not included in the projections of expenditures during the Futurity.

The projections in this report are based on a survey of 400 randomly selected adults attending the 2012 World Championship Futurity, 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 a day or two and did not make any purchases.

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

A projected 6,864 individuals attended the 2012 NCHA Futurity.

Table 1. People Attending 2012 NCHA Futurity

	Groups in Segment	Average People in Group	Totals
Contestants	955	3.02	2,884
Horse sale participants	1,208	1.80	2,174
Vendors	173	2.00	346
Out-of-state spectators	92	1.75	161
Total eligible	2,428		5,666
Texas spectators	662	1.96	1,298
Grand totals	3,090		6,864

This translates into 64,757 visitor days. (Table 2)

Table 2. Projected Visitor Days, 2012 NCHA Futurity

	People in Segment	Average Days at Show	Totals
Contestants	2,884	15.57	44,905
Horse sale participants	2,174	4.60	10,002
Vendors	346	18.89	6,536
Out-of-state spectators	161	2.92	470
Total eligible	5,666		61,914
Texas spectators	1,298	2.19	2,843
Grand totals	6,864		64,757

2013 NCHA Futurity (and World Finals) Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	Number of Judges and Monitors	Number of NCHA Officials	Unduplicated Contestants	Sales Staff	Net Unduplicated Buyers & Sellers	Vendors	Out-of-State Spectators	Texas Spectators	Totals
Unduplicated Groups			26	48	835	79	1,077	167	479	4,108	6,819
Total Individuals			26	48	2,616	79	3,375	304	1,315	8,093	15,856
Tue., Nov. 19											
Move In											
Wed., Nov. 20											
Move In											
Thru., Nov. 21	84	3.2%	8	25	888			304			1,248
Fri., Nov. 22	105	3.9%	8	48	1,110			304			1,470
Sat., Nov. 23	105	3.9%	8	48	1,110			304			1,470
Sun., Nov. 24	105	3.9%	8	48	1,110			304			1,470
Mon., Nov. 25	105	3.9%	8	48	1,110			304			1,470
Tue., Nov. 26	105	3.9%	8	48	1,110			304			1,470
Wed., Nov. 27	112	4.2%	8	48	1,184			304			1,544
Thu., Nov. 28	43	1.6%	8	48	454			304			814
Fri., Nov. 29	120	4.5%	14	48	1,268			304	78	203	1,915
Sat., Nov. 30	117	4.4%	14	48	1,236			304	74	193	1,869
Sun., Dec. 1	120	4.5%	8	48	1,268			304			1,628
Mon., Dec. 2	120	4.5%	8	48	1,268	9	719	304			2,356
Tue., Dec. 3	105	3.9%	8	48	1,110	9	719	304			2,197
Wed., Dec. 4	165	6.2%	15	48	1,744	9	719	304			2,838
Thu., Dec. 5	190	7.1%	15	48	2,008	9	719	304			3,240
Fri., Dec. 6	141	5.3%	15	48	1,490	11	879	304	38	99	2,851
Sat., Dec. 7	222	8.3%	15	48	2,346	19	1,517	304	29	75	4,250
Sun., Dec. 8	120	4.5%	8	48	1,268	19	1,517	304			3,165
Mon., Dec. 9	110	4.1%	8	48	1,162	62	4,952	304			6,536
Tue., Dec. 10	111	4.2%	8	48	1,173	70	5,591	304			7,194
Wed., Dec. 11	95	3.6%	8	48	1,004	61	4,872	304	449	1,166	7,912
Thu., Dec. 12	61	2.3%	8	48	645	58	4,632	304	582	1,511	7,788
Fri., Dec. 13	78	2.9%	8	48	824	58	4,632	304	850	2,208	8,933
Sat., Dec. 14	27	1.0%	9	48	285	61	4,872	304	1,016	2,638	9,233
Sun., Dec. 15											
Move out											
Totals	2,666	100.0%	241	1,213	28,174	466	36,339	7,296	3,116	8,093	84,880

Basis for attendance counts

Number of Groups:

1. Number of judges and monitors - NCHA Records
2. Number of show staff, NCHA officials - NCHA Records
3. Unduplicated contestants - NCHA Records
4. Sales staff - NCHA Records
5. Net unduplicated buyers and sellers - NCHA Records
6. Number of vendors - NCHA Vendors
7. Number of Spectators - Actual NCHA Ticket Sales (Groups 1-6 all received passes to the ticketed event so the number of tickets sold reflect people not involved with the Futurity in any capacity)

Number of People:

The number of people in Groups 3 and 5 were computed from averages in the survey of 400 people at the Futurity.

The number of spectators was based on ticket sales at eight ticketed events and the percentage of spectators the survey who live outside of Texas and in Texas. Clearly there were other spectators who visited the non-ticketed Futurity events but it was not possible to document this from the survey.

It also assumed that people who participated in the horse sales were primarily at the Futurity during the sales, although many of them may have attended other non-ticketed events.

It was assumed that people in Groups 1, 2 and 4 who were working at the Futurity were there alone. In addition, these people will not be included in the economic impact projections.

Because of the methodology used, we feel that the data presented here are very conservative estimates of actual attendance at the Futurity.

Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting - POTURITY
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	December 28, 2013

The TOTAL attendance at the PRIMARY EVENT was: 81,383

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: 77,526

Source(s) and Methodology feel free to attach support information:

Please see attached report.

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: Susan Alanis

Printed Name: Susan Alanis



Gerald L. Grotta
President/CEO

Grotta Marketing Research, L.L.C.
1905 Thousand Oak Drive
Burleson, TX 76028-3227
(817) 295-4674
gmr.research@sbcglobal.net

December 31, 2013

The 2013 National Cutting Horse Association Futurity and World Finals show was held November 24-December 15 at the Will Rogers Memorial Center in Fort Worth. The data in the attached Microsoft Excel files were analyzed by Dr. Gerald L. Grotta.

The procedure involved the use of actual numbers of unique participants and vendors, provided by the NCHA.

The number of spectators was calculated on the basis of NCHA files and the results from a survey of 545 people who attended the event.

Gerald L. Grotta

2013 NCHA Futurity (and World Finals) Daily Attendance Estimates

Date	Daily Entries	% of Total Entries	Number of Judges and Monitors	Number of Show Staff, NCHA Officials	Unduplicated Contestants	Sales Staff	Net Unduplicated Buyers & Sellers	Vendors	Out-of-State Spectators	Texas Spectators	Totals
Unpublished Groups											
Total			26	48	835	79	1,077	167	479	4,108	6,819
Individuals											
Tue., Nov. 19			26	48	2,616	79	3,375	304	1,315	8,093	15,856
Wed., Nov. 20				25							
Move In											
Move In				25							
Thu., Nov. 21	84	3.2%	8	48	888			304			1,248
Fri., Nov. 22	105	3.9%	8	48	1,110			304			1,470
Sat., Nov. 23	105	3.9%	8	48	1,110			304			1,470
Sun., Nov. 24	105	3.9%	8	48	1,110			304			1,470
Mon., Nov. 25	105	3.9%	8	48	1,110			304			1,470
Tue., Nov. 26	105	3.9%	8	48	1,110			304			1,470
Wed., Nov. 27	112	4.2%	8	48	1,184			304			1,544
Thu., Nov. 28	43	1.6%	8	48	454			304			814
Fri., Nov. 29	120	4.5%	14	48	1,268			304	78	203	1,915
Sat., Nov. 30	117	4.4%	14	48	1,236			304	74	193	1,869
Sun., Dec. 1	120	4.5%	8	48	1,268			304			1,628
Mon., Dec. 2	120	4.5%	8	48	1,268	9	719	304			2,356
Tue., Dec. 3	105	3.9%	8	48	1,110	9	719	304			2,197
Wed., Dec. 4	165	6.2%	15	48	1,744	9	719	304			2,838
Thu., Dec. 5	190	7.1%	15	48	2,008	9	719	304	38	99	3,240
Fri., Dec. 6	141	5.3%	15	48	1,490	11	879	304	29	75	2,851
Sat., Dec. 7	222	8.3%	15	48	2,346	19	1,517	304			4,250
Sun., Dec. 8	120	4.5%	8	48	1,268	19	1,517	304			3,165
Mon., Dec. 9	110	4.1%	8	48	1,162	62	4,952	304			6,536
Tue., Dec. 10	111	4.2%	8	48	1,173	70	5,591	304			7,194
Wed., Dec. 11	95	3.6%	8	48	1,004	61	4,872	304	449	1,166	7,912
Thu., Dec. 12	61	2.3%	8	48	645	58	4,632	304	582	1,511	7,788
Fri., Dec. 13	78	2.9%	8	48	824	58	4,632	304	850	2,208	8,933
Sat., Dec. 14	27	1.0%	9	48	285	61	4,872	304	1,016	2,638	9,233
Sun., Dec. 15											
Move out				11		11					22
Totals	2,666	100.0%	241	1,213	28,174	466	36,339	7,296	3,116	8,093	84,880

Basis for attendance counts

Number of Groups:

1. Number of judges and monitors - NCHA Records
2. Number of show staff, NCHA officials - NCHA Records
3. Unduplicated contestants - NCHA Records
4. Sales staff - NCHA Records
5. Net unduplicated buyers and sellers - NCHA Records
6. Number of Vendors - NCHA Vendors
7. Number of Spectators - Actual NCHA Ticket Sales

(Groups 1-6 all received passes to the ticketed event so the number of tickets sold reflect people not involved with the Futurity in any capacity)

Number of People:

The number of people in Groups 3 and 5 were computed from averages in the survey of 400 people at the Futurity.

The number of spectators was based on ticket sales at eight ticketed events and the percentage of spectators the survey who live outside of Texas and in Texas. Clearly there were other spectators who visited the non-ticketed Futurity events but it was not possible to document this from the survey.

It also assumed that people who participated in the horse sales were primarily at the Futurity during the sales, although many of them may have attended other non-ticketed events.

It was assumed that people in Groups 1, 2 and 4 who were working at the Futurity were there alone. In addition, these people will not be included in the economic impact projections.

Because of the methodology used, we feel that the data presented here are very conservative estimates of actual attendance at the Futurity.

Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting – SUPER STAKES
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	May 3, 2014

The TOTAL attendance at the PRIMARY EVENT was: 7,940

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: 222

Source(s) and Methodology feel free to attach support information:

See attached attendance report.

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: 

Printed Name: Susan Alanis

Date: 4/30/2014

Send to:

Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528



Grotta Marketing Research, LLC
(817) 308-2850 or (817) 917-5595
jerry@gmr-research.com
angie@gmr-research.com
gmr-research.com

Attendance Report

Date: April 22, 2014
To: Jim Bret Campbell
From: Angie Highland
Project: 2014 NCHA Super Stakes & Super Stakes Classic Attendance Report

In accordance with Section 2.103 of the "Proposed Revised Rules" governing the Major Events Trust Fund, an attendance certification is required post event and must include:

1. The actual number of attendees at the approved event that are not residents of Texas;
2. Total attendance at the event; and
3. The source for such numbers

This report is designed to satisfy this request related to the following event: **2014 National Cutting Horse Association (NCHA) Super Stakes & Super Stakes Classic**

All of the attendance numbers in this report are based on "hard data," as follows:

- ❖ 716 unique contestants (NCHA records)
- ❖ 627 unique horse buyers/sellers (Western Bloodstock Horse Sale records)
- ❖ 14 judges and monitors and days at the show (NCHA records)
- ❖ 49 show staff and NCHA officials and days at the show (NCHA records)
- ❖ 76 sales staff and days at the show (Western Bloodstock Horse Sale records)
 - Totaling 1,482 Eligible Participants
- ❖ 83 vendor booths (NCHA records)
- ❖ 959 spectator tickets sold for the finals performance (Extreme Tix records)

The following numbers were calculated from interviews conducted among the 400 randomly selected people at the show.

- ❖ Average number of people attending the show with participants and vendors
- ❖ Average number of days participants and vendors attended the show
- ❖ Number of groups of ticketed spectators attending the show
- ❖ The percentage of spectators from outside of Texas vs. those from Texas
- ❖ Contestants and horse buyers and sellers were grouped together as "Total Participants"

Results

A projected 7,940 different individuals attended the 2014 NCHA Super Stakes.

Table 1. People Attending 2014 NCHA Super Stakes & Super Stakes Classic

		Average People in Group	Totals
Participants	1,482	4.60	6,817
Vendors	83	1.98	164
Out-of-state visitors	56	4.00	222
Total eligible	1,621		7,203
Texas visitors	398	1.85	737
Grand totals	2,019		7,940

This projects to 93,887 visitor days.

Table 2. Projected Visitor Days, 2014 NCHA Super Stakes & Super Stakes Classic

		Average Days at Show	Totals
Participants	6,817	12.70	86,576
Vendors	164	23.00	3,772
Out-of-state visitors	222	1.50	333
Total eligible	7,203		90,681
Texas visitors	737	4.35	3,206
Grand totals	7,940		93,887

Comparing 2013 to 2014

When comparing the attendance results from the 2013 to 2014 show, it is quite apparent that the 2014 show far exceeded expectations. Individuals in the "Total Eligible Participants" category grew from 4,948 in 2013 to 7,203 in 2014 (31.3%). In regards to unduplicated contestants, in 2013 there were a total of 698 compared to 716 in 2014, meaning that participation at the 2014 show was up over 2013. The City of Fort Worth and the National Cutting Horse Association view the results of the 2014 event as extremely successful.

A detailed analysis of spending will be provided in a forthcoming report.

Grotta Marketing Research, LLC

Dr. Gerald L. Grotta, CEO, has an extensive background in marketing research, including economic impact analyses, product market potential, competitive analysis, membership surveys, focus group sessions, and marketing plans. He has designed and conducted hundreds of marketing research projects in the past 40 years and his company marked its 30th anniversary in 2013.

From 1969 to 1972 Dr. Grotta was a consultant to the National Academy of Sciences Computer Science and Engineering Board for the Project on Computer Data Banks. This resulted in a book, *Data Banks in a Free Society: Computers, Record Keeping and Privacy*, by Alan F. Westin et al., which was a factor in passage of the Federal Privacy Act of 1974.

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.

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 journalism with emphasis on 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 in 1976 and featured speaker at an advertising conference in Helsinki, Finland in 1984.

He has been 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.

Angie Highland, COO, was on the staff of the City of Fort Worth for ten years before joining Grotta Marketing Research, LLC as partner and Chief Operating Officer in 2014. She is a

recognized authority on the Texas Events Fund programs. She has a Master's Degree in Public Administration from The University of North Texas and is working toward her Ph.D. degree in marketing research.

Grotta Marketing Research, LLC is a member of the American Marketing Association and an accredited member of the Better Business Bureau.

Dr. Grotta has done research and consulting projects for a variety of local, state, national and international clients, including:

- A.T.&T. Long Lines Division
- Alcon
- American Airlines Employee Credit Union
- American Angus Association
- American Arabian Horse Association
- American Brahman Breeders Association
- American Miniature Horse Association
- American Paint Horse Association
- American Quarter Horse Association
- Appaloosa Horse Club
- Atlantic (ARCO) Federal Credit Union
- Baltimore Telephone Federal Credit Union
- Better Business Bureau of Tarrant County
- Chattanooga TVA Federal Credit Union
- Fort Worth Chamber of Commerce
- Fort Worth Convention & Visitors Bureau
- *Fort Worth Star-Telegram*
- Fort Worth Stock Show and Rodeo
- Fort Worth Zoo
- Frito Lay
- Galderma
- *Houston Chronicle*
- IBM Mid-Atlantic Employees Credit Union
- Infomart (Dallas)
- J.C. Penney
- Kansas State University Student Media
- Kelly, Hart & Hallman Law Firm
- Lost Oak Winery
- Martinsville DuPont Credit Union
- *Minneapolis Star-Tribune*
- *Montreal Star* (Canada)
- NASA Federal Credit Union
- National Cutting Horse Association
- NationsCredit
- *Rolling Stone*
- Sovegal (France)
- *Sports Illustrated*

- Sundance Square
- Texas & Southwestern Cattle Raisers Association
- Texas Farm Bureau
- The City of Fort Worth
- *Time*
- Texas Christian University Student Media
- University of Pittsburgh Student Media
- Van Cliburn International Piano Competition
- Vought Heritage (LTV) Community Credit Union
- W.R. Grace
- *Wall Street Journal*

Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund

ATTENDANCE CERTIFICATION

A request was processed to establish an Event Trust Fund for the event:	2013-14 Triple Crown of Cutting – SUMMER SPECTACULAR
You submitted a Request letter for an event:	September 23, 2013
The Comptroller mailed a fund approval letter to you on:	October 14, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	August 16, 2014

The TOTAL attendance at the PRIMARY EVENT was: 11639

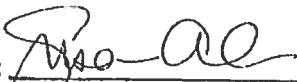
The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: _____

Source(s) and Methodology feel free to attach support information:

Please see attached report

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: 

Printed Name: Susan Alanis

Date: 8/11/2014

Send to:
Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528



Grotta Marketing Research, LLC
(817) 308-2850 or (817) 917-5595
jerry@gmr-research.com
angie@gmr-research.com
gmr-research.com

Attendance Report

Date: August 9, 2014
To: Jim Bret Campbell, National Cutting Horse Association
From: Angie Highland, Grotta Marketing Research, LLC
Project: 2014 NCHA Summer Spectacular Attendance Report

In accordance with Section 2.103 of the "Proposed Revised Rules" governing the Major Events Trust Fund, an attendance certification is required post event and must include:

1. The actual number of attendees at the approved event that are not residents of Texas;
2. Total attendance at the event; and
3. The source for such numbers

This report is designed to satisfy this request related to the following event: **2014 National Cutting Horse Association (NCHA) Summer Spectacular**

All of the attendance numbers in this report are based on "hard data," as follows:

- ❖ 713 unique contestants (NCHA records)
- ❖ 692 unique horse buyers/sellers (Western Bloodstock Horse Sale records)
- ❖ 26 judges and monitors and days at the show (NCHA records)
- ❖ 47 show staff and NCHA officials and days at the show (NCHA records)
- ❖ 81 sales staff and days at the show (Western Bloodstock Horse Sale records)
 - **Totaling 1,559 Eligible Participants**
- ❖ 80 vendor booths (NCHA records)
- ❖ 1,281 spectator tickets sold for the finals performance (Extreme Tix records)

The following numbers were calculated from interviews conducted among the 466 randomly selected people at the show.

- ❖ Average number of people attending the show with participants and vendors
- ❖ Average number of days participants and vendors attended the show
- ❖ Number of groups of ticketed spectators attending the show
- ❖ The percentage of spectators from outside of Texas vs. those from Texas
- ❖ Contestants and horse buyers and sellers were grouped together as "Total Participants"

Results

A projected 6,873 different individuals attended the 2014 NCHA Summer Spectacular.

Table 1. People Attending 2014 NCHA Summer Spectacular

		Average People in Group	Totals
Participants	1,559	3.42	5,332
Vendors	80	3.23	258
Out-of-state spectators*	0	0.00	0
Total eligible	1,639		5,590
Texas spectators	309	4.15	1,282
Grand totals	1,948		6,873

*Please note that of the 466 survey respondents, only 1 self-identified as an "out-of-state spectator." GMR did not feel as though that was an adequate sample size to assign population size or spending assumptions.

This projects to 85,681 visitor days.

Table 2. Projected Visitor Days, 2014 NCHA Summer Spectacular

		Average Days at Show	Totals
Participants	5,332	14.65	78,114
Vendors	258	22.87	5,900
Out-of-state spectators	0	0.00	0
Total eligible	5,590		84,014
Texas spectators	1,282	1.30	1,667
Grand totals	6,872		85,681

General Comments

The 2014 NCHA Summer Spectacular was well attended and met all of the expectations surrounding participation and spending. The City of Fort Worth and the National Cutting Horse Association view the results of the event as extremely successful.

A detailed analysis of spending will be provided in a forthcoming report.

Grotta Marketing Research, LLC

Dr. Gerald L. Grotta, CEO, has an extensive background in marketing research, including economic impact analyses, product market potential, competitive analysis, membership surveys, focus group sessions, and marketing plans. He has designed and conducted hundreds of marketing research projects in the past 40 years and his company marked its 30th anniversary in 2013.

From 1969 to 1972 Dr. Grotta was a consultant to the National Academy of Sciences Computer Science and Engineering Board for the Project on Computer Data Banks. This resulted in a book, *Data Banks in a Free Society: Computers, Record Keeping and Privacy*, by Alan F. Westin et. al., which was a factor in passage of the Federal Privacy Act of 1974.

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.

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 journalism with emphasis on 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 in 1976 and featured speaker at an advertising conference in Helsinki, Finland in 1984.

He has been 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.

Angie Highland, COO, was on the staff of the City of Fort Worth for ten years before joining Grotta Marketing Research, LLC as partner and Chief Operating Officer in 2014. She is a recognized authority on the Texas Events Fund programs. She has a Master's Degree in Public Administration from The University of North Texas and is working toward her Ph.D. degree in marketing research.

Grotta Marketing Research, LLC is a member of the American Marketing Association and an accredited member of the Better Business Bureau.

Dr. Grotta has done research and consulting projects for a variety of local, state, national and international clients, including:

- A.T.&T. Long Lines Division
- Alcon
- American Airlines Employee Credit Union
- American Angus Association
- American Arabian Horse Association
- American Brahman Breeders Association
- American Miniature Horse Association
- American Paint Horse Association
- American Quarter Horse Association
- Appaloosa Horse Club
- Atlantic (ARCO) Federal Credit Union
- Baltimore Telephone Federal Credit Union
- Better Business Bureau of Tarrant County
- Chattanooga TVA Federal Credit Union
- Fort Worth Chamber of Commerce
- Fort Worth Convention & Visitors Bureau
- *Fort Worth Star-Telegram*
- Fort Worth Stock Show and Rodeo
- Fort Worth Zoo
- Frito Lay
- Galderma
- *Houston Chronicle*
- IBM Mid-Atlantic Employees Credit Union
- Infomart (Dallas)
- J.C. Penney
- Kansas State University Student Media
- Kelly, Hart & Hallman Law Firm
- Lost Oak Winery
- Martinsville DuPont Credit Union
- *Minneapolis Star-Tribune*
- *Montreal Star* (Canada)
- NASA Federal Credit Union
- National Cutting Horse Association
- NationsCredit
- *Rolling Stone*
- Sovegal (France)
- *Sports Illustrated*
- Sundance Square
- Texas & Southwestern Cattle Raisers Association
- Texas Farm Bureau
- The City of Fort Worth

- *Time*
- Texas Christian University Student Media
- University of Pittsburgh Student Media
- Van Cliburn International Piano Competition
- Vought Heritage (LTV) Community Credit Union
- W.R. Grace
- *Wall Street Journal*



WILL ROGERS MEMORIAL CENTER

October 6, 2014

TJ Costello
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, TX 78711-3528

RE: 2014 National Cutting Horse Association Summer Spectacular

Dear Mr. Costello:

In regards to the attendance certification submitted for the 2014 National Cutting Horse Association's Summer Spectacular we recognize that the participants and vendor counts included on the certification might not all be out of State. However, it is our understanding that the participants and vendors are eligible to be reported as presented in the attendance certification report. The City is confident in the economic impact of this event. According to information provided to the City by the National Cutting Horse Association, the event did bring in participants from 38 states and 8 countries.

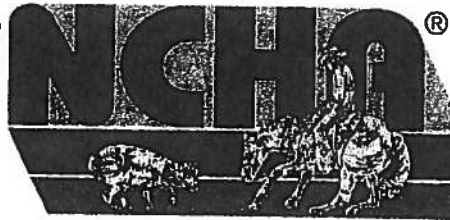
We appreciate your assistance with this process. The Major Event Trust Fund program has proven to be a great benefit for both the City of Fort Worth and the State of Texas' ability to support the Triple Crown of Cutting events. The trust fund is a very important asset in the City of Fort Worth's ability to retain not only the Triple Crown of Cutting, but many others, and is greatly appreciated. We extend our sincere appreciation to you and your team for all your assistance.

Sincerely,

Kirk N. Slaughter
Public Events Director
City of Fort Worth

Attachment

**NATIONAL
CUTTING
HORSE
ASSOCIATION**



260 Bailey Avenue
Fort Worth, Texas 76107-1862
817/244-6188 • Fax: 817/244/2015
www.nchacutting.com

Kirk Slaughter
Public Events Director
City of Fort Worth
1201 Houston St
Fort Worth, TX 76102

October 6, 2014

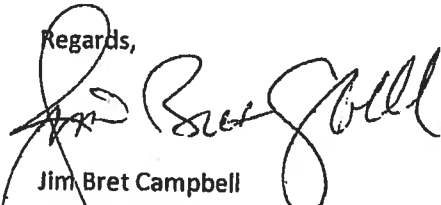
RE: 2014 NCHA Summer Spectacular

Dear Mr. Slaughter,

The National Cutting Horse Association (NCHA) is pleased to provide you with a list of states and countries represented during the 2014 NCHA Summer Spectacular held at the Will Rogers Memorial Center. As you know, we are proud of the success of our shows and their ability to attract people from all over the United States and the world. This year, participants traveled from eight countries, including Austria, Brazil, Canada, Monaco, Italy, Sweden, Spain, and Venezuela and 38 states: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Iowa, Idaho, Indiana, Kansas, Louisiana, Maryland, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Mexico, Nevada, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming.

We sincerely appreciate the continued support from the City of Fort Worth and the State of Texas, and look forward to working with you during our upcoming Futurity.

Regards,



Jim Bret Campbell
NCHA Executive Director