



ESTIMATED ECONOMIC IMPACT of U.S. HIGHWAY 30

CITY OF MT. VERNON

Below is a detailed analysis of the project’s impact in the local economy:

Project’s Overall Impact in Linn County’s Economy	
New Jobs Created	2,902
Economic Activity generated	\$ 105,340,000
Total Payroll Generated	\$ 95,427,992
Annual Sales Tax Revenue Generated	\$ 570,699.39

I. JOB CREATION ANALYSIS

Direct Impact	
Projected New Direct Jobs to be Created:	1,814
Average Wage Rate of Construction Industry in Linn County:	\$17.74 (hourly)
New Direct Payroll Generated:	\$66,928,622

Indirect Impact (Multiplier Effect)	
Projected Indirect Jobs:	1,088
New Payroll generated from Indirect Jobs:	\$28,499,369

Total Jobs Impact	
Projected Total Jobs to be Created:	2,902
Projected Total Payroll:	\$95,427,992
Personal Income:	\$69,798,640
Net Personal Consumption Expenditures:	\$51,625,761

The above calculations were computed based on the following inputs:

- Creation of 2,902.
- The Employment multiplier applied is 1.6 (Construction multiplier for the region of Linn County IA).
- The average wage rate used is \$45,535 (annual) \$ Estimated leakage, disposable income and net personal consumption rates used are national averages.



II. EXPENDITURES IMPACT ON LOCAL INDUSTRIES

A portion of total earnings generated by the new jobs will be used for personal consumption expenditures. That portion is addressed below as an expenditure detail in which the personal consumption expenditures are dispersed following a consumption pattern consistent with the Linn County, IA region.

The expenditure detail determines an estimated annual impact to regional industries due to the new road construction project.

Projected Average ANNUAL Personal Expenditures: \$51,625,761

CATEGORIES (Major/Minor)	TOTAL	Major Category
FOOD	\$7,124,354.98	13.8% of Expenditures
HOUSING	\$16,055,611.58	31.1% of Expenditures
Shelter	\$9,007,198.10	56.1% of Housing
Utilities, Fuels and Public Services	\$3,403,789.66	21.2% of Housing
Household Operations	\$722,502.52	4.5% of Housing
Housekeeping Supplies	\$915,169.86	5.7% of Housing
Household Furnishings and equipment	\$2,006,951.45	12.5% of Housing
APPAREL	\$2,219,907.71	4.3% of Expenditures
TRANSPORTATION	\$10,325,152.14	20.0% of Expenditures
Vehicle purchases	\$5,121,275.46	49.6% of Transportation
Gasoline and motor oil	\$1,610,723.73	15.6% of Transportation
Other vehicle expenses	\$3,159,496.56	30.6% of Transportation
Public Transportation	\$433,656.39	4.2% of Transportation
HEALTH CARE	\$3,045,919.88	5.9% of Expenditures
ENTERTAINMENT	\$2,736,165.32	5.3% of Expenditures
PERSONAL CARE PRODUCTS	\$671,134.89	1.3% of Expenditures
FINANCIAL	\$6,917,851.94	13.4% of Expenditures
READING	\$154,877.28	0.3% of Expenditures
EDUCATION	\$929,263.69	1.8% of Expenditures
TOBACCO PRODUCTS/SMOKING SUPPLIES	\$464,631.85	0.9% of Expenditures
MISCELLANEOUS	\$980,889.45	1.9% of Expenditures
<i>Note: Total may not equal Net Personal Consumption Expenditures from Job Impact due to rounding.</i>		

The Expenditure percentages are derived from the 2002 annual Consumer Expenditure Survey, which is conducted by the Bureau of Labor Statistics (BLS) and provides information on the buying habits of American consumers and data on their expenditures in four regions (Northeast, Midwest, South, West).



III. PROJECTED SALES TAX REVENUE

The Tax Revenue Analysis estimates the county and state tax revenue generated from the new road construction project. The tax revenue calculations are based on projected annual average expenditures as result of the new jobs created in the region of Linn County, IA.

Projected Annual Taxable Expenditures		State of IA
Alcohol	\$520,077.20	\$26,003.86
Housekeeping Supplies	\$915,169.86	\$45,758.49
Household Furnishings and equipment	\$2,006,951.45	\$100,347.57
Apparel	\$2,219,907.71	\$110,995.39
Entertainment	\$2,736,165.32	\$136,808.27
Personal Care Products	\$671,134.89	\$33,556.74
Vehicle Purchases	\$419,394.78	\$20,969.74
Vehicle Maintenance and repairs	\$872,021.05	\$43,601.05
Public Transportation	\$433,656.39	\$21,682.82
Reading	\$154,877.28	\$7,743.86
Tobacco	\$464,631.85	\$23,231.59
TOTAL	\$11,413,987.78	\$570,699.39

Based on the above calculations, the new road construction project will generate a total of **\$570,699.39** in ANNUAL sales tax revenue (once all jobs are in place) for the state of Iowa.

Notes: The tax revenue calculations represent estimates based on annual average expenditures. No sales tax is collected on food in the State of Iowa.



METHODOLOGY & LIMITATIONS

The economic impact analysis focuses on what investors in economic development programs demand: measurability, accountability, and return on their investment. Economic success that would naturally occur in a region does not find its way into this type of analysis. It also does not use macro economic measures to describe an area's economic health.

The results of the Economic Impact Analysis must be interpreted within the limitations of the study itself. These limitations include:

All benefits accrue to the local economy. The economic development practitioner realizes that the benefits of job creation rarely accrue solely to the immediate area. The methodology used in this study cannot precisely state the geographic parameters to which these benefits accrue; however it is assumed that the majority of benefits will accumulate within Linn County.

Multipliers. Multipliers are used to assess the impact of jobs, earnings, and output. These multipliers show the effect of the addition of one job or one dollar in any given industry to the employment or earnings for all industries.

Direct Impacts are those numbers resulting directly from the jobs added in Linn County, IA.

Total Impacts are those numbers resulting from the application of multipliers to the direct impacts. These figures include the direct impacts plus the additional jobs and earnings caused by the presence of the directly impacted jobs and earnings.

Assumptions. The number of jobs created is determined based on national averages published by the American Road & Transportation Builders Association in the Economic Analysis of the U.S. Transportation Construction Industry (a new report with updated numbers will be released soon). The impact was calculated based on the following ratios:

- a. \$1Billion invested in transportation infrastructure generates 34,437 jobs.
- b. \$1Billion invested in transportation infrastructure generates \$55,000,000 in aggregate sales.
- c. \$1Billion invested in transportation infrastructure generates \$2 billion in economic activity