

2018

# The Emerson Center for the Arts and Culture

## AN ECONOMIC IMPACT ANALYSIS



Northern Rocky Mountain EDD

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## Table of Contents

General Project Description .....	2
Description of Reports .....	3
Background and Methodology: Background and Methodology .....	4
About the Northern Rocky Mountain Economic Development District .....	4
Summary of Economic Impacts .....	5
Economic Impact Report.....	6
Gross Economic Output .....	6
Gross County Product .....	7
Total Labor Income .....	8
Total Employment .....	9
Capital Income.....	10
Indirect Business Tax.....	11

## **General Project Description**

This study analyzes the economic impacts of the Emerson Center for the Arts and Culture located in Bozeman, Montana. The study is based on an analysis of the Emerson's annual operating statement and other related information provided by the Center.

The mission of the Emerson Center for the Arts & Culture is to serve as a primary resource for the arts, arts education and cultural activities in southwest Montana by:

- Stimulating and celebrating the arts in all its forms
- Fostering lifelong appreciation and understanding of arts and culture
- Building community and economic development among creative enterprises, businesses and civic organizations.

This study is funded in part by a grant from NorthWestern Energy, Inc.

## Description of Reports

This analysis is divided into six reports. The Gross Economic Output report reflects the project's total economic benefit including all direct and indirect benefits. The total includes benefits that occur within and without of the project area.

The Gross County Product is the amount of benefit that is retained in the local area. Total Labor Income, Capital Income and Indirect Business Taxes are subsets of the Gross County Product. When added together, labor income, capital income and indirect taxes roughly equal the Gross County Product. The Total Employment report simply restates Total Labor Income as the number of jobs but is not included as a subset of the Gross County Product.

1. **Gross Economic Output:** The aggregated market value of goods and services produced by businesses and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County or impact area.
2. **Gross County Product:** The total of value added created by the production of goods and services in the economy. It represents the sum of labor compensation, capital type income and indirect business taxes. Gross County Product is best described as new money added because of the combined activities of this project.
3. **Total Labor Income:** The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.
4. **Total Employment:** The number of jobs generated within the impact area including full-time and part-time positions, salaried workers and sole proprietors.
5. **Capital Income:** The sum of income such as business profits, interest and rental income. Capital Income is best described as non-labor benefits.
6. **Indirect Business Tax:** Taxes and fees not based in the businesses' income. It may represent sales taxes (if any) levied by the state and county and property taxes levied against businesses as well as federal, state and local fees.

## **Background and Methodology: Background and Methodology**

The analysis seeks to measure the economic impact of the Emerson, including its operating budget of over \$1 million but also the many retailers that operate out of the Emerson and the vendors that operate within the Emerson space. The Emerson estimates that retail sales related to its facilities are approximately \$10.1 million. The facility also hosts many events throughout the year that produce vendor sales. In most instances the vendor sales are earned by third parties but because the community recognizes an economic benefit they are included in the analysis. It is not possible with the current bookkeeping to know the precise vendor sales, however; these sales are estimated at \$2 million.

This study also analyzes the economic impacts of the more than 250,000 annual visitors to the Emerson who spend money at local hotels, restaurants and retail stores. Lastly capital improvements and an estimate for volunteer hours were included in the analysis.

The report represents a broader view than simply the Project's direct expenditures or employment. For example the analysis measures the economic "footprint" as dollars multiply inside and outside of the market area and includes both direct and indirect impacts. This analysis seeks to quantify the economic benefits to Gallatin County. The results of this report are not scientific but are historically-representative of the economic impacts.

## **About the Northern Rocky Mountain Economic Development District**

The principals of the Northern Rocky Mountain Economic Development District have prepared hundreds of economic impact reports for state agencies, cities, counties, economic development districts and private corporations. Each report is based on datasets that are specific to the project's location and unique industry sectors. Robert Gilmore, the Executive Director, is the recipient of the Ford Foundation's Award for Innovations in American Government and the Council of State Government's Award for Innovation.

## Summary of Economic Impacts

The Economic Impact Report (shown below) details the Project's economic impacts. The impact categories are described above in the "Description of Reports" section. In summary, it is estimated that the Emerson and its business-related activities will produce the following economic benefits:

- *\$30.6 million in Gross Economic Output*
- *\$18.8 million in Gross County Product.*
- *\$11.9 million in Total Labor Income*
- *822 total jobs (full and part-time).*
- *\$4.2 million in Capital Income.*
- *\$2.7 million in Indirect Business Taxes and Fees.*

## Economic Impact Report

### An Economic Impact Analysis of The Emerson

Prepared by the Northern Rocky Mountain Economic Development District 2018

#### Gross Economic Output

The aggregated market value of goods and services produced by firms and government enterprises in the County's economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County.

Industry	Frequency	Direct Impact	Indirect and Induced Impact	Total Impact
Emerson Operations	On Going	\$1,050,000	\$451,197	\$1,501,197
Emerson – Volunteer support	On Going	\$77,175	\$33,163	\$110,338
Emerson – Promotor sales	On Going	\$2,000,000	\$1,026,029	\$3,026,029
Emerson – Tenant Sales	On Going	\$10,190,000	\$5,061,018	\$15,251,018
Emerson Capital Improvement	One Time	\$415,000	\$217,827	\$632,827
Visitor – Auto Expenses	On Going	\$346,318	\$150,411	\$496,729
Visitor - Food and beverage stores	On Going	\$415,581	\$203,284	\$618,865
Visitor - Food services and drinking places	On Going	\$1,385,272	\$643,288	\$2,028,560
Visitor - Gasoline stations	On Going	\$1,246,745	\$480,592	\$1,727,337
Visitor - Hotels and motels	On Going	\$1,316,009	\$575,038	\$1,891,047
Visitor – Misc Retail Sales	On Going	\$554,109	\$275,207	\$829,316
Visitor – guides and entertainment	On Going	\$1,662,327	\$825,620	\$2,487,947
<b>Totals:</b>		\$20,658,536	\$9,942,673	\$30,601,209

## Gross County Product

The total value added created by the production of goods and services in the local economy. It is analogous to the concept of Gross Domestic Product at the national level. It represents the sum of labor compensation, capital type income (profits, interests and rents), and indirect business taxes (which are mainly sales taxes, but also include property taxes and government mandated fees).

Industry	Frequency	Initial Purchase	Total Impact
Emerson Operations	On Going	\$1,050,000	\$821,573
Emerson – Volunteer support	On Going	\$77,175	\$60,386
Emerson – Promotor sales	On Going	\$2,000,000	\$1,492,810
Emerson – Tenant Sales	On Going	\$10,190,000	\$10,214,149
Emerson Capital Improvement	One Time	\$415,000	\$333,024
Visitor – Auto Expenses	On Going	\$346,318	\$227,979
Visitor - Food and beverage stores	On Going	\$415,581	\$362,270
Visitor - Food services and drinking places	On Going	\$1,385,272	\$940,499
Visitor - Gasoline stations	On Going	\$1,246,745	\$1,092,674
Visitor - Hotels and motels	On Going	\$1,316,009	\$1,112,707
Visitor – guides and entertainment	On Going	\$1,662,327	\$1,666,267
<b>Totals:</b>		\$20,658,536	\$18,879,760



## Total Labor Income

The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.

Industry	Frequency	Initial Purchase	Total Impact
Emerson Operations	On Going	\$1,050,000	\$479,950
Emerson – Volunteer support	On Going	\$77,175	\$35,276
Emerson – Promotor sales	On Going	\$2,000,000	\$788,958
Emerson – Tenant Sales	On Going	\$10,190,000	\$6,756,930
Emerson Capital Improvement	One Time	\$415,000	\$258,851
Visitor – Auto Expenses	On Going	\$346,318	\$154,768
Visitor - Food and beverage stores	On Going	\$415,581	\$232,025
Visitor - Food services and drinking places	On Going	\$1,385,272	\$597,296
Visitor - Gasoline stations	On Going	\$1,246,745	\$526,146
Visitor - Hotels and motels	On Going	\$1,316,009	\$626,463
Visitor – Misc Retail Sales	On Going	\$554,109	\$367,426
Visitor – guides and entertainment	On Going	\$1,662,327	\$1,102,279
<b>Totals:</b>		\$20,658,536	\$11,926,370

## Total Employment

The number of jobs generated within the County, and includes: \* full-time and part-time positions \* salary workers \*sole proprietors.

Industry	Frequency	Initial Purchase	Total Impact
Emerson Operations	On Going	\$1,050,000	29
Emerson – Volunteer support	On Going	\$77,175	1
Emerson – Promotor sales	On Going	\$2,000,000	276
Emerson – Tenant Sales	On Going	\$10,190,000	336
Emerson Capital Improvement	One Time	\$415,000	7
Visitor – Auto Expenses	On Going	\$346,318	6
Visitor - Food and beverage stores	On Going	\$415,581	9
Visitor - Food services and drinking places	On Going	\$1,385,272	35
Visitor - Gasoline stations	On Going	\$1,246,745	23
Visitor - Hotels and motels	On Going	\$1,316,009	26
Visitor – Misc Retail Sales	On Going	\$554,109	18
Visitor – guides and entertainment	On Going	\$1,662,327	55
<b>Totals:</b>		\$20,658,536	822

## Capital Income

The sum of all property type income (such as business profits, interest income and rental income) generated within the County.

Industry	Frequency	Initial Purchase	Total Impact
Emerson Operations	On Going	\$1,050,000	\$306,915
Emerson – Volunteer support	On Going	\$77,175	\$22,558
Emerson – Promotor sales	On Going	\$2,000,000	\$598,130
Emerson – Tenant Sales	On Going	\$10,190,000	\$1,772,284
Emerson Capital Improvement	One Time	\$415,000	\$60,460
Visitor – Auto Expenses	On Going	\$346,318	\$40,719
Visitor - Food and beverage stores	On Going	\$415,581	\$75,053
Visitor - Food services and drinking places	On Going	\$1,385,272	\$242,509
Visitor - Gasoline stations	On Going	\$1,246,745	\$370,629
Visitor - Hotels and motels	On Going	\$1,316,009	\$342,581
Visitor – Misc Retail Sales	On Going	\$554,109	\$96,373
Visitor – guides and entertainment	On Going	\$1,662,327	\$289,118
<b>Totals:</b>		\$20,658,536	\$4,217,328

## Indirect Business Tax

Are taxes and fees that are not based in the businesses' income. For the most part they represent sales taxes levied by the State and the county, but also include property taxes levied against businesses as well as fees imposed by federal, state and local governments.

Industry	Frequency	Initial Purchase	Total Impact
Emerson Operations	On Going	\$1,050,000	\$34,708
Emerson – Volunteer support	On Going	\$77,175	\$2,551
Emerson – Promotor sales	On Going	\$2,000,000	\$105,722
Emerson – Tenant Sales	On Going	\$10,190,000	\$1,684,935
Emerson Capital Improvement	One Time	\$415,000	\$13,714
Visitor – Auto Expenses	On Going	\$346,318	\$32,492
Visitor - Food and beverage stores	On Going	\$415,581	\$55,195
Visitor - Food services and drinking places	On Going	\$1,385,272	\$100,682
Visitor - Gasoline stations	On Going	\$1,246,745	\$195,899
Visitor - Hotels and motels	On Going	\$1,316,009	\$143,675
Visitor – Misc Retail Sales	On Going	\$554,109	\$91,623
Visitor – guides and entertainment	On Going	\$1,662,327	\$274,869
<b>Totals:</b>		\$20,658,536	\$2,736,065