

Future Impacts

The economic impact of the network of California fairs in future years is ultimately tied to the scale of the fairs and interim events. Since the main economic impact factors are attendance and fair organization spending, impacts for future years may be estimated from values based on these indicators. Two reliable measures are total fair attendance and total fair organization operating expenditures.

The formulas for estimating impacts of fairs in future years are as follows:

- **Spending:** Fair plus interim attendance times the spending factor attendance multiplier (\$46.83 in 2009 plus an annual CPI adjustment), plus total fair operating expenditures times the spending factor expenditures multiplier (\$5.05).
- **Income:** Fair plus interim attendance times the income factor attendance multiplier (\$14.55 in 2009 plus an annual CPI adjustment), plus expenditures times the income factor expenditure multiplier (\$1.57).
- **Employment:** Fair plus interim attendance (in millions) times the employment factor attendance multiplier (424.81), plus the total fair organization operating expenditures (in millions) times the employment factor expenditure multiplier (43.89 in 2009 minus an annual CPI adjustment).
- **Public Tax Revenue:** State sales tax and State income tax as percentages of estimated total spending and estimated total income, respectively, with percentages (2.25% and 3.25%, respectively) recommended by KPMG in Fairs - Exploring a California Gold Mine, 2003. Local sales tax, transient occupancy tax and possessory / other tax as percentages of estimated total spending, with percentages derived from comparison of actual reported tax revenues in those categories to estimated total annual fair organization spending.

The formulas presented above may be used to estimate future economic impacts of the network of California fairs by updating / substituting estimates of fair and interim attendance and fair organization operating expenditures.



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CALIFORNIA FAIRS STATEWIDE ECONOMIC IMPACTS 2009

78 Fairs Total:

52 District Agricultural Associations
23 County/Non-Profit Fairs
2 Citrus Fruit Fairs
California Exposition & State Fair

Spending Impact:

\$2.85 billion in spending

Income Impact:

\$856 million in wages

Employment Impact:

25,223 full-time jobs

Tax Impact:

\$127 million in state
and local tax revenue

California Fairs - Statewide Economic Impacts 2009

The network of 78 California fairs is comprised of 52 district agricultural associations, 23 county fairs, two citrus fruit fairs, and the California Exposition and State Fair. The economic impact of fairs consists of attendees' spending at the fair and interim events, spending by the fair organizations, and indirect and induced impacts created by the fair's spending. Indirect and induced spending are secondary ripple effect impacts, occurring as the initial direct spending moves through suppliers, vendors, payrolls and other subsequent spending. The total economic impact on the State of California for 2009 in terms of estimated spending, income, jobs and public tax revenue:

- **Spending Impact:**
\$2.85 billion in spending
- **Income Impact:**
\$856 million in wages
- **Employment Impact:**
25,223 full-time equivalents (jobs)
- **Tax Impact:**
\$127 million in state and local tax revenue



Spending

Table 1 presents the overall economic impact of spending on the state for 2009 by all participants at fair and interim events. Estimated total spending impact is based on the formula - fair and interim event attendance times the spending factor attendance multiplier (\$46.83), plus fair organization expenditures times the spending factor expenditures multiplier (\$5.05). The indicated spending factor attendance multiplier is based on the initial 2002 multiplier factor developed by KPMG, adjusted by the consumer price index ("CPI") from 2002 to 2009. The indicated spending factor expenditures multiplier is based on the multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).

The estimated total economic impact on the state for 2009 is approximately \$2.85 billion. Estimated total economic impacts from direct attendee, direct business and indirect / induced spending are approximately \$1.077 billion, \$0.977 billion and \$0.795 billion, respectively. The allocation of estimated economic impact between these three categories (attendee, business, and indirect / induced spending) is based on the same allocation used by KPMG in Fairs - Exploring a California Gold Mine, 2003.

Table 1: Estimated Economic Impacts - Fairtime and Interim Events (in millions)

| | | |
|------------------------------|-------------------|---------------|
| Attendee Direct Spending | \$1,077.36 | 37.8% |
| Business Direct Spending | \$977.61 | 34.3% |
| Indirect and Induced Impacts | \$795.20 | 27.9% |
| Total | \$2,850.17 | 100.0% |



Income

The total impact on the income of California residents is presented in Table 2. Estimated total income impact is based on the following formula - fair and interim event attendance times the income factor attendance multiplier (\$14.55), plus fair organization expenditures times the income factor expenditure multiplier (\$1.57). The indicated income factor attendance multiplier is based on the initial 2002 multiplier factor developed by KPMG, adjusted by the consumer price index ("CPI") from 2002 to 2009. The indicated income factor expenditures multiplier is based on the multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).

Estimated total income generated by attendee, fair organization and fair-related business spending is approximately \$885.77 million, with \$422.51 million in direct income and another \$463.26 million in indirect and induced impacts. The allocation of estimated annual income impacts between these two categories (direct and indirect / induced) is based on the same allocation used by KPMG in Fairs - Exploring a California Gold Mine, 2003.

Table 2: Annual Estimated Income Impacts (in millions)

| | | |
|------------------------------|-----------------|---------------|
| Direct Income | \$422.51 | 47.7% |
| Indirect and Induced Impacts | \$463.26 | 52.3% |
| Total | \$885.77 | 100.0% |



Employment

The estimated creation of jobs, including direct and indirect effects is presented in Table 3. The estimated annual employment impact is based on the following formula - fair and interim event attendance (in millions) times the employment factor attendance multiplier (424.81), plus fair organization operating expenditures (in millions) times the employment factor expenditures multiplier (43.89). The indicated employment factor expenditure multiplier is based on the initial 2002 multiplier factor developed by KPMG, adjusted downward by the consumer price index ("CPI") from 2002 to 2009. The indicated employment factor attendance multiplier is based on the initial multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).

Based on the fair and interim event attendance and the fair organization operating expenditures and the multipliers discussed above, the estimated 2009 employment impact is a total of 25,223 jobs, with approximately 9,635 direct jobs and 15,588 indirect / induced jobs. The allocation of estimated employment impacts between these two categories (direct and indirect / induced) is based on the same allocation used by KPMG in Fairs - Exploring a California Gold Mine, 2003.

Table 3: Annual Estimated Employment Impacts (FTE jobs)

| | | |
|------------------------------|---------------|---------------|
| Direct Employment | 9,635 | 38.2% |
| Indirect and Induced Impacts | 15,588 | 61.8% |
| Total | 25,223 | 100.0% |



Tax Revenue

Spending, income and jobs created by the fair industry also creates tax revenues for state and local governments. Table 4 indicates the total estimated tax revenue generated by California fairs.

Based on the estimated total spending impact and income impact presented in Tables 1 and 2, the estimated total amount of direct taxes collected by the state and local governments from the fair industry is approximately \$70.99 million. Indirect / induced effect tax impacts are estimated at \$55.94 million. The total direct and indirect state and local tax revenues are estimated at \$126.93 million in 2009. The allocation of estimated state and local taxes between these two categories (direct and indirect) is based on the same allocation used by KPMG in Fairs - Exploring a California Gold Mine, 2003.

The majority of tax collections are state sales taxes at \$64.13 million, followed by personal income taxes at \$28.43 million, and local sales taxes at \$20.20 million. These tax collections demonstrate the importance of fairs and interim events as a strong and reliable tax base for the state and local governments.

Table 4: Estimated State and Local Tax Revenue (in millions)

| | Direct | Indirect | Total |
|-------------------------|----------------|----------------|-----------------|
| Local Sales Tax | \$13.58 | \$6.62 | \$20.20 |
| State Sales Tax | \$43.24 | \$20.89 | \$64.13 |
| State Income Tax | - | \$28.43 | \$28.43 |
| Transient Occupancy Tax | \$8.78 | - | \$8.78 |
| Possessory and Other | \$5.39 | - | \$5.39 |
| Total | \$70.99 | \$55.94 | \$126.93 |

