The Economic Impact of Rickenbacker International Airport and Foreign Trade Zone No. 138

Prepared for the

Rickenbacker Port Authority

By the

Economics Research Group
Center for Economic Education
University of Cincinnati

February 1999

Principal Investigators
Marie Haney, Associate Director of Research
Thomas Zinn, Associate Professor

For additional information contact the Economics Center for Education & Research, email Econeduc@uc.edu.
Please reference report: 1999-IA-1001 ES Rickenbacker Report

Executive Summary

The Economic Impact of Rickenbacker International Airport and Foreign Trade Zone No. 138 on the Columbus Economy

Over the 1979 to 2003 period, the growth of Rickenbacker International Airport and Foreign Trade Zone No. 138 will generate an economic impact of $3.9 billion in the Columbus economy. Of this, $915 million is generated as wages and salaries to Columbus area households. The economic impact of Rickenbacker over this period increases employment opportunities in the region by directly and indirectly creating a net 35,528 new jobs.

- Over the period 1979 to 1997, Rickenbacker generated a total incremental impact of $2.3 billion in the Columbus metropolitan region.[1] Of this $2.3 billion, approximately $529 million entered Columbus households in the form of earnings. Rickenbacker directly and indirectly created a net 20,666 jobs over the 1979 to 1997 period.

- Over the 1979 to 1997 period, capital investment at Rickenbacker, including construction of buildings, roadways, etc., contributed $1.2 billion to regional output, or 52 percent of Rickenbacker's total impact. This generated $281million in regional household earnings, and directly and indirectly supported 10,770 full- and part-time jobs. Over the 1998 to 2003 period, projected capital investment will have an impact on regional output totaling $450 million.

- Rickenbacker's economic impact will continue to grow, generating additional growth in output totaling $1.7 billion in the six-county region between 1998 and 2003. This growth will support another 14,862 local jobs and $386 million in household earnings.

- The economic impact over the 1998 to 2003 period includes two years of construction activity and one year of operating a new air cargo hub at Rickenbacker. The economic impact of the new hub contributes $764 million to the total economic impact of Rickenbacker.

- Figure 1 summarizes the economic impacts of Rickenbacker on the Columbus economy.

[1] All figures are in 1997 dollars. Nearly all of the economic impact results reported in this study refer to the *growth* or *incremental* effects of Rickenbacker, rather than total annual effects. These impact figures are similar in concept to calculating Gross Domestic Product over a given time period. Rather than aggregating annual GDP to get "total" GDP over a time period, we look at *growth* in GDP over a time period.

Executive Summary

Figure 1: Summary of the Economic Impacts of Rickenbacker on the Columbus Economy

	1979-1997	1998-2003	1979-2003
Regional Output	$ 2,253,179,513	$ 1,673,419,209	$ 3,926,598,722
Household Earnings	$ 528,597,255	$ 386,184,036	$ 914,781,291
Employment	20,666	14,862	35,528

The Economic Impact of Rickenbacker and Non-RPA Rickenbacker Area Industrial Development on the Columbus Economy

The total economic impact on the Columbus economy of non-RPA industrial development in the immediate Rickenbacker vicinity will be $2.9 billion over the 1998 to 2003 period, and an increase in regional employment of 26,944 jobs. When non-RPA industrial development is included in the economic impact of Rickenbacker, the total economic impact on the region increases to $6.8 billion over the 1979 to 2003 period.

- The economic impact of non-RPA Rickenbacker area industrial development refers to the impact that will be generated from the development of land in the immediate Rickenbacker vicinity. These economic impact estimates *are not included* in the total economic impact of Rickenbacker because this land is not owned by or affiliated with Rickenbacker Port Authority. However, the presence of Rickenbacker International Airport and Foreign Trade Zone No. 138 was almost certainly a significant factor in the decision to develop this land. Figure 2 summarizes the total economic impact of Rickenbacker and non-RPA Rickenbacker area industrial development.

Figure 2: Summary of the Economic Impacts of Rickenbacker on the Columbus Economy Including Non-RPA Rickenbacker Area Industrial Development

	1979-1997	1998-2003	1979-2003
Regional Output	$ 2,253,179,513	$ 4,529,862,345	$ 6,783,041,858
Household Earnings	$ 528,597,255	$ 1,084,438,905	$ 1,613,036,160
Employment	20,666	41,806	62,472

The Annual Economic Impacts of Rickenbacker and Related Entities on the Columbus Economy

The annual economic impacts of Rickenbacker are substantial. We estimate that in 2003, total employment at Rickenbacker and related entities will yield an economic impact of over $2.7 billion in the Columbus economy.

Executive Summary

- Over the 1979 to 2003 period, Rickenbacker has had and will have different *annual* impacts in the Columbus economy.[2] Figure 3 presents estimates of the annual economic impacts of Rickenbacker and non-RPA Rickenbacker area industrial development on output in the Columbus economy. As the table shows, Rickenbacker has substantial annual economic impacts on the Columbus economy. In 1997, Rickenbacker and related entities contributed $1.7 billion to the Columbus economy. By 2003, we estimate the total economic impact will reach $2.7 billion.

Figure 3: Summary of the Annual Economic Impacts of Rickenbacker and Related Entities on Columbus Economic Output

	Rickenbacker International Airport and FTZ No. 138	Non-RPA Rickenbacker Area Industrial Development	Total Annual Economic Impact of Rickenbacker and Related Entities
1979	$ 773,272,202	$ -	$ 773,272,202
1980	542,340,087	-	542,340,087
1981	429,326,118	-	429,326,118
1982	426,710,559	-	426,710,559
1983	426,710,559	-	426,710,559
1984	426,710,559	-	426,710,559
1985	465,290,061	-	465,290,061
1986	626,691,884	-	626,691,884
1987	500,491,135	-	500,491,135
1988	501,907,896	-	501,907,896
1989	496,785,759	-	496,785,759
1990	444,692,530	-	444,692,530
1991	445,128,457	-	445,128,457
1992	482,727,126	-	482,727,126
1993	570,130,407	-	570,130,407
1994	1,571,392,218	-	1,571,392,218
1995	1,526,970,383	-	1,526,970,383
1996	1,580,087,124	-	1,580,087,124
1997	1,750,105,318	-	1,750,105,318
1998	1,770,468,614	334,119,382	2,104,587,996
1999	1,850,508,396	637,651,933	2,488,160,329
2000	1,792,094,233	484,635,536	2,276,729,769
2001	2,015,202,562	484,635,536	2,499,838,098
2002	2,031,549,808	464,567,806	2,496,117,615
2003	2,243,226,443	464,567,806	2,707,794,248

[2] This table reports Rickenbacker's economic impact based on *annual* employment. These figures are similar in concept to annual measurements of Gross Domestic Product (also see footnote 1).

Executive Summary

The Fiscal (Tax) Impact of Rickenbacker International Airport and Foreign Trade Zone No. 138 on the Columbus Economy

Over the 1979 to 1997 period, the total tax revenue directly and indirectly generated by Rickenbacker in the Columbus metropolitan area was $105 million. Over the 1998 to 2003 period, we expect Rickenbacker to generate another $114 million in local tax revenue.

- Sixty-one percent of Rickenbacker-related local tax revenues stems from income taxes. Sales taxes and personal property taxes each make up around 17 percent of Rickenbacker's tax receipts. Property taxes on development contribute five percent to total tax revenues generated by Rickenbacker. (None of these tax impacts includes that of non-RPA Rickenbacker area development.)

- Payroll taxes from direct and indirect Rickenbacker employment generated over $68 million from 1979 to 1997. Over the 1998 to 2003 period, we expect payroll taxes from direct and indirect Rickenbacker employment to total nearly $66 million. Of this $66 million, we estimate approximately $4.3 million will stem from a new air cargo hub.

- Direct and indirect Rickenbacker employment generated $21 million in sales tax revenue from 1979 to 1997, and another $17 million will be generated between 1998 and 2003. Of this $17 million, we estimate approximately $1 million will stem from a new air cargo hub.

- Personal property tax revenue on Rickenbacker property yielded $10 million in tax revenues over the 1979 to 1997 period. Between 1998 and 2003, we expect personal property tax revenues from Rickenbacker to total nearly $6 million.

- Property tax revenue on Rickenbacker development yielded $5 million in tax revenues over the 1979 to 1997 period, and it is expected to generate another $25 million in tax revenues over 1998 to 2003.

- Figure 4 summarizes the tax impacts of Rickenbacker International Airport and Foreign Trade Zone No. 138 on the Columbus economy.

Figure 4: Summary of the Tax Impacts of Rickenbacker on the Columbus Economy

	1979-1997	1998-2003	1979-2003
Payroll Tax Revenue	$ 68,201,052	$ 65,877,852	$ 134,078,904
Sales Tax Revenue	20,540,762	17,149,581	37,690,343
Property Tax Revenue	5,466,969	5,852,126	11,319,095
Personal Prop. Tax Revenue	10,374,393	25,273,378	35,647,771
Total Tax Revenue	**$ 104,583,176**	**$ 114,152,937**	**$ 218,736,113**

Executive Summary

The Economic Impact of Rickenbacker on the State of Ohio

The total economic impact of Rickenbacker on the State of Ohio over the 1979 to 2003 period is $4.2 billion in output, $1 billion in household income, and 40,936 full- and part-time jobs.

- Over the 1979 to 1997 period, Rickenbacker generated $2.4 billion in output in the State of Ohio. Of this, $608 million was in the form of wages, and a total of 23,852 jobs were directly and indirectly created.

- From 1998 to 2003, Rickenbacker will generate another $1.8 billion in the state economy. This increased output will support $448 million in household income and an additional 17,084 full- and part-time jobs.

- Figure 5 summarizes the statewide economic impacts of Rickenbacker International Airport and Foreign Trade Zone No. 138.

Figure 5: Summary of the Economic Impacts of Rickenbacker on the State of Ohio

	1979-1997	1998-2003	1979-2003
Regional Output	$ 2,419,121,060	$ 1,793,875,234	$ 4,212,996,294
Household Earnings	$ 608,273,535	$ 448,035,408	$ 1,056,308,943
Employment	23,852	17,084	40,936

The Economic and Fiscal Impacts of Rickenbacker on Franklin and Pickaway Counties

Based on the number of Rickenbacker employees living in Franklin County, there is a total economic impact of $807 million in Franklin County over the 1979 to 2003 period. The economic impacts for Franklin and Pickaway Counties include Airport, RPA, and Foreign Trade Zone employment. The economic impacts associated with capital investment and conduit financing are not available for Franklin and Pickaway Counties due to the lack of aggregate county-level data. The estimated county impacts are thus understated.

- Of the $729 million impact over the 1979 to 1997 period, $155 million was in the form of wages and salaries to Franklin County households. A total of 6,092 direct and indirect Franklin County jobs were supported by Rickenbacker during this period. Between 1998 and 2003, Rickenbacker is expected to generate an additional $78 million total impact in Franklin County (see Figure 6).

- Over the 1979 to 1997 period, the income, sales, and property tax revenues directly and indirectly generated by Rickenbacker to Franklin County and its political subdivisions were $79 million. Over the 1998 to 2003 period, Rickenbacker will generate another $92 million in Franklin County tax revenue (see Figure 6).

Executive Summary

Based on the number of Rickenbacker employees living in Pickaway County, there was a total economic impact of $37 million in Pickaway County over the 1979 to 2003 period. (The omission of capital investment and conduit financing effects results in the understatement of this impact.)

- Of the $33 million impact, $8.9 million entered Pickaway County households in the form of wages. A total of 334 new full- and part-time jobs were created over this time period. Between 1998 and 2003, Rickenbacker is expected to generate an additional $4 million impact in Pickaway County (see Figure 7).

- Over the 1979 to 1997 period, the income and sales tax revenues directly and indirectly generated by Rickenbacker to Pickaway County were $5.5 million. Over the 1998 to 2003 period, Rickenbacker will generate another $3.7 million in Pickaway County tax revenue (see Figure 7).[3]

Figure 6: Summary of Economic and Fiscal Impacts of Rickenbacker on Franklin County

Economic Impacts	**1979-1997**	**1998-2003**	**1979-2003**
Regional Output	$ 729,344,122	$ 77,967,782	$ 807,311,904
Household Earnings	$ 154,539,308	$ 19,204,661	$ 173,743,969
Employment	6,092	636	6,728
Fiscal Impacts	**1979-1997**	**1998-2003**	**1979-2003**
Income Tax	$ 51,818,922	$ 52,140,087	$ 103,959,009
Sales Tax	$ 10,861,903	$ 8,881,736	$ 19,743,639
Real Property Tax	$ 5,466,969	$ 5,852,123	$ 11,319,092
Personal Property	$ 10,374,393	$ 25,273,380	$ 35,647,774
Total Taxes	**$ 78,522,186**	**$ 92,147,326**	**$ 170,669,512**

Figure 7: Summary of Economic and Fiscal Impacts of Rickenbacker on Pickaway County

Economic Impacts	**1979-1997**	**1998-2003**	**1979-2003**
Regional Output	$ 32,550,556	$ 4,190,265	$ 36,740,821
Household Earnings	$ 8,874,092	$ 1,222,423	$ 10,096,515
Employment	334	43	377
Fiscal Impacts	**1979-1997**	**1998-2003**	**1979-2003**
Income Tax	$ 3,167,808	$ 1,889,254	$ 5,057,062
Sales Tax	$ 2,290,138	$ 1,838,005	$ 4,128,143
Total Taxes	**$ 5,457,946**	**$ 3,727,259**	**$ 9,185,205**

[3] Rickenbacker employees pay property taxes on their residences, either directly as owners or indirectly as part of their rent. Although demand for this housing and the resulting property tax payments are created as a result of economic activity at Rickenbacker, their less direct nature and the difficulty of estimating them has led us to omit them from our estimated fiscal impacts.